

Perusahaan Perseroan (Persero)  
PT Telekomunikasi Indonesia Tbk. and its subsidiaries

Consolidated financial statements  
as of September 30, 2022 (unaudited) and for the nine months period  
then ended (unaudited)

**Statement of the Board of Directors  
regarding the Board of Director's Responsibility for  
Consolidated Financial Statements as of September 30, 2022  
and for nine-months period ended (unaudited)  
Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk and its Subsidiaries**

On behalf of the Board of Directors, we the undersigned:

- |                  |   |   |
|------------------|---|---|
| 1. Name          | : | Ririek Adriansyah   |
| Business address | : | Jl. Japati No.1 Bandung 40133   |
| Address          | : | Jl. Karang Tengah Raya Pertanian I/99 RT 05 RW 04<br>Kelurahan Lebak Bulus, Kecamatan Cilandak, Jakarta Selatan |
| Phone            | : | (022) 452 7101  |
| Position         | : | President Director  |
| 2. Name          | : | Heri Supriadi   |
| Business address | : | Jl. Japati No.1 Bandung 40133   |
| Address          | : | Jl. Rancamayar No. 18 RT 001 RW 008<br>Kelurahan Gumuruh, Kecamatan Batununggal, Bandung                        |
| Phone            | : | (022) 452 7201/ 021 520 9824  |
| Position         | : | Director of Finance and Risk Management   |

hereby state as follows:

1. We are responsible for the preparation and presentation of the consolidated financial statement of Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk (the "Company") and its subsidiaries as of September 30, 2022 and for nine-months period ended;
2. The Company and its subsidiaries' consolidated financial statement as of September 30, 2022 and for nine-months period ended have been prepared and presented in accordance with Indonesian financial accounting standards;
3. All information has been fully and correctly disclosed in the Company and its subsidiaries' consolidated financial statement;
4. The Company and its subsidiaries' consolidated financial statement do not contain false material information or facts, nor do they omit any material information or facts;
5. We are responsible for the Company and its subsidiaries' internal control system.

This statement is considered to be true and correct.

Jakarta, October 28, 2022

 Ririek Adriansyah President Director	 Heri Supriadi Director of Finance and Risk Management
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 SEPULUH RIBU RUPIAH  
TTL 23  
METERAI  
TEMPEL  
242AJX670590172



**PERUSAHAAN PERSEROAN (PERSERO)  
PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2022 AND FOR THE NINE MONTHS PERIOD THEN ENDED  
(UNAUDITED)**

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These consolidated financial statements are originally issued in the Indonesian language.

**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As of September 30, 2022 (unaudited) and December 31, 2021 (audited)**

**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

	Notes	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3,33,38	31,657	38,311
Other current financial assets	4,33,38	702	493
Trade receivables - net allowance for expected credit losses			
Related parties	5,33,38	1,296	961
Third parties	5,38	8,195	7,549
Contract assets - net	6,33,38	1,877	2,330
Other receivables - net	38	142	195
Inventories - net	7	1,181	779
Assets held for sale	12	6	818
Contract cost	9	640	656
Prepaid taxes	28a	3,066	2,144
Claim for tax refund	28b	465	690
Other current assets	8,33	4,398	6,351
<b>Total Current Assets</b>		<b>53,625</b>	<b>61,277</b>
<b>NON-CURRENT ASSETS</b>			
Contract assets - net	6,33,38	96	143
Long-term investments in financial instruments	10,38	11,735	13,661
Long-term investments in associates	11	135	139
Contract cost	9	1,855	1,608
Property and equipment	12,33,36a	166,239	165,026
Right-of-use assets	13	19,445	18,469
Intangible assets	15	7,507	7,506
Deferred tax assets - net	28f	4,559	3,824
Other non-current assets	14,28,33,38	4,767	5,531
<b>Total Non-current Assets</b>		<b>216,338</b>	<b>215,907</b>
<b>TOTAL ASSETS</b>		<b>269,963</b>	<b>277,184</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables			
Related parties	16,33,38	410	497
Third parties	16,38	13,187	16,673
Contract liabilities	18a,33	6,414	6,795
Other payables	38	396	609
Taxes payable	28c	4,346	3,923
Accrued expenses	17,33,38	14,239	15,885
Customer deposits	33	2,266	2,416
Short-term bank loans	19a,33,38	11,871	6,682
Current maturities of long-term borrowings	19b,33,38	7,862	9,690
Current maturities of lease liabilities	13,38	4,157	5,961
<b>Total Current Liabilities</b>		<b>65,148</b>	<b>69,131</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities - net	28f	985	1,158
Contract liabilities	18b,33	1,361	1,283
Long service award provisions	32	1,324	1,206
Pension benefits and other post-employment benefits obligations	31	11,956	11,563
Long-term loans and other borrowings	20,33,38	30,120	36,319
Lease liabilities	13,38	12,860	10,426
Other liabilities		810	699
<b>Total Non-current Liabilities</b>		<b>59,416</b>	<b>62,654</b>
<b>TOTAL LIABILITIES</b>		<b>124,564</b>	<b>131,785</b>
<b>EQUITY</b>			
Capital stock	22	4,953	4,953
Additional paid-in capital		2,711	2,711
Other equity	23	9,596	9,395
Retained earnings			
Appropriated	30	15,337	15,337
Unappropriated		90,975	89,250
Net equity attributable to:			
Owners of the parent company		123,572	121,646
Non-controlling interest	21	21,827	23,753
<b>TOTAL EQUITY</b>		<b>145,399</b>	<b>145,399</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>269,963</b>	<b>277,184</b>

The accompanying notes form an integral part of these consolidated financial statements.

These consolidated financial statements are originally issued in the Indonesian language.

**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**For the Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>	24,33	<b>108,874</b>	<b>106,043</b>
<b>COST AND EXPENSES</b>			
Operation, maintenance, and telecommunication service expenses	26,33	(27,167)	(26,978)
Depreciation and amortization expenses	12,13,15	(25,018)	(22,183)
Personnel expenses	25	(11,155)	(11,018)
Interconnection expenses	33	(3,865)	(3,715)
General and administrative expenses	27,33	(4,449)	(4,034)
Marketing expenses	33	(2,779)	(2,371)
Unrealized (loss) gain on changes in fair value of investments	10	(3,084)	403
Other income - net		48	111
Gain on foreign exchange - net		168	43
<b>OPERATING PROFIT</b>		<b>31,573</b>	<b>36,301</b>
Finance income	33	627	450
Finance cost	33	(3,009)	(3,387)
Share of gain (loss) of associated companies	11	6	(104)
<b>PROFIT BEFORE INCOME TAX</b>		<b>29,197</b>	<b>33,260</b>
<b>INCOME TAX (EXPENSE) BENEFIT</b>	28d		
Current		(7,278)	(7,539)
Deferred		897	(58)
		(6,381)	(7,597)
<b>PROFIT FOR THE PERIOD</b>		<b>22,816</b>	<b>25,663</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	23	201	36
Share of other comprehensive income of long-term investment in associates	11	1	0
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial gain (loss) - net	31	(1)	0
Other comprehensive income - net		201	36
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>23,017</b>	<b>25,699</b>
Profit for the period attributable to:			
Owners of the parent company		16,581	18,872
Non-controlling interests	21	6,235	6,791
		<b>22,816</b>	<b>25,663</b>
Total comprehensive income for the period attributable to:			
Owners of the parent company		16,782	18,908
Non-controlling interests		6,235	6,791
		<b>23,017</b>	<b>25,699</b>
<b>BASIC EARNING PER SHARE</b>			
(in full amount)	29		
Net income per share		167.38	190.51
Net income per ADS (100 Series B shares per ADS)		16,737.97	19,050.65

The accompanying notes form an integral part of these consolidated financial statements.

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**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

Description	Notes	Attributable to owners of the parent company					Net	Non-controlling interests	Total equity
		Capital stock	Additional paid-in capital	Other equity	Retained earnings				
					Appropriated	Unappropriated			
<b>Balance, January 1, 2022</b>		<b>4,953</b>	<b>2,711</b>	<b>9,395</b>	<b>15,337</b>	<b>89,250</b>	<b>121,646</b>	<b>23,753</b>	<b>145,399</b>
Additional paid-in capital		-	-	-	-	-	-	45	45
Changes in non-controlling interest		-	-	-	-	-	-	12	12
Cash dividends	30	-	-	-	-	(14,856)	(14,856)	(7,537)	(22,393)
Treasury stock	1e	-	-	-	-	-	-	(681)	(681)
Profit for the period	21	-	-	-	-	16,581	16,581	6,235	22,816
Other comprehensive income - net		-	-	201	-	-	201	-	201
<b>Balance, September 30, 2022</b>		<b>4,953</b>	<b>2,711</b>	<b>9,596</b>	<b>15,337</b>	<b>90,975</b>	<b>123,572</b>	<b>21,827</b>	<b>145,399</b>

The accompanying notes form an integral part of these consolidated financial statements.

**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

Description	Notes	Attributable to owners of the parent company					Net	Non-controlling interests	Total equity
		Capital stock	Additional paid-in capital	Other equity	Retained earnings				
					Appropriated	Unappropriated			
<b>Balance, January 1, 2021</b>		<b>4,953</b>	<b>2,711</b>	<b>374</b>	<b>15,337</b>	<b>79,152</b>	<b>102,527</b>	<b>18,362</b>	<b>120,889</b>
Transaction under common control		-	-	(72)	-	-	(72)	67	(5)
Changes in non-controlling interest		-	-	-	-	-	-	9	9
Cash dividends	30	-	-	-	-	(16,643)	(16,643)	(11,136)	(27,779)
Profit for the period	21	-	-	-	-	18,872	18,872	6,791	25,663
Other comprehensive income - net		-	-	36	-	-	36	-	36
<b>Balance, September 30, 2021</b>		<b>4,953</b>	<b>2,711</b>	<b>338</b>	<b>15,337</b>	<b>81,381</b>	<b>104,720</b>	<b>14,093</b>	<b>118,813</b>

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**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers and other operators		107,580	104,792
Cash receipts for tax refund		2,530	3,463
Cash receipts from finance income		622	455
Cash payments for expenses		(34,063)	(32,991)
Cash payments to employees		(11,457)	(10,302)
Cash payments for corporate and final income taxes		(6,893)	(6,154)
Cash payments for finance costs		(3,066)	(3,377)
Cash payments for short-term and low-value lease assets	13	(2,371)	(3,331)
Cash payments for Value Added Taxes - net		(1,941)	(1,535)
Cash payments for other - net		(75)	(48)
<b>Net cash provided by operating activities</b>		<b>50,866</b>	<b>50,972</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property and equipment	12	391	516
Proceeds from insurance claims	12	267	106
Dividen received from associated company	11	10	-
Purchase of property and equipment	12, 40	(23,252)	(20,172)
Purchase of intangible assets	15, 40	(1,762)	(2,009)
Additional of long-term investment in financial instrument	10	(1,190)	(5,689)
Increase in advances and other assets	14	(1,018)	(135)
(Placement in) proceeds from placement in other current financial assets-net		(207)	633
Additional contribution on long-term investments in associated companies	11	-	(42)
<b>Net cash used in investing activities</b>		<b>(26,761)</b>	<b>(26,792)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and other borrowings	19, 20	31,564	38,163
Proceeds from issuance of new shares of subsidiaries		45	-
Repayments of loan and other borrowings	19, 20	(34,487)	(33,624)
Cash dividends paid to the Company's stockholders		(14,856)	(16,643)
Cash dividends paid to non-controlling interests of subsidiaries	21	(7,537)	(11,136)
Repayments of principal portion of lease liabilities		(5,764)	(4,102)
<b>Net cash used in financing activities</b>		<b>(31,035)</b>	<b>(27,342)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,930)</b>	<b>(3,162)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>277</b>	<b>64</b>
<b>ALLOWANCE FOR EXPECTED CREDIT LOSSES</b>		<b>(1)</b>	<b>(0)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	3	<b>38,311</b>	<b>20,589</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	3	<b>31,657</b>	<b>17,491</b>

The accompanying notes form an integral part of these consolidated financial statements.



**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For The Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

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**1. GENERAL**

**a. Establishment and general information**

Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk. (the "Company") was originally part of "*Post en Telegraafdienst*", which was established and operated commercially in 1884 under the framework of Decree No. 7 dated March 27, 1884 of the Governor General of the Dutch Indies which was published in State Gazette No. 52 dated April 3, 1884.

In 1991, the status of the Company was changed into a state-owned limited liability corporation ("Persero") based on Government Regulation No. 25/1991. The ultimate parent of the Company is the Government of the Republic of Indonesia (the "Government") (Notes 1c and 22).

The Company was established based on notarial deed No. 128 dated September 24, 1991 of Imas Fatimah, S.H. The deed of establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-6870.HT.01.01.Th.1991 dated November 19, 1991 and was published in State Gazette No. 5 dated January 17, 1992, Supplement No. 210. The Company's Articles of Association have been amended several times, the latest amendments made is in relation to make adjustments to its business activities in the Articles of Association with the Standard Classification of Indonesian Business Fields in 2020.

Amendments to the Articles of Association as stated in the Notary Deed of Ashoya Ratam, S.H., M.Kn. No. 37 dated June 22, 2021, the amendment has been received and approved by the Minister of Law and Human Rights of the Republic of Indonesia ("MoLHR") based on letter No. AHU-0044650.AH.01-02. 2022 dated June 29, 2022, concerning Acceptance of Notification Approval of Amendment to the Articles of Association of the Limited Liability Company (Persero) PT Telekomunikasi Indonesia Tbk.

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities is to provide telecommunication network and telecommunication and information services, and to optimize the Company's resources to provide high quality and competitive goods and/or services to gain/pursue profit in order to increase the value of the Company by applying the Limited Liability Company principle. In regard to achieving its objectives, the Company is involved in the following activities:

**i. Main business:**

- (a) Planning, building, providing, developing, operating, marketing or selling or leasing, and maintaining telecommunications and information networks in a broad sense in accordance with prevailing laws and regulations.
- (b) Planning, developing, providing, marketing or selling, and improving telecommunications and information services in a broad sense in accordance with prevailing laws and regulations.
- (c) Investing including in the form of equity capital in other companies in line with and to achieve the purposes and objectives of the Company.

**ii. Supporting business:**

- (a) Providing payment transactions and money transferring services through telecommunications and information networks.
- (b) Performing other activities and undertakings in connection with the optimization of the Company's resources, which among others, include the utilization of the Company's property and equipment and movable assets, information systems, education and training, and repairs and maintenance facilities.
- (c) Collaborating with other parties in order to optimize the information, communication or technology resources owned by other parties as services provider in the information, communication and technology industry, as to achieve the purposes and objectives of the Company.

**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For The Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

**1. GENERAL (continued)**

**a. Establishment and general information (continued)**

The Company's head office is located at Jalan Japati No. 1, Bandung, West Java.

The Company was granted several networks and/or services provision licenses by the Government which are valid for an unlimited period of time as long as the Company complies with prevailing laws and regulations and fulfills the obligation stated in those licenses. For every license issued by the Ministry of Communication and Information ("MoCI"), an evaluation is performed annually and an overall evaluation is performed every five years. The Company is obliged to submit reports of networks and/or services annually to the Indonesian Directorate General of Post and Informatics ("DGPI"), which replaced the previous Indonesian Directorate General of Post and Telecommunications ("DGPT").

The reports comprise information such as network development progress, service quality standard achievement, numbers of customers, license payment, and universal service contribution, while for internet telephone services for public purpose, internet interconnection service, and internet access service, there is additional information required such as operational performance, customer segmentation, traffic, and gross revenue.

Details of these licenses are as follows:

License	License No.	Type of services	Grant date/latest renewal date
License of electronics money issuer	Bank Indonesia License No. 11/432/DASP	Electronics money	July 3, 2009
License of money remittance	Bank Indonesia License No. 11/23/bd/8	Money remittance service	August 5, 2009
License to operate internet telephone services for public purpose	127/KEP/DJPPI/KOMINFO/3/2016	Internet telephone services for public purpose	March 30, 2016
License to operate internet service provider	2176/KEP/M.KOMINFO/12/2016	Internet service provider	December 30, 2016
License to operate content service provider	1040/KEP/M.KOMINFO/16/2017	Content service provider	May 16, 2017
License for the implementation of internet interconnection services	1004/KEP/M.KOMINFO/2018	Interconnection services	December 26, 2018
License to operate data communication system services	046/KEP/M.KOMINFO/02/2020	Data communication system services	August 3, 2020
License to operate IPTV service provider	022/KEP/M.KOMINFO/2021	IPTV service provider	February 25, 2021
License to operate fixed network long distance direct line	073/KEP/M.KOMINFO/02/2021	Fixed network long distance direct line	August 23, 2021
License to operate fixed international network	082/KEP/M.KOMINFO/02/2021	Fixed international and basic telephone services network	October 8, 2021
License to operate fixed closed network	094/KEP/M.KOMINFO/02/2021	Fixed closed network	December 9, 2021
License to operate circuit switched based local fixed line network	095/KEP/M.KOMINFO/02/2021	Circuit switched based local fixed line network	December 9, 2021

**PERUSAHAAN PERSEROAN (PERSERO)**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For The Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

**1. GENERAL (continued)**

**b. Company's Board of Commissioners, Directors, Audit Committee, Corporate Secretary, Internal Audit, and Employees**

**i. Board of Commissioners and Directors**

Based on resolutions made at AGM of Stockholders of the Company as covered by notarial deed Ashoya Ratam, S.H., M.Kn. No. 34, dated June 18, 2021, the composition of the Company's Boards of Commissioners and Directors, were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
President Commissioner/ Independent Commissioner	Bambang Permadi	Bambang Permadi
Commissioner	Soemantri Brojonegoro	Soemantri Brojonegoro
Commissioner	Arya Mahendra Sinulingga	Arya Mahendra Sinulingga
Commissioner	Rizal Mallarangeng	Rizal Mallarangeng
Commissioner	Isa Rachmatarwata	Isa Rachmatarwata
Commissioner	Ismail	Ismail
Independent Commissioner	Marcelino Rumambo Pandin	Marcelino Rumambo Pandin
Independent Commissioner	Bono Daru Adji	Bono Daru Adji
Independent Commissioner	Wawan Iriawan	Wawan Iriawan
President Director	Abdi Negara Nurdin	Abdi Negara Nurdin
Director of Finance and Risk Management	Ririek Adriansyah	Ririek Adriansyah
Director of Digital Business	Heri Supriadi	Heri Supriadi
Director of Strategic Portfolio	Muhamad Fajrin Rasyid	Muhamad Fajrin Rasyid
Director of Enterprise & Business Service*	Budi Setyawan Wijaya	Budi Setyawan Wijaya
Director of Wholesale & International Services	FM Venusiana R	Edi Witjara
Director of Human Capital Management	Bogi Witjaksono	Bogi Witjaksono
Director of Network & IT Solution	Afriwandi	Afriwandi
Director of Consumer Service	Herlan Wijanarko	Herlan Wijanarko
	FM Venusiana R	FM Venusiana R

\* On July 8, 2022, Mr. Edi Witjara was appointed as President Director of PT Industri Telekomunikasi Indonesia (Persero) and based on the Company's Board of Commissioners Letter No. 073/SRT/DK/2022 dated July 11, 2022 Mrs. FM Venusiana R was appointed as Temporary Replacement Officer for Director of Enterprise & Business Service

**ii. Audit Committee, Corporate Secretary, and Internal Audit**

The composition of the Company's Audit Committee, Corporate Secretary, and Internal Audit, were as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Chairman	Bono Daru Adji	Bono Daru Adji
Member	Bambang Permadi	Bambang Permadi
	Soemantri Brojonegoro	Soemantri Brojonegoro
Member	Wawan Iriawan	Wawan Iriawan
Member	Abdi Negara Nurdin	Abdi Negara Nurdin
Member	Emmanuel Bambang Suyitno	Emmanuel Bambang Suyitno
Member	Edy Sihotang	Edy Sihotang
Corporate Secretary	R. Achmad Faisal	Andi Setiawan
Internal Audit	Daru Mulyawan	Harry Suseno Hadisoebroto

**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For The Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

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**1. GENERAL (continued)**

**b. Company's Board of Commissioners, Directors, Audit Committee, Corporate Secretary, Internal Audit, and Employees (continued)**

iii. Employees

As of September 30, 2022, and December 31, 2021, the Company and subsidiaries ("Group") had 20,778 employees and 20,884 employees, respectively.

**c. Public offering of securities of the Company**

The Company's number of shares prior to its Initial Public Offering ("IPO") totalled 8,400,000,000, consisting of 8,399,999,999 Series B shares and 1 Series A Dwiwarna share, and were wholly-owned by the Government. On November 14, 1995, 933,333,000 new Series B shares and 233,334,000 Series B shares owned by the Government were offered to the public through an IPO and listed on the Indonesia Stock Exchange ("IDX") and 700,000,000 Series B shares owned by the Government were offered to the public and listed on the New York Stock Exchange ("NYSE") and the London Stock Exchange ("LSE"), in the form of American Depositary Shares ("ADS"). There were 35,000,000 ADS and each ADS represented 20 Series B shares at that time.

In December 1996, the Government had a block sale of its 388,000,000 Series B shares, and in 1997, distributed 2,670,300 Series B shares as incentive to the Company's stockholders who did not sell their shares within one year from the date of the IPO. In May 1999, the Government further sold 898,000,000 Series B shares.

To comply with Law No. 1/1995 on Limited Liability Companies, at the AGM of Stockholders of the Company on April 16, 1999, the Company's stockholders resolved to increase the Company's issued share capital by the distribution of 746,666,640 bonus shares through the capitalization of certain additional paid-in capital, which was made to the Company's stockholders in August 1999. On August 16, 2007, Law No. 1/1995 on Limited Liability Companies was amended by the issuance of Law No. 40/2007 on Limited Liability Companies which became effective on the same date. Law No. 40/2007 has no effect on the public offering of shares of the Company. The Company has complied with Law No. 40/2007.

In December 2001, the Government had another block sale of 1,200,000,000 shares or 11.9% of the total outstanding Series B shares. In July 2002, the Government further sold a block of 312,000,000 shares or 3.1% of the total outstanding Series B shares.

At the AGM of Stockholders of the Company held on July 30, 2004, the minutes of which are covered by notarial deed No. 26 of A. Partomuan Pohan, S.H., LL.M., the Company's stockholders approved the Company's 2-for-1 stock split for Series A Dwiwarna and Series B share. The Series A Dwiwarna share with par value of Rp500 per share was split into 1 Series A Dwiwarna share with par value of Rp250 per share and 1 Series B share with par value of Rp250 per share. The stock split resulted in an increase of the Company's authorized capital stock from 1 Series A Dwiwarna share and 39,999,999,999 Series B shares to 1 Series A Dwiwarna share and 79,999,999,999 Series B shares, and the issued capital stock from 1 Series A Dwiwarna share and 10,079,999,639 Series B shares to 1 Series A Dwiwarna share and 20,159,999,279 Series B shares. After the stock split, each ADS represented 40 Series B shares.

During the Extraordinary General Meeting ("EGM") held on December 21, 2005 and the AGMs held on June 29, 2007, June 20, 2008, and May 19, 2011, the Company's stockholders approved phase I, II, III, and IV plan, respectively, of the Company's program to repurchase its issued Series B shares.

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**1. GENERAL (continued)**

**c. Public offering of securities of the Company (continued)**

During the period December 21, 2005 to June 20, 2007, the Company had bought back 211,290,500 shares from the public (stock repurchase program phase I). On July 30, 2013, the Company has sold all such shares.

At the AGM held on April 19, 2013 as covered by notarial deed No. 38 dated April 19, 2013 of Ashoya Ratam, S.H., M.Kn., the stockholders approved the changes to the Company's plan on the treasury stock acquired under phase III. At the AGM held on April 19, 2013, the minutes of which were covered by notarial deed No. 38 of Ashoya Ratam, S.H., M.Kn., the stockholders approved the Company's 5-for-1 stock split for Series A Dwiwarna and Series B shares. Series A Dwiwarna share with par value of Rp250 per share was split into 1 Series A Dwiwarna share with par value of Rp50 per share and 4 Series B shares with par value of Rp50 per share. The stock split resulted in an increase of the Company's authorized capital stock from 1 Series A Dwiwarna and 79,999,999,999 Series B shares to 1 Series A Dwiwarna and 399,999,999,999 Series B shares. The issued capital stock increase from 1 Series A Dwiwarna and 20,159,999,279 Series B shares to 1 Series A Dwiwarna and 100,799,996,399 Series B shares. After the stock split, each ADS represented 200 Series B shares. Effective from October 26, 2016, the Company change the ratio of Depositary Receipt from 1 ADS representing 200 series B shares to become 1 ADS representing 100 series B shares (Note 22). Profit per ADS information have been retrospectively adjusted to reflect the changes in the ratio of ADS.

On May 16 and June 5, 2014, the Company deregistered from Tokyo Stock Exchange ("TSE") and delisted from the LSE, respectively.

As of September 30, 2022, all of the Company's Series B shares are listed on the IDX and 41,284,991 ADS shares are listed on the NYSE (Note 22).

On June 16, 2015, the Company issued Continuous Bonds I Telkom Phase I 2015, with a nominal amount Rp2,200 billion for Series A, a seven-year period, Rp2,100 billion for Series B, with a ten-year period, Rp1,200 billion for Series C, with a fifteen-year period and Rp1,500 billion for Series D, with a thirty-year period, respectively which are listed on the IDX (Note 20b.i).

On December 21, 2015, the Company sold the remaining shares of treasury shares phase III.

On June 29, 2016, the Company sold the treasury shares phase IV.

At the AGM held on April 27, 2018, which were covered by notarial deed No. 54 of Ashoya Ratam, S.H., M.Kn., the stockholders approved for cancellation 1,737,779,800 shares of treasury stock by reduced the Company's capital stock.

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**1. GENERAL (continued)**

**d. Subsidiaries**

As of September 30, 2022 and December 31, 2021, the Company has consolidated the following directly or indirectly owned subsidiaries (Notes 2b and 2d):

**i. Direct subsidiaries:**

Subsidiary/place of incorporation	Nature of business/date of Incorporation or acquisition by the Company	Year of start of commencement operations	Percentage of ownership*		Total assets before elimination	
			September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PT Telekomunikasi Selular ("Telkomsel"), Jakarta, Indonesia	Mobile telecommunication networks and service businesses, web portals, web hosting, mobile digital advertising, telecommunication consultant services, data processing activities, financial technology/fintech/ May 26, 1995	1995	65	65	102,414	101,302
PT Dayamitra Telekomunikasi ("Mitratel"), Jakarta, Indonesia	Leasing of towers and other telecommunication services/ May 17, 2001	1995	72	72	54,933	57,728
PT Multimedia Nusantara ("Metra"), Jakarta, Indonesia	Network telecommunication services and multimedia/ May 9, 2003	1998	100	100	15,485	18,758
PT Telekomunikasi Indonesia International ("Telin"), Jakarta, Indonesia	Telecommunication/ July 31, 2003	1995	100	100	13,604	12,705
PT Sigma Cipta Caraka ("Sigma"), Tangerang, Indonesia**	Information technology service - system implementation and integration service, outsourcing and software license maintenance/ May 1, 1987	1988	100	100	8,046	5,093
PT Telkom Satelit Indonesia ("Telkomsat"), Jakarta, Indonesia	Telecommunication - provides satellite communication system, and the related services and infrastructures/ September 28, 1995	1996	100	100	6,324	5,515
PT Graha Sarana Duta ("GSD") Jakarta, Indonesia	Leasing of offices and providing building management and maintenance services, civil consultant and developer/ April 25, 2001	1982	100	100	5,797	5,884
PT Telkom Akses ("Telkom Akses"), Jakarta, Indonesia	Construction, service and trade in the field of telecommunication/ November 26, 2012	2013	100	100	4,653	4,973
PT Telkom Data Ekosistem ("TDE"), Tangerang Selatan, Indonesia	Data storage center (data center)/ November 27, 1996	1996	100	100	3,184	2,107
PT Metra-Net ("Metra-Net"), Jakarta, Indonesia	Multimedia portal service/ April 17, 2009	2009	100	100	1,952	1,640

\*Percentage of ownership amounting to 99.99% is presented with rounding 100%.

\*\* Sigma previously consolidated in Metra

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**1. GENERAL (continued)**

**d. Subsidiaries (continued)**

**i. Direct subsidiaries (continued):**

Subsidiary/place of incorporation	Nature of business/date of Incorporation or acquisition by the Company	Year of start of commencement operations	Percentage of ownership*		Total assets before elimination	
			September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PT Infrastruktur Telekomunikasi Indonesia ("Telkom Infra"), Jakarta, Indonesia	Construction, service and trading in the field of telecommunication/ January 16, 2014	2014	100	100	1,317	1,259
PT PINS Indonesia ("PINS"), Jakarta, Indonesia	Telecommunication construction and services/ August 15, 2002	1995	100	100	1,024	1,589
PT Napsindo Primatel Internasional ("Napsindo"), Jakarta, Indonesia	Telecommunication - provides Network Access Point (NAP), Voice Over Data (VOD) and other related services/ December 29, 1998	1999; ceased operations on January 13, 2006	60	60	5	5

\*Percentage of ownership amounting to 99.99% is presented with rounding 100%.

**ii. Indirect subsidiaries:**

Subsidiary/place of incorporation	Nature of business/date of Incorporation or acquisition by the Company	Year of start of commencement operations	Percentage of ownership*		Total assets before elimination	
			September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PT Metra Digital Investama ("MDI"), Jakarta, Indonesia	Trading service related to information and technology, multimedia, entertainment and investment/ January 8, 2013	2013	100	100	5,676	5,784
Telekomunikasi Indonesia International Ltd. ("Telin Hong Kong"), Hong Kong	Telecommunication/ December 8, 2010	2010	100	100	3,710	2,998
Telekomunikasi Indonesia International Pte. Ltd., ("Telin Singapore") Singapore	Telecommunication/ December 6, 2007	2008	100	100	3,347	3,272
PT Infomedia Nusantara ("Infomedia"), Jakarta, Indonesia	Data and information service - provides telecommunication information services and other information services in the form of print and electronic media and call center services/ September 22, 1999	1984	100	100	2,464	2,359
PT Telkom Landmark Tower ("TLT"), Jakarta, Indonesia	Property development and management services/ February 1, 2012	2012	55	55	2,126	2,204
PT Melon Indonesia ("Melon"), Jakarta, Indonesia	Digital content exchange hub services/ November 14, 2016	2010	100	100	1,443	1,187

\*Percentage of ownership amounting to 99.99% is presented with rounding 100%.

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**1. GENERAL (continued)**

**d. Subsidiaries (continued)**

**ii. Indirect subsidiaries (continued):**

Subsidiary/place of incorporation	Nature of business/date of Incorporation or acquisition by the Company	Year of start of commencement operations	Percentage of ownership*		Total assets before elimination	
			September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PT Finnet Indonesia ("Finnet"), Jakarta, Indonesia	Information technology services/ October 31, 2005	2006	60	60	1,258	1,294
PT Persada Sokka Tama ("PST"), Jakarta, Indonesia	Providing telecommunication network infrastructure/ February 19, 2019	2008	100	100	1,131	1,097
PT Telkomsel Ekosistem Digital ("TED"), Jakarta, Indonesia	Providing service related to information and technology, multimedia, entertainment, and investment/ December 14, 2021	2021	100	100	883	197
PT Metra Digital Media ("MD Media"), Jakarta, Indonesia	Directory information services/ January 22, 2013	2013	100	100	859	1,201
Telekomunikasi Indonesia International ("Telkomcel"), S.A., Dili, Timor Leste	Telecommunication/ September 11, 2012	2012	100	100	727	708
PT Telkomsel Mitra Inovasi ("TMI"), Jakarta, Indonesia	Bussiness management consulting and capital venture services/ January 18, 2019	2019	100	100	686	692
PT Administrasi Medika ("Ad Medika"), Jakarta, Indonesia	Health insurance administration services/ February 25, 2010	2002	100	100	676	543
TS Global Network Sdn. Bhd. ("TSGN"), Petaling Jaya, Malaysia	Satellite services/ December 14, 2017	1996	70	70	563	596
PT Swadharna Sarana Informatika ("SSI"), Jakarta, Indonesia	Cash replenishment services and ATM maintenance/ April 2, 2018	2001	51	51	434	489
PT Digital Aplikasi Solusi ("Digiserve"), Jakarta, Indonesia	Communication system services/ August 29, 2014	2014	100	100	347	389
PT Nusantara Sukses Investasi ("NSI"), Jakarta, Indonesia	Service and trading/ September 1, 2014	2014	100	100	303	309
PT Graha Yasa Selaras ("GYS"), Jakarta, Indonesia	Tourism service/ April 27, 2012	2012	51	51	285	288

\*Percentage of ownership amounting to 99.99% is presented with rounding 100%



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**1. GENERAL (continued)**

**d. Subsidiaries (continued)**

**ii. Indirect subsidiaries (continued):**

Subsidiary/place of incorporation	Nature of business/date of Incorporation or acquisition by the Company	Year of start of commencement operations	Percentage of ownership*		Total assets before elimination	
			September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PT Nutech Integrasi ("Nutech"), Jakarta, Indonesia	System integrator/ December 13, 2017	2001	60	60	234	198
Telekomunikasi Indonesia International Inc., ("Telin USA"), Los Angeles, USA	Telecommunication/ December 11, 2013	2014	100	100	211	191
PT Metraplaza ("Metraplaza"), Jakarta, Indonesia	Network and e-commerce services/ April 9, 2012	2012	60	60	56	61
Telekomunikasi Indonesia International (Australia) Pty. Ltd. ("Telin Australia"), Sydney, Australia	Telecommunication/ January 9, 2013	2013	100	100	29	34
Telekomunikasi Indonesia Intl (Malaysia) Sdn. Bhd ("Telin Malaysia"), Malaysia	Telecommunication/ July 2, 2013	2013	70	70	24	27
PT Satelit Multimedia Indonesia ("SMI"), Jakarta, Indonesia	Satellite services/ March 25, 2013	2013	100	100	7	8

\*Percentage of ownership amounting to 99.99% is presented with rounding 100%.

