

TICKERS:

IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

Government of Indonesia : 52.1%
Public : 47.9%

CREDIT RATING:

Moody's : Baa1 (Stable)
Fitch Ratings : BBB (Stable)
Pefindo : idAAA (Stable)

Highlights

- During the nine months of 2022, PT Telkom Indonesia (Persero) Tbk (“Telkom or The Company”) recorded positive growth of 2.7% YoY in Revenue, with EBITDA grew by 2.6% YoY to Rp59.5 trillion.
- IndiHome continued to become our engine of growth which posted Revenue of Rp20.9 trillion or grew 6.4% YoY, supported by 9.0 million total subscribers and relatively stable ARPU during the period.
- Telkomsel’s Digital Business kept growing healthily with 20.7% YoY growth in data traffic and its contribution reached 81% of total Telkomsel’s revenue.
- We consistently continue with the realization of 5 Bold Moves Strategy. For Fixed-Mobile Convergence in process finalizing the right business model to maintain sustainable growth. Furthermore, in order to increase the assets monetization and maximizing asset valuation, Telkom initiates the preparation of Infracore establishment. We also collaborate with regional players and currently in the process of establishing a new Data Center located in Batam.

Financial Highlights			
Key Indicators (Rp. Bn)	YoY		
	9M22	9M21	Growth (%)
Revenues	108,874	106,043	2.7
Expenses	77,301	69,742	10.8
Operating Profit	31,573	36,301	(13.0)
EBITDA	59,459	57,927	2.6
EBITDA Margin (%)	54.6	54.6	0.0 ppt
Net Income	16,581	18,872	(12.1)
Net Income Margin (%)	15.2	17.8	(2.6) ppt
Operating Net Income*	19,418	18,617	4.3
Operating Net Income Margin (%)*	17.8	17.6	0.2 ppt

**) By factoring out unrealized loss from our investment mostly in GoTo and accelerated depreciation after tax*

Operational Highlights			
Subscribers (000)	YoY		
	9M22	9M21	Growth (%)
Broadband			
Fixed Broadband - IndiHome	9,038	8,465	6.8
Mobile Data User	120,609	120,859	(0.2)
Cellular			
Telkomsel Halo	7,512	6,790	10.6
Telkomsel Prabayar	152,324	166,750	(8.7)
Total	159,836	173,540	(7.9)

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PT TELKOM INDONESIA (PERSERO) Tbk NINE MONTHS OF 2022 (UNAUDITED)

The following analysis and discussion are based on our Indonesian GAAP financial statements for nine months of 2022 and 2021. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp. Bn)	YoY		
	9M22	9M21	Growth (%)
Data, Internet & IT Service	60,471	57,016	6.1
IndiHome	20,889	19,638	6.4
SMS, Fixed and Cellular Voice	13,662	15,985	(14.5)
Interconnection	6,148	5,748	7.0
Network and Other Telco Services	7,704	7,656	0.6
Total	108,874	106,043	2.7

Telkom consolidated revenue grew by 2.7% YoY to Rp108.9 trillion in the nine months of 2022 as mobile data and IndiHome continued to be the growth drivers. The revenue details are as follows:

- **Data, Internet & IT Services revenues** increased by 6.1% YoY to Rp60.5 trillion driven by continued growth of cellular data and internet revenue which grew by 6.2% YoY. Mobile data traffic jumped by 20.7% YoY to 11,845 petabytes driven by strong traction in mobile data services.
- **IndiHome** revenue grew by 6.4% YoY to Rp20.9 trillion during the period. We added around 438 thousand new subscribers during 9M22 along with the recovery of the socio-economic activities. The increase in IndiHome revenue was also partly supported by increasing add-on revenue.
- **SMS, Fixed and Cellular Voice revenues** posted revenues of Rp13.7 trillion, or declined by 14.5% YoY due to cannibalization from instant messaging (OTT) application and continuous transition from legacy to data.
- **Interconnection revenues** increased by 7.0% YoY to Rp6.1 trillion reflecting our capabilities to grab opportunities from international wholesale voice business.
- **Network and Other Telecommunication Services revenues** slightly grew by 0.6% YoY to Rp7.7 trillion driven by increasing tower business volume as well as international network business.