**e. Initial public offering and acquisition transactions in subsidiaries**

**i. Mitratel**

Based on the Deed of Decision of the Shareholders Outside the General Meeting of Shareholders (Circular) No. 31 dated August 21, 2021 from Notary Ashoya Ratam, S.H., M.Kn. the shareholders of Mitratel decided and approved the change of Mitratel's status from a private company to a public company under the name PT Dayamitra Telekomunikasi Tbk.

On November 12, 2021, Mitratel received an effective statement from the Financial Services Authority ("OJK") with its letter No. S-201/D.04/2021 to conduct an initial public offering ("IPO") of 23,493,524,800 ordinary shares with a par value of Rp228 per share and an offering price of Rp800 per share. On November 22, 2021, the Mitratel's shares have been listed on the Indonesia Stock Exchange ("IDX") based on Letter No. S-08617/BEI.PP3/11-2021 regarding Approval of Securities Listing dated November 15, 2021.

Mitratel obtained IPO funds amounting to Rp18,463 billion (after deducting share issuance costs), so that the Company's share ownership in Mitratel diluted from 99.99% to 71.87%. Hence, the Company still controls Mitratel.

For this transaction, the Company has been accounted the difference in non-controlling ownership transactions are as follows:

Proceeds from IPO of 28.13% ownership interest	18,463
Net assets attributable to NCI	(9,397)
<b>Increase in equity attributable to parent company</b>	<b><u>9,066</u></b>

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**1. GENERAL (continued)**

**e. Initial public offering and acquisition transactions in subsidiaries (continued)**

i. Mitratel (continued)

On June 2 2022, Mitratel announced to buyback shares with a maximum amount of Rp1,000 billion. The buyback period of Mitratel's shares is for three months starting from June 2, 2022 to September 2, 2022. Mitratel has buyback 885,200,000 shares or equivalent to Rp681 billion.

ii. Metra

On 29 August 2014, Metra and Telstra Holding Singapore Pte. Ltd. established PT Teltranet Application Solutions, currently become PT Digital Application Solutions ("Digiserve"). Metra's share ownership in Teltranet is 51%, Metra has no control in determining the financial and operating policies of Teltranet, hence recorded as ownership in associates.

Based on the Share Purchase Agreement dated August 31, 2021, Metra purchased Teltranet's shares owned by Telstra Holdings Singapore Pte. Ltd. as many as 13,115,477 shares or equivalent to 49% share ownership with an acquisition value of AU\$1, thus becoming a subsidiary of Metra.

As of December 31, 2021, Metra has recorded the difference between the acquisition value and fair value, goodwill recognized amounted to Rp64 billion (Note 15).

iii. TDE

TDE previously was Sigma's subsidiary. Based on Share Acquisition Deed No. 388 dated December 27, 2021 of Jimmy Tanal, S.H., M.Kn., the Company entered into a takeover of TDE shares, so that the Company's ownership in TDE became 99.89% and impacted Sigma's ownership which diluted to 0.11% ownership. The company purchased 2,106,465,158,910 series B shares of TDE or equivalent to Rp2,106 billion. The company has made cash payments of Rp1,250 billion and paid-up capital in other forms (*inbreng*) of Rp856 billion for the takeover of the TDE shares.

On August 15, 2022, the Transfer of Sigma Data Center to TDE with a value of Rp2,014 billion was carried out in accordance with the Deed of Separation No.10 dated August 15, 2022 of Utiok R. Abdurachman, S.H., M.L.I., M.Kn. so that the Company's ownership in TDE became 51.10% and the portion of Sigma became 48.90%.

iv. Telkomsel

Based on the Resolution of Shareholders on December 14, 2021, Telkomsel established a subsidiary, PT Telkomsel Ekosistem Digital ("TED"), which was formalized by Notarial deed No. 19 dated December 16, 2021 of Bonardo Nasution, S.H. The total paid-up capital of TED were 197,000 shares (Rp1,000,000 par value per share). Telkomsel own 196,989 shares and paid Rp197 billion on December 29, 2021.

v. Sigma

Sigma previously was Metra's subsidiary. Based on notarial deed No. 120 dated April 19, 2022 of Jimmy Tanal, S.H., M.Kn. the Company entered into a takeover of Sigma shares, so that the Company's ownership in Sigma became 56.39% and impacted Metra's ownership which diluted to 43.61%.

**f. Completion and authorization for the issuance of the consolidated financial statements**

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which have been completed and authorized for issuance by the Board of Directors of the Company on October 28, 2022.

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Company and subsidiaries (collectively referred to as “the Group”) have been prepared in accordance with Financial Accounting Standards (“Standar Akuntansi Keuangan” or “SAK”) including Indonesian Statement of Financial Accounting Standards (“Pernyataan Standar Akuntansi Keuangan” or “PSAK”) and interpretation of Financial Accounting Standards (“Interpretasi Standar Akuntansi Keuangan” or “ISAK”) in Indonesia published by the Financial Accounting Standards Board of Institute of Indonesian Chartered Accountants and Regulation No. VIII.G.7 of the Capital Market and Financial Institution Supervisory Agency (“Bapepam-LK”) regarding the Presentation and Disclosure of Financial Statements of Issuers or Public Companies, enclosed in the decision letter KEP-347/BL/2012.

### **a. Basis of preparation of consolidated financial statements**

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared on accrual basis. The measurement basis used is historical cost, except for certain accounts which are measured using the basis mentioned in the relevant notes herein.

The consolidated statements of cash flows are prepared using the direct method and present the changes in cash and cash equivalents from operating, investing, and financing activities.

Figures in the consolidated financial statements are presented and rounded to billions of Indonesian rupiah (“Rp”) and millions of US\$, unless otherwise stated. Figures in the consolidated financial statements which still contain values but below Rp1 billion and US\$ 1 million, are presented with zeros.

### **New accounting standards**

On January 1, 2022, the Group adopted the new and revised statement of financial accounting standards and interpretations of financial accounting standards effective from that date. Adjustments to the Group's accounting policies have been made as required, in accordance with the transitional provisions of the respective standards and interpretations. The adoption of the new and revised standards and interpretations did not result in major changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial year:

- i. Amendment to PSAK 22: Business Combinations
- ii. Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets
- iii. Amendment to PSAK 71: Financial Instruments
- iv. Amendment to PSAK 73: Leases

### **Accounting standards issued but not yet effective**

#### Effective January 1, 2023

- i. Amendment PSAK 1: Presentation of Financial Statements  
This amendment clarifies the classification of liabilities as short-term or long-term and this amendment also changes the term “significant” to “material” and provides an explanation regarding material accounting policies.
- ii. Amendment PSAK 16: Fixed Assets  
This amendment regulates the treatment of results before the intended use.
- iii. Amendment PSAK 25: Accounting Policies, Changes in Accounting Estimates, and Errors  
This amendment provides a new definition of “accounting estimates” and explanations.
- iv. Amendment to PSAK 46: Income Tax on Deferred Tax on Assets and Liabilities arising from a Single Transaction  
This amendment provides for the recognition of a deferred tax asset or liability on initial recognition of a transaction that gives rise to an equal amount of asset and liability.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b. Principles of consolidation**

The consolidated financial statements consist of the financial statements of the Company and the subsidiaries over which it has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has the power over the investee, exposure or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- i. The contractual arrangement with the other vote holders of the investee,
- ii. Rights arising from other contractual arrangements, and
- iii. The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses, of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gain control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-Group assets and liabilities, equity, revenue and expenses and cash flow relating to transactions within Group are fully eliminated on consolidation.

In case of loss of control over a subsidiary, the Group:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary at the carrying amounts on the date when it loses control;
- derecognizes the carrying amounts of any non-controlling interests of its former subsidiary on the date when it loses control;
- recognizes the fair value of the consideration received (if any) from the transaction, events, or condition that caused the loss of control;
- recognizes the fair value of any investment retained in the subsidiary at fair value on the date of loss of control; and
- recognizes any surplus or deficit in profit or loss that is attributable to the Group.

**c. Transactions with related parties**

The Group has transactions with related parties. The definition of related parties used is in accordance with the Bapepam-LK's Regulation No. VIII.G.7 regarding the Presentations and Disclosures of Financial Statements of Issuers or Public Companies, enclosed in the decision letter No. KEP-347/BL/2012. The party which is considered as a related party is a person or entity that is related to the entity that is preparing its financial statements.

Under the Regulation of Bapepam-LK No. VIII.G.7, a government-related entity is an entity that is controlled, jointly controlled or significantly influenced by the government. Government in this context is the Minister of Finance or the Local Government, as the shareholder of the entity.

Key management personnel are identified as the persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. The related party status extends to the key management of the subsidiaries to the extent they direct the operations of subsidiaries with minimal involvement from the Company's management.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Business combinations and goodwill**

Business combination is accounted for using the acquisition method. The consideration transferred is measured at fair value, which is the aggregate of the fair value of the assets transferred, liabilities incurred or assumed, and the equity instruments issued in exchange for control of the acquiree. For each business combination, non-controlling interest is measured at fair value or at the proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets and liabilities are recognized at their fair values at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

When the determination of consideration from a business combination includes contingent consideration, it is measured at its fair value on acquisition date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss when adjustments are recorded outside the measurement period. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments made against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the measurement period, which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period ends immediately after the Company receives the information about the facts and circumstances that existed at the acquisition date or learns that additional information cannot be obtained. However, the measurement period must not exceed one year from the date of acquisition.

In a business combination achieved in stages, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Based on PSAK 38 (Revised 2012), "Common Control Business Combination", the transfer of assets, liabilities, shares or other ownership instruments among the companies under common control would not result in a gain or loss for the Company or individual entity in the same group. Since the restructuring transaction between entities under common control does not result in a change of the economic substance of the ownership of assets, liabilities, shares, or other instruments of ownership, which are exchanged, assets or liabilities transferred are recorded at book value using the pooling-of-interests method.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d. Business combinations and goodwill (continued)**

In applying the pooling-of-interests method, the components of the financial statements for the period during the restructuring occurred must be presented in such a manner as if the restructuring has occurred since the beginning of the earliest period presented. The excess of consideration paid or received over the carrying value of interest acquired, net of income tax, is directly recognized to equity and presented as "Additional Paid-in Capital" under the equity section of the consolidated statement of financial position.

At the initial application of PSAK 38 (Revised 2012), all balances of the Difference In Value of Restructuring Transactions of Entities under Common Control was reclassified to "Additional Paid-in Capital" in the consolidated statement of financial position.

**e. Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash in banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Time deposits with maturities of more than three months but not more than one year are presented as part of "Other Current Financial Assets" in the consolidated statements of financial position (Note 2u).

**f. Investments in associates**

An associate is an entity over which the Group (as investor) has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not include control or joint control over those operating policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. Holding of 20% or more of the voting power of the investee (held directly or indirectly, through subsidiaries) is presumed to give rise to significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, a holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

The existence of significant influence will usually be evidenced in one or more of the following ways:

- i. representation on the board of directors or equivalent governing body of the investee;
- ii. participation in policy-making processes, including participation in decisions about dividends and other distributions;
- iii. material transactions between the investor and the investee;
- iv. interchange of managerial personnel;
- v. provision of essential technical information.

The Group's investments in its associates are accounted for using the equity method.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f. Investments in associates (continued)**

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the investor's share of the net assets of the associate since the acquisition date. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- i. Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment, and
- ii. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

The consolidated statements of profit or loss and other comprehensive income reflect the Group's share of the results of operations of the associate. Any change in the other comprehensive income of the associate is presented as part of other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of the change in the consolidated statements of changes in equity. Unrealized gain and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group determines at each reporting date whether there is any objective evidence that the investments in associated companies are impaired. If there is, the Group calculates and recognizes the amount of impairment as the difference between the recoverable amount of the investments in the associates and their carrying value.

These assets are included in "Long-term Investments in Associates" in the consolidated statements of financial position.

For the reporting purpose of investment in associates using the equity method, the assets and liabilities as of the statement of financial position date with functional currency other than Rupiah are translated into Indonesian rupiah using the rate of exchange prevailing at that date, while revenues and expenses are translated into Indonesian rupiah at the average rates of exchange for the year. The resulting translation adjustments are reported as part of "translation adjustment" in the equity section of the consolidated statements of financial position.

**g. Trade and other receivables**

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a credit provision methodology that is based on its historical credit loss experience which adjusted by specific forward-looking factors from customers and the economic environment. Receivables are written-off in the year are determined to be uncollectible (Note 2u).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Inventories**

Inventories consist of components, which represent telephone terminals, cables, and other spare parts. Inventories also include Subscriber Identification Module ("SIM") cards, handsets, wireless broadband modems, and blank prepaid vouchers.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is determined by either estimating the selling price in the ordinary course of business, less estimated cost to sell or determining the prevailing replacement costs.

The costs of inventories consist of the purchase price, import duties, other taxes, transport, handling, and other costs directly attributable to their acquisition.

Cost is determined using the weighted average method.

The amounts of any write-down of inventories below cost to net realizable value and all losses of inventories are recognized as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of general and administrative expenses in the year in which the reversal occurs.

Provision for obsolescence is primarily based on the estimated forecast of future usage of these inventory items.

**i. Prepaid expenses**

Prepaid expenses are amortized over their future beneficial periods using the straight-line method.

**j. Assets held for sale**

Assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Assets that meet the criteria to be classified as held for sale are reclassified from property and equipment and depreciation on such assets is ceased.

**k. Intangible assets**

Intangible assets mainly consist of software. Intangible assets are recognized if it is highly probable that the expected future economic benefits that are attributable to each asset will flow to the Group, and the cost of the asset can be reliably measured.

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized over their estimated useful lives. The Group estimates the recoverable value of its intangible assets. When the carrying amount of an intangible asset exceeds its estimated recoverable amount, the asset is written down to its estimated recoverable amount.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**k. Intangible assets (continued)**

Intangible assets except goodwill are amortized using the straight-line method, based on the estimated useful lives of the intangible assets as follows:

	<u>Years</u>
Software	3-6
License	3-20
Other intangible assets	1-30

Intangible assets are derecognized on disposal, or when no further economic benefits are expected, either from further use or from disposal. The difference between the carrying amount and the net proceeds received from disposal is recognized in the consolidated statements of profit or loss and other comprehensive income.

**l. Property and equipment**

Property and equipment are stated at cost less accumulated depreciation, and impairment losses, if any.

The cost of an item of property and equipment includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Property and equipment, except land rights, are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	15-50
Leasehold improvements	2-15
Switching equipment	3-15
Telegraph, telex, and data communication equipment	5-15
Transmission installation and equipment	3-30
Satellite, earth station, and equipment	3-20
Cable network	5-25
Power supply	3-20
Data processing equipment	3-20
Vehicles	4-8
Other telecommunication peripherals	5
Office equipment	2-5
Other equipment	2-5

Significant expenditures related to leasehold improvements are capitalized and depreciated over the lease term.

The depreciation method, useful life and residual value of an asset are reviewed at least at each financial year-end and adjusted, if appropriate. Based on review the useful life of certain production equipment asset are changed from previous year. The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset is already of the age and in the condition expected at the end of its useful life.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Property and equipment (continued)**

Property and equipment acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets are measured at fair value unless, (i) the exchange transaction lacks commercial substance; or (ii) the fair value of neither the asset received nor the asset given up is measured reliably.

Major spare parts and standby equipment that are expected to be used for more than 12 months are recorded as part of property and equipment.

When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are derecognized from the consolidated statement of financial position and the resulting gains or losses on the disposal or sale of the property and equipment are recognized in the consolidated statements of profit or loss and other comprehensive income.

Certain computer hardware can not be used without the availability of certain computer software. In such circumstance, the computer software is recorded as part of the computer hardware. If the computer software is independent from its computer hardware, it is recorded as part of intangible assets.

The cost of maintenance and repairs are charged to the consolidated statements of profit or loss and other comprehensive income as incurred. Significant renewals and betterments are capitalized.

Property under construction is stated at cost less impairment if any, until the construction is completed, at which time it is reclassified to the property and equipment account to which it relates. During the construction period until the property is ready for its intended use or sale, borrowing costs, which include interest expense and foreign currency exchange differences incurred on loans obtained to finance the construction of the asset, as long as it meets the definition of a qualifying asset are, capitalized in proportion to the average amount of accumulated expenditures during the period. Capitalization of borrowing cost ceases when the construction is completed and the asset is ready for its intended use or sale.

**m. Leases**

PSAK 73 sets out a comprehensive model for identification of lease agreements and its treatment in the financial statements of both lessees and lessors. PSAK 73 introduces a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term corresponds to the non-cancellable period of each contract, except in cases where the Group is reasonably certain of exercising renewal options contractually foreseen.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m. Leases (continued)**

The Group has made use of the package of practical expedients available under PSAK 73, which among other things:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as short-term lease;
- the exclusion of initial direct costs for the measurement of the right-of-use asset;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- not to separate non-lease components from lease components, and instead, account for both as a single lease component; and
- not to recognize a lease liability and a Right-of-Use (“ROU”) asset for leases where the underlying assets are low-value assets (i.e. underlying assets with a maximum value of US\$5,000 or Rp50 million when new).

The Group applies the definition of a lease and related guidance set out in PSAK 73 to all lease contracts.

**i. The Group as Lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

The Group recognizes ROU assets at the commencement date of the lease. ROU assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, restoration costs and lease payments made at or before the commencement date less any lease incentives received.

ROU assets are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<u>Years</u>
Buildings	15-40
Transmission installation and equipment	3-25
Power supply	3-20
Vehicles	4-8
Others	2-25

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The ROU assets are subject to impairment in accordance with PSAK 48 Impairment of Assets.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**m. Leases (continued)**

i. The Group as Lessee (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases with a duration of less than 12 months and low-value assets leases, as well as those lease elements, partially or totally not complying with the principles of recognition defined by PSAK 73 will be treated similarly to operating leases. The Group will recognize those lease payments on a straight-line basis over the lease term in the consolidated statements of profit or loss and other comprehensive income.

ii. The Group as Lessor

Under PSAK 73, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. Leases in which the Group transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases, otherwise it will be classified as an operating leases. Lease classification is made at the inception date and is reassessed only if there is a lease modification.

At the commencement date, the Group recognizes assets held under a finance lease at an amount equal to the net investment in the lease and present it as finance lease receivable. The net investment in the lease include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and residual value guarantees provided to the lessor by the lessee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the lessee and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

As required by PSAK 71, an allowance for expected credit loss has been recognized on the finance lease receivables and presented under "Other Receivables".

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying assets and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

If an arrangement contains lease and non-lease components, the Group applies PSAK 72 Revenue from Contracts with Customers to allocate the consideration in the contract. Revenue arising from operating lease is recorded as Revenue from Lessor Transactions (Note 2r).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**n. Deferred charges - land rights**

Costs incurred to process the initial legal land rights are recognized as part of the property and equipment and are not amortized. Costs incurred to process the extension or renewal of legal land rights are deferred and amortized using the straight-line method over the shorter of the legal term of the land rights or the economic life of the land.

**o. Trade payables**

Trade payables are obligations to pay for goods and/or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if the payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**p. Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statements of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on obtaining loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facilities to which it relates.

**q. Foreign currency translations**

The functional currency and the reporting currency of the Group are both in Indonesian rupiah, except for the functional currency of Telekomunikasi Indonesia International Ltd., Hong Kong, Telekomunikasi Indonesia International Pte. Ltd., Singapore, Telekomunikasi Indonesia International Inc., USA and Telekomunikasi Indonesia International S.A., Timor Leste whose functional currency is maintained in U.S. Dollar and Telekomunikasi Indonesia International, Pty. Ltd., Australia whose functional currency is Australian Dollar, TS Global Network Sdn. Bhd., and Telekomunikasi Indonesia International Sdn. Bhd. whose functional currency is Malaysian ringgit.

Transactions in foreign currencies are translated into Indonesian rupiah at the rates of exchange prevailing at transaction date. At the consolidated statements of financial position dates, monetary assets and liabilities denominated in foreign currencies are translated into Indonesian rupiah based on the buy and sell rates quoted by Reuters prevailing at the consolidated statements of financial position dates, as follows (in full amount):

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Buy</b>	<b>Sell</b>	<b>Buy</b>	<b>Sell</b>
United States Dollar ("US\$") 1	15,225	15,232	14,250	14,255
Australian Dollar ("AU\$") 1	9,915	9,921	10,353	10,359
Singapore Dollar ("SGD") 1	10,640	10,644	10,555	10,561
New Taiwan Dollar ("TWD") 1	479.47	480.08	515.04	515.4
Euro ("EUR") 1	14,974	14,980	16,125	16,137
Japanese Yen ("JPY") 1	105.52	105.57	123.81	123.86
Malaysian Ringgit ("MYR") 1	3,284	3,288	3,420	3,424
Macanese Pataca ("MOP") 1	1,881	1,886	1,772	1,777
Hong Kong Dollar ("HKD") 1	1,940	1,940	1,828	1,828

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**q. Foreign currency translations (continued)**

The result of foreign exchange gains or losses, realized and unrealized, are credited or charged to the consolidated statements of profit or loss and other comprehensive income of the current year, except for foreign exchange differences incurred on borrowings during the construction of qualifying assets which are capitalized to the extent that the borrowings can be attributed to the construction of those qualifying assets (Note 2l).

**r. Revenue and expense recognition**

Revenue from contract with customers

PSAK 72 establishes a comprehensive framework to determine how, when, and how much revenue is to be recognized. The standard provides a single principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. The standard also provides specific guidance requiring certain types of costs to obtain and/or fulfil a contract to be capitalized and amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the capitalized cost relates.

Below is the summary of the Group's revenue recognition accounting policy for each revenue stream:

**i. Mobile**

Revenue from mobile primarily comprises of revenue from cellular service which among others: telephone service, interconnection service, internet and data service and Short Messaging Services ("SMS") service. Those services are offered on postpaid or prepaid basis.

For prepaid services, initial package sales (also known as SIM cards and initial charging vouchers) and top up vouchers are initially recognized as contract liabilities. The Group recognizes contract assets for the services from postpaid customers that have not been billed.

All mobile services revenues are recognized based on output method, either per actual usage or allowance unit used (if services sold in plan basis), because the customer simultaneously receives and consumes the benefits provided by the Group.

For services sold in bundled plan, total consideration is allocated to performance obligations based on stand-alone selling price for each of product and/or service. The Group estimates the stand-alone selling price using the price enacted if the services are sold on a stand-alone basis. Most bundled plans sold by the Group only include services which are generally satisfied over the same period of time. Therefore, the revenue recognition pattern is generally not impacted by the allocation.

The consideration that is received is allocated between the telecommunication services and the points issued, with the consideration allocated to points that are equal to its fair value. The fair value of the points is determined according to historical information relating to the redemption rate of award points. The fair value of the points that are issued is deferred and recognized as revenue when the points are redeemed or have expired.

**ii. Consumer**

Revenue from consumer primarily comprises of revenue from fixed telephone and Indihome services. Revenues from fixed telephone service are derived from customer who subscribes to fixed telephone service only, while revenues from Indihome service are derived from customer who subscribes to internet services or to bundled package with combination of consumer service (i.e. telephone, internet and data, and paid TV). Those services are offered on a postpaid basis and billed in the following month. In 2021, the Group has applied a new term and condition that the contract with customer is an open-ended contract with minimum 12-month contract and substantive early termination penalty. The contract duration under PSAK 72 is 12-month contract and can be renewed in monthly contract basis afterward.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Revenue and expense recognition (continued)**

Revenue from contract with customers (continued)

ii. Consumer (continued)

All consumer services are recognized using the output method based on the customer's actual usage or time elapsed basis as the customer simultaneously receives and consumes the benefits provided by the Group.

Customers may be required to pay an upfront fee at the commencement of the contract. The upfront fee is considered to be a material right because the customer is not required to pay an upfront fee when the customer renews the service beyond the original contract period. The Group values the renewal option in the amount of the consideration received from the upfront fee for the installation service. The Group defers the amount of renewal option as contract liabilities and recognizes it as revenue on a straight-line basis over the expected term of the customer relationships. The Group estimates the expected customer life based on the historical information and customer trends and updates the evaluation on an annual basis.

iii. Enterprise

Revenue from enterprise customers primarily comprises of revenue from providing telephone service, internet and data, information technologies, and other services (e.g. sales of peripherals, manage service, call center service, e-health, e-payment, and others). Some of the contracts with enterprise customers are bespoke in nature.

Revenues from enterprise customers are recognized overtime using output method based on actual usage or time elapsed if the provision of service does not depend on usage (i.e. minute of voice, kilobyte of data, etc.), except for sales of goods which are recognized at a point in time, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenues for performance obligations that are satisfied at a point in time is recognized when control of goods is transferred to the customer, typically when the customer has physical possession of the goods.

Some of the arrangements in enterprise customers are offered as bundled arrangements. For bundled arrangements, the product and/or service in the contract is accounted for as a single performance obligation when it is separately identifiable from other promises in the contract and the customer can benefit from the product/service on its own. The total consideration is allocated to each distinct performance obligation that has been included in the contract, based on its stand-alone selling price. The stand-alone selling price is determined according to the observable prices at which individual product and/or service are sold separately, adjusted for market conditions and normal discounts as appropriate. Alternatively, when the observable prices are not available, the expected cost plus margin approach is used to determine the stand-alone selling prices.

Certain contracts with enterprise customers may give rise to variable consideration as the contract price depends on a future event (e.g. usage based contract or revenue-share based contract). In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on the method that better predicts the amount of consideration to which it will be entitled. The Group determines that the most expected value method is the appropriate method to use in estimating the variable consideration for a single contract with a large number of possible outcomes.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Revenue and expense recognition (continued)**

Revenue from contract with customers (continued)

iii. Enterprise (continued)

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determines that the estimates of variable consideration are not constrained based on its historical experience, business forecast, and the current economic conditions and only includes variable consideration to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When another party is involved in providing products and/or services to a customer, the Group is the principal if it controls the specified products and/or services before those products and/or services are transferred to the customer. Revenues are recorded on the net amount that has been retained (the amount paid by the customer less the amount paid to the suppliers), when, in substance, the Group has acted as agent and earned commission from the suppliers of the products and/or services sold.

iv. Wholesale and International Business (“WIB”)

Revenue from WIB is mainly comprises of interconnections service for interconnection of other telecommunications carriers’ subscriber calls to the Group’s subscribers (incoming call) and calls between other telecommunications carriers subscribers through the Group’s network (transit) and network service with other telecommunications carriers. All of these services are recognized based on output method using the basis of the actual recorded traffic for the month.

Contract assets

A contract asset is initially recognized for revenue earned from delivery of goods or services because the receipt of consideration is conditional on certain milestones or upon completion of the project. Upon completion of the milestones or the project, the amount recognized as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Incremental cost of obtaining/fulfilling contract with customers

The incremental costs of obtaining/fulfilling contracts with customers, which principally are comprised of sales commissions and contract fulfilment costs, are initially recognized on the statement of financial position. These costs are subsequently amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services. Costs that do not qualify as costs of obtaining/fulfilling contract with customers are expensed as incurred or in accordance with other relevant standards.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**r. Revenue and expense recognition (continued)**

Revenue from lessor transactions

Revenue from lessor transactions comprises of revenue from telecommunication tower operating leases and other rental. Rental income is recognized on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

Expenses

Expenses are recognized as they are incurred.

**s. Employee benefits**

**i. Short-term employee benefits**

All short-term employee benefits which consist of salaries and related benefits, vacation pay, incentives and other short-term benefits are recognized as expense on undiscounted basis when employees have rendered service to the Group.

**ii. Post-employment benefit plans and other long-term employee benefits**

Post-employment benefit plans consist of funded and unfunded defined benefit pension plans, defined contribution pension plan, other post-employment benefits, post-employment health care benefit plan, defined contribution health care benefit plan and obligations under the Labor Law.

Other long-term employee benefits consist of Long Service Awards ("LSA"), Long Service Leave ("LSL"), and pre-retirement benefits.

The cost of providing benefits under post-employment benefit plans and other long-term employee benefits calculation is performed by an independent actuary using the projected unit credit method.

The net obligations in respect of the defined pension benefit plans and post-retirement health care benefit plans are calculated at the present value of estimated future benefits that the employees have earned in return for their service in the current and prior periods less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government bonds that are denominated in the currencies in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation. Government bonds are used as there are no deep markets for high quality corporate bonds.

Plan assets are assets owned by defined benefit pension plan and post-retirement health care benefits plan as well as qualifying insurance policy. The assets are measured at fair value as of reporting dates. The fair value of qualifying insurance policy is deemed to be the present value of the related obligations (subject to any reduction required if the amounts receivable under the insurance policies are not recoverable in full).

Remeasurement, comprising of actuarial gain and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized immediately in profit or loss on the earlier of:

- (a) the date of plan amendment or curtailment; and
- (b) the date that the Group recognized restructuring-related costs.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**s. Employee benefits (continued)**

ii. Post-employment benefit plans and other long-term employee benefits (continued)

Net interest is calculated by applying the discount rate to the net defined benefit liabilities or assets.

Gains or losses on curtailment are recognized when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of defined benefit plan terms such as that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

Gains or losses on settlement are recognized when there is a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than the payment of benefit in accordance with the program and included in the actuarial assumptions).

For defined contribution plans, the regular contributions constitute net periodic costs for the period in which they are due and, as such, are included in "Personnel Expenses" as they become payable.

iii. Share-based payments

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee's services rendered which are compensated with the Company's shares is recognized as an expense in the consolidated statements of profit or loss and other comprehensive income and credited to additional paid-in capital at the grant date.

iv. Early retirement benefits

Early retirement benefits are accrued at the time the Group makes a commitment to provide early retirement benefits as a result of an offer made in order to encourage voluntary redundancy. A commitment to a termination arises when, and only when a detailed formal plan for the early retirement cannot be withdrawn.

**t. Taxes**

Income tax

Current and deferred income taxes are recognized as income or an expense and included in the consolidated statements of profit or loss and other comprehensive income, except to the extent that the income tax arises from a transaction or event which is recognized directly in equity, in which case, the income tax is recognized directly in equity.

Current income tax assets and liabilities are measured at the amounts expected to be recovered or paid by using the tax rates and tax laws that have been enacted or substantively enacted at each reporting date. Management periodically evaluates positions taken in Annual Tax Returns ("*Surat Pemberitahuan Tahunan*"/"*SPT Tahunan*") with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, management establishes provisions based on the amounts expected to be paid to the Tax Authorities.

Tax assessment

Amendment to taxation obligation is recorded when an assessment letter ("*Surat Ketetapan Pajak*" or "SKP") is received or, if appealed against, when the results of the appeal have been determined. The additional taxes and penalty imposed through an SKP are recognized as revenue or expense in the current year profit or loss, unless objection/appeal is taken. The additional taxes and penalty imposed through the SKP are deferred as long as they meet the asset recognition criteria.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**t. Taxes (continued)**

Deferred tax

The Group recognizes deferred tax assets and liabilities for temporary differences between the financial and tax bases of assets and liabilities at each reporting date. The Group also recognizes deferred tax assets resulting from the recognition of future tax benefits, such as the benefit of tax losses carried forward to the extent their future realization is probable. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and tax laws at each reporting date which are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if there is no longer probable that sufficient taxable profit will be available to compensate part or all of the benefits of deferred tax assets. Unrecognized deferred tax assets are re-assessed at each reporting date and recognized if it is probable that future taxable profits will be available for recovery. Tax deductions arising from the reversal of deferred tax assets are excluded from estimates of future taxable income.

Deferred tax transactions which are recognized outside profit or loss. Therefore, deferred taxes on these transactions are recognized either in other comprehensive income or recognized directly in equity.

Deferred tax assets and liabilities are offset in the consolidated statements of financial position, if and only if it has a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same Tax Authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Value added tax ("VAT")

Revenues, expenses and assets are recognized net of the VAT amount except:

- i. VAT arising from the purchase of assets or services that cannot be credited by the Tax Office, which VAT is recognized as part of the acquisition cost of the asset or as part of the applied expenses; and
- ii. Receivables and payables are presented including the amount of VAT.

Uncertainty over income tax

In accordance with ISAK 34: Uncertainty Over Income Tax Treatments which is effective on January 1, 2019, stated that the recognition and measurement of tax assets and liabilities that contain uncertainty over income tax are determined by considering whether to be treated separately or together, the assumptions used in the examination of tax treatments by the Tax Authorities, consideration the probability that the Tax Authorities will accept uncertain tax treatment and re-consideration or estimation if there is a change in facts and circumstances.

If the acceptance of the tax treatment by the Tax Authorities is probable, the measurement is in line with income tax fillings. If the acceptance of the tax treatment by the Tax Authorities is not probable, the Group measures its tax balances using the method that provides the better predict of resolution (i.e. most likely amount or expected value).

Accordingly, management believes that the interpretation did not have a significant impact on the consolidated financial statements.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**t. Taxes (continued)**

Final tax

Indonesian tax regulations impose final tax on several types of transactions based on the gross value of the transaction. Therefore, final tax which is charged based on such transaction remains subject to tax even though the tax payer incurred a loss on the transaction.

Final tax on construction services and lease are presented as part of "Other Income (Expenses) - net".

**u. Financial instruments**

The Group classifies financial instruments into financial assets and financial liabilities. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through OCI ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component of for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transactions costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at the transaction price in determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest ("SPPI") test and is performed at instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to buy or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

**(a) Financial assets at amortized cost (debt instruments)**

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**u. Financial instruments (continued)**

**i. Financial assets (continued)**

**(a) Financial assets at amortized cost (debt instruments) (continued)**

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost consist of cash and cash equivalents, other current financial assets, trade and other receivables, and other non-current assets.

**(b) Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)**

The Group measures debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group have no debt instruments classified at FVTOCI with recycling of cumulative gains and losses as of September 30, 2022 and December 31, 2021.

**(c) Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under PSAK 71 and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment. The Group's financial assets at this category consists of long-term investment in financial instruments.

**(d) Financial assets at FVTPL**

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest ("SPPI") are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The Group's financial assets at FVTPL consists of other long-term investment in financial instruments and other current financial assets.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**u. Financial instruments (continued)**

i. Financial assets (continued)

Expected credit losses (“ECL”)

The Group recognizes an allowance for ECL for all debt instruments not held at FVTPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Trade receivables are written-off when there is low possibility of recovering the contractual cash flow, after all collection efforts have been done and have been fully provided for allowance.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loan and borrowings and payables, net of directly attributable transaction costs.

The Group classifies its financial liabilities as: (i) financial liabilities at FVTPL or (ii) financial liabilities measured at amortized cost.

The Group's financial liabilities include trade and other payables, accrued expenses, customer deposits, interest-bearing loans and other borrowings, lease liabilities, and other liabilities. Interest-bearing loans consist of short-term bank loans, two-step loans, bonds, long-term bank loans.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**u. Financial instruments (continued)**

ii. Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PSAK 71 are satisfied. The Group has not designated any financial liability as at FVTPL.

(b) Financial liabilities measured at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and other borrowings. For more information, refer to Note 20 Long-Term Loans and Other Borrowings.

iii. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the assets and settle the liabilities simultaneously. The right of offset must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- (i) the normal course of business;
- (ii) the event of default; and
- (iii) the event of insolvency or bankruptcy of the Group and all of the counterparties.

iv. Derecognition of financial instruments

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial asset.

The Group derecognizes a financial liability when the obligation specified in the contract is discharged or cancelled or has expired.

v. Hedge Accounting

The Group does not apply hedge accounting.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**v. Treasury stock**

Reacquired Company's shares of stock are accounted for at their reacquisition cost and classified as "Treasury Stock" and presented as a deduction in equity. The cost of treasury stock sold/transferred is accounted for using the weighted average method. The portion of treasury stock transferred for employee stock ownership program is accounted for at its fair value at grant date. The difference between the cost and the proceeds from the sale/transfer of treasury stock is credited to "Additional Paid-in Capital".

**w. Dividends**

Dividend for distribution to the stockholders is recognized as a liability in the consolidated financial statements in the year in which the dividend is approved by the stockholders. The interim dividend is recognized as a liability based on the Board of Directors' decision supported by the approval from the Board of Commissioners.

**x. Basic and diluted earnings per share and earnings per ADS**

Basic earnings per share is computed by dividing profit for the year attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Income per ADS is computed by multiplying the basic earnings per share by 100, the number of shares represented by each ADS.

The Company does not have potentially dilutive financial instruments.

**y. Segment information**

The Group's segment information is presented based upon identified operating segments. An operating segment is a component of an entity:

- i. that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- ii. whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") i.e., the Directors, to make decisions about resources to be allocated to the segment and assess its performance; and
- iii. for which discrete financial information is available.

**z. Provisions**

Provisions are recognized when the Group has present obligations (legal or constructive) arising from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount can be measured reliably.

Provisions for onerous contracts are recognized when the contract becomes onerous for the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfill the contract.

**aa. Impairment of non-financial assets**

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If such indication exists, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the Cash-Generating Unit ("CGU") to which the asset belongs ("the asset's CGU").



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**aa. Impairment of non-financial assets (continued)**

The recoverable amount of an asset (either individual asset or CGU) is the higher of the asset's fair value less costs to sell and its value in use ("VIU"). Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, the Group uses an appropriate valuation model to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognized in profit or loss as part of "Depreciation and amortisation expenses" in the consolidated statements of profit or loss and other comprehensive income.

At the end of each reporting period, the Group assesses whether there is any indication that previously recognized impairment losses for an asset, other than goodwill, may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment been recognized for the asset in prior periods. Reversal of an impairment loss is recognized in profit or loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment loss relating to goodwill can not be reversed in future periods.

**ab. Current and non-current classifications**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is presented as current when it is:

- i. expected to be realized or intended to be sold, or consumed in the normal operating cycle;
- ii. held primarily for the purpose of trading; or
- iii. expected to be realized within twelve months after the reporting period; or
- iv. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Assets which do not meet above criterias are classified as non-current assets.

A liability is presented as current when:

- i. it is expected to be settled in the normal operating cycle;
- ii. it is held primarily for the purpose of trading;
- iii. it is due to be settled within twelve months after reporting period; or
- iv. there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of liability that could, at the option of counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities which do not meet above criterias are classified as long-term liabilities.

Deffered tax assets and liabilities are classified as non-current assets and liabilities.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Critical accounting considerations, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make decisions, estimates and assumptions that affect the amount of revenue, expenses, assets and liabilities reported, and the accompanying disclosures, and disclosures of contingent liabilities, at the end of the reporting period.

Uncertainty about these assumptions and estimates can produce results that require a material adjustment to the carrying amounts of assets and liabilities affected in the coming periods.

i. Consideration

The following considerations were made by management in applying the Group's accounting policies that have the most significant influence on the amounts recognized in the consolidated financial statements:

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income could necessitate future adjustments to tax income and expense already recorded. Judgment is also involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made. Details of the nature and carrying amounts of income tax are disclosed in Note 28.

ii. Estimates and assumptions

Estimates and assumption are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate and return on investment (ROI). Any changes in these assumptions will impact the carrying amount of the retirement benefit obligations.

The Group determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligations.

If there is an improvement in the ratings of such Government bonds or a decrease in interest rates as a result of improving economic conditions, there could be a material impact on the discount rate used in determining the post-employment benefit obligations.

Other key assumptions for retirement benefit obligations are based in part on current market conditions. Additional information is disclosed in Notes 31 and 32.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Critical accounting considerations, estimates and assumptions (continued)**

ii. Estimates and assumptions (continued)

(b) Useful lives of property and equipment

The Group estimates the useful lives of its property and equipment based on expected asset utilization, considering strategic business plans, expected future technological developments and market behavior. The estimates of useful lives of property and equipment are based on the Group's collective assessment of industry practice, internal technical evaluation, and experience with similar assets.

The Group reviews its estimates of useful lives at least each financial year-end and such estimates are updated if expectations differ from previous estimates due to changes in expectation of physical wear and tear, technical or commercial obsolescence, and legal or other limitations on the continuing use of the assets. The amounts of recorded expenses for any year will be affected by changes in these factors and circumstances. A change in the estimated useful lives of the property and equipment is a change in accounting estimates and is applied prospectively in profit or loss in the period of the change and future periods. In 2020, the Group change its estimated useful lives of towers in Indonesia (Note 12). In 2021, the Company accelerated the useful lives of Multi-Service Access Node ("MSAN") assets until 2022 (Note 12).

Details of the nature and carrying amounts of property and equipment are disclosed in Note 12.

(c) Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(d) Allowance for expected credit losses for financial assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established an allowance for expected credit losses methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, and the economic environment.

For term deposits and debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the deposits or debt instrument are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Critical accounting considerations, estimates and assumptions (continued)**

ii. Estimates and assumptions (continued)

(d) Allowance for expected credit losses for financial assets (continued)

The Group assesses whether there is objective evidence that other receivables or other financial assets have been impaired at the end of each reporting period. Allowance for expected credit losses of receivables is calculated based on a review of the current status of existing receivables and historical collection experience. Such allowances are adjusted periodically to reflect the actual and anticipated experience. Details of the nature and carrying amounts of allowance for expected credit losses of receivables are disclosed in Note 5.

Following the effect of Covid-19 pandemic, Group has not remodified the definition of its significant increase in credit risk and the definition of its default. Group also closely monitors the changes in shared risk characteristics of certain account receivables by evaluating the customer segmentations portfolios which the respective customers might engage in business industries, or locate in areas, which have become affected, or are more prone to be affected, by the pandemic. Group has reassessed the model used to calculate ECLs based on the latest reasonable and supportable data to better reflect the current change in circumstances. Methods and approaches will continue to be monitored and updated if additional reasonable and supportable data and information are available; including forward looking information and other input in the future.

(e) Revenue

(i) Critical judgements in determining the performance obligation, timing of revenue recognition and revenue classification

The Group provides information technology services that are bespoke in nature. Bespoke products consist of various goods and/or services bundled together in order to provide integrated solution services to customers. In addition to the bespoke service, Group also provide multiple standard product as bundling product in contract with customer. Significant judgment is required in determining the number and nature of performance obligations promised to customers in those contracts. The number and nature of performance obligations will determine the timing of revenue recognition for such contract.

The Group reviews the determination of performance obligations on a contract-by-contract basis. When a contract consisting of several goods and/or service is assessed to have one performance obligations, the Group applies a single method of measuring progress for the performance obligation based on the measurement method that best depicts the economics of the contract, which in most cases is over time.

The Group also presents the revenue classification using consistent approach. When a contract consisting of several goods and/or service is assessed to have one performance obligations, the Group presents that performance obligations in one financial statement line items which best represent the main service of the Group, which in most cases is the internet, data communication and information technology services.

(ii) Critical judgements in determining the stand-alone selling price

The Group provides wide array of products related to telecommunication and technology. To determine the stand-alone selling price for goods and/or services that do not have any readily available observable price, the Group uses the expected cost-plus margin approach. The Group determines the appropriate margin based on historical achievement.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ac. Critical accounting considerations, estimates and assumptions (continued)**

ii. Estimates and assumptions (continued)

(f) Test for impairment of non-current assets and goodwill

The application of the acquisition method in a business combination requires the use of accounting estimates in allocating the purchase price to the fair market value of the assets and liabilities acquired, including intangible assets. Certain business acquisitions by the Group resulted goodwill, which is not amortized but is tested for impairment annually and every indication of impairment exists.

Although management believes that the assumptions used are appropriate, significant changes to those assumptions can materially affect the evaluation of recoverable amounts and may result in impairment according to PSAK 48: Impairment of Assets.

(g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments

(h) Acquisition

The Group evaluates each acquisition transaction to determine whether it will be treated as an asset acquisition or business combination. For transactions that are treated as an asset acquisition, the purchase price is allocated to the assets obtained, without the recognition of goodwill. For acquisitions that meet the business combination definition, the Group applies the accounting acquisition method for assets acquired and liabilities assumed are recorded at fair value at the acquisition date, and the results of operations are included with the Group's results from the date of each acquisition.

Any excess from the purchase price paid for the amount recognized for assets acquired and liabilities incurred is recorded as goodwill. The Group continues to evaluate acquisitions that are counted as a business combination for a period not exceeding one year after the applicable acquisition date of each transaction to determine whether additional adjustments are needed to allocate the purchase price paid for the assets acquired and liabilities assumed. The fair value of assets acquired and liabilities incurred are usually determined using either an estimated replacement cost or a discounted cash flow valuation method. When determining the fair value of tangible assets acquired, the Group estimates the cost of replacing assets with new assets by considering factors such as the age, condition, and economic useful lives of the assets. When determining the fair value of the intangible assets obtained, the Group estimates the applicable discount rate and the time and amount of future cash flows, including the rates and terms for the extension and reduction.

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**3. CASH AND CASH EQUIVALENTS**

	Currency	September 30, 2022		December 31, 2021	
		Balance		Balance	
		Currency (in million)	Rupiah equivalent	Currency (in million)	Rupiah equivalent
Cash on hand	Rp	-	36	-	12
Cash in bank					
Related parties					
PT Bank Negara Indonesia (Persero) Tbk. ("BNI")	Rp	-	4,773	-	2,859
	US\$	4	68	2	34
	SGD	0	0	0	0
	EUR	0	0	0	0
PT Bank Mandiri (Persero) Tbk. ("Bank Mandiri")	Rp	-	3,081	-	8,660
	US\$	39	593	32	459
	EUR	2	29	2	30
	JPY	1	0	1	0
	HKD	2	4	3	5
	AU\$	0	0	0	0
PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI")	Rp	-	3,633	-	6,035
	US\$	0	0	0	6
PT Bank Tabungan Negara (Persero) Tbk. ("BTN")	Rp	-	3,155	-	1,368
	US\$	0	0	0	0
PT Bank Syariah Indonesia Tbk. ("BSI")	Rp	-	407	-	37
	US\$	-	-	0	0
Others	Rp	-	1	-	-
Sub-total			<u>15,744</u>		<u>19,493</u>
Third parties					
The Hongkong and Shanghai Banking Corporation Ltd. ("HSBC Hongkong")	US\$	80	1,225	44	628
	HKD	30	57	23	42
Standard Chartered Bank ("SCB")	US\$	27	410	21	300
	SGD	8	82	8	83
PT Bank Permata Tbk. ("Bank Permata")	Rp	-	472	-	2,326
PT Bank Central Asia Tbk. ("BCA")	Rp	-	363	-	100
	US\$	0	3	0	3
PT Bank CIMB Niaga Tbk. ("Bank CIMB Niaga")	Rp	-	355	-	570
	US\$	0	7	5	74
J.P. Morgan Indonesia ("Chase Bank")	US\$	11	168	7	96
Others	Rp	-	299	-	441
	US\$	4	59	6	87
	TWD	50	24	46	24
	MYR	6	19	6	19
	AU\$	3	31	0	5
	MMK	465	3	-	-
	SGD	2	20	2	19
	EUR	0	0	0	0
Sub-total			<u>3,597</u>		<u>4,817</u>
Total of cash in bank			<u>19,341</u>		<u>24,310</u>
Time deposits					
Related parties					
BNI	Rp	-	1,887	-	6,739
	US\$	21	317	43	610
BRI	Rp	-	1,806	-	544
	US\$	41	624	47	675
Bank Mandiri	Rp	-	1,351	-	604
	US\$	22	332	31	441
BTN	Rp	-	1,090	-	580
BSI	Rp	-	1,040	-	210
Sub-total			<u>8,447</u>		<u>10,403</u>

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**3. CASH AND CASH EQUIVALENTS (continued)**

	Currency	September 30, 2022		December 31, 2021	
		Currency (in million)	Rupiah equivalent	Currency (in million)	Rupiah equivalent
Time deposits (continued)					
Third parties					
PT Bank Mega Tbk ("Bank Mega")	Rp	-	1,443	-	1,689
	US\$	22	339	17	235
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk ("BJB")	Rp	-	1,103	-	910
	US\$	-	-	11	153
PT Bank Maybank Indonesia Tbk. ("Maybank")	Rp	-	252	-	197
	US\$	13	191	8	107
	MYR	-	-	2	7
Bank CIMB Niaga	Rp	-	246	0	0
PT Bank DBS Indonesia ("DBS")	Rp	-	100	-	200
Others	Rp	-	155	-	89
	MYR	2	5	-	-
Sub-total			<u>3,834</u>		<u>3,587</u>
Total of time deposits			<u>12,281</u>		<u>13,990</u>
Allowance for expected credit losses			<u>(1)</u>		<u>(1)</u>
<b>Total</b>			<u><b>31,657</b></u>		<u><b>38,311</b></u>

Interest rates per annum on time deposits are as follows:

	September 30, 2022	December 31, 2021
Rupiah	1.95% - 6.50%	1.25% - 7.75%
Foreign currency	0.25% - 1.75%	0.20% - 1.75%

The related parties in which the Group places its funds are state-owned banks. The Group placed the majority of its cash and cash equivalents in these banks because they have the most extensive branch networks in Indonesia and are considered to be financially sound banks, as they are owned by the State.

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**4. OTHER CURRENT FINANCIAL ASSETS**

	Currency	September 30, 2022		December 31, 2021	
		Balance		Balance	
		Foreign currency (in millions)	Rupiah equivalent	Foreign currency (in millions)	Rupiah equivalent
Time deposit					
Related parties	Rp	-	90	-	180
	US\$	5	76	5	71
Third parties	Rp	-	-	-	18
	US\$	5	78	5	73
Total time deposits			<u>244</u>		<u>342</u>
Escrow accounts	Rp	-	358	-	43
	US\$	1	19	1	21
Total escrow accounts			<u>377</u>		<u>64</u>
Mutual funds					
Related parties	Rp	-	80	-	78
Total mutual funds			<u>80</u>		<u>78</u>
Others	Rp	-	1	-	9
Total others			<u>1</u>		<u>9</u>
Allowance for expected credit losses		-	(0)	-	(0)
<b>Total</b>			<b><u>702</u></b>		<b><u>493</u></b>

The time deposits have maturities of more than three months but not more than one year, with interest rates as follows:

	September 30, 2022	31 Desember 2021
Rupiah	2.50%	2.50% - 3.75%
Foreign currency	0.06% - 2.10%	0.06% - 0.50%



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**5. TRADE RECEIVABLES**

Trade receivables arise from services provided to both retail and non-retail customers, with details as follows:

a. By debtor

(i) Related parties

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
State-owned enterprises	1,782	1,336
Indonusa	392	439
Indosat	156	148
Others (each below Rp100 billion)	176	176
<b>Total</b>	<b>2,506</b>	<b>2,099</b>
Allowance for expected credit losses	(1,210)	(1,138)
<b>Net</b>	<b>1,296</b>	<b>961</b>

(ii) Third parties

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Individual and business subscribers	14,066	13,323
Overseas international carriers	1,163	890
<b>Total</b>	<b>15,229</b>	<b>14,213</b>
Allowance for expected credit losses	(7,034)	(6,664)
<b>Net</b>	<b>8,195</b>	<b>7,549</b>

b. By age

(i) Related parties

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Up to 3 months	1,307	952
3 to 6 months	315	164
More than 6 months	884	983
<b>Total</b>	<b>2,506</b>	<b>2,099</b>
Allowance for expected credit losses	(1,210)	(1,138)
<b>Net</b>	<b>1,296</b>	<b>961</b>

(ii) Third parties

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Up to 3 months	8,017	7,120
3 to 6 months	1,087	760
More than 6 months	6,125	6,333
<b>Total</b>	<b>15,229</b>	<b>14,213</b>
Allowance for expected credit losses	(7,034)	(6,664)
<b>Net</b>	<b>8,195</b>	<b>7,549</b>

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**5. TRADE RECEIVABLES (continued)**

b. By age (continued)

(iii) Aging of total trade receivables

	September 30, 2022			December 31, 2021		
	Gross	Allowance for expected credit losses	Expected credit loss rate	Gross	Allowance for expected credit losses	Expected credit loss rate
Not past due	6,784	673	9.9%	5,625	532	9.5%
Past due up to 3 months	2,540	402	15.8%	2,447	328	13.4%
Past due more than 3 to 6 months	1,402	422	30.1%	924	253	27.4%
Past due more than 6 months	7,009	6,747	96.3%	7,316	6,689	91.4%
<b>Total</b>	<b>17,735</b>	<b>8,244</b>		<b>16,312</b>	<b>7,802</b>	

The Group has made allowance for expected credit losses based on the collective assessment of historical impairment rates and individual assessment of its customers' credit history, adjusted for forward looking factors specific from the customers and the economic environment. The Group does not apply a distinction between related party and third party receivables in assessing amounts past due. As of September 30, 2022 and December 31, 2021, the carrying amounts of trade receivables of the Group considered past due but not impaired amounted to Rp3,380 billion and Rp3,417 billion, respectively. Management believes that receivables past due but not impaired, along with trade receivables that are neither past due nor impaired, are due from customers with good credit history and are expected to be recoverable.

c. By currency

(i) Related parties

	September 30, 2022	December 31, 2021
Rupiah	2,503	2,098
U.S. dollar	3	1
Total	2,506	2,099
Allowance for expected credit losses	(1,210)	(1,138)
<b>Net</b>	<b>1,296</b>	<b>961</b>

(ii) Third parties

	September 30, 2022	December 31, 2021
Rupiah	13,508	12,517
U.S. dollar	1,604	1,606
Singapore dollar	64	56
Others	53	34
Total	15,229	14,213
Allowance for expected credit losses	(7,034)	(6,664)
<b>Net</b>	<b>8,195</b>	<b>7,549</b>

d. Movements in the allowance for expected credit losses

	September 30, 2022	December 31, 2021
Beginning balance	7,802	8,360
Allowance for expected credit losses	919	474
Receivables written-off	(477)	(1,032)
<b>Ending balance</b>	<b>8,244</b>	<b>7,802</b>

The receivables written-off relate to both related party and third party trade receivables.

Management believes that the allowance for expected credit losses of trade receivables is adequate to cover losses on uncollectible trade receivables.

As of September 30, 2022 and December 31, 2021, certain trade receivables of the subsidiaries amounting to Rp1,719 billion and Rp2,330 billion, respectively, have been pledged as collateral under lending agreements (Notes 19a and 20c).

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**6. CONTRACT ASSETS**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Contract assets	2,090	2,588
Allowance for expected credit losses	(117)	(115)
Net	1,973	2,473
<b>Short term portion</b>	<b>(1,877)</b>	<b>(2,330)</b>
<b>Long term portion</b>	<b>96</b>	<b>143</b>

Management believes that the allowance for expected credit losses of contract assets is adequate to cover losses on uncollectible contract asset.

Refer to Note 33 for details of related party transactions.

**7. INVENTORIES**

Inventories, all recognize at net realizable value, consist of:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Components	689	578
SIM cards and blank prepaid vouchers	329	148
Others	213	122
Total	1,231	848
Provision for obsolescence	(50)	(69)
<b>Net</b>	<b>1,181</b>	<b>779</b>

Movements in the provision for obsolescence are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Beginning balance	69	68
Provision recognized during the period	1	2
Inventory written-off	(20)	(1)
<b>Ending balance</b>	<b>50</b>	<b>69</b>

Management believes that the provision is adequate to cover losses from decline in inventory value due to obsolescence.

The inventories recognized as expenses and included in operations, maintenance and telecommunication service expenses in September 30, 2022 and 2021 amounted to Rp539 billion and Rp455 billion, respectively (Note 26).

As of September 30, 2022 and December 31, 2021, certain inventories of the subsidiaries amounting to Rp343 billion and Rp557 billion, respectively, have been pledged as collateral under lending agreements (Note 20c).

As of September 30, 2022 and December 31, 2021, modules (part of property and equipment) and components held by the Group with book value amounting to Rp113 billion and Rp122 billion, respectively, have been insured against fire, theft, and other specific risks. Total sum insured as of September 30, 2022 and December 31, 2021 amounted to Rp111 billion and Rp133 billion, respectively.

Management believes that the insurance coverage is adequate to cover potential losses of inventories arising from the insured risks.

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**8. OTHER CURRENT ASSETS**

The breakdown of other current assets are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Prepaid frequency license fees - current portion (Note 36c.i)	2,352	4,923
Advances	967	683
Prepaid salaries	352	185
Others (each below Rp100 billion)	<u>727</u>	<u>560</u>
<b>Total</b>	<b><u>4,398</u></b>	<b><u>6,351</u></b>

**9. CONTRACT COST**

Movements of contract costs are as follows:

	<b>September 30, 2022</b>		
	<u>Cost to obtain</u>	<u>Cost to fulfill</u>	<u>Total</u>
At January 1, 2022	1,532	732	2,264
Amortisation during the year	(249)	(398)	(647)
Addition current year	265	613	878
At September 30, 2022	<u>1,548</u>	<u>947</u>	<u>2,495</u>
<b>Short term portion</b>	<b>(343)</b>	<b>(297)</b>	<b>(640)</b>
<b>Long term portion</b>	<b><u>1,205</u></b>	<b><u>650</u></b>	<b><u>1,855</u></b>

  

	<b>December 31, 2021</b>		
	<u>Cost to obtain</u>	<u>Cost to fulfill</u>	<u>Total</u>
At January 1, 2021	1,245	463	1,708
Amortisation during the year	(281)	(488)	(769)
Addition current year	568	757	1,325
At December 31, 2021	<u>1,532</u>	<u>732</u>	<u>2,264</u>
<b>Short term portion</b>	<b>(312)</b>	<b>(344)</b>	<b>(656)</b>
<b>Long term portion</b>	<b><u>1,220</u></b>	<b><u>388</u></b>	<b><u>1,608</u></b>

There is no provision for impairment of contract cost as of September 30, 2022 and December 31, 2021, respectively.

**10. LONG-TERM INVESTMENTS IN FINANCIAL INSTRUMENTS**

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Investment in equity at fair value through profit or loss	11,215	12,962
Convertible bonds at fair value through profit or loss	502	681
Investment in equity at fair value through other comprehensive income	<u>18</u>	<u>18</u>
<b>Total investment in financial instruments</b>	<b><u>11,735</u></b>	<b><u>13,661</u></b>

Investments in convertible bonds at fair value through profit or loss represent long-term investments owned by Telkomsel and MDI in the form of convertible bonds in various start-up companies engaged in information and technology, which will be immediately converted into shares when they mature. The convertible bonds will mature up to December 31, 2023.

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**10. LONG-TERM INVESTMENTS IN FINANCIAL INSTRUMENTS (continued)**

Investments in equity at fair value through profit or loss are long-term investments in the form of shares in various start-up companies engaged in information and technology. The Group does not have significant influence in these start-up companies.

Investments in equity at fair value through profit or loss include Telkomsel's investment in PT Aplikasi Karya Anak Bangsa ("AKAB").

On November 16, 2020, Telkomsel entered into agreements with AKAB for investing in the form of non-interest-bearing Convertible Bond ("CB") amounting to US\$150 million (equivalent to Rp2,116 billion as of December 31, 2020). The CB will mature on November 16, 2023. The contractual cash flows from the investment in CB held by Telkomsel are not solely payment of principal and interest on the principal amount outstanding, hence, the CB is classified as FVTPL. The preferred shares call option provides Telkomsel the right to purchase additional preferred shares of AKAB within 12-months after the effective date at the price of US\$5,049 per share amounting to US\$300 million. The preferred shares call option is a derivative and is accounted for at FVTPL.

On May 17, 2021, AKAB and PT Tokopedia officially merged to become PT GoTo Gojek Tokopedia ("GoTo"). This merger triggered the conversion event in CB agreements, where the CB were required to be converted into shares. Based on the CB agreements, GoTo paid the conversion amount to Telkomsel, and upon the receipt of the conversion amount Telkomsel immediately paid the conversion amount to GoTo in accordance with the Shares Subscription Agreement.

On May 18, 2021, Telkomsel entered the Shares Subscription Agreement to subscribe to the converted 29,708 GoTo shares amounted to US\$150 million (equivalent to Rp2,110 billion) and exercised the call option to acquire an additional 59,417 GoTo shares amounted to US\$300 million (equivalent to Rp4,290 billion).

Based on deed of amendment dated on October 19, 2021, GoTo carried out the stock split and Telkomsel's shares in GoTo increased from 89,125 shares to 23,722,133,875 shares.

As of September 30, 2022, Telkomsel assessed the fair value of the investment in GoTo using the market value of Rp246 per share.

The total unrealized loss from changes in fair value of Telkomsel's investment in GoTo as of September 30, 2022, amounted to Rp3,064 billion and was presented as unrealized loss arising from change of valuation of investment in the consolidated statement of profit or loss.

Investments in equity also included investments by MDI in several start-up entities engaged in the information and technology sector. The additional investments during the year by MDI amounted to Rp1,177 billion. These equity investments are classified as FVTPL.

The total unrealized loss from changes in fair value of MDI's investment amounted to Rp9 billion as of September 30, 2022 and was presented as unrealized loss arising from change of valuation of investment in the consolidated statement of profit or loss.

**11. LONG-TERM INVESTMENTS IN ASSOCIATES**

The details of long-term investments in associates under equity method as of September 30, 2022 are as follows:

	September 30, 2022						
	Percentage of ownership	Beginning balance	Share of additions (deductions)	Share of net profit (loss)	Dividend	Share of other comprehensive income	Ending balance
Long-term investments in associated companies:							
Jalin <sup>a</sup>	33.00	107	-	16	(11)	-	112
Finarya <sup>b</sup>	24.27	-	-	-	-	-	-
Others <sup>c</sup>		32	-	(10)	-	1	23
<b>Total long-term investments</b>		<b>139</b>	<b>-</b>	<b>6</b>	<b>(11)</b>	<b>1</b>	<b>135</b>

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**11. LONG-TERM INVESTMENTS IN ASSOCIATES (continued)**

Summarized financial information of the Group's investments accounted for under the equity method as at and for the period ended September 30, 2022:

	Jalin	Finarya	Others
<i>Statements of financial position</i>			
Current assets	298	1,215	1,036
Non-current assets	230	192	4,831
Current liabilities	(152)	(1,377)	(686)
Non-current liabilities	(35)	(40)	(4,487)
<b>Equity (deficit)</b>	<b>341</b>	<b>(10)</b>	<b>694</b>
<i>Statements of profit or loss and other comprehensive income</i>			
Revenues	306	209	1,104
Operating expenses	(258)	(92)	(899)
Other income (expenses) including finance costs - net	11	(433)	(177)
Profit (loss) before tax	59	(316)	28
Income tax expense	(11)	(1)	-
<b>Profit (loss) for the period</b>	<b>48</b>	<b>(317)</b>	<b>28</b>
Other comprehensive income (loss)	-	-	-
<b>Total comprehensive income (loss) for the period</b>	<b>48</b>	<b>(317)</b>	<b>28</b>

The details of long-term investments in associates under equity method as of December 31, 2021 are as follows:

	December 31, 2021						
	Percentage of ownership	Beginning balance	Share of additions (deductions)	Share of net profit (loss)	Dividend	Share of other comprehensive income	Ending balance
<b>Long-term investments in associated companies:</b>							
Jalin <sup>a</sup>	33.00	89	-	25	(7)	0	107
Finarya <sup>b</sup>	24.27	87	-	(87)	-	-	-
Others <sup>c</sup>		16	33	(16)	-	(1)	32
<b>Total long-term investments</b>		<b>192</b>	<b>33</b>	<b>(78)</b>	<b>(7)</b>	<b>(1)</b>	<b>139</b>

Summarized financial information of the Group's investments accounted for under the equity method as at and for the period ended December 31, 2021:

	Jalin	Finarya	Others
<i>Statements of financial position</i>			
Current assets	239	1,779	1,248
Non-current assets	237	222	4,720
Current liabilities	(144)	(1,654)	(646)
Non-current liabilities	(8)	(35)	(4,618)
<b>Equity</b>	<b>324</b>	<b>312</b>	<b>704</b>
<i>Statements of profit or loss and other comprehensive income</i>			
Revenues	401	137	1,869
Operating expenses	(311)	(1,160)	(1,436)
Other income (expenses) including finance costs - net	6	31	(106)
Profit (loss) before tax	96	(992)	327
Income tax benefit (expense)	(19)	11	(13)
<b>Profit (loss) for the period</b>	<b>77</b>	<b>(981)</b>	<b>314</b>
Other comprehensive income (loss)	1	4	(1)
<b>Total comprehensive income (loss) for the period</b>	<b>78</b>	<b>(977)</b>	<b>313</b>

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**11. LONG-TERM INVESTMENTS IN ASSOCIATES (continued)**

<sup>a</sup> Jalin was previously a subsidiary. On June 19, 2019 the Group sold 67% of its shares to PT Danareksa (Persero) ("Danareksa") amounted to Rp395 billion.

<sup>b</sup> PT Fintek Karya Nusantara ("Finarya") was previously a subsidiary of Telkomsel. On 2019, there was an increase in issued and paid up capital made by various investors hence Finarya became associate entity of Telkomsel. As of September 30, 2022, the unrecognized share of loss amounting to Rp227 billion

<sup>c</sup> Others investments include investment in Tiphone (currently named PT Omni Inovasi Indonesia Tbk.) through PINS in 2014 with acquisition value of Rp1,395 billion. In 2019 and 2020, management has recognized full impairment on its investment in Tiphone. As of September 30, 2022, PINS ownership is 24%.

The unrecognized share in losses in other investments cumulatively as of September 30, 2022 and December 31, 2021 was amounting to Rp188 billion and Rp190 billion, respectively.