Expenses

Key Indicators (Rp. Bn)	YoY		
	9M22	9M21	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	27,167	26,978	0.7
Personnel	11,155	11,018	1.2
Interconnection	3,865	3,715	4.0
Marketing	2,779	2,371	17.2
General & Administrative	4,449	4,034	10.3
Total Operating Expenses	49,415	48,116	2.7
Depreciation & Amortization	25,018	22,183	12.8
Unrealized loss (gain) on changes in fair value of investments	3,084	(403)	N/A
Other income – net	(48)	(111)	(56.8)
Gain on foreign exchange - net	(168)	(43)	290.7
Total Expenses	77,301	69,742	10.8

During nine months of 2022, Telkom recorded total expenses of Rp77.3 trillion or increased by 10.8% YoY with Operating Expenses grew by 2.7% YoY to Rp49.4 trillion. Details of expenses are as follows:

- **Operation & Maintenance (O&M) expenses** slightly increased by 0.7% YoY to Rp27.2 trillion, lower than revenue growth, partly due to cost of devices efficiency as we became more selective in customer acquisition. The increase was also caused by our spectrum frequency usage fee.
- **Personnel expenses** increased by 1.2% YoY to Rp11.2 trillion, relatively in line with the country's inflation level.
- **Interconnection expenses** was Rp3.9 trillion or grew by 4.0%, in line with our growing international wholesale voice business.
- **Marketing expenses** increased by 17.2% YoY to Rp2.8 trillion resulted from higher marketing activities both in mobile and fixed line business as the impact of easing mobility restrictions.
- **General & Administrative expenses** grew by 10.3% YoY to Rp4.4 trillion resulted from higher business activities post-pandemic.
- **Depreciation & Amortization** rose by 12.8% YoY to Rp25.0 trillion in line with continuous investment to enhance our digital infrastructure both in mobile and fixed line businesses.
- We recorded **Unrealized loss on changes in fair value of investments** of Rp3.1 trillion mainly to recognize unrealized loss from our investment in GoTo.
- We booked **Other Income – net** of Rp48 billion from higher non-operating income and lower non-operating expense during the period.
- We recorded **Gain on foreign exchange - net** of Rp168 billion by the end of September 2022 reflecting our capabilities in managing foreign currency risk exposure despite declining Rupiah.

EBITDA and Net Income

During the nine months of 2022, EBITDA grew by 2.6% YoY to Rp59.5 trillion with stable EBITDA margin of 54.6%. We booked Net Income of Rp16.6 trillion or decreased by 12.1% YoY with Net Income margin of 15.2%, decreased from 17.8% last year.

Financial Position

Key Indicators (Rp. Bn)	End of		
	9M22	FY21	Growth (%)
Total Assets	269,963	277,184	(2.6)
Total Liabilities	124,564	131,785	(5.5)
Non-controlling Interests	21,827	23,753	(8.1)
Total Equity	145,399	145,399	0.0

- Total assets at end of September 2022 was Rp270.0 trillion, decreased by 2.6% YTD. The decrease was attributable to lower cash and cash equivalent resulted from the decrease in loans due to repayment and lower new loan withdrawals.
- Total liabilities during the nine months of 2022 declined by 5.5% YTD to Rp124.6 trillion. The decrease was significantly contributed by lower loans, due to repayment or a decrease in drawdowns, settlement of trade payables, and accrued expenses.
- Non-controlling interests decreased by 8.1% YTD due to dividend payment in subsidiaries.
- Our equity was relatively stable at Rp145.4 trillion.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	9M22	9M21	Growth (%)
Cash Flows from Operating Activities	50.866	50,972	(0.2)
Cash Flows used in Investing Activities	(26.761)	(26,792)	(0.1)
Cash Flow used in Financing Activities	(31.035)	(27,342)	13.5
Net Increase in Cash & Cash Equivalents	(6.930)	(3,162)	119.2
Effect of Exchange Rate Changes on Cash and Cash Equivalents	277	64	332.8
Allowance for Expected Credit Losses	(1)	(0)	100.0
Cash and Cash Equivalents at Beginning of Year	38.311	20,589	86.1
Cash and Cash Equivalents at End of Period	31.657	17,491	81.0

- Net cash provided by operating activities during nine months of 2022 slightly decreased by 0.2% YoY to Rp50.9 trillion partly due to payment to vendors. However, cash received from customers increased by 2.7% YoY.

- Net cash used in investing activities was Rp26.8 trillion, in line with our capex utilization to strengthen our infrastructure to enhance service quality and customer experience.
- Net cash used in financing activities was Rp31.0 trillion resulted from lower cash inflow from new loan withdrawal.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	9M22	FY21	1H22	FY21
IDR/Rupiah	66.119	68,086	98.9	98.6
USD/US Dollar	517	671	0.8	0.9
JPY/Japanese Yen	202	285	0.3	0.4
MYR/Malaysian Ringgit	32	36	0.0	0.1
Total	66.870	69,078	100.0	100.0

In the nine months of 2022, total debts (including lease liabilities) stood at Rp66.9 trillion or decreased by 3.2% YTD due to repayment of our debts. Around 98.9% of our debts were in Rupiah currency, around 0.8% were in US Dollar currency and the remaining balance were in Japanese Yen and Malaysian Ringgit, consisting of short and long-term bank loans, bonds, two-step loans, loans from non-bank financial institution, as well as lease liabilities. By excluding lease liabilities, our total debt was Rp49.9 trillion as of 30 September 2022 and Rp52.7 trillion as of December 2021. The debt was allocated to support general corporate purposes, capital expenditure (capex) deployment, working capital stability, and investment in digital companies.