**12. PROPERTY AND EQUIPMENT**

The details of property and equipment are as follows:

	December 31, 2021	Additions	Deductions	Reclassifications/ Translations	September 30, 2022
<b>At cost:</b>					
<b>Directly acquired assets</b>					
Land rights	1,821	4	-	3	1,828
Buildings	17,296	88	(1)	628	18,011
Leasehold improvements	1,477	55	(84)	77	1,525
Switching equipment	18,324	730	(11)	468	19,511
Telegraph, telex and data communication equipment	1,583	-	-	-	1,583
Transmission installation and equipment	165,621	2,568	(5,597)	8,068	170,660
Satellite, earth station and equipment	10,528	37	-	19	10,584
Cable network	67,559	4,883	(4)	(235)	72,203
Power supply	22,035	174	(273)	1,000	22,936
Data processing equipment	19,258	245	(374)	818	19,947
Other telecommunication peripherals	9,121	630	-	20	9,771
Office equipment	2,352	97	(27)	68	2,490
Vehicles	537	7	(161)	(3)	380
Other equipment	47	1	-	4	52
Property under construction	2,950	12,152	-	(11,708)	3,394
<b>Total</b>	<b>340,509</b>	<b>21,671</b>	<b>(6,532)</b>	<b>(773)</b>	<b>354,875</b>
<b>Accumulated depreciation and impairment losses:</b>					
<b>Directly acquired assets</b>					
Buildings	5,537	477	-	42	6,056
Leasehold improvements	1,163	95	(84)	-	1,174
Switching equipment	12,225	1,475	(11)	3	13,692
Telegraph, telex and data communication equipment	1,582	-	-	-	1,582
Transmission installation and equipment	94,532	9,010	(5,480)	79	98,141
Satellite, earth station and equipment	5,199	545	-	(9)	5,735
Cable network	18,735	3,605	(4)	33	22,369
Power supply	15,874	1,297	(264)	(62)	16,845
Data processing equipment	14,130	1,304	(374)	96	15,156
Other telecommunication peripherals	4,330	1,287	-	20	5,637
Office equipment	1,866	189	(27)	14	2,042
Vehicles	270	25	(133)	(1)	161
Other equipment	40	2	-	4	46
<b>Total</b>	<b>175,483</b>	<b>19,311</b>	<b>(6,377)</b>	<b>219</b>	<b>188,636</b>
<b>Net book value</b>	<b>165,026</b>				<b>166,239</b>

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**12. PROPERTY AND EQUIPMENT (continued)**

The details of property and equipment are as follows:

	December 31, 2020	Additions	Deductions	Reclassifications/ Translations	December 31, 2021
<b>At cost:</b>					
<b>Directly acquired assets</b>					
Land rights	1,800	20	-	1	1,821
Buildings	16,137	197	(5)	967	17,296
Leasehold improvements	1,410	45	(35)	57	1,477
Switching equipment	17,506	1,112	(1,223)	929	18,324
Telegraph, telex and data communication equipment	2,012	-	-	(429)	1,583
Transmission installation and equipment	159,196	3,829	(3,479)	6,075	165,621
Satellite, earth station and equipment	10,423	359	(15)	(239)	10,528
Cable network	60,796	8,722	(33)	(1,926)	67,559
Power supply	20,988	303	(390)	1,134	22,035
Data processing equipment	17,663	250	(314)	1,659	19,258
Other telecommunication peripherals	7,513	1,646	-	(38)	9,121
Office equipment	2,125	205	(57)	79	2,352
Vehicles	551	34	(43)	(5)	537
Other equipment	68	6	-	(27)	47
Property under construction	2,524	13,613	(29)	(13,158)	2,950
<b>Total</b>	<b>320,712</b>	<b>30,341</b>	<b>(5,623)</b>	<b>(4,921)</b>	<b>340,509</b>
<b>Accumulated depreciation and impairment losses:</b>					
<b>Directly acquired assets</b>					
Buildings	4,872	652	(2)	15	5,537
Leasehold improvements	1,061	132	(30)	-	1,163
Switching equipment	11,621	1,871	(1,223)	(44)	12,225
Telegraph, telex and data communication equipment	1,582	-	-	-	1,582
Transmission installation and equipment	87,991	11,554	(3,227)	(1,786)	94,532
Satellite, earth station and equipment	4,412	743	(16)	60	5,199
Cable network	15,978	4,210	(11)	(1,442)	18,735
Power supply	14,757	1,546	(383)	(46)	15,874
Data processing equipment	12,780	1,708	(301)	(57)	14,130
Other telecommunication peripherals	2,885	1,492	-	(47)	4,330
Office equipment	1,574	357	(57)	(8)	1,866
Vehicles	229	71	(26)	(4)	270
Other equipment	47	4	-	(11)	40
<b>Total</b>	<b>159,789</b>	<b>24,340</b>	<b>(5,276)</b>	<b>(3,370)</b>	<b>175,483</b>
<b>Net book value</b>	<b>160,923</b>				<b>165,026</b>

a. Gain on sale of property and equipment

	2022	2021
Proceeds from sale of property and equipment	391	516
Net book value	(123)	(32)
<b>Gain on disposal or sale of property and equipment</b>	<b>268</b>	<b>484</b>

b. Others

- (i) During 2021, the CGUs that independently generate cash inflows are fixed wireline, cellular, and others. Management believes that there is no indication of impairment in the assets of such CGUs as of December 31, 2021.
- (ii) Interest capitalized to property under construction amounted to Rp37 billion and Rp25 billion for the nine months period ended September 30, 2022 and 2021, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization ranged from 5.49% to 6.30% and 5.81% for the nine months period ended September 30, 2022 and 2021, respectively.



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**12. PROPERTY AND EQUIPMENT (continued)**

b. Others (continued)

- (iii) No foreign exchange loss was capitalized as part of property under construction for the nine months period ended September 30, 2022 and for the year ended December 31, 2021.
- (iv) During the nine months period ended September 30, 2022 and 2021, the Group obtained proceeds from the insurance claim on lost and broken property and equipment, with a total value of Rp267 billion and Rp106 billion, respectively, and were recorded as part of "Other Income - net" in the consolidated statements of profit or loss and other comprehensive income. During the nine months period ended September 30, 2022 and 2021, the net carrying values of those assets of Rp244 billion and Rp21 billion, respectively, were charged to the consolidated statements of profit or loss and other comprehensive income.
- (v) In 2020, the estimated useful lives of towers in Indonesia were changed from 20 to 30 years. The impact of reduction in the depreciation expense for the years ended December 31, 2021, amounted to Rp641 billion. Towers are presented as part of transmission installation and equipment.
- (vi) As of September 30, 2022 and December 31, 2021, the equipment units of Telkomsel with the carrying amount of Rp6 billion and Rp818 billion, respectively, to be exchanged, and therefore the equipment units were reclassified as assets held for sale in the consolidated statement of financial position. For the nine months period ended September 30, 2022 and for the year ended December 31, 2021, the equipment units of Telkomsel with the net carrying amount of Rp1,070 billion and Rp258 billion, respectively, had been exchanged with equipment units of PT ZTE Indonesia. There is no provision for impairment of assets held for sale as of September 30, 2022 and December 31, 2021.
- (vii) In 2021, the Company decided to discontinue the use of MSAN assets and accelerate the depreciation of the MSAN assets, which have been fully depreciated in 2022. The impact of accelerated depreciation of MSAN assets for the nine months period ended September 30, 2022 and for the year ended December 31, 2021 amounted to Rp1,494 billion and Rp1,603 billion, respectively. MSAN assets are presented as part of cable network.
- (viii) The Group owns several pieces of land located throughout Indonesia with Right to Build ("Hak Guna Bangunan" or "HGB") for a period of 8-50 years which will expire between 2022 and 2071. Management believes that there will be no issue in obtaining the extension of the land rights when they expire.
- (ix) As of September 30, 2022 and December 31, 2021, the Group's property and equipment excluding land rights. With net carrying amount of Rp158,129 billion and Rp161,287 billion, respectively, were insured against fire, theft, earthquake and other specified risks, including business interruption, under blanket policies totalling Rp29,396 billion and Rp29,601 billion, US\$Nil, HK10 million and HK8 million, SG\$337 million and SG\$360 million, and MYR54 million and MYR72 million, respectively, and first loss basis amounted to Rp2,750 billion, respectively. Management believes that the insurance coverage is adequate to cover potential loss from the insured risks.
- (x) As of September 30, 2022 and December 31, 2021, the percentage of completion of property under construction was approximately 42.81% and 75.63% respectively, of the total contract value, with estimated dates of completion until May 2024, respectively. The balance of property under construction mainly consist of buildings, transmission installation and equipment, cable network and power supply. Management believes that there is no impediment to the completion of the construction in progress.
- (xi) As of September 30, 2022 and December 31, 2021, all assets owned by the Company have been pledged as collateral for bonds (Note 20b.i), while certain property and equipment of the Company's subsidiaries with gross carrying value amounting to Rp16,312 billion and Rp22,939 billion, respectively, have been pledged as collateral under lending agreements (Notes 19a, 20c, and 20d).

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**12. PROPERTY AND EQUIPMENT (continued)**

b. Others (continued)

(xii) As of September 30, 2022 and December 31, 2021, the cost of fully depreciated property and equipment of the Group that are still used in operations amounted to Rp69,155 billion and Rp67,355 billion, respectively. The Group is currently performing modernization of network assets to replace the fully depreciated property and equipment.

(xiii) In 2021, the total fair values of land rights and buildings of the Group, which are determined based on the sale value of the tax object (Nilai Jual Objek Pajak or "NJOP") of the related land rights and buildings, amounted to Rp45,604 billion.

**13. RIGHT OF USE ASSETS**

The carrying amounts of right of use assets recognized and the movement during the period:

	December 31, 2021	Additions	Deductions	Reclassifications/ translations	September 30, 2022
<b>At cost:</b>					
Land rights	5,401	892	(314)	5	5,984
Buildings	1,074	150	(172)	35	1,087
Transmission Installation and equipments	19,061	4,726	(2,132)	9	21,664
Power supply	574	-	(148)	-	426
Vehicles	622	48	(65)	(49)	556
Others	69	20	(5)	0	84
<b>Total</b>	<b>26,801</b>	<b>5,836</b>	<b>(2,836)</b>	<b>0</b>	<b>29,801</b>
<b>Accumulated amortization:</b>					
Land rights	(1,399)	(732)	149	(0)	(1,982)
Buildings	(345)	(161)	120	(9)	(395)
Transmission Installation and equipments	(5,941)	(2,932)	1,535	(4)	(7,342)
Power supply	(412)	(103)	151	-	(364)
Vehicles	(212)	(101)	36	48	(229)
Others	(23)	(26)	5	(0)	(44)
<b>Total</b>	<b>(8,332)</b>	<b>(4,055)</b>	<b>1,996</b>	<b>35</b>	<b>(10,356)</b>
<b>Net book value</b>	<b>18,469</b>				<b>19,445</b>
	<b>December 31, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Reclassifications/ translations</b>	<b>December 31, 2021</b>
<b>At cost:</b>					
Land rights	4,863	968	(535)	105	5,401
Buildings	734	532	(193)	1	1,074
Transmission Installation and equipments	16,072	4,341	(1,377)	25	19,061
Power supply	641	17	(84)	-	574
Vehicles	676	82	(136)	0	622
Others	29	49	(73)	64	69
<b>Total</b>	<b>23,015</b>	<b>5,989</b>	<b>(2,398)</b>	<b>195</b>	<b>26,801</b>
<b>Accumulated amortization:</b>					
Land rights	(763)	(955)	319	(0)	(1,399)
Buildings	(166)	(346)	163	4	(345)
Transmission Installation and equipments	(3,160)	(3,283)	502	(0)	(5,941)
Power supply	(200)	(296)	84	-	(412)
Vehicles	(141)	(197)	128	(2)	(212)
Others	(19)	(29)	43	(18)	(23)
<b>Total</b>	<b>(4,449)</b>	<b>(5,106)</b>	<b>1,239</b>	<b>(16)</b>	<b>(8,332)</b>
<b>Net book value</b>	<b>18,566</b>				<b>18,469</b>

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**13. RIGHT OF USE ASSETS**

The carrying amounts of the lease liabilities and the movements are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Balance, January 1,	16,387	15,617
Accrued interest	666	1,784
Additions	7,055	4,783
Deductions	<u>(7,091)</u>	<u>(5,797)</u>
Balance	17,017	16,387
<b>Current maturities</b>	<b><u>(4,157)</u></b>	<b><u>(5,961)</u></b>
<b>Long-term portions</b>	<b><u>12,860</u></b>	<b><u>10,426</u></b>

Maturity analysis of lease payments are as follows:

<u>Years</u>	<u>September 30, 2022</u>
2022	4,732
2023	384
2024	4,162
2025	2,936
2026	2,034
Thereafter	<u>5,081</u>
Total lease payments	19,329
Interest	<u>(2,312)</u>
Net present value of lease payments	17,017
<b>Current maturities</b>	<b><u>(4,157)</u></b>
<b>Long-term portions</b>	<b><u>12,860</u></b>

The Group leases several assets including land rights, building, transmission installation and equipments, power supply, vehicles, and other equipments used in its operations, which generally have lease term between 1 and 30 years.

The Group also has certain leases with lease terms of twelve months or less and low-value leases. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. There are no lease contracts with variable lease payments. Detail of short-term and low-value lease expenses are as follows:

	<u>2022</u>	<u>2021</u>
Short-term lease expense	2,327	3,308
Low-value assets lease expense	44	23
	<b><u>2,371</u></b>	<b><u>3,331</u></b>

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**14. OTHER NON-CURRENT ASSETS**

The breakdown of other non-current assets is as follows:

	September 30, 2022	December 31, 2021
Advances for purchases of property and equipment	1,807	868
Prepaid frequency license fees - net of current portion (Note 36c.i)	1,359	1,572
Claims for tax refund - net of current portion (Note 28b)	665	1,488
Prepaid expenses	475	454
Prepaid taxes - net of current portion (Note 28a)	-	601
Others (each below Rp100 billion)	461	548
<b>Total</b>	<b>4,767</b>	<b>5,531</b>

**15. INTANGIBLE ASSETS**

The details of intangible assets are as follows:

	Goodwill	Software	License	Other intangible assets	Total
<b>Gross carrying amount:</b>					
Balance, January 1, 2022	1,492	17,458	174	1,512	20,636
Additions	-	1,867	14	27	1,908
Deductions	-	(307)	-	(3)	(310)
Reclassifications/translations	-	(34)	3	(3)	(34)
Balance, September 30, 2022	1,492	18,984	191	1,533	22,200
<b>Accumulated amortization and impairment losses:</b>					
Balance, January 1, 2022	(402)	(11,714)	(125)	(889)	(13,130)
Amortization	-	(1,519)	(15)	(73)	(1,607)
Deductions	-	50	-	3	53
Reclassifications/translations	-	(12)	(1)	4	(9)
Balance, September 30, 2022	(402)	(13,195)	(141)	(955)	(14,693)
<b>Net book value</b>	<b>1,090</b>	<b>5,789</b>	<b>50</b>	<b>578</b>	<b>7,507</b>

	Goodwill	Software	License	Other intangible assets	Total
<b>Gross carrying amount:</b>					
Balance, January 1, 2021	1,428	14,688	94	1,474	17,684
Additions	64	2,938	80	11	3,093
Deductions	-	(19)	-	-	(19)
Reclassifications/translations	-	(149)	-	27	(122)
Balance, December 31, 2021	1,492	17,458	174	1,512	20,636
<b>Accumulated amortization and impairment losses:</b>					
Balance, January 1, 2021	(125)	(9,863)	(94)	(756)	(10,838)
Amortization	-	(1,828)	(31)	(143)	(2,002)
Impairment	(277)	-	-	-	(277)
Deductions	-	11	-	-	11
Reclassifications/translations	-	(34)	-	10	(24)
Balance, December 31, 2021	(402)	(11,714)	(125)	(889)	(13,130)
<b>Net book value</b>	<b>1,090</b>	<b>5,744</b>	<b>49</b>	<b>623</b>	<b>7,506</b>

- (i) Goodwill resulted from the acquisition of Sigma (2008), Admedika (2010), data center PT Bina Data Mandiri ("BDM") (2012), Contact Centres Australia Pty. Ltd. (2014), PT Media Nusantara Data Global ("MNDG") (2015), Melon and PT Griya Silkindo Drajatmoerni ("GSDm") (2016), TSGN and Nutech (2017), SSI, CIP, and Telin Malaysia (2018), PST (2019), and Digiserve (2021).
- (ii) As of December 31, 2021, the impairment of goodwill arising from the acquisition of Contact Centres Australia Pty. Ltd., SSI and Telin Malaysia amounted to Rp37 billion, Rp179 billion, and Rp61 billion, respectively. The impairment losses are presented as part of "Depreciation and amortization expenses" in the consolidated statements of profit or loss and other comprehensive income.

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**15. INTANGIBLE ASSETS (continued)**

- (iii) The amortization is presented as part of “Depreciation and amortization expenses” in the consolidated statements of profit or loss and other comprehensive income. The remaining amortization periods of software range for the periods ended September 30, 2022 and December 31, 2021, are from 1-6 years, respectively.
- (iv) As of September 30, 2022 and December 31, 2021, the cost of fully amortized intangible assets that are still used in operations amounted to Rp9,020 billion and Rp7,910 billion, respectively.

**16. TRADE PAYABLES**

The breakdown of trade payables is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Related parties		
Purchases of equipments, materials, and services	267	385
Payables to other telecommunication providers	143	112
<b>Sub-total</b>	<u>410</u>	<u>497</u>
Third parties		
Purchases of equipments, materials, and services	10,097	12,806
Payables to other telecommunication providers	2,384	2,538
Radio frequency usage charges, concession fees, and Universal Service Obligation (“USO”) charges	706	1,329
<b>Sub-total</b>	<u>13,187</u>	<u>16,673</u>
<b>Total</b>	<u>13,597</u>	<u>17,170</u>

Trade payables by currency are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Rupiah	11,514	15,584
U.S. Dollar	2,035	1,506
Others	48	80
<b>Total</b>	<u>13,597</u>	<u>17,170</u>

Terms and conditions of the above financial liabilities:

- a. The Group’s trade payables are non-interest bearing and are normally settled on 1 year term.
- b. Refer to Note 33 for details on related party transactions.
- c. Refer to Note 38b.v for the Group’s liquidity risk management.

**17. ACCRUED EXPENSES**

The breakdown of accrued expenses is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Operation, maintenance, and telecommunication services	8,714	8,978
General, administrative, and marketing expenses	2,709	2,583
Salaries and benefits	2,660	4,180
Interest and bank charges	156	144
<b>Total</b>	<u>14,239</u>	<u>15,885</u>

Refer to Note 33 for details of related party transactions.

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**18. CONTRACT LIABILITIES**

a. Current portion

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Advances from customers for Mobile	3,724	4,155
Advances from customers for WIB	1,296	1,138
Advances from customers for Enterprise	1,009	1,161
Advances from customers for Consumer	224	185
Others (each other below Rp100 billion)	161	156
<b>Total</b>	<b><u>6,414</u></b>	<b><u>6,795</u></b>

b. Non-current portion

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Advances from customers for Consumer	862	787
Advances from customers for WIB	438	450
Advances from customers for Enterprise	24	39
Others	37	7
<b>Total</b>	<b><u>1,361</u></b>	<b><u>1,283</u></b>

Refer to Note 33 for details of related party transactions.

**19. SHORT-TERM BANK LOANS AND CURRENT MATURITIES OF LONG-TERM BORROWINGS**

a. Short-term bank loans

<u>Lenders</u>	<u>Currency</u>	<u>September 30, 2022</u>		<u>December 31, 2021</u>	
		<u>Outstanding</u>		<u>Outstanding</u>	
		<u>Foreign currency (in millions)</u>	<u>Rupiah equivalent</u>	<u>Foreign currency (in millions)</u>	<u>Rupiah equivalent</u>
Related parties					
Bank Mandiri	Rp	-	6,516	-	550
BNI	Rp	-	941	-	1,028
Sub-total			<u>7,457</u>		<u>1,578</u>
Third parties					
HSBC	Rp	-	2,497	-	1,937
MUFG Bank	Rp	-	1,423	-	1,853
DBS	Rp	-	475	-	545
PT Bank UOB Indonesia ("UOB Indonesia")	Rp	-	-	-	400
BCA	Rp	-	-	-	350
Others	Rp	-	19	-	19
Sub-total			<u>4,414</u>		<u>5,104</u>
<b>Total</b>			<b><u>11,871</u></b>		<b><u>6,682</u></b>

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**19. SHORT-TERM BANK LOANS AND CURRENT MATURITIES OF LONG-TERM BORROWINGS (continued)**

a. Short-term bank loans (continued)

Other significant information relating to short-term bank loans as of September 30, 2022 is as follows:

	<u>Borrower</u>	<u>Currency</u>	<u>Total facility (in billions)*</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Interest rate per annum</u>	<u>Security**</u>
<b>Mandiri</b>							
2021 - 2022	Nutech, Mitratel	Rp	3,050	October 25, 2022 - July 26, 2023	Monthly	4.35% - 9.00%	Trade receivables and property and equipment
2020 - 2022	the Company, Finnet	Rp	3,500	October 15, 2022 - December 31, 2022	Monthly	1 month JIBOR + 0.00% - 1.50%	None
<b>BNI</b>							
2014	Sigma <sup>a</sup>	Rp	275	January 9, 2023	Monthly	8.50%	Trade receivables, property and equipment, and inventory
2017 - 2021	Infomedia <sup>b</sup> , Metranet, Telkom Infra	Rp	1,135	February 18, 2023 - June 6, 2023	Monthly	1 month JIBOR + 2.10% - 2.50%	Trade receivables
<b>HSBC</b>							
2014	Sigma <sup>c,h</sup>	Rp	400	November 17, 2022	Monthly	Under BLR 7.40%	Trade receivables
2018 - 2020	the Company, Sigma <sup>d</sup> , Metra, PINS, Metranet, Telkomsat, GSD, Melon	Rp	3,047	October 10, 2022 - December 31, 2022	Monthly, Quarterly	1 month JIBOR + 0.80% 3 month JIBOR + 0.20% - 1.00%	None
<b>MUFG Bank</b>							
2018 - 2022	Infomedia, Metra, GSD, Telkom Infra, Mitratel	Rp	2,500	October 30, 2022 - January 31, 2023	Monthly	1 month JIBOR + 0.70% - 3.95%	None
<b>DBS</b>							
2018	Telkom Infra, Infomedia	Rp	600	October 31, 2022 - July 31, 2023	Monthly	1 month JIBOR + 1.20%	None

\* In original currency

\*\* Refer to Note 5 and Note 12 for details of trade receivables and property and equipment pledged as collateral.

<sup>a</sup> Based on the latest amendment on April 23, 2019.

<sup>b</sup> Based on the latest amendment on March 28, 2018 and July 6, 2018.

<sup>c</sup> Based on the latest amendment on July 16, 2018 and November 17, 2021

<sup>d</sup> Based on the latest amendment on December 5, 2018.

<sup>e</sup> Facility in U.S. Dollar. Withdrawal can be executed in U.S. Dollar and Rupiah.

<sup>f</sup> Based on the latest amendment on December 11, 2020.

<sup>g</sup> Based on the latest amendment on April 23, 2021.

<sup>h</sup> Unsettled loan will be automatically extended.

On April 23, 2021, the Company, Sigma, and Melon entered into a credit agreement amendment with HSBC with total facilities amounting to Rp947 billion. As of September 30, 2022, the unused facilities amounted to Rp117 billion.

On September 10, 2021, the Company, Infomedia, and Telkom Infra entered into a credit agreement amendment with DBS with total facilities amounting to Rp750 billion. As of September 30, 2022, the unused facilities amounted to Rp275 billion.

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**19. SHORT-TERM BANK LOANS AND CURRENT MATURITIES OF LONG-TERM BORROWINGS (continued)**

a. Short-term bank loans (continued)

On October 14, 2021, the Company, Metra, MD Media, Metranet, Telkomsat, and GSD entered into a credit agreement amendment with HSBC with total facilities amounting to Rp1,000 billion. As of September 30, 2022, the unused facilities amounted to Rp21 billion.

On October 22, 2021, the Company entered into a credit agreement amendment with Bank of China with total facilities amounting to Rp1,000 billion. As of September 30, 2022, all facilities has not been used.

On October 29, 2021, the Company, Metra, and Infomedia entered into a credit agreement amendment with MUFG Bank with total facilities amounting to Rp370 billion. As of September 30, 2022, the unused facilities amounted to Rp165 billion.

On October 29, 2021, the Company, Infomedia, MD Media, and Telkom Infra entered into a credit agreement amendment with MUFG Bank with total facilities amounting to Rp1,560 billion. As of September 30, 2022, the unused facilities amounted to Rp320 billion.

On October 29, 2021, the Company and GSD entered into a credit agreement amendment with MUFG Bank with total facilities amounting to Rp900 billion. As of September 30, 2022, the unused facilities amounted to Rp521 billion.

On December 24, 2021, the Company entered into a credit agreement amendment with Citibank with total facilities amounting to Rp500 billion. As of September 30, 2022, all facilities has not been used.

On April 11, 2022, the Company and Telkom Infra entered into a credit agreement with BNI with total facilities amounting to Rp735 billion. As of September 30, 2022, the unused facilities amounted to Rp52,5 billion.

On June 21, 2022, the Company entered into a credit agreement with Maybank with total facilities amounting to Rp1,000 billion. As of September 30, 2022, all facilities has not been used.

On June 22, 2022, the Company entered into a credit agreement with Bank Mandiri with total facilities amounting to Rp3,000 billion. As of September 30, 2022, all facilities had been used.

On June 28, 2022, the Company entered into a credit agreement with HSBC with total facilities amounting to Rp800 billion. As of September 30, 2022, the unused facilities amounted to Rp300 billion.

On July 13, 2022, the Company entered into a credit agreement with MUFG Bank with total facilities amounting to Rp1,000 billion. As of September 30, 2022, all facilities has not been used.

On September 8, 2022, the Company entered into a credit agreement with BRI with total facilities amounting to Rp2,000 billion. As of September 30, 2022, all facilities has not been used.

On September 27, 2022, the Company entered into a credit agreement with BRI with total facilities amounting to Rp3,000 billion. As of September 30, 2022, all facilities has not been used.

As stated in the agreements, the Group is required to comply with all covenants or restrictions such as limitation that the Company must have a majority shareholding of at least 51% of the subsidiaries and maintaining financial ratios. As of December 31, 2021, the Group obtained a waivers from lenders to not demand the loan payment as a result of the breach of covenants for Telkom Infra and Sigma. The waivers from BNI, DBS, and HSBC were received on November 29, 2021, December 30, 2021, and December 31, 2021, respectively. As of September 30, 2022, the Group has complied with all covenants or restrictions except for certain loan.

The credit facilities were obtained by the Group for working capital purposes.



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**19. SHORT-TERM BANK LOANS AND CURRENT MATURITIES OF LONG-TERM BORROWINGS (continued)**

b. Current maturities of long-term borrowings

	<u>Notes</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Two-step loans	20a	109	138
Bonds	20b	-	2,200
Bank loans	20c	6,811	6,311
Other borrowings	20d	942	1,041
<b>Total</b>		<b><u>7,862</u></b>	<b><u>9,690</u></b>

**20. LONG-TERM LOANS AND OTHER BORROWINGS**

	<u>Notes</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Two-step loans	20a	134	217
Bonds	20b	4,794	4,793
Bank loans	20c	24,711	29,745
Other borrowings	20d	481	1,564
<b>Total</b>		<b><u>30,120</u></b>	<b><u>36,319</u></b>

Scheduled principal payments as of September 30, 2022 are as follows:

	<u>Notes</u>	<u>Total</u>	<u>Year</u>				<u>Thereafter</u>
			<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	
Two-step loans	20a	134	53	81	-	-	-
Bonds	20b	4,794	-	-	2,098	-	2,696
Bank loans	20c	24,711	1,307	6,379	6,696	4,800	5,529
Other borrowings	20d	481	120	361	-	-	-
<b>Total</b>		<b><u>30,120</u></b>	<b><u>1,480</u></b>	<b><u>6,821</u></b>	<b><u>8,794</u></b>	<b><u>4,800</u></b>	<b><u>8,225</u></b>

a. Two-step loans

Two-step loans are unsecured loans obtained by the Government from overseas banks which are then re-loaned to the Company. Loans obtained up to July 1994 are payable in Rupiah based on the exchange rate at the date of drawdown. Loans obtained after July 1994 are payable in their original currencies and any resulting foreign exchange gain or loss is borne by the Company.

<u>Lenders</u>	<u>Currency</u>	<u>September 30, 2022</u>		<u>December 31, 2021</u>	
		<u>Outstanding</u>		<u>Outstanding</u>	
		<u>Foreign currency (in millions)</u>	<u>Rupiah equivalent</u>	<u>Foreign currency (in millions)</u>	<u>Rupiah equivalent</u>
Overseas banks	Yen	1,920	202	2,304	285
	US\$	-	-	1	14
	Rp	-	41	-	56
Total			243		355
Current maturities (Note 19b)			(109)		(138)
<b>Long-term portion</b>			<b><u>134</u></b>		<b><u>217</u></b>

<u>Lenders</u>	<u>Currency</u>	<u>Principal payment schedule</u>	<u>Interest payment period</u>	<u>Interest rate per annum</u>
Overseas banks	Yen	Semi-annually	Semi-annually	2.95%
	Rp	Semi-annually	Semi-annually	7.125%

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**20. LONG-TERM LOANS AND OTHER BORROWINGS (continued)**

a. Two-step loans (continued)

The loans were intended for the development of telecommunications infrastructure and supporting telecommunications equipment. The loans will be settled semi-annually and due on various dates until 2024.

The Company had used all facilities under the two-step loans program since 2008 and the withdrawal period for the two-step loan has ended.

Under the loan covenants, the Company is required to maintain financial ratios as follows:

- i. Projected net revenue to projected debt service ratio should exceed 1, 2:1 for the two-step loans originating from Asian Development Bank (“ADB”).
- ii. Internal financing (earnings before depreciation and finance costs) should exceed 20% compared to annual average capital expenditures for loans originating from the ADB.

As of September 30, 2022, the Company has complied with the above-mentioned ratios.

b. Bonds

<b>Bonds</b>	<b>Currency</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
		<b>Outstanding</b>	<b>Outstanding</b>
<b>Bonds</b>			
2015			
Series A	Rp	-	2,200
Series B	Rp	2,100	2,100
Series C	Rp	1,200	1,200
Series D	Rp	1,500	1,500
Total		4,800	7,000
Unamortized debt issuance cost		(6)	(7)
Total		4,794	6,993
Current maturities (Note 19b)		-	(2,200)
<b>Long-term portion</b>		<b>4,794</b>	<b>4,793</b>

i. Bonds

**2015**

<b>Bonds</b>	<b>Principal</b>	<b>Issuer</b>	<b>Listed on</b>	<b>Issuance date</b>	<b>Maturity date</b>	<b>Interest payment period</b>	<b>Interest rate per annum</b>
Series A	2,200	The Company	IDX	June 23, 2015	June 23, 2022	Quarterly	9.93%
Series B	2,100	The Company	IDX	June 23, 2015	June 23, 2025	Quarterly	10.25%
Series C	1,200	The Company	IDX	June 23, 2015	June 23, 2030	Quarterly	10.60%
Series D	1,500	The Company	IDX	June 23, 2015	June 23, 2045	Quarterly	11.00%
<b>Total</b>	<b>7,000</b>						

The bonds are not secured by specific security but by all of the Company’s assets, movable or non-movable, either existing or in the future (Note 12b.x). The underwriters of the bonds are Bahana, PT BRI Danareksa Sekuritas, PT Mandiri Sekuritas, and PT Trimegah Sekuritas Indonesia, Tbk. and the trustee is Bank Permata. The Company received the proceeds from the issuance of bonds on June 23, 2015.

The funds received from the public offering of bonds net of issuance costs, were used to finance capital expenditures which consisted of wave broadband, backbone, metro network, regional metro junction, information technology application and support, and acquisition of some domestic and international entities.

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**20. LONG-TERM LOANS AND OTHER BORROWINGS (continued)**

b. Bonds (continued)

i. Bonds (continued)

**2015 (continued)**

As of September 30, 2022, the rating of the bonds issued by Pefindo is idAAA (Triple A).

Based on the Indenture Trusts Agreement, the Company is required to comply with all covenants or restrictions, including maintaining financial ratios as follows:

- (a) Debt to equity ratio should not exceed 2:1.
- (b) EBITDA to interest ratio should not be less than 4:1.
- (c) Debt service coverage is at least 125%.

As of September 30, 2022, the Company has complied with the above-mentioned ratios.

c. Bank loans

Lenders	Currency	September 30, 2022		December 31, 2021	
		Outstanding		Outstanding	
		Foreign currency (in millions)	Rupiah equivalent	Foreign currency (in millions)	Rupiah equivalent
Related parties					
BNI	Rp	-	6,245	-	7,500
Bank Mandiri	Rp	-	4,602	-	7,374
BRI	Rp	-	1,591	-	2,223
BSI	Rp	-	1,025	-	533
Sub-total			13,463		17,630
Third parties					
BCA	Rp	-	10,477	-	8,651
Bank DBS	Rp	-	3,500	-	3,887
MUFG Bank	Rp	-	1,223	-	1,972
Bank Permata	Rp	-	1,083	-	1,188
HSBC	Rp	-	750	-	750
Bank CIMB Niaga	Rp	-	244	-	194
	US\$	4	60	0	5
Syndication of banks	Rp	-	-	-	350
	US\$	17	259	24	338
PT Bank ANZ Indonesia ("Bank ANZ")	Rp	-	220	-	286
UOB Singapore	US\$	13	198	22	314
Bank of China	Rp	-	-	-	400
Others (each below Rp100 billion)	Rp	-	88	-	152
	MYR	10	32	11	36
Sub-total			18,134		18,523
Total			31,597		36,153
Unamortized debt issuance cost			(75)		(97)
			31,522		36,056
Current maturities (Note 19b)			(6,811)		(6,311)
<b>Long-term portion</b>			<b>24,711</b>		<b>29,745</b>

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**20. LONG-TERM LOANS AND OTHER BORROWINGS (continued)**

c. Bank loans (continued)

Other significant information relating to bank loans as of September 30, 2022 is as follows:

	<b>Borrower</b>	<b>Currency</b>	<b>Total facility (in billions)*</b>	<b>Current period payment (in billions)*</b>	<b>Principal payment schedule</b>	<b>Interest payment period</b>	<b>Interest rate per annum</b>	<b>Security**</b>	
<b>BNI</b>									
2018		GSD	Rp	182	24	2020 - 2024	Monthly	8.75%	Trade receivables
2013 - 2021	The Company, GSD, TLT, Sigma, Mitratel, Telkomsel	Rp	10,775	2,521	2016 - 2033	Monthly, Quarterly	1 month JIBOR + 0.50% - 2.50%; 3 months JIBOR + 1.70% - 2.25%	Trade receivables, inventory, and property and equipment	
<b>Bank Mandiri</b>									
2018	Balebat	Rp	25	0	2018 - 2022	Monthly	9.00%	Trade receivables, inventory, and property and equipment	
2017 - 2020	The Company, GSD, Mitratel,	Rp	6,693	922	2019 - 2027	Quarterly	3 months JIBOR + 1.50% - 1.85%	None	
<b>BRI</b>									
2017 - 2019	The Company	Rp	2,500	273	2019 - 2026	Quarterly	3 months JIBOR + 1.70% - 1.85%	None	
<b>BSI</b>									
2019 - 2022	SSI, Telkomsel	Rp	1,060	8	2019 - 2025	Monthly	3.50% - 10.00%	Property and equipment	
<b>BCA</b>									
2020 - 2021	The Company, Mitratel, PST	Rp	15,511	1,915	2020 - 2030	Quarterly, Semi-annually	3 months JIBOR + 1.50%	Trade receivables and property and equipment	
<b>DBS</b>									
2021	Mitratel	Rp	3,500	-	2023 - 2028	Semi-annually	3 months JIBOR + 1.70%	Property and equipment	
<b>MUFG Bank</b>									
2018 - 2021	Mitratel	Rp	1,800	180	2019 - 2028	Quarterly	3 months JIBOR + 1.43% - 2.40%	Property and equipment	
<b>Bank Permata</b>									
2020 - 2021	Mitratel	Rp	1,250	104	2021 - 2028	Semi-annually	3 months JIBOR + 1.50% - 2.40%	Property and equipment	
<b>HSBC</b>									
2021	Mitratel	Rp	750	-	2023 - 2028	Semi-annually	3 months JIBOR + 1.50%	Property and equipment	
<b>Bank CIMB Niaga</b>									
2019	GSD, PINS	Rp	500	41	2020 - 2025	Quarterly	3 months JIBOR + 1.95%	None	
2021 - 2022	Telin	US\$	0.080	-	2024 - 2030	Semi-annually	6 months LIBOR + 1.70% - 1.82%	None	
<b>Syndication of banks</b>									
2018	Telin	US\$	0.09	0.007	2019 - 2025	Semi-annually	6 months LIBOR + 1.25%	None	
<b>ANZ</b>									
2015	GSD, PINS	Rp	440	66	2020 - 2025	Quarterly	3 months JIBOR + 1.40%	None	
<b>UOB Singapore</b>									
2018	Telin	US\$	0.049	0.009	2019 - 2024	Semi-annually	6 months LIBOR + 1.25%	None	

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**20. LONG-TERM LOANS AND OTHER BORROWINGS (continued)**

c. Bank loans (continued)

Other significant information relating to bank loans as of September 30, 2022 is as follows (continued):

\* In original currency

\*\* Refer to Note 5, note 7, and Note 12 for details of trade receivables, inventories, and property and equipment pledged as collateral.

<sup>a</sup> Telkomsel has no collateral for its bank loans, or other credit facilities. The terms of the various agreements with Telkomsel's lenders and financiers require compliance with a number of covenants and negative covenants as well as financial and other covenants, which include, among other things, certain restrictions on the amount of dividends and other profit distributions which could adversely affect Telkomsel's capacity to comply with its obligation under the facility. The terms of the relevant agreements also contain default and cross default clauses. As of September 30, 2022, Telkomsel has complied with the above covenants.

On March, 24, 2017, the Company, Mitratel, Sigma, GSD, and Telin entered into several credit agreements with BRI, BNI, and Bank Mandiri with total facilities amounting to Rp1,000 billion, Rp2,005 billion and Rp1,500 billion, respectively. As of September 30, 2022, the unused facility for Bank Mandiri amounted to Rp5 billion.

On February 26, 2018, the Company entered into a credit agreement with Bank Mandiri with total facilities amounting to Rp775 billion. As of September 30, 2022, all facilities had been used.

On February 26, 2018, the Company entered into a credit agreement with BNI with total facilities amounting to Rp825 billion. As of September 30, 2022, all facilities had been used.

On March 27, 2018, the Company and Mitratel entered into a credit agreement with MUFG Bank with total facilities amounting to Rp800 billion. As of September 30, 2022, all facilities had been used.

On January 15, 2019, the Company, Infomedia, Telin, Telkom Infra, Telkomsat, and Sigma entered into a credit agreement with BTPN with total facilities amounting to Rp628 billion. As of September 30, 2022, the unused facility for BTPN amounted to Rp538 billion.

On May 23, 2019, the Company entered into a credit agreement with BRI with total facilities amounting to Rp2,000 billion. As of September 30, 2022, all facilities had been used.

On June 19, 2019, the Company and Mitratel entered into credit agreements with BNI with total facilities amounting to Rp2,160 billion and Rp840 billion, respectively. As of September 30, 2022, all facilities had been used.

On March 12, 2020, the Company, GSD, and PINS entered into a credit agreement amendment with Bank ANZ with total facilities amounting to Rp240 billion and Rp200 billion, respectively. As of September 30, 2022, all facilities had been used.

On November 16, 2020, the Company, Mitratel, and GSD entered into a credit agreement amendment with Bank Mandiri with total facilities amounting to Rp1,400 billion, Rp1,113 billion, and Rp200 billion, respectively. As of September 30, 2022, the unused facility for Bank Mandiri amounted to Rp136 billion.

On December 4, 2020, the Company and Admedika entered into a credit agreement with BTPN with total facilities amounting to Rp1,500 billion, respectively. As of September 30, 2022, the unused facility for BTPN amounted to Rp1,480 billion.

On November 17, 2021, the Company entered into a credit agreement with Bank Mandiri with total facilities amounting to Rp2,400 billion. As of September 30, 2022, all facilities had been used.

On November 22, 2021, the Company, PINS, and GSD entered into credit agreement amendments with Bank CIMB Niaga with total facilities amounting to Rp500 billion, Rp300 billion, and Rp200 billion, respectively. As of September 30, 2022, the unused facility for Bank CIMB Niaga amounted to Rp639.1 billion.

On August 24, 2022, the Company entered into a credit agreement amendment with BCA with total facilities amounting to Rp11,000 billion. As of September 30, 2022, the unused facility for BCA amounted to Rp3,000 billion.

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**20. LONG-TERM LOANS AND OTHER BORROWINGS (continued)**

c. Bank loans (continued)

On September 27, 2022, the Company entered into a credit agreement amendment with BCA with total facilities amounting to Rp1,000 billion. As of September 30, 2022, all facilities has not been used.

As stated in the agreements, the Group is required to comply with all covenants or restrictions such as dividend distribution, obtaining new loans, and maintaining financial ratios. As of December 31, 2021, the Group obtained waiver from lenders for the non-fulfillment financial ratios in Telkom Infra, Sigma and GSD. The waivers from BNI, BCA, DBS, HSBC, Bank Mandiri, and ICBC were received on November 29, 2021, December 16, 2021, December 15, 2021, December 22, 2021, December 30, 2021, and December 31, 2021. As of September 30, 2022, the Group has complied with all covenants or restrictions except for certain loan.

The credit facilities were obtained by the Group for working capital purposes and investment purposes.

d. Other borrowings

<b>Lenders</b>	<b>Currency</b>	<b>Outstanding</b>	
		<b>September 30, 2022</b>	<b>December 31, 2021</b>
PT Sarana Multi Infrastruktur	Rp	1,425	2,609
Unamortized debt issuance cost		(2)	(4)
<b>Total</b>		<b>1,423</b>	<b>2,605</b>
Current maturities (Note 19b)		(942)	(1,041)
<b>Long-term portion</b>		<b>481</b>	<b>1,564</b>

Other significant information relating to other borrowings as of September 30, 2022 is as follows:

	<b>Borrower</b>	<b>Currency</b>	<b>Total facility (in billions)</b>	<b>Current period payment (in billions)</b>	<b>Principal payment schedule</b>	<b>Interest rate per annum</b>	<b>Security</b>
<b>PT Sarana Multi Infrastruktur</b>							
November 14, 2018	The Company	Rp	1,000	110	Semi-annually (2019 - 2023)	3 months JIBOR + 1.75%	None
March 29, 2019	The Company	Rp	2,836	700	Semi-annually (2020 - 2024)	3 months JIBOR + 1.75%	None
March 29, 2019	Telkomsat	Rp	164	23.5	Semi-annually (2020 - 2024)	3 months JIBOR + 1.75%	None

Under the agreement, the Company and Telkomsat are required to comply with all covenants or restrictions, including maintaining financial ratios as follows:

- (a) Debt to equity ratio should not exceed 2:1
- (b) Net debt to EBITDA ratio should not exceed 4:1
- (c) Minimal debt service coverage at least 125%

As of September 30, 2022, the Company and Telkomsat have complied with the above-mentioned ratios.

On November 14, 2018, the Company entered into a credit agreement with PT. Sarana Multi Infrastruktur with total facilities amounting to Rp1,000 billion. As of September 30, 2022 all facilities had been used.

On March 29, 2019, the Company and Telkomsat entered into a credit agreement with PT. Sarana Multi Infrastruktur. On June 15, 2020, the Company and Telkomsat entered into credit agreements amendment with PT Sarana Multi Infrastruktur with total facilities amounting to Rp2,836 billion and Rp164 billion, respectively. As of September 30, 2022, the unused facility for PT Sarana Multi Infrastruktur amounted to Rp106 billion.

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**21. NON-CONTROLLING INTERESTS**

The details of non-controlling interests are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Non-controlling interests in net assets of subsidiaries:		
Telkomsel	12,508	13,804
Mitratel	8,866	9,464
Others	453	485
<b>Total</b>	<b><u>21,827</u></b>	<b><u>23,753</u></b>
	<u>2022</u>	<u>2021</u>
Non-controlling interests in net income (loss) of subsidiaries:		
Telkomsel	5,876	6,801
Mitratel	345	-
Others	14	(10)
<b>Total</b>	<b><u>6,235</u></b>	<b><u>6,791</u></b>

Material partly-owned subsidiary

As of September 30, 2022 and December 31, 2021, the non-controlling interest which are considered material to the company are the non-controlling interest in Telkomsel and Mitratel. The non-controlling interest in Telkomsel and Mitratel holds 35% and 28.13%, respectively.

The summarized financial information below is provided based on amounts before elimination of inter-company balances and transactions.

*Summarized statement of financial position:*

	<u>Telkomsel</u>		<u>Mitratel</u>	
	<u>30 September 2022</u>	<u>31 December 2021</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
Current assets	15,578	12,288	7,946	21,303
Non-current assets	86,835	89,014	46,987	36,426
Current liabilities	(29,274)	(31,654)	(9,600)	(6,476)
Non-current liabilities	(37,485)	(30,205)	(12,099)	(17,607)
<b>Total equity</b>	<b><u>35,654</u></b>	<b><u>39,443</u></b>	<b><u>33,234</u></b>	<b><u>33,646</u></b>
Attributable to:				
Owners of the parent company	23,146	25,639	24,368	24,182
Non-controlling interests	12,508	13,804	8,866	9,464

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**21. NON-CONTROLLING INTERESTS (continued)**

Material partly-owned subsidiary (continued)

*Summarized statements of profit or loss and other comprehensive income:*

	<b>Telkomsel</b>		<b>Mitratel</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>
Revenues	66,161	65,148	5,607
Operation expenses	(47,167)	(42,345)	(3,367)
Other income - net	1,991	1,624	(540)
<b>Profit before income tax</b>	<b>20,985</b>	<b>24,427</b>	<b>1,700</b>
Income tax expense - net	(4,195)	(5,004)	(473)
<b>Profit for the period</b>	<b>16,790</b>	<b>19,423</b>	<b>1,227</b>
Other comprehensive income - net	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,790</b>	<b>19,423</b>	<b>1,227</b>
Attributable to non-controlling interests	5,876	6,801	345
Dividends paid to non-controlling interests	7,218	11,104	272

*Summarized statements of cash flows:*

	<b>Telkomsel</b>		<b>Mitratel</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>
Operation activities	32,300	32,512	2,458
Investing activities	(4,599)	(9,432)	(10,085)
Financing activities	(21,828)	(29,147)	(6,103)
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>5,873</b>	<b>(6,067)</b>	<b>(13,730)</b>

**22. CAPITAL STOCK**

<b>Description</b>	<b>September 30, 2022</b>		
	<b>Number of shares</b>	<b>Percentage of ownership</b>	<b>Total paid-in capital</b>
Series A Dwiwarna share			
Government	1	0	0
Series B shares			
Government	51,602,353,559	52.09	2,580
The Bank of New York Mellon Corporation*	4,128,499,080	4.17	206
Directors (Note 1b):			
Ririek Adriansyah	1,156,955	0	0
Budi Setyawan Wijaya	275,000	0	0
Afriwandi	42,500	0	0
Herlan Wijanarko	42,500	0	0
Heri Supriadi	40,000	0	0
Public (individually less than 5%)	43,329,807,005	43.74	2,167
<b>Total</b>	<b>99,062,216,600</b>	<b>100.00</b>	<b>4,953</b>



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**22. CAPITAL STOCK (continued)**

Description	December 31, 2021		
	Number of shares	Percentage of ownership	Total paid-in capital
Series A Dwiwarna share			
Government	1	0	0
Series B shares			
Government	51,602,353,559	52.09	2,580
The Bank of New York Mellon Corporation*	4,829,039,080	4.87	241
Directors (Note 1b):			
Ririek Adriansyah	1,156,955	0	0
Budi Setyawan Wijaya	275,000	0	0
Afriwandi	42,500	0	0
Herlan Wijanarko	42,500	0	0
Heri Supriadi	40,000	0	0
Edi Witjara	32,500	0	0
Public (individually less than 5%)	42,629,234,505	43.04	2,132
<b>Total</b>	<b>99,062,216,599</b>	<b>100.00</b>	<b>4,953</b>

\* The Bank of New York Mellon Corporation serves as the Depository of the registered ADS holders for the Company's ADSs.

The Company issued only 1 Series A Dwiwarna share which is held by the Government and cannot be transferred to any party, and has a veto in the General Meeting of Stockholders of the Company with respect to election and removal of the Boards of Commissioners and Directors, issuance of new shares, and amendments of the Company's Articles of Association.

**23. OTHER EQUITY**

	September 30, 2022	December 31, 2021
Translation adjustment	812	611
Effect of change in equity of associated companies	386	386
Unrealized holding gain on available-for-sale securities	3	3
Difference due to acquisition of non controlling interests in subsidiaries	8,358	8,358
Other equity components	37	37
<b>Total</b>	<b>9,596</b>	<b>9,395</b>

These consolidated financial statements are originally issued in the Indonesian language.

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**24. REVENUES**

2022	Mobile	Consumer	Enterprise	WIB	Others	Consolidated revenue
<b>Telephone revenues</b>						
Cellular	9,112	-	-	16	-	9,128
Fixed lines	-	579	458	136	-	1,173
<b>Total telephone revenues</b>	<b>9,112</b>	<b>579</b>	<b>458</b>	<b>152</b>	<b>-</b>	<b>10,301</b>
<b>Interconnection revenues</b>	<b>209</b>	<b>-</b>	<b>-</b>	<b>5,939</b>	<b>-</b>	<b>6,148</b>
<b>Data, internet, and information technology service revenues</b>						
Cellular data and internet	50,831	-	-	-	-	50,831
Internet, data communication, and information technology services	-	252	5,715	1,657	-	7,624
SMS	3,326	-	35	-	-	3,361
Others	1	-	1,236	634	145	2,016
<b>Total Data, internet, and information technology service revenues</b>	<b>54,158</b>	<b>252</b>	<b>6,986</b>	<b>2,291</b>	<b>145</b>	<b>63,832</b>
<b>Network revenues</b>	<b>3</b>	<b>-</b>	<b>960</b>	<b>665</b>	<b>-</b>	<b>1,628</b>
<b>Indihome revenues</b>	<b>-</b>	<b>18,810</b>	<b>2,079</b>	<b>-</b>	<b>-</b>	<b>20,889</b>
<b>Other services</b>						
Call center service	-	-	891	26	-	917
E-health	-	-	532	-	-	532
Manage service and terminal	-	-	481	5	-	486
E-payment	4	-	347	-	-	351
Others	1	50	958	246	555	1,810
<b>Total other services</b>	<b>5</b>	<b>50</b>	<b>3,209</b>	<b>277</b>	<b>555</b>	<b>4,096</b>
<b>Total revenues from contract with customer</b>	<b>63,487</b>	<b>19,691</b>	<b>13,692</b>	<b>9,324</b>	<b>700</b>	<b>106,894</b>
<b>Revenues from lessor transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,980</b>	<b>-</b>	<b>1,980</b>
<b>Total revenues</b>	<b>63,487</b>	<b>19,691</b>	<b>13,692</b>	<b>11,304</b>	<b>700</b>	<b>108,874</b>
<b>Adjustments and eliminations</b>	<b>-</b>	<b>(11)</b>	<b>6</b>	<b>(1)</b>	<b>(526)</b>	
<b>Total external revenues as reported in note operating segment</b>	<b>63,487</b>	<b>19,680</b>	<b>13,698</b>	<b>11,303</b>	<b>174</b>	

  

2021	Mobile	Consumer	Enterprise	WIB	Others	Consolidated revenue
<b>Telephone revenues</b>						
Cellular	11,283	-	-	63	-	11,346
Fixed lines	-	773	497	140	-	1,410
<b>Total telephone revenues</b>	<b>11,283</b>	<b>773</b>	<b>497</b>	<b>203</b>	<b>-</b>	<b>12,756</b>
<b>Interconnection revenues</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>5,456</b>	<b>-</b>	<b>5,748</b>
<b>Data, internet, and information technology service revenues</b>						
Cellular data and internet	47,860	-	-	-	-	47,860
Internet, data communication, and information technology services	-	1	5,691	1,504	-	7,196
SMS	3,190	-	39	-	-	3,229
Others	-	-	1,177	574	209	1,960
<b>Total Data, internet, and information technology service revenues</b>	<b>51,050</b>	<b>1</b>	<b>6,907</b>	<b>2,078</b>	<b>209</b>	<b>60,245</b>
<b>Network revenues</b>	<b>3</b>	<b>-</b>	<b>821</b>	<b>569</b>	<b>-</b>	<b>1,393</b>
<b>Indihome revenues</b>	<b>-</b>	<b>17,715</b>	<b>1,923</b>	<b>-</b>	<b>-</b>	<b>19,638</b>
<b>Other services</b>						
Call center service	-	-	689	50	-	739
E-health	-	-	458	-	-	458
Manage service and terminal	-	-	1,431	1	-	1,432
E-payment	-	-	342	-	22	364
Others	-	42	742	309	343	1,436
<b>Total other services</b>	<b>-</b>	<b>42</b>	<b>3,662</b>	<b>360</b>	<b>365</b>	<b>4,429</b>
<b>Total revenues from contract with customer</b>	<b>62,628</b>	<b>18,531</b>	<b>13,810</b>	<b>8,666</b>	<b>574</b>	<b>104,209</b>
<b>Revenues from lessor transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,834</b>	<b>-</b>	<b>1,834</b>
<b>Total revenues</b>	<b>62,628</b>	<b>18,531</b>	<b>13,810</b>	<b>10,500</b>	<b>574</b>	<b>106,043</b>
<b>Adjustments and eliminations</b>	<b>-</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>(340)</b>	
<b>Total external revenues as reported in note operating segment</b>	<b>62,628</b>	<b>18,539</b>	<b>13,816</b>	<b>10,502</b>	<b>234</b>	

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**24. REVENUES (continued)**

Management expects that most of the transaction price allocated to the unsatisfied contracts as of September 30, 2022 will be recognised as revenue during the next reporting periods. Unsatisfied performance obligations as of September 30, 2022, which management expect to be realised within one year is Rp7,327 billion, and more than one year is Rp13,531 billion.

The Group entered into non-cancelable lease agreements as a lessor. The lease agreements cover leased lines, telecommunication equipment, and land and building. These leases have terms of between 1 to 10 years. All leases include a clause to enable an upward revision of the rental charge on an annual basis according to the prevailing market conditions. These lessees are also required to provide a residual value guaranteed on the properties.

There is no revenue from major customers which exceeds 10% of total revenues for the nine months period ended September 30, 2022.

Refer to Note 33 for details of related parties transactions.

**25. PERSONNEL EXPENSES**

The breakdown of personnel expenses is as follows:

	<u>2022</u>	<u>2021</u>
Salaries and related benefits	6,980	6,455
Vacation pay, incentives, and other benefits	2,562	2,975
Pension and other post-employment benefits (Note 31)	1,331	1,433
LSA expense (Note 32)	255	129
Others	27	26
<b>Total</b>	<b><u>11,155</u></b>	<b><u>11,018</u></b>

Refer to Note 33 for details of related parties transactions.

**26. OPERATION, MAINTENANCE, AND TELECOMMUNICATION SERVICE EXPENSES**

The breakdown of operation, maintenance, and telecommunication service expenses is as follows:

	<u>2022</u>	<u>2021</u>
Operation and maintenance	16,215	15,121
Radio frequency usage charges (Note 36c.i)	4,835	4,499
Leased lines and CPE	2,111	3,106
Concession fees and USO charges	1,934	1,868
Electricity, gas, and water	684	811
Cost of SIM cards, vouchers, and sales of peripherals (Note 7)	539	455
Project management	335	462
Insurance	133	334
Vehicles rental and supporting facilities	260	225
Others (each below Rp100 billion)	121	97
<b>Total</b>	<b><u>27,167</u></b>	<b><u>26,978</u></b>

Refer to Note 33 for details of related parties transactions.

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**27. GENERAL AND ADMINISTRATIVE EXPENSES**

The breakdown of general and administrative expenses is as follows:

	<u>2022</u>	<u>2021</u>
General expenses	1,661	1,359
Allowance for expected credit losses	921	1,105
Professional fees	549	469
Traveling	284	215
Training, education, and recruitment	220	178
Meeting	196	151
Social contribution	156	153
Collection expenses	125	153
Others (each below Rp100 billion)	337	251
<b>Total</b>	<b><u>4,449</u></b>	<b><u>4,034</u></b>

Refer to Note 33 for details of related parties transactions.

**28. TAXATION**

a. Prepaid taxes

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
The Company:		
Income Tax		
Article 23 - Withholding tax on service delivery	-	81
VAT	-	601
Subsidiaries:		
Income Tax		
Corporate Income Tax	41	-
Article 4 (2) - Final tax	52	5
Article 22 - Withholding tax on goods delivery and imports	2	-
Article 23 - Withholding tax on service delivery	233	19
VAT	2,738	2,039
Total prepaid taxes	3,066	2,745
Current portion	(3,066)	(2,144)
<b>Non-current portion (Note 14)</b>	<b><u>-</u></b>	<b><u>601</u></b>

b. Claims for tax refund

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
The Company		
Corporate Income Tax	-	500
VAT	215	403
Subsidiaries		
Income Tax		
Corporate income tax	523	662
Article 23 - Withholding tax on services delivery	-	17
VAT	392	596
Total claims for tax refund	1,130	2,178
Current portion	(465)	(690)
<b>Non-current portion (Note 14)</b>	<b><u>665</u></b>	<b><u>1,488</u></b>

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**28. TAXATION (continued)**

c. Taxes payable

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
The Company:		
Income taxes		
Article 4 (2) - Final tax	28	53
Article 21 - Individual income tax	49	97
Article 22 - Withholding tax on goods delivery and imports	3	8
Article 23 - Withholding tax on services	23	47
Article 25 - Installment of corporate income tax	36	211
Article 26 - Withholding tax on non-resident income	1	3
Article 29 - Corporate income tax	756	455
VAT	683	505
VAT - Tax collector	214	409
	<u>1,793</u>	<u>1,788</u>
Subsidiaries:		
Income taxes		
Article 4 (2) - Final tax	129	215
Article 21 - Individual income tax	104	151
Article 22 - Withholding tax on goods delivery and imports	4	3
Article 23 - Withholding tax on services	65	65
Article 25 - Installment of corporate income tax	292	23
Article 26 - Withholding tax on non-resident income	8	14
Article 29 - Corporate income tax	921	919
VAT	1,030	745
	<u>2,553</u>	<u>2,135</u>
<b>Total taxes payable</b>	<u><b>4,346</b></u>	<u><b>3,923</b></u>

d. The components of consolidated income tax expense (benefit) are as follows:

	<u>2022</u>	<u>2021</u>
Current		
The Company	1,765	2,014
Subsidiaries	5,513	5,525
	<u>7,278</u>	<u>7,539</u>
Deferred		
The Company	(170)	(3)
Subsidiaries	(727)	61
	<u>(897)</u>	<u>58</u>
<b>Net income tax expense</b>	<u><b>6,381</b></u>	<u><b>7,597</b></u>

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**28. TAXATION (continued)**

d. The components of consolidated income tax expense (benefit) are as follows (continued):

The reconciliation between the profit before income tax and the estimated taxable income of the Company for the nine months period ended September 30, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Profit before income tax consolidation	29,197	33,260
Add back consolidation eliminations	23,425	24,422
Consolidated profit before income tax and eliminations	52,622	57,682
Less: profit before income tax of the subsidiaries	(30,644)	(33,122)
Profit before income tax attributable to the Company before deduction of income subject to final tax	21,978	24,560
Less: income subject to final tax	(303)	(277)
Profit before income tax attributable to the Company after deduction of income subject to final tax	21,675	24,283
<b>Temporary differences:</b>		
Provision for impairment of receivables	394	559
Deferred installation fee	114	80
Leases	6	8
Provision for employee benefits	(813)	(46)
Land rights, intangible assets, and other	9	-
Net periodic pension and other post-employment benefits costs	(36)	44
Difference between book value of accounting and tax property equipment	571	(614)
Accrued expenses and provision for inventory obsolescence	39	-
Capitalization of contract cost	97	-
Other provisions	-	90
Net temporary differences	381	121
<b>Permanent differences:</b>		
Net periodic post-retirement health care benefit costs	190	235
Donations	176	177
Employee benefits	158	142
Equity in net income of associates and subsidiaries	(13,635)	(14,686)
Others	200	183
Net permanent differences	(12,911)	(13,949)
<b>Taxable income of the Company</b>	<b>9,145</b>	<b>10,455</b>
Current corporate income tax expense	1,738	1,986
Final income tax expense	27	28
Total current income tax expense of the Company	1,765	2,014
Current income tax expense of the subsidiaries	5,513	5,525
<b>Total current income tax expense</b>	<b>7,278</b>	<b>7,539</b>

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**28. TAXATION (continued)**

d. The components of income tax expense (benefit) are as follows (continued):

The reconciliation between the income tax expense calculated by applying the applicable tax rate of 19% to the profit before income tax less income subject to final tax, and the net income tax expense as shown in the consolidated statements of profit or loss and other comprehensive income is as follows:

	<u>2022</u>	<u>2021</u>
Profit before income tax consolidation	29,197	33,260
(Less) add: consolidated income subject to final tax - net	<u>(1,539)</u>	<u>(2,607)</u>
	<u>27,658</u>	<u>30,653</u>
Income tax expense calculated at the Company's applicable statutory tax rate	5,255	5,824
Difference in applicable statutory tax rate for subsidiaries	697	743
Non-deductible expenses	132	68
Final income tax expense	29	24
Unrecognized deferred tax	-	-
Others	<u>268</u>	<u>938</u>
<b>Net income tax expense</b>	<b><u>6,381</u></b>	<b><u>7,597</u></b>

In March 2020, the Government issued Government Regulation in lieu of Law No. 1/2020 concerning State Financial Policy and Financial System Stability for Handling Corona Virus Disease 2019 (COVID-19) and/or in the Context of Facing Threats that Harm National Economy and/or Financial System Stability, which has been stipulated into Law No. 2/2020, governing the adjustments to the tax rates of domestic corporate taxpayers and permanent establishments, to 22% for fiscal years 2020 and 2021, and 20% for fiscal years 2022. Furthermore, the Government issues Government Regulations ("PP") No. 30/2020 concerning Reduction of Income Tax Rates for Domestic Taxpayers in the form of a Public Company, which regulates the tax rate of 3% lower for domestic taxpayers in the form of publicly listed companies whose shares are listed and traded on the IDX with a minimum of 40% of the total all shares issued by the company and such shares are owned by at least 300 shareholders, where the ownership of each may not exceed 5%. These requirements must be fulfilled by companies that listed their shares on the stock exchange in a minimum of 183 calendar days within one fiscal year, and the fulfillment of the requirements referred to is carried out by the Public Company Taxpayer by submitting a report to the Directorate General of Taxes. The Company has met all of the required criteria therefore, for the purpose of calculating current income tax expense and liabilities for the nine months period ended September 30, 2022 and for the year ended December 31, 2021, the Company has the right to use the Corporate Income Tax rate of 3% lower than the normal rate.

In October 2021, the Government issued Law No. 7/2021 concerning Harmonization of Tax Regulations (HPP Law). In Chapter III Article 3 of the HPP Law, amendments to the Income Tax Law have been regulated, including amendments to Article 17 paragraph (1) letter b which stipulates that the tax rate applied to Taxable Income for domestic corporate taxpayers and permanent establishments is 22%, which comes into force in the 2022 tax year, and for corporate taxpayers in the form of a limited liability company with a total number of paid-up shares is traded on a stock exchange in Indonesia of at least 40% and meeting certain requirements can receive 3% tax rate lower than the expected rate.

The Company has applied the tax rate of 19% for the nine months period ended September 30, 2022 and for the year ended December 31, 2021. The subsidiaries applied the tax rate of 22% for the nine months period ended September 30, 2022 and for the year ended December 31, 2021.

The Company has submitted the above taxable income and current income tax expense computation in its income tax return ("*Surat Pemberitahuan Tahunan*" or Annual Tax Return) for fiscal year 2021 that will be reported to the tax office based on prevailing regulations.

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**28. TAXATION (continued)**

e. Tax assessment

(i) The Company

Income tax and VAT fiscal year 2012

On November 3, 2016, the Company received an Tax Underpayment Assessment Letter ("SKPKB") for all taxes for fiscal year 2012 amounting to Rp1,820.3 billion (including penalty of Rp592.4 billion) and Tax Collection Letter ("STP") for VAT amounting to Rp37.5 billion. The Company agreed to the recalculation of VAT amounting to Rp35.2 billion, corporate income tax amounting to Rp613.3 million, and withholding tax article 26 amounting to Rp311.5 million that have been charged in the 2016 consolidated statements of profit or loss and other comprehensive income. On November 16, 2016, the Company filed an objection regarding to the remaining assessments.

On November 16, 2016, the Company filed an objection regarding to the remaining assessments. During 2017, the Company received decision letters on objections from the Tax Authorities. On January 17 and 26, 2018, the Company filed an appeal.

On December 16, 2019, the Company received the Tax Court's verdict regarding tax dispute for all taxes for fiscal year 2012. The Tax Court granted the several Company's appeal. Thus, the amount should be paid by Company for withholding tax article 21, 23, 26, 4(2), corporate income tax and VAT amounting to Rp82.9 billion (including penalty of Rp27 billion). The Company has received appeal decision and paid the underpayment of withholding tax, corporate income tax and VAT.

On July 6, 2020, the Company received a notification from Tax Court that Tax Authorities filed a judicial review for all Tax Court Decisions. On July 30, 2020, in response to the judicial review from Tax Authorities, the Company filed a contra memorandum for all 2012 decisions to Supreme Court ("SC").

In February and March 2021, the Company received the results of the decision on the review process of the VAT dispute over the March and October 2012 tax periods. In October 2021, SC announced rejection for judicial review of the VAT for Januari and May 2012 tax period that proposed by the Directorate General of Taxes ("DGT"). SC announced rejection for judicial review. Accordingly, from all judicial review cases at the SC for all types of 2012 taxes, the Company has received all final and binding decisions from the SC.

Income tax and VAT fiscal year 2015

On April 25, 2017, the Tax Authorities issued Tax Overpayment Assessment Letter ("SKPLB") for corporate income tax amounting to Rp147 billion, and SKPKBs for underpayment of VAT amounting to Rp13 billion (including penalty of Rp4.1 billion), underpayment of VAT on tax collected amounting to Rp6 billion (including penalty of Rp1.5 billion), underpayment of self-assessed offshore VAT amounting to Rp55.3 billion (including penalty of Rp16.8 billion). The Company also received STP for VAT amounting to Rp34 billion, VAT on tax collected amounting to Rp7 billion, and self-assessed offshore VAT amounting to Rp8 billion.

The Company accepted tax audit decision amounting to Rp17 billion for corporate income tax, to transfer deductible temporary differences related to provision for incentives to fixed wireless (Flexi) subscribers' migration amounting to Rp42 billion from Annual Tax Return of corporate income tax fiscal year 2015 to Annual Tax Return of corporate income tax fiscal year 2016.

The Company also accepted underpayment of VAT, underpayment of VAT on tax collected, and STP for VAT on tax collected amounting to Rp26 billion. The accepted portion was charged to the 2017 consolidated statements of profit or loss and other comprehensive income. On July 24, 2017, the Company filed Objection Letter to the Tax Authorities for corporate income tax amounting to Rp210.5 billion and self-assessed offshore VAT amounting to Rp55.3 billion.



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**28. TAXATION (continued)**

e. Tax assessments (continued)

(i) The Company (continued)

Income tax and VAT fiscal year 2015 (continued)

On May 3 and 22, 2018, the Tax Authorities issued decision letter on Company's objections for SKPLB of self-assessed offshore VAT amounting to Rp54.6 billion, wherein Tax Authorities reduced the Company's underpayment and granted all the Company's objection. The Company agreed with the Tax Authorities decision regarding SKPLB of self-assessed offshore VAT amounting to Rp793 million and charged in the 2018 consolidated statements of profit or loss and other comprehensive income. On July 18, 2018, the Tax Authorities issued Decision Letter on Company's objections for SKPLB of corporate income tax, wherein the Tax Authorities has granted the several Company's objection and additional amount of overpayment which should be received amounting to Rp76 billion. On October 10, 2018, the Company filed an appeal.

On July 8, 2020, the Company received appeal decision from the Tax Court regarding corporate income tax dispute for fiscal year 2015. The Tax Court partially approved the appeal filed by the Company. On September 9, 2020, the Company received tax refund of additional overpayment of corporate income tax amounting to Rp90.9 billion.

On October 26, 2020, the Company received notification letter from Tax Court that Tax Authorities filed a judicial review of corporate income tax dispute for fiscal year 2015. On December 2, 2020, the Company filed a contra memorandum for judicial review as response of Tax Authorities judicial review. As of the date of approval and authorization for the issuance of these consolidated financial statements, the Company did not received verdict from the SC. In accordance with taxation law, for all withholding income tax and VAT except for corporate income tax has passed tax assessment period, therefore all tax liabilities for fiscal year 2015 considered final and has permanent legal force.

Income tax and VAT fiscal year 2018

On December 16, 2020, the Company received Tax Assessment Letter ("SKP") and STP as result of 2018 tax audit. The DGT issued SKPLB of corporate income tax amounting to Rp101.5 billion, SKPLB of withholding tax article 21 amounting to Rp1.9 billion (include penalty Rp573.9 million), SKPLB of withholding tax article 23 amounting to Rp4 million (include penalty Rp1.2 million) and SKPLB of VAT for fiscal period January to August and October to December amounting to Rp85.3 billion). Furthermore the DGT issued SKPKB of VAT for fiscal period September amounting to Rp240.5 billion (include penalty Rp59.5 billion), SKPKB of VAT WAPU amounting to Rp15.17 billion (include penalty Rp4.6 billion) and STP of VAT WAPU amounting to Rp1.2 billion. The Company agreed to receive tax audit correction of corporate income tax amounting Rp1.1 billion, underpayment of withholding tax article 21 amounting to Rp1.9 billion, underpayment of withholding tax article 23 amounting to Rp4 million, VAT tax credit amounting to Rp4.8 billion, STP of VAT WAPU amounting Rp1.2 billion and underpayment of VAT WAPU amounting to Rp15.17 billion. These corrections that have been approved have been charged to the 2020 profit or loss income statement.

The Company did not agree with the correction from tax auditor who imposes VAT on the transaction of submitting the space segment component (asset in constructive) of the Satelit Merah Putih to TelkomSAT. In March 2021, the Company has submitted a tax objection letter to the Tax Authority for the correction of the tax auditor. On March 4, 2022, the Company received notification letter from Tax Authority number KEP-00253/KEB/PJ/WPJ.19/2022 that approved the objection filed by the Company. On April 8, 2022, the Company has received a refund of Rp270.4 billion in accordance with the Decree. Thus, for all types of taxes in 2018 the Company has received all decisions that are final and have permanent legal force.

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**28. TAXATION (continued)**

e. Tax assessments (continued)

(i) The Company (continued)

VAT fiscal year 2019

On May 12, 2022, the Company received a notice of field audit for overpayment of domestic VAT for period January to December 2019. As at the authorization date of these consolidated financial statements, the tax audit process is still ongoing.

VAT fiscal year 2020

On September 1, 2022, the Company received a notice of field audit for overpayment of domestic VAT for period May 2020. As at the authorization date of these consolidated financial statements, the tax audit process is still ongoing.

(ii) Telkomsel

Income tax and VAT fiscal year 2014

In May 2019, Telkomsel received SKPKB and STP for the fiscal year 2014 amounting to Rp150.6 billion (including penalty of Rp54.6 billion). Telkomsel accepted the portion of Rp16.5 billion and charged it as expense in the 2019 consolidated statements of profit or loss. Telkomsel has paid amounting to Rp99.1 billion out of the remaining underpayment and recorded it as claim for tax refund. In August 2019, Telkomsel filed an objection to the Tax Authorities for full amount of Rp134.1 billion.

In July 2020, Telkomsel received objection decision letter from Tax Authorities which accepted Rp27.2 billion and rejected Rp106.8 billion. In August 2020, Telkomsel received the tax refund amounting to Rp27.2 billion.

In September, 2020, Telkomsel filed an appeal to the Tax Court for the 2014 corporate income tax, withholding tax, and VAT amounting to Rp106.8 billion.

In April and May 2022, Telkomsel received the Tax Court's Verdict for the 2014 underpayment of withholding tax and VAT which fully accepted Telkomsel's appeal amounting to Rp13.7 billion and Rp52.3 billion, respectively. Telkomsel received the tax refund in May and June 2022, and charge the rejected portion of Rp3.6 billion as expense in 2022 consolidated statements of profit or loss.

In August 2022, Telkomsel received notifications that the Tax Authorities had filed judicial reviews to the SC for the 2014 VAT amounting to Rp8 billion. Telkomsel had submitted its contra memorandums for judicial review in September 2022.

As at the authorization date of these consolidated financial statements, the results of appeal for corporate income tax and judicial review for VAT have not yet been received.

Income tax and VAT fiscal year 2015

In August 2019, Telkomsel received the SKPKB and STP for corporate income tax, VAT and withholding tax for fiscal year 2015 amounting to Rp384.8 billion (including penalty of Rp54.6 billion). Telkomsel accepted the portion of Rp34.6 billion, which was paid and charged as expense to the 2019 consolidated financial statements of profit or loss. Telkomsel also paid for the remaining amount of underpayment and recorded it as claim for tax refund. In September 2019, Telkomsel filed an objection to the Tax Authorities amounting to Rp350.2 billion.

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**28. TAXATION (continued)**

e. Tax assessments (continued)

(ii) Telkomsel

Income tax and VAT fiscal year 2015 (continued)

In July 2020, Telkomsel received objection decision letter from Tax Authorities that rejected all Company's objection.

In September 28, 2020, Telkomsel filed an appeal to the Tax Court for the 2015 corporate income tax, withholding tax, and VAT.

In April and May 2022, Telkomsel received the Tax Court's Verdict for the 2015 underpayment of withholding tax and VAT which partially accepted Telkomsel's appeal amounting to Rp52.9 billion. Telkomsel received the tax refund in April and May 2022 and charge the rejected portion of Rp3 billion as expense in 2022 consolidated financial statements of profit or loss.

In August 2022, Telkomsel received notifications that the Tax Authorities had filed judicial reviews to the SC for the 2015 VAT amounting to Rp23.7 billion. Telkomsel had submitted its contra memorandums for judicial review in September 2022.

As at the authorization date of these consolidated financial statements, the results of appeal for corporate income tax and judicial review for VAT have not yet been decided.

Income tax and VAT fiscal year 2018

In September 2022, Telkomsel received SKPKB and STP for the 2018 corporate income tax, VAT on taxable goods and withholding tax article 26 amounting to Rp159.8 billion (including penalty of Rp48.6 billion) in total. At the same time, Telkomsel also received tax assessment letters for 2018 VAT on taxable services confirming tax overpayments amounting to Rp40 billion. As result from these tax assessment letters, Telkomsel plans to submit objections within no later than three months after the receive date of these tax assessment letters.

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**28. TAXATION (continued)**

f. Deferred tax assets and liabilities

The details of the Group's deferred tax assets and liabilities are as follows:

	December 31, 2021	(Charged) credited to profit or loss	Credited to other comprehensive income	Charged to equity and reclassification	September 30, 2022
<b>The Company</b>					
Deferred tax assets:					
Allowance for expected credit losses	895	75	-	-	970
Net periodic pension and other post-employment benefit costs	1,110	(7)	(1)	-	1,102
Difference between accounting and tax bases of property and equipment	631	205	-	-	836
Provision for employee benefits	388	(154)	-	-	234
Accrued expenses and provision for inventory obsolescence	72	7	-	-	79
Deferred installation fee	183	22	-	-	205
Land rights, intangible assets and others	22	2	-	-	24
Total deferred tax assets	<u>3,301</u>	<u>150</u>	<u>(1)</u>	<u>-</u>	<u>3,450</u>
Deferred tax liabilities:					
Leases	(2)	1	-	-	(1)
Capitalization of contract cost	(73)	19	-	-	(54)
Total deferred tax liabilities	<u>(75)</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>(55)</u>
<b>Telkomsel</b>					
Deferred tax assets:					
Provision for employee benefits	1,228	58	-	-	1,286
Allowance for expected credit losses	179	16	-	-	195
Leases	675	(54)	-	-	621
Total deferred tax assets	<u>2,082</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>2,102</u>
Deferred tax liabilities:					
Fair value measurement of financial instruments	(549)	549	-	-	-
Difference between accounting and tax bases of property and equipment	(1,623)	147	-	20	(1,456)
License amortization	(152)	3	-	-	(149)
Other financial instruments	(92)	4	-	-	(88)
Total deferred tax liabilities	<u>(2,416)</u>	<u>703</u>	<u>-</u>	<u>20</u>	<u>(1,693)</u>
Deferred tax assets of the Company - net	<u>3,226</u>	<u>170</u>	<u>(1)</u>	<u>-</u>	<u>3,395</u>
Deferred tax assets of the other subsidiaries - net	598	157	-	-	755
Deferred tax (liabilities) asset of Telkomsel - net	(334)	723	-	20	409
Deferred tax liabilities of the other subsidiaries - net	(824)	(153)	-	(8)	(985)
<b>Total deferred tax asset - net</b>	<b><u>3,824</u></b>				<b><u>4,559</u></b>
<b>Total deferred tax liabilities - net</b>	<b><u>(1,158)</u></b>				<b><u>(985)</u></b>

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**28. TAXATION (continued)**

f. Deferred tax assets and liabilities (continued)

The details of the Group's deferred tax assets and liabilities are as follows (continued):

	December 31, 2020	Changes of tax rates	(Charged) credited to profit or loss	Credited to other comprehensive income	Charged to equity and reclassification	Acquisition/ business combination	December 31, 2021
<b>The Company</b>							
Deferred tax assets:							
Allowance for expected credit losses	824	87	(16)	-	-	-	895
Net periodic pension and other post-employment benefit costs	1,204	117	17	(228)	-	-	1,110
Difference between accounting and tax bases of property and equipment	414	(32)	249	-	-	-	631
Provision for employee benefits	277	-	111	-	-	-	388
Deferred installation fee	119	12	52	-	-	-	183
Land rights, intangible assets and others	23	-	(1)	-	-	-	22
Accrued expenses and provision for inventory obsolescence	72	4	(4)	-	-	-	72
<b>Total deferred tax assets</b>	<b>2,933</b>	<b>188</b>	<b>408</b>	<b>(228)</b>	<b>-</b>	<b>-</b>	<b>3,301</b>
Deferred tax liabilities:							
Leases	(3)	-	1	-	-	-	(2)
Capitalization of contract cost	(90)	(8)	25	-	-	-	(73)
<b>Total deferred tax liabilities</b>	<b>(93)</b>	<b>(8)</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75)</b>
<b>Telkomsel</b>							
Deferred tax assets:							
Provision for employee benefits	1,079	59	69	21	-	-	1,228
Allowance for expected credit losses	282	14	(117)	-	-	-	179
Leases	575	61	39	-	-	-	675
<b>Total deferred tax assets</b>	<b>1,936</b>	<b>134</b>	<b>(9)</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>2,082</b>
Deferred tax liabilities:							
Fair value measurement of financial instruments	-	-	(549)	-	-	-	(549)
Difference between accounting and tax bases of property and equipment	(1,523)	(137)	37	-	-	-	(1,623)
License amortization	(124)	(11)	(17)	-	-	-	(152)
Other financial instruments	(69)	-	(23)	-	-	-	(92)
<b>Total deferred tax liabilities</b>	<b>(1,716)</b>	<b>(148)</b>	<b>(552)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,416)</b>
<b>Deferred tax assets of the Company – net</b>	<b>2,840</b>	<b>180</b>	<b>434</b>	<b>(228)</b>	<b>-</b>	<b>-</b>	<b>3,226</b>
Deferred tax assets of the other subsidiaries – net	518	64	16	-	-	-	598
Deferred tax (liabilities) assets of Telkomsel – net	220	(14)	(561)	21	-	-	(334)
Deferred tax liabilities of the other subsidiaries – net	(561)	4	(297)	(6)	(3)	39	(824)
<b>Total deferred tax asset – net</b>	<b>3,578</b>						<b>3,824</b>
<b>Total deferred tax liabilities – net</b>	<b>(561)</b>						<b>(1,158)</b>

As of September 30, 2022 and December 31, 2021 the aggregate amounts of temporary differences associated with investments in subsidiaries and associated companies, for which deferred tax liabilities have not been recognised were Rp24,235 billion and Rp25,810 billion, respectively.

Realization of the deferred tax assets is dependent upon the Group's capability in generating future profitable operations. Although realization is not assured, the Group believes that it is probable that these deferred tax assets will be realized through reduction of future taxable income when temporary differences reverse. The amount of deferred tax assets is considered realizable, however it can be reduced if actual future taxable income is lower than estimates.

g. Administration

From 2008 to 2019, the Company has been consecutively entitled to income tax rate reduction of 5% for meeting the requirements in accordance with the Government Regulation No. 81/2007 as amended by Government Regulation No. 77/2013 and the latest by Government Regulation No. 56/2015 in conjunction with PMK No. 238/PMK.03/2008. Furthermore, the Company is also entitled to an incentive tax rate reduce by 3% because it meets the requirements in accordance with PP No. 30/2020. On the basis of historical data, for the period ended September 30, 2022 and for the year ended December 31, 2021, the Company calculates the deferred tax using the tax rate of 19%.

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**28. TAXATION (continued)**

g. Administration (continued)

The taxation laws of Indonesia require that the Company and its local subsidiaries submit individual tax returns on the basis of self-assessment. Under prevailing regulations, the DGT may assess or amend taxes within a certain period. For fiscal years 2007 and earlier, the period is within ten years from the time the tax became due, but not later than 2013, while for fiscal years 2008 and onwards, the period is within five years from the time the tax became due.

The Ministry of Finance of the Republic of Indonesia has issued Regulation No. 85/PMK.03/2012 dated June 6, 2012 as amended by PMK No. 136/PMK.03/2012 dated August 16, 2012 concerning the appointment of State-Owned Enterprises ("SOEs") to withhold, deposit and report VAT and Sales Tax on Luxury Goods ("PPnBM") according to the procedures outlined in the Regulation which is effective from July 1, 2012. The Ministry of Finance of the Republic of Indonesia also has issued Regulation No. 224/PMK.011/2012 dated December 26, 2012 concerning the appointment of SOEs to withhold income tax article 22 as amended by PMK No. 34/PMK.010/2017 dated March 1, 2017. The Company has withheld, deposited, and reported the VAT, PPnBM and also income tax article 22 in accordance with the Regulations.

In May 2019, the Company was appointed as Low Risk Taxable Entrepreneur through DGT Decree No.KEP-00080/WPJ.19/KP.04/2019. In accordance with the Ministry of Finance Regulation No.39/PMK.03/2018 dated April 12, 2018 as amended by PMK No.117/PMK.03/2019 dated August 6, 2019, the Company was given the preliminary return on tax overpayment as referred to the taxation laws.

During the COVID-19 pandemic, the Government has updated its regulations governing tax incentives. In July 2020, the Minister of Finance of the Republic of Indonesia issued Regulation of the Minister of Finance No. 86 PMK.03/2020 ("PMK-86/2020") dated 16 July 2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Disease 2019 Pandemic. In PMK-86/2020, the Government expanded the Mandatory Business Field Code ("KLU") of Taxpayers who are entitled to take advantage of tax incentives and extend the incentive period until December 2020. Based on the list of KLU in the attachment PMK-86/2020, the Company KLU is included as the recipient of the incentive PPh 21 for Government Borne employees ("DTP").

In January 2021, the Government issued Minister of Finance Regulation No. 8/PMK.03/2021 concerning Procedures for Collecting, Depositing, and Reporting VAT or PPnBM by State-Owned Enterprises ("SOEs") and Certain Companies Directly Owned by SOEs as VAT Collectors. Based on PMK-8/2021, the Government stipulates that in the event of the submission of BKP and/or JKP by a PPN collector to a PPN collector who is a SOEs or certain company that is directly owned by a SOEs, the PPN or PPN and PPnBM owed are collected, deposited, and reported by the VAT collector who submits the BKP and/or JKP. The Company has adjusted the tax invoice issuance system and accounting treatment as an implementation of the provisions stipulated in PMK-8/2021.

In February 2021, the Government issued Minister of Finance Regulation No. 9/PMK.03/2021 ("PMK-9/2021"). Based on PMK-9/2021, the Government extends the incentive period until June 2021. In July 2021, the Government re-issued the Minister of Finance Regulation No.82/PMK.03/2021 ("PMK-82/2021") concerning Amendments to PMK No.9/PMK.03/2021. Based on PMK-82/2021, the Government has extended the incentive period until December 2021 for PPh 21 Borne by the Government (DTP) for Employees, Final Income Tax DTP for MSMEs, Final Income Tax DTP on Construction Services, reduction in the amount of withholding tax article 25 installments and a preliminary refund for VAT overpayments, and extend the incentive period until December 31, 2021 for exemption from collection of withholding tax article 22 Imports, limited to taxpayers who have KLU in accordance with the attachment of PMK-82/2021. Based on the list of KLUs in the attachment of PMK-82/2021, the Company's KLUs are still included as recipients of incentives for withholding tax article 21 DTP for Employees.

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**28. TAXATION (continued)**

g. Administration (continued)

In October 2021, the Government issued Minister of Finance Regulation No.149/PMK.03/2021 (“PMK-149/2021”) concerning the Second Amendment to PMK No.9/PMK.02/2021 which added to the list of KLU recipients of incentives and provide an extension of the submission period for the correction of the incentive realization report.

Thus, until tax period December 2021, employees are still entitled to take advantage of withholding tax article 21 DTP who meet the terms and conditions as stipulated in PMK-86/2020 as amended lastly with PMK-149/2021.

In October 2021, the Government also issued Law No.7/2021 on the Harmonization of Tax Regulations. In paragraph (1) letter a Article 17 Chapter III Income Tax Law No. 7/2021 stipulates that the tax rates applied to taxable income for domestic individual taxpayers are as follows: 5% for income layers up to Rp60 million, 15% for income layers above Rp60 million up to Rp250 million, 25% for income layers above Rp250 million to Rp500 million, 30% for income layers above Rp500 million to Rp5 billion and 35% for income layers above Rp5 billion. Starting January 1, 2022, the Company applies the income tax rate on the taxable income of employees in accordance with this new regulation.

Law No. 7/2021 also regulates the change in the VAT rate to 11% which will be implemented starting April 1, 2022. The company ensures the readiness of the surrounding billing system, administrative and legal aspects of transactions, and builds intensive coordination between units. concerned to prepare for the implementation of these rules.

**29. BASIC EARNINGS PER SHARE**

Basic earnings per share is computed by dividing profit for the periode attributable to owners of the parent company amounting to Rp16,581 billion and Rp18,872 billion by the weighted average number of shares outstanding during the period totaling 99,062,216,600 shares for the nine months periods ended September 30, 2022 and 2021, respectively. The weighted average number of shares takes into account the weighted average effect of changes in treasury stock transaction during the period.

Basic earnings per share amounting to Rp167.38 and Rp190.51 (in full amount) for the nine months period ended September 30, 2022 and 2021, respectively.

The Company does not have potentially dilutive financial investments for the nine months period ended September 30, 2022 and 2021.

**30. CASH DIVIDENDS AND GENERAL RESERVE**

Pursuant to the AGM of Stockholders of the Company as stated in notarial deed No. 37 dated May 28, 2021 of Utiek R. Abdurachman, S.H., MLI., MKn., the Company’s stockholders approved the distribution of cash dividend and special cash dividend for 2020 amounting to Rp12,482 billion (Rp126.01 per share) and Rp4,161 billion (Rp42.00 per share), respectively.

Pursuant to the AGM of Stockholders of the Company as stated in notarial deed No. 29 dated May 27, 2022 of Ashoya Ratam, S.H., M.Kn. the Company’s stockholders approved the distribution of cash dividend for 2021 amounting to Rp14,856 billion (Rp149.97 per share).

Under the Limited Liability Company Law, the Company is required to establish a statutory reserve amounting to at least 20% of its issued and paid-up capital.

The balance of the appropriated retained earnings of the Company as of September 30, 2022 and December 31, 2021 amounting to Rp15,337 billion, respectively.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS**

The details of pension and other post-employment benefit liabilities are as follows:

	<u>Notes</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Pension benefit and other post-employment benefit obligations</b>			
Pension benefit			
The Company - funded			
Defined pension benefit obligation	31a.i.a	4,901	4,891
The Company - unfunded			
Telkomsel	31a.i.b	582	613
Others	31a.ii	4,322	4,188
		5	3
Projected pension benefit obligations		9,810	9,695
Net periodic post-employment health care benefit			
Other post-employment benefit	31b	828	638
Long service employee benefit	31c	286	300
Obligation under the Labor Law	31d	1	4
	31e	1,031	926
<b>Total</b>		<b>11,956</b>	<b>11,563</b>

The details of net pension benefit expense recognized in the consolidated statements of profit or loss and other comprehensive income is as follows:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>Pension benefit cost</b>			
The Company - funded			
Defined pension benefit obligation	31a.i.a	520	597
The Company - unfunded			
Telkomsel	31a.i.b	44	56
Others	31a.ii	438	420
Total periodic pension benefit cost	25	1,002	1,073
Net periodic post-employment health care benefit cost			
Other post-employment benefit cost	25,31b	190	235
Long service employee benefit cost	25,31c	19	18
Obligation under the Labor Law	25,31d	1	3
	25,31e	119	104
<b>Total</b>		<b>1,331</b>	<b>1,433</b>

**a. Pension benefit cost**

i. The Company

(a) Funded pension plan

(i) Defined pension benefit obligation

The Company sponsors a defined benefit pension plan for employees with permanent status prior to July 1, 2002. The plan is governed by the pension laws in Indonesia and managed by Telkom Pension Fund ("Dana Pensiun Telkom" or "Dapen"). Pension Fund Management in accordance with the Pension Fund and Investment Directives Regulations determined by the Founder is carried out by the Board of Management. The Board of Management is monitored by the Oversight Board consisting of representatives of the Company and participants.

The pension benefits are paid based on the participating employees' latest basic salary at retirement and the number of years of their service. The participating employees contribute 18% (before March 2003: 8.4%) of their basic salaries to the pension fund. The Company made contributions to the pension fund amounted to Rp460 billion and Rp226 billion, for the nine months period ended September 30, 2022 and for the years ended December 31, 2021, respectively.



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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

i. The Company (continued)

(a) Funded pension plan (continued)

(i) Defined pension benefit obligation (continued)

Risks exposed to defined benefit programs are risks such as asset volatility and changes in bond yields. The project liabilities are calculated using a discount rate that refers to the level of government bond yields, if the return on program assets is lower, it will result in a program deficit. A decrease in the yield of government bonds will increase the program liabilities, although this will be offset in part by an increase in the value of the program bonds held. The Company ensures that the investment position is set within the framework of asset-liability matching ("ALM") that has been formed to achieve long-term results that are in line with the liabilities in the defined benefit pension plan. Within the ALM framework, the Company's objective is to adjust its pension assets and liabilities by investing in a well diversified portfolio to produce an optimal rate of return, taking into account the level of risk. Investment in the program has been well diversified, so that one investment's poor performance will not have a material impact on all asset groups.

The following table presents the changes in projected pension benefit obligations, changes in pension benefit plan assets, funded status of the pension plan and net amount recognized in the consolidated statements of financial position as of September 30, 2022 and December 31, 2021, under the defined benefit pension plan:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Changes in projected pension benefit obligations</b>		
Projected pension benefit obligations at beginning of year	23,838	25,103
Charged to profit or loss:		
Service costs	176	269
Interest costs	1,205	1,577
Pension plan participants' contributions	14	21
Actuarial gain recognized in OCI	(183)	(1,462)
Pension benefits paid	(1,326)	(1,670)
Additional welfare benefits	65	80
Benefits paid by employer	(65)	(80)
<b>Projected pension benefit obligations at end of period</b>	<b><u>23,724</u></b>	<b><u>23,838</u></b>
<b>Changes in pension benefit plan assets</b>		
Fair value of pension plan assets at beginning of year	18,947	19,546
Interest income	964	1,223
Return on plan assets (excluding amount included in net interest expense)	(183)	(339)
Employer's contributions	460	226
Pension plan participants' contributions	14	21
Pension benefits paid	(1,326)	(1,670)
Plan administration cost	(53)	(60)
<b>Fair value of pension plan assets at end of period</b>	<b><u>18,823</u></b>	<b><u>18,947</u></b>
<b>Projected pension benefit obligations at end of period</b>	<b><u>4,901</u></b>	<b><u>4,891</u></b>

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

i. The Company (continued)

(a) Funded pension plan (continued)

(i) Defined pension benefit obligation (continued)

As of September 30, 2022 and December 31, 2021, plan assets consist of:

	September 30, 2022		December 31, 2021	
	Quoted in		Quoted in	
	active market	Unquoted	active market	Unquoted
Cash and cash equivalents	1,419	-	762	-
Equity instruments:				
Financials	1,664	-	1,571	-
Consumer non-cyclicals	505	-	558	-
Basic material	289	-	300	-
Infrastructures	738	-	838	-
Energy	164	-	118	-
Technology	54	-	43	-
Industrials	391	-	421	-
Consumer cyclicals	103	-	112	-
Properties and real estate	105	-	143	-
Healthcare	190	-	202	-
Transportation and logistic	12	-	16	-
Equity-based mutual fund	404	-	321	-
Fixed income instruments:				
Corporate bonds	-	3,103	-	4,558
Government bonds	7,484	-	7,736	-
RDPT	-	163	161	-
MTN	-	50	-	-
EBA	-	34	-	-
Sukuk	-	1,069	-	-
Non-public equity:				
Direct placement	-	355	-	355
Property	-	181	-	186
Others	-	346	-	545
<b>Total</b>	<b>13,522</b>	<b>5,301</b>	<b>13,302</b>	<b>5,644</b>

Pension plan assets include Series B shares issued by the Company with fair values totalling to Rp395 billion and Rp409 billion, representing 2.10% and 2.16% of total plan assets as of September 30, 2022 and December 31, 2021, respectively, and bonds issued by the Company with fair value totalling to Rp344 billion and Rp356 billion representing 1.83% and 1.88% of total plan assets as of September 30, 2022 and December 31, 2021, respectively.

The expected return is determined based on market expectation for returns over the entire life of the obligation by considering the portfolio mix of the plan assets. The actual return on plan assets was Rp728 billion and Rp822 billion for the nine months period ended September 30, 2022 and for the years ended December 31, 2021, respectively. Based on the Company's policy issued on January 14, 2014 regarding Dapen's Funding Policy, the Company will not contribute to Dapen when Dapen's Funding Sufficiency Ratio (FSR) is above 105%. Based on Dapen's financial statement as of September 30, 2022, Dapen's FSR is below 105%. Therefore, the Company will contribute to the defined benefit pension plan.

In 2022 and 2021, the Company provided employee welfare benefit to pensioners and pension beneficiaries who entered their retirement period before June 30, 2002 amounting to Rp65 billion and Rp80 billion.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

i. The Company (continued)

(a) Funded pension plan (continued)

(i) Defined pension benefit obligation (continued)

The movement at the projected pension benefit obligations for the nine months period ended September 30, 2022 and for the years ended December 31, 2021 are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Projected pension benefit obligations (prepaid pension benefit cost) at beginning of year	4,891	5,557
Net periodic pension benefit cost	520	763
Employer contribution	(460)	(226)
Amount charged to subsidiaries under contractual agreements	15	-
Actuarial gain recognized in OCI	(183)	(1,462)
Return on plan assets (excluding amount included in net interest expense)	183	339
Benefits paid by employer	(65)	(80)
<b>Projected pension benefit obligations at end of period</b>	<b><u>4,901</u></b>	<b><u>4,891</u></b>

The components of net periodic pension benefit cost for the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Service costs	176	201
Plan administration cost	53	53
Net interest cost	241	266
Additional welfare benefits	65	80
Net periodic pension benefit cost	535	600
Amount charged to subsidiaries under contractual agreements	(15)	(3)
<b>Net periodic pension benefit cost less cost charged to subsidiaries</b>	<b><u>520</u></b>	<b><u>597</u></b>

Amounts recognized in OCI for the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Actuarial gain recognized during the period	(183)	(453)
Return on plan assets (excluding amount included in net interest expense)	183	453
<b>Net</b>	<b><u>-</u></b>	<b><u>-</u></b>

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

i. The Company (continued)

(a) Funded pension plan (continued)

(j) Defined pension benefit obligation (continued)

The actuarial valuation for the defined benefit pension plan was performed based on the measurement date as of December 31, 2021 and 2020, with reports dated March 24, 2022 and April 8, 2021, respectively, by KKA Santhi Devi and Ardianto Handoyo, an independent actuary in association with Willis Towers Watson (“WTW”) (formerly Towers Watson). The principal actuarial assumptions used by the independent actuary for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Discount rate	7.00%	6.50%
Rate of compensation increases	8.00%	8.00%
Indonesian mortality table	2019	2019

(ii) Additional pension benefit obligation

Based on the Company’s policy issued on June 7, 2017 regarding Pension Regulation by Dapen, the Company established additional benefit fund at maximum 10% of surplus of defined benefit plan, when FSR is above 105% and return on investment is above actuarial discount rate of pension fund.

Program assets for Additional Benefit have been set aside since 2018 according to the Oversight Board’s approval. As of September 30, 2022, the additional benefits liabilities have been fully paid to the pension beneficiaries and no additional obligation was set aside due to the requirement for recognition of the additional benefits as mentioned above have not been met.

(b) Unfunded pension plan

The Company sponsors unfunded defined benefit pension plans and a defined contribution pension plan for its employees.

The defined contribution pension plan is provided to employees with permanent status hired on or after July 1, 2002. The plan is managed by Financial Institutions Pension Fund (*Dana Pensiun Lembaga Keuangan* or “DPLK”). The Company’s contribution to DPLK is determined based on a certain percentage of the participants’ salaries and amounted to Rp36 billion and Rp44 billion, for the nine months period ended September 30, 2022 and for the years ended December 31, 2021, respectively.

Since 2007, the Company has provided pension benefit based on uniformization for both participants prior to and from April 20, 1992 effective for employees retiring beginning February 1, 2009. In 2010, the Company replaced the uniformization with *Manfaat Pensiun Sekaligus* (“MPS”). MPS is given to those employees reaching retirement age, upon death or upon becoming disabled starting from February 1, 2009.

The Company also provides benefits to employees during a pre-retirement period in which they are inactive for 6 months prior to their normal retirement age of 56 years, known as pre-retirement benefits (*Masa Persiapan Pensiun* or “MPP”). During the pre-retirement period, the employees still receive benefits provided to active employees, which include, but are not limited to, regular salary, health care, annual leave, bonus, and other benefits. Since April 1, 2012, the employee is required to file a request for MPP and if the employee does not file the request, such employee is required to work until the retirement date.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

i. The Company (continued)

(b) Unfunded pension plan (continued)

The following table presents the changes in the unfunded projected pension benefit obligations for MPS and MPP for the nine months period ended September 30, 2022 and for the years ended December 31, 2021:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Unfunded projected pension benefit obligations at beginning of year	613	962
Charged to profit or loss:		
Service costs	18	25
Net Interest costs	26	49
Actuarial gain recognized in OCI	-	(82)
Benefits paid by employer	<u>(75)</u>	<u>(341)</u>
<b>Unfunded projected pension benefit obligations at end of period</b>	<b><u>582</u></b>	<b><u>613</u></b>

The components of total periodic pension benefit cost for the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Service costs	18	19
Net interest costs	26	37
<b>Total periodic pension benefit cost</b>	<b><u>44</u></b>	<b><u>56</u></b>

Amounts recognized in OCI amounted to RpNil as of September 30, 2022 and 2021, respectively.

The actuarial valuation for the defined benefit pension plan was performed, based on the measurement date as of December 31, 2021 and 2020, with reports dated March 24, 2022 and April 8, 2021, respectively, by KKA Santhi Devi and Ardianto Handoyo, an independent actuary in association with WTW. The principal actuarial assumptions used by the independent actuary for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	5.75%-7.00%	5.25%-6.50%
Rate of compensation increases	6.10%-8.00%	6.10%-8.00%
Indonesian mortality table	2019	2019

ii. Telkomsel

Telkomsel provides a defined benefit pension plan to its employees. Under this plan, employees are entitled to pension benefits determined based on their latest basic salary or take-home pay (exclusive of functional allowances) and number of service years. The plan is managed by PT Asuransi Jiwasraya ("Jiwasraya"), a state-owned life insurance company, through an annuity insurance contract. Until 2004, employees contributed 5% of their monthly salaries to the plan, while Telkomsel contributed the remaining part required under the plan. Beginning in 2005, Telkomsel has been taking the responsibility for the full amount of the contributions.

In 2020, due to financial condition of Jiwasraya that impacted its ability to fulfill its liabilities to Telkomsel, Jiwasraya proposed to restructure Telkomsel's pension plan program by transferring 95% of the Cash Value ("CV") the new financial institution ("IFG Life") established by the government.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

ii. Telkomsel (continued)

This led Telkomsel to change the recognition of plan assets, which previously equal to a guaranteed amount to only 95% of the CV, hence the difference was not recovered and led to a decline in plan asset in December 31, 2020.

On April 23, 2021, Telkomsel and Jiwasraya agreed to terminate the insurance program contract (as mentioned above) and entered into restructuring agreement. The agreement replaced the benefit plan from annuities to lumpsum benefit. Based on this agreement, both parties agreed to determine the CV at the termination date which divided into CV for active participant and passive participant amounting to Rp857 billion and Rp73 billion, respectively. There was a 5% cut from CV for active participant, hence the 95% of Rp857 billion (or equal to Rp814 billion) plus Rp73 billion will be the amount that subsequently taken over by IFG Life when the agreement with IFG Life become effective and accordingly, the restructuring agreement will be terminated. On December 31, 2021, the CV of active participant amounting to Rp832 billion.

The following table presents the changes in projected pension benefit obligation, changes in pension benefit plan assets, funded status of the pension plan and net amount recognized in the consolidated statement of financial position for the nine months period ended September 30, 2022 and for the years ended December 31, 2021, under Telkomsel's defined benefit pension plan:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Changes in projected pension benefit obligations</b>		
Projected pension benefit obligation at beginning of year	5,020	4,651
Charged to profit or loss:		
Service costs	218	310
Net interest costs	266	299
Actuarial losses recognized in OCI	-	91
Benefit paid	(304)	(105)
Past service cost - plan amendments	-	(440)
Past service cost - curtailment effect	-	214
<b>Projected pension benefit obligation at end of period</b>	<b><u>5,200</u></b>	<b><u>5,020</u></b>
<b>Changes in pension benefit plan assets</b>		
Fair value of pension plan assets at beginning of year	832	799
Interest income	46	52
Return on plan assets (excluding amount included in net interest expense)	-	(19)
<b>Fair value of pension plan assets at end of period</b>	<b><u>878</u></b>	<b><u>832</u></b>
<b>Pension benefit obligation at end of period</b>	<b><u>4,322</u></b>	<b><u>4,188</u></b>

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**a. Pension benefit costs (continued)**

ii. Telkomsel (continued)

Movements of the pension benefit obligation for the nine months period ended September 30, 2022 and for the years ended December 31, 2021:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Pension benefit obligation at beginning of year	4,188	3,852
Periodic pension benefit cost	438	331
Actuarial losses recognized in OCI	-	91
Return on plan assets (excluding amount included in net interest expense)	-	19
Benefit paid	(304)	(105)
<b>Pension benefit obligation at end of period</b>	<b><u>4,322</u></b>	<b><u>4,188</u></b>

The components of the periodic pension benefit cost for the the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Service costs	218	233
Net interest costs	266	187
Interest income	(46)	-
<b>Total periodic pension benefit cost</b>	<b><u>438</u></b>	<b><u>420</u></b>

Amounts recognized in OCI amounted to RpNil as of September 30, 2022 and 2021, respectively.

The actuarial valuation for the defined benefit pension plan was performed based on the measurement date as of December 31, 2021 and 2020, with reports dated March 24, 2022 and March 3, 2021, respectively, by KKA Santhi Devi and Ardianto Handoyo, an independent actuary in association with WTW. The principal actuarial assumptions used by the independent actuary as of December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	7.00%	6.50%
Rate of compensation increases	8.00%	8.00%
Indonesian mortality table	2019	2019

**b. Post-employment health care benefit cost**

The Company provides post-employment health care benefits to all of its employees hired before November 1, 1995 who have worked for the Company for 20 years or more when they retire, and to their eligible dependents. The requirement to work for 20 years does not apply to employees who retired prior to June 3, 1995. The employees hired by the Company starting from November 1, 1995 are no longer entitled to this plan. The plan is managed by *Yayasan Kesehatan Telkom* (“Yakes Telkom”).

The defined contribution post-employment health care benefit plan is provided to employees with permanent status hired on or after November 1, 1995 or employees with terms of service less than 20 years at the time of retirement. The Company did not make contributions to Yakes Telkom for the nine months period ended September 30, 2022 and for the years ended December 31, 2021.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**b. Post-employment health care benefit cost (continued)**

The following table presents the changes in projected post-employment health care benefit provision, changes in post-employment health care benefit plan assets, funded status of the post-employment health care benefit plan and net amount recognized in the Company's consolidated statement of financial position as of September 30, 2022 and December 31, 2021:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Changes in projected post-employment health care benefit obligation</b>		
Projected post-employment health care benefit obligation at beginning of year	13,416	14,443
Charged to profit or loss:		
Interest costs	736	955
Actuarial (gain) losses recognized in OCI	67	(1,394)
Post-employment health care benefits paid	(491)	(588)
<b>Projected post-employment health care benefit obligation at end of period</b>	<b>13,728</b>	<b>13,416</b>
<b>Changes in post-employment health care benefit plan assets</b>		
Fair value of plan assets at beginning of year	12,778	13,036
Interest income	700	860
Return on plan assets (excluding amount included in net interest expense)	67	(362)
Post-employment health care benefits paid	(491)	(588)
Plan administration cost	(154)	(168)
<b>Fair value of plan assets at end of period</b>	<b>12,900</b>	<b>12,778</b>
<b>Projected for post-employment health care benefit obligation at end of period</b>	<b>828</b>	<b>638</b>

As of September 30, 2022 and December 31, 2021, plan assets consists of:

	<u>September 30, 2022</u>		<u>December 31, 2021</u>	
	<u>Quoted in active market</u>	<u>Unquoted</u>	<u>Quoted in active market</u>	<u>Unquoted</u>
Cash and cash equivalents	1,398	-	527	-
Equity instruments:				
Financials	1,260	-	1,254	-
Consumer non-cyclicals	91	-	100	-
Basic material	243	-	256	-
Infrastructures	630	-	574	-
Energy	248	-	171	-
Technology	21	-	24	-
Industrials	214	-	274	-
Consumer cyclicals	439	-	483	-
Properties and real estate	91	-	93	-
Healthcare	219	-	232	-
Transportation and logistic	4	-	5	-
Equity-based mutual funds	549	-	569	-
Fixed income instruments:				
Fixed income mutual funds	7,121	-	7,858	-
Unlisted shares:				
Private placement	-	372	-	358
<b>Total</b>	<b>12,528</b>	<b>372</b>	<b>12,420</b>	<b>358</b>



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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**b. Post-employment health care benefit cost (continued)**

Yakes Telkom plan assets also include Series B shares issued by the Company with fair value totalling Rp262 billion and Rp229 billion, representing 2.03% and 1.79% of total plan assets as of September 30, 2022 and December 31, 2021, respectively.

The expected return is determined based on market expectation for the returns over the entire life of the obligation by considering the portfolio mix of the plan assets. The actual return on plan assets was Rp613 billion and Rp329 billion for the nine months period ended September 30, 2022 and for the years ended December 31, 2021, respectively.

The movements of the projected post-employment health care benefit obligation for the nine months period ended September 30, 2022 and for the years ended December 31, 2021 are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Projected post-employment health care benefit obligation at beginning of year	638	1,407
Net periodic post-employment health care benefit costs	190	263
Actuarial (gain) losses recognized in OCI	67	(1,394)
Return on plan assets (excluding amount included in net interest expense)	(67)	362
<b>Projected post-employment health care benefit obligation at end of period</b>	<b><u>828</u></b>	<b><u>638</u></b>

The components of net periodic post-employment health care benefit cost the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Plan administration costs	154	164
Net interest costs	36	71
<b>Net periodic post-employment health care benefit cost</b>	<b><u>190</u></b>	<b><u>235</u></b>

Amounts recognized in OCI for the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Actuarial (gain) losses recognized during the period	67	(413)
Return on plan assets (excluding amount included in net interest expense)	(67)	413
<b>Net</b>	<b><u>-</u></b>	<b><u>-</u></b>

The actuarial valuation for the post-employment health care benefits plan was performed based on the measurement date as of December 31, 2021 and 2020, with reports dated March 24, 2022 and April 8, 2021, respectively, by KKA Santhi Devi and Ardianto Handoyo, an independent actuary in association with WTW. The principal actuarial assumptions used by the independent actuary as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	7.50%	6.75%
Health care costs trend rate assumed for next year	7.00%	7.00%
Ultimate health care costs trend rate	7.00%	7.00%
Year that the rate reaches the ultimate trend rate	2021	2020
Indonesian mortality table	2019	2019

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**c. Other post-employment benefits cost**

The Company provides other post-employment benefits in the form of cash paid to employees on their retirement or termination. These benefits consist of final housing allowance (*Biaya Fasilitas Perumahan Terakhir* or “BFPT”) and home passage leave (*Biaya Perjalanan Pensiun dan Purnabhakti* or “BPP”) and death allowance (*Meninggal Dunia* or “MD” allowance) is given to employees who have passed away with an amount of 12 times from the last salary.

The movement of the unfunded projected other post-employment benefit obligations for the nine months period ended September 30, 2022 and for the years ended December 31, 2021 are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Projected other post-employment benefit obligations at beginning of year	300	367
Charged to profit or loss:		
Service costs	6	7
Net interest costs	13	16
Actuarial gain (losses) recognized in OCI	-	(2)
Benefits paid by employer	(33)	(88)
<b>Projected other post-employment benefits obligations at end of period</b>	<b><u>286</u></b>	<b><u>300</u></b>

The components of the projected other post-employment benefit cost for the nine months period ended September 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	6	6
Net interest costs	13	12
<b>Projected other post-employment benefit cost</b>	<b><u>19</u></b>	<b><u>18</u></b>

Amounts recognized in OCI amounted to RpNil for the nine months period ended September 30, 2022 and 2021, respectively.

The actuarial valuation for the other post-employment benefits plan was performed based on measurement date as of December 31, 2021 and 2020, with reports dated March 24, 2022 and April 8, 2021, respectively, by KKA Santhi Devi and Ardianto Handoyo, an independent actuary in association with WTW. The principal actuarial assumptions used by the independent actuary as of December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	6.25%	5.00%
Indonesian mortality table	2019	2019

**d. Long service employee benefits**

The company provides long service employee benefits to employee hired before July 1, 2002 and have a service period of more than 30 years and retired after September 19, 2019. Total obligation recognized as of September 30, 2022 and December 31, 2021 amounted to Rp1 billion and Rp4 billion, respectively. The related long service employee benefits cost charged to expense amounted to Rp1 billion and Rp3 billion for the nine months period ended September 30, 2022 and 2021, respectively.

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**e. Obligation under the Labor Law**

Under Law No. 13 Year 2003, the Group is required to provide minimum pension benefits, if not covered yet by the sponsored pension plans, to its employees upon retirement. Total obligation recognized as of September 30, 2022 and December 31, 2021 amounted to Rp1,031 billion and Rp926 billion, respectively. The related pension employee benefits cost charged to expense amounted to Rp119 billion and Rp104 billion for the nine months period ended September 30, 2022 and 2021, respectively (Note 25).

**f. Maturity Profile of Defined Benefit Obligation (“DBO”)**

The timing of benefits payments and weighted average duration of DBO for 2022 and 2021 are as follows:

Time Period	Expected Benefits Payment					
	The Company		Unfunded	Telkomsel	Post-employment health care benefits	Other post-employment benefits
	Funded					
	Defined pension benefit obligation	Additional pension benefit obligation				
<b>September 30, 2022</b>						
Within next 10 years	19,483	-	615	4,224	5,468	325
Within 10-20 years	23,096	-	92	10,849	6,697	121
Within 20-30 years	21,308	-	85	8,385	5,117	93
Within 30-40 years	16,537	-	17	901	2,025	5
Within 40-50 years	3,965	-	-	-	259	-
Within 50-60 years	2,803	-	-	-	1	-
Within 60-70 years	16	-	-	-	-	-
Within 70-80 years	-	-	-	-	-	-
Weighted average duration of DBO	10.50 years	10.50 years	5.75 years	10.30 years	14.13 years	4.88 years
<b>December 31, 2021</b>						
Within next 10 years	20,809	-	691	4,224	5,959	357
Within 10-20 years	23,096	-	92	10,849	6,697	121
Within 20-30 years	21,308	-	85	8,385	5,117	92
Within 30-40 years	16,537	-	17	901	2,025	5
Within 40-50 years	3,965	-	-	-	259	-
Within 50-60 years	2,803	-	-	-	1	-
Within 60-70 years	16	-	-	-	-	-
Within 70-80 years	-	-	-	-	-	-
Weighted average duration of DBO	10.50 years	10.50 years	5.75 years	10.30 years	14.13 years	4.88 years

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**31. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (continued)**

**g. Sensitivity Analysis**

As of September 30, 2022 and December 31, 2021, 1% change in discount rate and rate of compensation would have effect on DBO, are as follows:

Sensitivity	Discount Rate		Rate of Compensation	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	Increase (decrease) in amounts		Increase (decrease) in amounts	
<b>September 30, 2022</b>				
Funded:				
Defined pension benefit obligation	(2,031)	2,407	1,564	(1,432)
Unfunded	(27)	30	33	(30)
Telkomsel	(374)	400	392	(369)
Post-employment health care benefits	(1,643)	2,010	2,032	(1,726)
Other post-employment benefits	(12)	13	-	-
<b>December 31, 2021</b>				
Funded:				
Defined pension benefit obligation	(2,040)	2,419	1,571	(1,439)
Unfunded	(27)	30	33	(30)
Telkomsel	(434)	465	455	(429)
Post-employment health care benefits	(1,605)	1,964	1,985	(1,686)
Other post-employment benefits	(13)	14	-	-

The sensitivity analysis has been determined based on a method that extrapolates the impact on DBO as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity results above determine the individual impact on the Plan's DBO at the end of the year. In reality, the Plan is subject to multiple external experience items which may move the DBO in similar or opposite directions, and the Plan's sensitivity to such changes can vary over time.

There are no changes in the methods and assumptions used in preparing the sensitivity analysis from the previous period

**32. LONG SERVICE AWARDS ("LSA") PROVISIONS**

Telkomsel and Telkomsat provide certain cash awards or certain number of days leave benefits to their employees based on the employees' length of service requirements, including LSA and Long Service Leaves ("LSL"). LSA are either paid at the time the employees reach certain years of employment, or at the time of termination. LSL are either certain number of days leave benefit or cash, subject to approval by management, provided to employees who meet the requisite number of years of service and reach a certain minimum age.

The obligation with respect to these awards which was determined based on an actuarial valuation using the Projected Unit Credit method amounted to Rp1,324 billion and Rp1,206 billion as of September 30, 2022 and December 31, 2021, respectively. The related benefit costs charged to expense amounted Rp255 billion and Rp129 billion for the nine months period ended September 30, 2022 and 2021, respectively (Note 25).

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**33. RELATED PARTIES TRANSACTIONS**

**a. Nature of relationships and accounts/transactions with related parties**

Details of the nature of relationships and accounts/transactions with significant related parties are as follows:

Related parties	Nature of relationships parties	Nature of accounts/transactions
The Government Ministry of Finance	Majority stockholder	Internet and data service revenues, other telecommunication service revenues, finance costs, and investment in financial instruments
State-owned enterprises	Entity under common control	Internet and data service revenues, other telecommunication services revenues, operating expenses, and purchase of property and equipments
Indosat	Entity under common control	Interconnection revenues, leased lines revenues, satellite transponder usage revenues, interconnection expenses, telecommunication facilities usage expenses, operating and maintenance expenses, and usage of data communication network system expenses
PT Pertamina (Persero) ("Pertamina")	Entity under common control	Internet and data service revenues, and other telecommunication service revenues
State-owned banks Bank Mandiri	Entity under common control Entity under common control	Finance income and finance costs Internet and data service revenues, other telecommunication service revenues, finance income, and finance costs
BNI	Entity under common control	Internet and data service revenues, other telecommunication service revenues, finance income, and finance costs
BRI	Entity under common control	Internet and data service revenues, other telecommunication service revenues, finance income, and finance costs
BTN	Entity under common control	Internet and data service revenues, other telecommunication service revenues, and finance income
PT Pegadaian (Persero) ("Pegadaian")	Entity under common control	Internet and data service revenues, and other telecommunication service revenues
PT Taspen (Persero) ("Taspen")	Entity under common control	Internet and data service revenues, and other telecommunication service revenues
PT Perusahaan Listrik Negara ("PLN")	Entity under common control	Internet and data service revenues, other telecommunication service revenues, and electricity expenses
PT Asuransi Jasa Indonesia ("Jasindo")	Entity under common control	Fixed assets insurance expenses and personal insurance expenses
Bahana TCW	Entity under common control	Mutual funds
PT Sarana Multi Infrastruktur	Entity under common control	Other borrowing and finance costs
Tiphone	Associated company	Distribution of SIM cards and pulse reload voucher
Yakes Telkom	Other related entity	Medical expenses
Padi UMKM	Other related entities	Operational and maintenance expenses, collection fees, training expenses, internal security expenses, research and development expenses, printing expenses, meeting expenses, general and other administrative expenses, promotion expenses, advertising expenses, sales fees, customer education expenses, and marketing expenses
Directors Commissioners	Key management personnel Supervisory personnel	Honorarium and facilities Honorarium and facilities

The outstanding balances of trade receivables and payables at year-end are unsecured and interest-free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As of September 30, 2022 the Group recorded impairment loss from trade receivables of related party amounted to Rp72 billion. Impairment assessment is undertaken each financial year by examining the current status of existing receivables and historical collection experience.

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**33. RELATED PARTIES TRANSACTIONS (continued)**

**b. Significant transactions with related parties**

	2022		2021	
	Amount	% of total revenues	Amount	% of total revenues
<b>Revenues</b>				
Majority Stockholder				
Ministry of Finance	62	0.06	112	0.11
Entities under common control				
Indosat	856	0.79	798	0.75
Pertamina	581	0.53	472	0.45
BNI	389	0.36	401	0.38
PLN	137	0.13	88	0.08
BRI	133	0.12	388	0.37
Bank Mandiri	127	0.12	172	0.16
Pegadaian	113	0.10	103	0.10
BTN	105	0.10	131	0.12
Others (each below Rp100 billion)	829	0.76	951	0.89
Sub-total	3,270	3.01	3,504	3.30
Other related entities	115	0.11	27	0.03
Associated companies	7	0.01	15	0.01
<b>Total</b>	<b>3,454</b>	<b>3.19</b>	<b>3,658</b>	<b>3.45</b>

	2022		2021	
	Amount	% of total expenses	Amount	% of total expenses
<b>Expenses</b>				
Entities under common control				
PLN	1,840	2.47	1,748	2.49
Indosat	407	0.55	355	0.50
Jasindo	242	0.33	283	0.40
Others (each below Rp100 billion)	110	0.15	127	0.18
Sub-total	2,599	3.50	2,513	3.57
Other related entities				
Padi UMKM	441	0.59	106	0.15
Yakes Telkom	127	0.17	116	0.17
Others	-	-	2	0.00
Sub-total	568	0.76	224	0.32
Associated companies	118	0.16	441	0.63
<b>Total</b>	<b>3,285</b>	<b>4.42</b>	<b>3,178</b>	<b>4.52</b>

	2022		2021	
	Amount	% of total finance income	Amount	% of total finance income
<b>Finance income</b>				
Entities under common control				
State-owned banks	356	56.78	286	63.56
<b>Total</b>	<b>356</b>	<b>56.78</b>	<b>286</b>	<b>63.56</b>

	2022		2021	
	Amount	% of total finance cost	Amount	% of total finance cost
<b>Finance cost</b>				
Majority stockholder				
Ministry of Finance	8	0.27	13	0.38
Entities under common control				
State-owned banks	713	23.70	1,004	29.64
Sarana Multi Infrastruktur	84	2.79	157	4.64
<b>Total</b>	<b>805</b>	<b>26.76</b>	<b>1,174</b>	<b>34.66</b>

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**33. RELATED PARTIES TRANSACTIONS (continued)**

**b. Significant transactions with related parties (continued)**

	2022		2021	
	Amount	% of total purchases	Amount	% of total purchases
<b>Purchase of property and equipments</b>				
Entities under common control	75	0.35	110	0.59
<b>Total</b>	<b>75</b>	<b>0.35</b>	<b>110</b>	<b>0.59</b>

	2022		2021	
	Amount	% of total revenues	Amount	% of total revenue
<b>Distribution of SIM card and voucher</b>				
Associated companies				
Tiphone	747	0.69	624	0.59
<b>Total</b>	<b>747</b>	<b>0.69</b>	<b>624</b>	<b>0.59</b>

**c. Balance of accounts with related parties**

	September 30, 2022		December 31, 2021	
	Amount	% of total assets	Amount	% of total assets
<b>Cash and cash equivalents (Note 3)</b>	<b>24,181</b>	<b>8.96</b>	<b>29,896</b>	<b>10.79</b>
<b>Other current financial asset (Note 4)</b>	<b>246</b>	<b>0.09</b>	<b>329</b>	<b>0.12</b>
<b>Trade receivables - net (Note 5)</b>	<b>1,296</b>	<b>0.48</b>	<b>961</b>	<b>0.35</b>
<b>Contract assets</b>				
Majority stockholder				
Government	8	0.00	7	0.00
Entities under common control				
Taspen	128	0.05	167	0.06
Others (each below Rp100 billion)	177	0.07	207	0.07
Sub-total	305	0.12	374	0.13
Associated companies	1	0.00	1	0.00
<b>Total</b>	<b>314</b>	<b>0.12</b>	<b>382</b>	<b>0.13</b>
<b>Other current asset</b>	<b>69</b>	<b>0.03</b>	<b>49</b>	<b>0.02</b>
<b>Other non-current asset</b>	<b>11</b>	<b>0.00</b>	<b>25</b>	<b>0.01</b>

	September 30, 2022		December 31, 2021	
	Amount	% of total liabilities	Amount	% of total liabilities
<b>Trade payables (Note 16)</b>				
Majority stockholder				
Ministry of Finance	0	0.00	8	0.01
Entities under common control				
State-owned enterprises	160	0.13	317	0.24
Indosat	139	0.11	144	0.11
Others	25	0.02	23	0.02
Sub-total	324	0.26	484	0.37
Other related entities	86	0.07	5	0.00
<b>Total</b>	<b>410</b>	<b>0.33</b>	<b>497</b>	<b>0.38</b>

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**33. RELATED PARTIES TRANSACTIONS (continued)**

**c. Balance of accounts with related parties (continued)**

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Amount</b>	<b>% of total liabilities</b>	<b>Amount</b>	<b>% of total liabilities</b>
<b>Accrued expenses</b>				
Majority stockholder				
Government	3	0.00	3	0.00
Entities under common control				
State-owned enterprises	86	0.07	81	0.06
State-owned banks	34	0.03	40	0.03
Others	2	0.00	7	0.01
Sub-total	122	0.10	128	0.10
<b>Total</b>	<b>125</b>	<b>0.10</b>	<b>131</b>	<b>0.10</b>
<b>Contract liabilities</b>				
Majority stockholder				
Government	20	0.02	19	0.01
Entities under common control				
State-owned enterprises	162	0.13	228	0.17
Others	0	0.00	1	0.00
Sub-total	162	0.13	229	0.17
Associated companies	14	0.01	2	0.00
Other related entities	1	0.00	1	0.00
<b>Total</b>	<b>197</b>	<b>0.16</b>	<b>251</b>	<b>0.18</b>
<b>Customer deposits</b>	<b>19</b>	<b>0.02</b>	<b>19</b>	<b>0.01</b>
<b>Short-term bank loans (Note 19)</b>	<b>7,457</b>	<b>5.99</b>	<b>1,578</b>	<b>1.20</b>
<b>Two-step loans (Note 20a)</b>	<b>243</b>	<b>0.20</b>	<b>355</b>	<b>0.27</b>
<b>Long-term bank loans (Note 20c)</b>	<b>13,463</b>	<b>10.81</b>	<b>17,630</b>	<b>13.38</b>
<b>Other borrowings (Note 20d)</b>	<b>1,423</b>	<b>1.14</b>	<b>2,605</b>	<b>1.98</b>

**d. Significant agreements with related parties**

i. The Government

The Company obtained two-step loans from the Government (Note 20a).

ii. Indosat

The Company has an agreement with Indosat to provide international telecommunications services to the public.

The Company has also entered into an interconnection agreement between the Company's fixed line network (Public Switched Telephone Network or "PSTN") and Indosat's Global System for Mobile ("GSM") cellular telecommunications network in connection with the implementation of Indosat Multimedia Mobile services and the settlement of related interconnection rights and obligations.

The Company also has an agreement with Indosat for the interconnection of Indosat's GSM mobile cellular telecommunications network with the Company's PSTN, which enable each party's customers to make domestic calls between Indosat's GSM mobile network and the Company's fixed line network, as well as allowing Indosat's mobile customers to access the Company's IDD service by dialing "007".



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**33. RELATED PARTIES TRANSACTIONS (continued)**

**d. Significant agreements with related parties (continued)**

ii. Indosat (continued)

The Company has been handling customer billings and collections for Indosat. Indosat is gradually taking over the activities and performing its own direct billing and collection. The Company has received compensation from Indosat computed at 1% of the collections made by the Company starting from January 1, 1995, as well as the billing process expenses which are fixed at a certain amount per record. On December 11, 2008, the Company and Indosat agreed to implement IDD service charge tariff which already took into account the compensation for billing and collection. The agreement is valid and effective in the current year and can be applied until a new agreement becomes available.

On December 18, 2017, the Company and Indosat signed amendments to the interconnection agreements for the fixed line networks (local, long distance direct connection and international) and mobile network for the implementation of the cost-based tariff obligations under the MoCI Regulation No.8/Year 2006. These amendments took effect starting on January 1, 2018.

Telkomsel also entered into an agreement with Indosat for the provision of international telecommunications services to its GSM mobile cellular customers.

The Company provides leased lines to Indosat and its subsidiaries, namely PT Indosat Mega Media and PT Aplikanusa Lintasarta ("Lintasarta"). The leased lines can be used by these companies for telephone, telegraph, data, telex, facsimile, or other telecommunication services.

On October 14, 2019, Mitratel signed a SPA with Indosat related to the purchase of Indosat's towers. In addition, Mitratel and Indosat also signed MTLA, which stipulated that Indosat agreed to lease back telecommunication towers that were acquired.

iii. Others

The Company entered into an agreement with Lintasarta for the use of satellite transponders or the Company's subscribed circuit telecommunication satellite frequency channels.

**e. Remuneration of key management and supervisory personnel**

Key management personnel consists of the Directors of the Company and supervisory personnel consists of Board of Commissioners.

The Company provides remuneration in the form of salaries/honorarium and facilities to support the governance and oversight duties of the Board of Commissioners and the leadership and management duties of the Directors. The total of such remuneration is as follow:

	2022		2021	
	Amount	% of total expenses	Amount	% of total expenses
Board of Directors	288	0.39%	227	0.32%
Board of Commissioners	132	0.18%	88	0.13%

The amounts disclosed in the table are the amounts recognized as an expense during the reporting periods.

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**34. OPERATING SEGMENT**

The Group has four primary reportable segments, namely mobile, consumer, enterprise, and WIB. The mobile segment provides mobile voice, SMS, value added services, and mobile broadband. The consumer segment provides Indihome (bundled service of fixed wireline, pay TV, and internet) and other telecommunication services to home customers. The enterprise segment provides end-to-end solution to corporate and institutions. The WIB segment provides interconnection services, leased lines, satellite, Very Small Aperture Term ("VSAT"), broadband access, information technology services, data, and internet services to other licensed operator companies and institutions. Other segment provides digital content products (music and games), big data, Business to Business ("B2B") Commerce, and financial services to individual and corporate customers. There is no operating segments that have been aggregated to form the reportable segments.

Management monitors the operating results of the business units separately for the purpose of decisions making about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the financing activities and income taxes are managed on a group basis and are not separately monitored and allocated to operating segments.

Segment revenues dan expenses include transactions between operating segments and are accounted at prices that management believes represent market prices.

	2022					Total segment	Adjustment and elimination	Total consolidated
	Mobile	Consumer	Enterprise	WIB	Others			
<b>Segment result</b>								
Revenues								
External revenues	63,487	19,680	13,698	11,303	174	108,342	532	108,874
Inter-segment revenues	2,522	153	17,898	14,198	1,884	36,655	(36,655)	-
Total segment revenues	66,009	19,833	31,596	25,501	2,058	144,997	(36,123)	108,874
Segment results	22,425	6,063	397	6,635	(684)	34,836	(5,639)	29,197
<b>Other information</b>								
Capital expenditures	(8,957)	(5,490)	(3,578)	(3,592)	(3)	(21,620)	(51)	(21,671)
Depreciation and amortization	(15,744)	(5,300)	(2,936)	(4,223)	(13)	(28,216)	3,198	(25,018)
Provision recognized in current period	(109)	(320)	(578)	19	(2)	(990)	71	(919)
	2021					Total segment	Adjustment and elimination	Total consolidated
	Mobile	Consumer	Enterprise	WIB	Others			
<b>Segment result</b>								
Revenues								
External revenues	62,628	18,539	13,816	10,502	234	105,719	324	106,043
Inter-segment revenues	2,419	914	16,182	13,095	1,657	34,267	(34,267)	-
Total segment revenues	65,047	19,453	29,998	23,597	1,891	139,986	(33,943)	106,043
Segment results	22,384	5,830	(108)	6,975	158	35,239	(1,979)	33,260
<b>Other information</b>								
Capital expenditures	(7,466)	(5,361)	(2,487)	(3,184)	(8)	(18,506)	(62)	(18,568)
Depreciation and amortization	(15,102)	(3,347)	(2,627)	(3,595)	(14)	(24,685)	2,502	(22,183)
Provision recognized in current period	(137)	(238)	(634)	18	(26)	(1,017)	(12)	(1,029)

Adjustments and eliminations:

a. Revenue reconciliation

	2022	2021
Total segment revenues	144,997	139,986
Revenue from other non-operating segments	532	324
Inter-segment elimination	(36,655)	(34,267)
<b>Consolidated revenues</b>	<b>108,874</b>	<b>106,043</b>

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**34. OPERATING SEGMENT (continued)**

b. Segment result reconciliation

	<u>2022</u>	<u>2021</u>
Total segment results	34,836	35,239
Loss from other non-operating segments	(1,384)	(133)
Adjustment and inter-segment elimination	(1,879)	1,195
Finance income	627	450
Finance cost	(3,009)	(3,387)
Share of profit (loss) of associated company - net	6	(104)
<b>Profit before income tax</b>	<b><u>29,197</u></b>	<b><u>33,260</u></b>

c. Capital expenditure reconciliation

	<u>2022</u>	<u>2021</u>
Total segment capital expenditure	(21,620)	(18,506)
Capital expenditure from other non-operating segments	(51)	(62)
<b>Consolidated capital expenditure</b>	<b><u>(21,671)</u></b>	<b><u>(18,568)</u></b>

d. Depreciation and amortization reconciliation

	<u>2022</u>	<u>2021</u>
Total segment depreciation and amortization	(28,216)	(24,685)
Depreciation and amortization from other non-operating segments	(195)	(203)
Adjustment and inter-segment elimination	3,393	2,705
<b>Consolidated depreciation and amortization</b>	<b><u>(25,018)</u></b>	<b><u>(22,183)</u></b>

e. Provision recognized in current period

	<u>2022</u>	<u>2021</u>
Total segment provision	(990)	(1,017)
Provision recognized from other non-operating segments	(13)	(12)
Adjustment and inter-segment elimination	84	-
<b>Consolidated provision recognized in current period</b>	<b><u>(919)</u></b>	<b><u>(1,029)</u></b>

Geographic information:

The revenue information below is based on the location of the customers.

	<u>2022</u>	<u>2021</u>
External revenues		
Indonesia	103,152	101,118
Foreign countries	5,722	4,925
<b>Jumlah</b>	<b><u>108,874</u></b>	<b><u>106,043</u></b>

Non-current operating assets for this purpose consist of property and equipment and intangible assets.

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Non-current operating assets		
Indonesia	170,523	169,823
Foreign countries	3,223	2,709
<b>Jumlah</b>	<b><u>173,746</u></b>	<b><u>172,532</u></b>

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**35. TELECOMMUNICATIONS SERVICE TARIFFS**

Under Law No. 36 Year 1999 and Government Regulation No. 52 Year 2000, tariffs for operating telecommunications network and/or services are determined by providers based on the tariff type, structure, and with respect to the price cap formula set by the Government.

**a. Fixed line telephone tariffs**

The Government has issued a new adjustment tariff formula which is stipulated in the Decree No. 15/PER/M.KOMINFO/4/2008 dated April 30, 2008 of the MoCI concerning "Mechanism to Determine Tariff of Basic Telephony Services Connected through Fixed Line Network". This Decree replaced the previous Decree No. 09/PER/M.KOMINFO/02/2006.

Under the Decree, tariff structure for basic telephony services connected through fixed line network consists of the following:

- i. Activation fee
- ii. Monthly subscription charges
- iii. Usage charges
- iv. Additional facilities fee.

**b. Mobile cellular telephone tariffs**

On March 31, 2021, MoCI issued MoCI Regulation No. 5/2021, which provides guidelines to determine cellular tariffs with a formula consisting of network element cost and retail services activity cost.

Under MoCI Regulation No. 5/2021, cellular tariffs for the operation of telecommunication services connected through mobile cellular network consist of the following:

- (i) Basic telephony services tariff
- (ii) Roaming tariff, and/or
- (iii) Multimedia services tariff

with the following traffic structure:

- (i) Activation fee
- (ii) Monthly subscription charges, and
- (iii) Usage charges

**c. Interconnection tariffs**

The Indonesian Telecommunication Regulatory Body ("ITRB"), in its letter No. 262/BRTI/XII/2011 dated December 12, 2011, decided to change the basis for SMS interconnection tariff to cost basis with a maximum tariff of Rp23 per SMS effective from June 1, 2012, for all telecommunication provider operators.

Based on letter No.118/KOMINFO/DJPPI/PI.02.04/01/2014 dated January 30, 2014 of the Director General of Post and Informatics, the Director General of Post and Informatics decided to implement new interconnection tariff effective from February 1, 2014 until December 31, 2016, subject to evaluation on an annual basis. Pursuant to the Director General of Post and Informatics letter, the Company and Telkomsel are required to submit the Reference Interconnection Offer ("RIO") proposal to ITRB to be evaluated.

Subsequently, ITRB in its letters No. 60/BRTI/III/2014 dated March 10, 2014 and No. 125/BRTI/IV/2014 dated April 24, 2014 approved Telkomsel and the Company's revision of RIO regarding the interconnection tariff. Based on the letter, ITRB also approved the changes to the SMS interconnection tariff to Rp24 per SMS.

On January 18, 2017, ITRB in its letters No. 20/BRTI/DPI/II/2017 and No. 21/BRTI/DPI/II/2017, decided to use the interconnection tariff based on the Company and Telkomsel's RIO in 2014 until the new interconnection tariff is set.

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**35. TELECOMMUNICATIONS SERVICE TARIFFS (continued)**

**d. Network lease tariffs**

Through MoCI Regulation No. 5/2021, the Government regulated the form, type, tariff structure, and tariff formula for services of network lease. In 2008, the Director General of Post and Telecommunication issued Decree No. 115 of 2008 which stated its agreement on Agreement on Network Lease Service Type Document, Network Lease Service Tariff, Available Capacity of Network Lease Service, Quality of Network Lease Service, and Provision Procedure of Network Lease Service Owned by Dominant Network Lease Service Provider in conformity with the Company's proposal.

**e. Tariff for other services**

The tariffs for satellite lease, telephony services, and other multimedia are determined by the service provider by taking into account the expenditures and market price. The Government only determines the tariff formula for basic telephony services. There is no stipulation for the tariff of other services.

**36. SIGNIFICANT COMMITMENTS AND AGREEMENTS**

**a. Capital expenditures**

As of September 30, 2022, capital expenditures committed under the contractual arrangements are Rp11,865 billions and US\$198 millions.

The above balance includes the following significant agreements:

<b>Contracting parties</b>	<b>Initial date of agreement</b>	<b>Significant provisions of the agreement</b>
The Company and NEC Corporation	May 12, 2016	Procurement and Installation Agreement of <i>Sistem Komunikasi Kabel Laut</i> ("SKKL") Indonesia Global Gateway Platform
The Company and PT Sisindokom Lintas Buana	October 14, 2020	Procurement and Installation Agreement of Expand PE VPN Cisco
The Company and PT NEC Indonesia	May 25, 2021	Procurement and Installation Agreement of Expand PE Platform Juniper
The Company and PT Mastersystem Infotama	June 3, 2021	Procurement and Installation Agreement of Expand IP Backbone Platform Cisco
The Company and PT Huawei Tech Investment	June 17, 2021	Procurement and Installation Agreement of Device GPON-XGPON-XGSPON Platform Huawei
The Company and PT Datacomm Diangraha	August 4, 2021	Procurement and Instalation Agreement of Expand Metro Ethernet Platform Nokia
The Company and PT Huawei Tech Investment	November 3, 2021	Procurement and Installation Agreement of Expand Capacity L3 Aggregation Metro Ethernet Platform Huawei
The Company and PT NEC Indonesia	December 14, 2021	Procurement and Installation Agreement of Radio IP Backhaul Node-B
The Company and PT Lintas Teknologi Indonesia	July 22, 2022	Procurement and Installation Agreement of DWDM Platform Nokia
Telkomsel and PT WT Indonesia	June 7, 2018	Development and Procurement of OSDSS Solution Agreement
Telkomsel, PT Nokia Solutions and Networks Indonesia, and NSN Oy	May 24, 2019	The combined 2G and 3G CS Core Network Rollout Agreement, which amended to CS Core System ROA and TSA
Telkomsel, PT Sigma Solusi Integrasi, Oracle Corporation, and PT Phincon	July 5, 2019	Development and Rollout Agreement ("DRA") and Technical Support of Customer Relationship Management ("CRM") solution System Integrator
Telkomsel, PT Ericsson Indonesia, and Ericsson AB	September 16, 2019	The combined 2G and 3G CS Core Network Rollout Agreement, Which Amanded to CS Core System ROA and TSA

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**36. SIGNIFICANT COMMITMENTS AND AGREEMENTS (continued)**

**a. Capital expenditures (continued)**

Contracting parties	Initial date of agreement	Significant provisions of the agreement
Telkomsel and PT Huawei Tech Investment	October 22, 2019	Technical Support Agreement for the procurement of Gateway GPRS Support Node ("GGSN") Service Complex
Telkomsel, PT Ericsson Indonesia, PT Huawei Tech Investment, and PT ZTE Indonesia	January 30, 2021	Procurement agreement for Ultimate Radio Network Infrastructure ROA and TSA
Telkomsel, PT NTT Indonesia Solutions, and PT Huawei	March 31, 2021	Agreement for Mobile Network Router Infrastructure
Telkomsel, PT Sempurna Global Pratama, PT Lintas Teknologi Indonesia, and PT Ericsson Indonesia	September 1, 2021	Procurement of Next Generation of GGSN (Virtualized EPC)
Telkomsel, Amdocs Software Solutions Limited Liability Company, and PT Application Solutions	October 8, 2021	Online Charging System ("OCS") and Service Control Points ("SCP") System Solution Development Agreement
Telkomsel and PT Application Solutions	October 8, 2021	Technical Support Agreement to provide technical support services for the OCS and SCP
Telkomsel and PT Lintas Teknologi Indonesia	October 8, 2021	Agreement of BI 2.0 Software License
Telkomsat and Thales Alenia Space France ("TAS")	October 28, 2021	Procurement and Installation Agreement of Satellite System HTS 113 BT
Sigma and PT Whale Cloud Technology	March 1, 2022	Procurement Agreement of Professional Service & Integration, Software Apsara, CMP dan BSS

**b. Borrowings and other credit facilities**

- (i) As of September 30, 2022, the Company has bank guarantee facilities for tender bonds, performance bonds, maintenance bonds, deposit guarantee, and advance payment bonds for various projects of the Company, as follows:

Lenders	Total facility	Maturity	Currency	Facility utilized
BRI	500	March 14, 2024	Rp	41
BNI	500	March 31, 2023	Rp	101
Bank Mandiri	500	December 23, 2023	Rp	119
<b>Total</b>	<b>1,500</b>			<b>261</b>

- (ii) As of September 30, 2022, Telkomsel has bank guarantee facilities for various projects, as follows:

Lenders	Total facility	Maturity	Currency	Facility utilized
BRI	1,000	September 25, 2022	Rp	23
BNI	2,100	December 11, 2022	Rp	1,573
<b>Total</b>	<b>3,100</b>			<b>1,596</b>

Bank guarantee facility with BRI and BNI mainly for performance bond and surely bond of radio frequency (Note 36c.i).

- (iii) Telin has a US\$15 million or equal to Rp224 billion bank guarantee from Bank Mandiri and has been renewed on December 23, 2021, with a maximum credit limit of US\$25 million or equal to Rp373 billion. The facility will expire on December 23, 2022. As of September 30, 2022, Telin has not used the facility.

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**36. SIGNIFICANT COMMITMENTS AND AGREEMENTS (continued)**

**c. Others**

**i. Radio frequency usage**

Based on Decree No. 80 dated November 2, 2015 of the Government of the Republic of Indonesia which replaced Decree No. 76 dated December 15, 2010, Telkomsel is required to pay the annual frequency usage fees for the 800 Megahertz (“MHz”), 900 MHz, and 1800 MHz bandwidths using the formula set out in the decree.

As an implementation of the above decree, the Company and Telkomsel paid annual frequency usage fees since 2010.

With reference to Telecommunication Law No. 36/1999, based on the Decision Letter No. 025/TEL.01.02/2022 Year 2022 dated January 28, 2022 of the MoCI, the MoCI granted Telkomsel the rights to provide:

1. Mobile telecommunication services with radio frequency bandwidth in the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.3 GHz; and
2. Basic telecommunication services.

With reference to Decision Letters No. 445 Year 2021, No. 178 Year 2021, No. 620 Year 2020, No. 806 Year 2019, and No. 1896 Year 2017 of the MoCI, Telkomsel is required, among other things, to:

1. Pay an annual right of usage (BHP) over the license term (10 years) as set forth in the decision letters. The BHP is payable upon receipt of *Surat Pemberitahuan Pembayaran* (notification letter) from the DGPI. The BHP fee is payable annually up to the expiry period of the license.
2. Issue a performance bond each year amounting to Rp20 billion and a surety bond amounting Rp567 billion in 2021 for spectrum 2.1 GHz.
3. Issue a surety bond each year amounting Rp1.03 trillion for spectrum 2.3 GHz.
4. Issue a surety bond each year amounting Rp360 billion for both spectrum 2.3 GHz Block A and C.

**ii. Receivable under non-cancelable lease agreements**

The Group entered into non-cancelable lease agreements with both third and related parties. The lease agreements cover leased lines, telecommunication equipment and land and building with terms ranging from 1 to 10 years and with expiry dates between 2023 and 2032. Periods may be extended based on the agreement by both parties.

The minimum amount of future lease payments and receipts for operating lease agreements are as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Less than 1 year	2,422	3,095
1-5 years	7,825	6,922
More than 5 years	4,891	4,732
<b>Total</b>	<b>15,138</b>	<b>14,749</b>

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**36. SIGNIFICANT COMMITMENTS AND AGREEMENTS (continued)**

**c. Others (continued)**

iii. USO

The MoCI issued Regulation No. 5 year 2021 dated March 31, 2021 which replaced previous regulations regarding policies underlying the USO program. The regulation requires telecommunications operators in Indonesia to contribute 1.25% of gross revenues (with due consideration for bad debts and/or interconnection charges and/or connection charges and/or the exclusion of certain revenues that are not considered as part of gross revenues as a basis to calculate the USO charged) for USO development.

On December 27, 2011, Telkomsel (on behalf of Konsorsium Telkomsel, a consortium which was established with Mitratel on December 9, 2011) was selected by *Balai Penyedia dan Pengelola Pembiayaan Telekomunikasi dan Informatika* ("BPPPTI") as a provider of the USO Program in the border areas for all packages (package 1 - 13) with a total price of Rp830 billion. On such date, Telkomsel was also selected by BPPPTI as a provider of the USO Program (Upgrading) "*Desa Pinter*" or "*Desa Punya Internet*" for packages 1, 2, and 3 with a total price of Rp261 billion. On 2018, BPPPTI has been renamed as *Badan Aksesibilitas Telekomunikasi dan Informasi* ("BAKTI").

In 2015, the Program was ceased. In January 2016, Telkomsel filed an arbitration claim to BANI for the settlement of the outstanding receivables of USO Programs.

On June 22, 2017, Telkomsel received a decision letter from BANI No. 792/1/ARB-BANI/2016 requesting BPPPTI to pay compensation to Telkomsel amounting to Rp217 billion, and as of the date of the issuance of these consolidated financial statements Telkomsel has received the payment from BAKTI amounting to Rp91 billion (before tax) in 2019 and no additional payment.

Based on Decree No. 827/KOMINFO/BAKTI.31/KS.1/10/2021 dated October 4, 2021 of BAKTI granted Telkomsel as operating cooperation partners ("KSO") for eight packages KSO, which cover Nusa Tenggara, Kalimantan, Sulawesi, Maluku, West Papua, West Central Papua, North Central Papua and South East Papua for period from 2021 until 2031.



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**37. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are as follows:

	September 30, 2022			
	U.S Dollar (in millions)	Japanes Yen (in millions)	Others* (in millions)	Rupiah equivalent (in billions)
<b>Assets</b>				
Cash and cash equivalents	284.50	0.61	18.20	4,610
Other current financial assets	11.30	-	-	173
Trade receivables				
Related parties	0.19	-	-	3
Third parties	105.19	-	7.76	1,721
Contract assets	32.25	-	-	492
Other receivables	0.15	-	0.52	10
Other current assets	0.41	-	0.47	14
Long-term investment in financial instruments	741.11	-	8.02	11,414
Other non-current assets	0.35	-	0.63	15
<b>Total assets</b>	<b>1,175.45</b>	<b>0.61</b>	<b>35.60</b>	<b>18,452</b>
<b>Liabilities</b>				
Trade payables				
Related parties	(0.07)	-	-	(1)
Third parties	(133.42)	(1.18)	(3.15)	(2,082)
Other payables	(0.57)	-	(1.36)	(29)
Accrued expenses	(43.00)	(20.79)	(1.33)	(676)
Advances from customers	(2.30)	-	(0.09)	(36)
Current maturities of long-term borrowings	(15.90)	(767.90)	(4.58)	(393)
Long-term borrowings - net of current maturities	(24.83)	(1,151.85)	(31.24)	(975)
Other liabilities	(2.00)	-	-	(31)
<b>Total liabilities</b>	<b>(222.09)</b>	<b>(1,941.72)</b>	<b>(41.75)</b>	<b>(4,223)</b>
<b>Assets (liabilities) - net</b>	<b>953.36</b>	<b>(1,941.11)</b>	<b>(6.15)</b>	<b>14,229</b>

	December 31, 2021			
	U.S Dollar (in millions)	Japanese Yen (in millions)	Others* (in millions)	Rupiah equivalent (in billions)
<b>Assets</b>				
Cash and cash equivalents	274.23	0.73	16.45	4,142
Other current financial assets	11.55	-	-	165
Trade receivables				
Related parties	0.09	-	-	1
Third parties	112.56	-	6.33	1,696
Contract assets	34.25	-	-	489
Other receivables	0.28	-	0.06	6
Other current assets	0.30	-	0.59	13
Long-term investment in financial instruments	927.23	-	8.57	13,348
Other non-current assets	3.28	-	1.11	62
<b>Total assets</b>	<b>1,363.77</b>	<b>0.73</b>	<b>33.07</b>	<b>19,922</b>
<b>Liabilities</b>				
Trade payables				
Related parties	(0.01)	-	-	(0)
Third parties	(105.54)	(2.37)	(5.60)	(1,586)
Other payables	(3.07)	-	(1.54)	(66)
Accrued expenses	(47.23)	(7.82)	(2.03)	(703)
Advances from customers	(0.17)	-	(0.68)	(12)
Current maturities of long-term borrowings	(17.16)	(767.90)	(4.42)	(402)
Long-term loans and other borrowings	(37.14)	(1,535.80)	(34.51)	(1,212)
Other liabilities	(0.29)	-	-	(4)
<b>Total liabilities</b>	<b>(210.61)</b>	<b>(2,313.89)</b>	<b>(48.78)</b>	<b>(3,985)</b>
<b>Assets (liabilities) - net</b>	<b>1,153.16</b>	<b>(2,313.16)</b>	<b>(15.71)</b>	<b>15,937</b>

\*Assets and liabilities denominated in other foreign currencies are presented as U.S. Dollar equivalents using the buy and sell rates quoted by Reuters prevailing at the end of the reporting period.

The Group's activities expose them to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates, and interest rates.

If the Group reports monetary assets and liabilities in foreign currencies as of September 30, 2022 using the exchange rates on October 28, 2022, the unrealized foreign exchange gain amounting to Rp302 billion.

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**38. FINANCIAL INSTRUMENTS**

**a. Fair value of financial assets and financial liabilities**

i. Classification

(a) Financial asset

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Amortized cost</b>		
Cash and cash equivalents	31,657	38,311
Other current financial assets	622	415
Trade receivables	9,491	8,510
Contract assets	1,973	2,473
Other receivables	142	195
Other non-current assets	97	151
<b>FVTPL</b>		
Long-term investment in financial instruments	11,735	13,661
Other current financial assets	80	78
<b>Total financial assets</b>	<b><u>55,797</u></b>	<b><u>63,794</u></b>

(b) Financial liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Financial liabilities measured at amortized cost</b>		
Trade payables	13,597	17,170
Other payables	396	609
Accrued expenses	14,239	15,885
Customers deposits	52	401
Short-term bank loans	11,871	6,682
Two-step loans	243	355
Bonds	4,794	6,993
Long-term bank loans	31,522	36,056
Lease liabilities	17,017	16,387
Other borrowings	1,423	2,605
<b>Total financial liabilities</b>	<b><u>95,154</u></b>	<b><u>103,143</u></b>

ii. Fair values

The following table presents comparison of the carrying amounts and fair values of the Company's financial instruments, other than those the fair values are considered to approximate their carrying amounts as the impact of discounting is not significant:

<u>September 30, 2022</u>	Carrying value	Fair value	<u>Fair value measurement at reporting date using</u>		
			Quoted prices in active markets for identical assets or liabilities (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
<b>Financial assets measured at fair value</b>					
Other current financial asset	80	80	80	-	-
Long-term investment in financial instruments	11,735	11,735	5,849	-	5,886
<b>Financial liabilities at amortized cost</b>					
Interest-bearing loans and other borrowings:					
Two-step loans	243	241	-	-	241
Bonds	4,794	5,549	5,549	-	-
Long-term bank loans	31,522	28,891	-	-	28,891
Lease liabilities	17,017	17,017	-	-	17,017
Other borrowings	1,423	1,425	-	-	1,425
<b>Total</b>	<b><u>66,814</u></b>	<b><u>64,938</u></b>	<b><u>11,478</u></b>	<b><u>-</u></b>	<b><u>53,460</u></b>

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**38. FINANCIAL INSTRUMENTS (continued)**

**a. Fair value of financial assets and financial liabilities (continued)**

ii. Fair values (continued)

<u>December 31, 2021</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Fair value measurement at reporting date using</u>		
			<u>Quoted prices in active markets for identical assets or liabilities (level 1)</u>	<u>Significant other observable inputs (level 2)</u>	<u>Significant unobservable inputs (level 3)</u>
<b>Financial assets measured at fair value</b>					
Other current financial asset	78	78	78	-	-
Long-term investment in financial instruments	13,661	13,661	-	8,899	4,762
<b>Financial liabilities at amortized cost</b>					
Interest-bearing loans and other borrowings:					
Two-step loans	355	351	-	-	351
Bonds	6,993	8,019	8,019	-	-
Long-term bank loans	36,056	36,176	-	-	36,176
Lease liabilities	16,387	16,387	-	-	16,387
Other borrowings	2,605	2,610	-	-	2,610
Other liabilities	126	126	-	-	126
<b>Total</b>	<b>76,261</b>	<b>77,408</b>	<b>8,097</b>	<b>8,899</b>	<b>60,412</b>

Loss on fair value measurement recognized in consolidated statements of profit or loss and other comprehensive income for the nine months period ended September 30, 2022 amounting to Rp10 billion. There is no movement between fair value hierarchy for 2022.

Reconciliations of the beginning and ending balances for items measured at fair value using significant unobservable inputs (level 3) for the nine months period ended September 30, 2022 and for the years ended December 31, 2021 are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Beginning balance	4,762	1,962
Gain (loss) recognized in consolidated statement of profit or loss and other comprehensive income	(10)	936
Purchase/addition	1,190	2,068
Settlement/deduction	(56)	(204)
<b>Ending balance</b>	<b>5,886</b>	<b>4,762</b>

iii. Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between parties in an arm's length transaction.

The fair values of short-term financial assets and financial liabilities with maturities of one year or less (cash and cash equivalents, trade and other receivables, other current financial assets, trade and other payables, accrued expenses, and short-term bank loans) and other non-current assets are considered to approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term financial assets and financial liabilities (other non-current assets (long-term trade receivables and restricted cash) and liabilities) approximate their carrying amounts as the impact of discounting is not significant.

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**38. FINANCIAL INSTRUMENTS (continued)**

**a. Fair value of financial assets and financial liabilities (continued)**

iii. Fair value measurement (continued)

The Group determined the fair value measurement for disclosure purposes of each class of financial assets and financial liabilities based on the following methods and assumptions:

- (a) Fair value through profit or loss, primarily consist of stocks, mutual funds, corporate and government bonds, and convertible bonds. Stocks and mutual funds actively traded in an established market are stated at fair value using quoted market price or, if unquoted, determined using a valuation technique. The fair value of convertible bonds are determined using valuation technique. Corporate and government bonds are stated at fair value by reference to prices of similar at the reporting date.
- (b) The fair values of long-term financial liabilities are estimated by discounting the future contractual cash flows of each liability at rates offered to the Group for similar liabilities of comparable maturities by the bankers of the Group, except for bonds which are based on market price.

The fair value estimates are inherently judgemental and involve various limitations, including:

- (a) Fair values presented do not take into consideration the effect of future currency fluctuations.
- (b) Estimated fair values are not necessarily indicative of the amounts that the Group would record upon disposal/termination of the financial assets and liabilities.

**b. Financial risk management objectives and policies**

The Group's activities expose it to a variety of financial risks such as market risks (including foreign exchange risk, market price risk, and interest rate risk), credit risk, and liquidity risk. Overall, the Group's financial risk management program is intended to minimize losses on the financial assets and financial liabilities arising from fluctuation of foreign currency exchange rates and the fluctuation of interest rates. Management has a written policy on foreign currency risk management mainly on time deposit placements and hedging to cover foreign currency risk exposures for periods ranging from 3 up to 12 months.

Financial risk management is carried out by the Corporate Finance unit under policies approved by the Board of Directors. The Corporate Finance unit identifies, evaluates and hedges financial risks.

i. Foreign exchange risk

The Group is exposed to foreign exchange risk on sales, purchases and borrowings that are denominated in foreign currencies. The foreign currency denominated transactions are primarily in U.S. Dollars and Japanese Yen. The Group's exposures to other foreign exchange rates are not material.

Increasing risks of foreign currency exchange rates on the obligations of the Group are expected to be partly offset by the effects of the exchange rates on time deposits and receivables in foreign currencies that are equal to at least 25% of the outstanding current foreign currency liabilities.

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**38. FINANCIAL INSTRUMENTS (continued)**

**b. Financial risk management objectives and policies (continued)**

i. Foreign exchange risk (continued)

The following table presents the Group's financial assets and financial liabilities exposure to foreign currency risk:

	September 30, 2022		December 31, 2021	
	U.S. Dollar (in billions)	Japanese Yen (in billions)	U.S. Dollar (in billions)	Japanese Yen (in billions)
Financial assets	1.18	0.00	1.36	0.00
Financial liabilities	(0.22)	(1.94)	(0.21)	(2.31)
<b>Net exposure</b>	<b>0.96</b>	<b>(1.94)</b>	<b>1.15</b>	<b>(2.31)</b>

**Sensitivity analysis**

A strengthening of the U.S. Dollar and Japanese Yen, as indicated below, against the Rupiah at September 30, 2022 would have decreased equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<b>Equity/profit (loss)</b>
<b>September 30, 2022</b>	
U.S. Dollar (1% strengthening)	145
Japanese Yen (5% strengthening)	(10)

A weakening of the U.S. Dollar and Japanese Yen against the Rupiah at September 30, 2022 would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

ii. Market price risk

The Group is exposed to changes in debt and equity market prices related to financial assets measured at FVTPL carried at fair value. Gains and losses arising from changes in the fair value of financial assets measured at FVTPL are recognized in the consolidated statements of profit or loss and other comprehensive income.

The performance of the Group's financial assets measured at FVTPL is monitored periodically, together with a regular assessment of their relevance to the Group's long-term strategic plans.

As of September 30, 2022, management considered the price risk for the Group's financial assets measured at FVTPL to be immaterial in terms of the possible impact on profit or loss and total equity from a reasonably possible change in fair value.

iii. Interest rate risk

Interest rate fluctuation is monitored to minimize any negative impact to financial performance. Borrowings at variable interest rates expose the Group to interest rate risk (Notes 19 and 20). To measure market risk pertaining to fluctuations in interest rates, the Group primarily uses interest margin and maturity profile of the financial assets and liabilities based on changing schedule of the interest rate.

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**38. FINANCIAL INSTRUMENTS (continued)**

**b. Financial risk management objectives and policies (continued)**

iii. Interest rate risk (continued)

At reporting date, the interest rate profile of the Group's interest-bearing borrowings was as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Fixed rate borrowings	(26,458)	(25,444)
Variable rate borrowings	(40,412)	(43,634)

**Sensitivity analysis for variable rate borrowings**

As of September 30, 2022, a decrease (increase) by 25 basis points in interest rates of variable rate borrowings would have increased (decreased) equity and profit or loss by Rp101 billion, respectively. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

iv. Credit risk

The following table presents the maximum exposure to credit risk of the Group's financial assets:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Cash and cash equivalents	31,657	38,311
Other current financial assets	702	493
Trade receivable	9,491	8,510
Contract assets	1,973	2,473
Other receivable	142	195
Other non-current assets	97	151
<b>Total</b>	<b><u>44,062</u></b>	<b><u>50,133</u></b>

The Group is exposed to credit risk primarily from cash and cash equivalents and trade and other receivables. The credit risk is controlled by continuous monitoring of outstanding balance and collection. Credit risk from balances with banks and financial institutions is managed by the Group's Corporate Finance Unit in accordance with the Group's written policy.

The Group placed the majority of its cash and cash equivalents in state-owned banks because they have the most extensive branch networks in Indonesia and are considered to be financially sound banks. Therefore, it is intended to minimize financial loss through banks and financial institutions' potential failure to make payments.

The customer credit risk is managed by continuous monitoring of outstanding balances and collection. Trade and other receivables do not have any major concentration of risk whereas no customer receivable balance exceeds 4.07% of trade receivables as of September 30, 2022.

Management is confident in its ability to continue to control and sustain minimal exposure to the customer credit risk given that the Group has recognized sufficient provision for impairment of receivables to cover incurred loss arising from uncollectible receivables based on existing historical data on credit losses.

v. Liquidity risk

Liquidity risk arises in situations where the Group has difficulties in fulfilling financial liabilities when they become due.

Prudent liquidity risk management implies maintaining sufficient cash in order to meet the Group's financial obligations. The Group continuously performs an analysis to monitor financial position ratios, such as liquidity ratios and debt-to-equity ratios, against debt covenant requirements.

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**38. FINANCIAL INSTRUMENTS (continued)**

**b. Financial risk management objectives and policies (continued)**

v. Liquidity risk (continued)

The following is the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Carrying amount	Contractual cash flows	2022	2023	2024	2025	2026 and thereafter
<b>September 30, 2022</b>							
Trade payables	13,597	(13,597)	(13,597)	-	-	-	-
Other payables	396	(396)	(396)	-	-	-	-
Accrued expenses	14,239	(14,239)	(14,239)	-	-	-	-
Customer deposits	52	(52)	(52)	-	-	-	-
Short-term bank loans	11,871	(11,871)	(11,871)	-	-	-	-
Interest bearing loans and other borrowings:							
Two-step loans	243	(253)	(116)	(54)	(83)	-	-
Bonds	4,794	(10,131)	(507)	(127)	(507)	(2,500)	(6,490)
Long-term bank loans	31,522	(37,358)	(8,843)	(1,737)	(7,644)	(7,675)	(11,459)
Other borrowings	1,423	(1,518)	(1,022)	(128)	(368)	-	-
Lease liabilities	17,017	(19,329)	(4,732)	(384)	(4,162)	(2,936)	(7,115)
<b>Total</b>	<b>95,154</b>	<b>(108,744)</b>	<b>(55,375)</b>	<b>(2,430)</b>	<b>(12,764)</b>	<b>(13,111)</b>	<b>(25,064)</b>

	Carrying amount	Contractual cash flows	2022	2023	2024	2025	2026 and thereafter
<b>December 31, 2021</b>							
Trade payables	17,170	(17,170)	(17,170)	-	-	-	-
Other payables	609	(609)	(609)	-	-	-	-
Accrued expenses	15,885	(15,885)	(15,885)	-	-	-	-
Customer deposits	401	(401)	(401)	-	-	-	-
Short-term bank loans	6,682	(6,682)	(6,682)	-	-	-	-
Interest bearing loans and other borrowings:							
Two-step loans	355	(375)	(150)	(128)	(97)	-	-
Bonds	6,993	(12,821)	(2,817)	(507)	(507)	(2,500)	(6,490)
Long-term bank loans	36,056	(41,867)	(8,228)	(10,335)	(7,492)	(6,064)	(9,748)
Other borrowings	2,605	(2,801)	(1,164)	(1,115)	(522)	-	-
Lease liabilities	16,387	(17,052)	(4,935)	(3,473)	(2,435)	(1,813)	(4,396)
Other liabilities	126	(148)	(11)	(34)	(34)	(34)	(35)
<b>Total</b>	<b>103,269</b>	<b>(115,811)</b>	<b>(58,052)</b>	<b>(15,592)</b>	<b>(11,087)</b>	<b>(10,411)</b>	<b>(20,669)</b>

The difference between the carrying amount and the contractual cash flows is interest value. The interest value of variable-rate borrowings are determined based on the effective interest rates as of reporting date.

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**39. CAPITAL MANAGEMENT**

The capital structure of the Group is as follows:

	<b>September 30, 2022</b>		<b>December 31, 2021</b>	
	<b>Amount</b>	<b>Portion</b>	<b>Amount</b>	<b>Portion</b>
Short-term debts	11,871	6.23%	6,682	3.50%
Long-term debts	54,999	28.88%	62,396	32.72%
Total debts	66,870	35.11%	69,078	36.22%
Equity attributable to owners of the parent company	123,572	64.89%	121,646	63.78%
<b>Total</b>	<b>190,442</b>	<b>100.00%</b>	<b>190,724</b>	<b>100.00%</b>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits to other stakeholders and to maintain an optimum capital structure to minimize the cost of capital.

Periodically, the Group conducts debt valuation to assess possibilities of refinancing existing debts with new ones which have more efficient cost that will lead to more optimized cost-of-debt. In case of idle cash with limited investment opportunities, the Group will consider buying back its shares of stock or paying dividend to its stockholders.

In addition to complying with loan covenants, the Group also maintains its capital structure at the level it believes will not risk its credit rating and which is comparable with its competitors.

Debt-to-equity ratio (comparing net interest-bearing debt to total equity) is a ratio which is monitored by management to evaluate the Group's capital structure and review the effectiveness of the Group's debts. The Group monitors its debt levels to ensure the debt-to-equity ratio complies with or is below the ratio set out in its contractual borrowings arrangements and that such ratio is comparable or better than that of regional area entities in the telecommunications industry.

The Group's debt-to-equity ratio as of September 30, 2022 and December 31, 2021 is as follows:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Total interest-bearing debts	66,870	69,078
Less: cash and cash equivalents	(31,657)	(38,311)
Net debts	35,213	30,767
Total equity attributable to owners of the parent company	123,572	121,646
<b>Net debt-to-equity ratio</b>	<b>28.50%</b>	<b>25.29%</b>

As stated in Note 20, the Group is required to maintain a certain debt-to-equity ratio and debt service coverage ratio by the lenders. For the periods ended September 30, 2022 and December 31, 2021, the Group has complied with externally imposed capital requirements with the exception for certain entities in the Group (Note 20).



**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk. AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For The Nine Months Period Ended September 30, 2022 and 2021 (unaudited)**  
**(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)**

**40. SUPPLEMENTAL CASH FLOWS INFORMATION**

- a. The non-cash investing activities for the nine months period ended September 30, 2022 and 2021 are as follows:

	2022	2021
Acquisition of property and equipment:		
Credited to trade payables	3,270	3,546
Borrowing cost capitalization	37	25
 Addition of right of uses assets credited to leases	 7,055	 2,612
Acquisition of intangible assets:		
Credited to trade payables	492	319

- b. The changes in liabilities arising from financing activities is as follows:

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Foreign exchange		Other	
			movement	New leases	Changes	
Short-term bank loans	6,682	5,189	-	-	-	11,871
Two step loans	355	(80)	(32)	-	-	243
Bonds	6,993	(2,200)	-	-	1	4,794
Long-term bank loans	36,056	(4,648)	93	-	21	31,522
Other borrowings	2,605	(1,184)	-	-	2	1,423
Lease liabilities	16,387	(5,764)	40	7,055	(701)	17,017
<b>Total liabilities from financing activities</b>	<b>69,078</b>	<b>(8,687)</b>	<b>101</b>	<b>7,055</b>	<b>(677)</b>	<b>66,870</b>

**41. SUBSEQUENT EVENTS**

- a. On October 19, 2022, the Company paid its loan to HSBC amounting to Rp500 billion.
- b. On October 21, 2022, Telkomsel paid the entire outstanding loans to BSI and BNI amounting to Rp1,000 billion and Rp500 billion, respectively.