Meanwhile, Finance cost declined by 11.2% YoY to Rp3.0 trillion due to lower average outstanding loan and cost of debt compared to same period last year, as well as efficient cash flow management.

Our Debt-to-Equity Ratio (“DER”) and Debt to EBITDA were still relatively low at 46.0% and 0.8x.

Gearing Ratio

Ratios	End of		
	9M22	FY21	Growth (ppt)
Net Debt to Equity (%)	23.7	20.8	2.9
Debt to Equity (%)	46.0	47.5	(1.5)
Net Debt to EBITDA (times)	0.4	0.4	0.0
Debt to EBITDA (times)	0.8	0.9	(0.1)
Debt Service Ratio (times)	2.8	2.8	0.0

Notes:

- Net Debt to Equity is calculated as Total Debt deducted by Cash & Cash Equivalent and Other Current Financial Assets, then divided by Total Equity
- Debt Equity is Total Debt to Total Equity
- Net Debt to EBITDA is calculated as Total Debt deducted by Cash & Cash Equivalent and Other Current Financial Assets, then divided by Annualized EBITDA
- Debt to EBITDA represented by Total Debt to Annualized EBITDA
- Debt Service Ratio is calculated as Annualized EBITDA divided by the sum of Annualized Finance Cost and Short-term Debt

Financial Ratios

Ratios (%)	YoY		
	9M22	9M21	Growth (ppt)
EBIT Margin	29.0	34.2	(5.2)
EBITDA Margin	54.6	54.6	0.0
Net Income Margin	15.2	17.8	(2.6)
Current Ratio	82.3	59.8	22.5
Total Liabilities to Equity	85.7	107.5	(21.8)
Return on Assets	11.3	13.9	(2.6)
Return on Equity	20.9	28.8	(7.9)
Return on Invested Capital	14.3	18.3	(3.9)

Notes:

- EBIT Margin is EBIT to Revenue
- EBITDA Margin is EBITDA to Revenue
- Net Income Margin is calculated as Profit Attributable to Owners of the Company divided by Revenue
- Current Ratio represented by Current Assets divided by Current Liabilities
- Total Liabilities to Equity is Total Liabilities to Total Equity
- Return on Assets represented by Total Profit divided by Total Assets
- Return on Equity represented by Total Profit divided by Total Equity
- Return on Invested Capital is calculated as Annualized Total Profit divided by sum of Total Debt and Total Equity

Capital Expenditure

During nine months of 2022, Telkom spent Rp21.7 trillion in capital expenditure (capex) or represented 19.9% of total revenue. Our capex was utilized to strengthen network and other supporting infrastructures as well as to enhance capacity to provide better customer experience. In fixed line businesses, capex spent allocated for fiber-based access and submarine backbone infrastructures development, and for other projects such as towers and data centers. Moreover, capex was absorbed for further improvement of 4G network quality and capacity, commencement 5G roll out as well as enhancement of IT system in mobile business.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

Optimistic Indonesia's economic outlook with increasing household consumptions and easing mobility as the Covid-19 cases have been on a downward trend with acceleration of vaccinations. Nevertheless, a range of challenges lead to an increasingly global uncertainty still need to anticipate on the back of uncertainty about the end of pandemic, the development of new variants of Covid-19, geopolitical issues, risk of rising inflation and global recession that impacted to customer spending. These exacerbating the challenges in the telecommunication industry that already faced intense competition while the shift of Legacy business towards Data service continually to accelerate.

Strategic actions on product, pricing, cost optimization, network enhancement and digital initiatives were implemented to improve customer experience and ensure business sustainability:

- Pricing rationalization for market repair and healthy conduct continuity while keeping with market relevance and protecting relative market position.

- Optimization of the value of customers to protect and stimulate high quality subscribers with personalization and service differentiation.
- Committed to maintain and strengthen network leadership with network optimization and improvement that support focus on Digital Business.
- Continue to focus on securing profitability through cost optimization measures to streamline operational expenses.
- Strengthen core broadband with digital services portfolio to complement connectivity while capturing growth opportunities and securing company's long-term growth through new digital initiatives with strategic planning execution

Telkomsel recorded positive growth in total revenues (+1.6% YoY) with healthy levels of profitability (57.1% EBITDA Margin & 25.4% Net Income Margin) supported by Digital Business as new engine of growth driven by healthy growth of Data with digital drivers potency as indicative room for future growth.

Telkomsel managed to have customer base at 159.8 million subscribers with more productive & engaged in Data service as shown by the payload, Data user & payload/Data user.

Telkomsel committed to maintain & strengthen network leadership that support focus on Digital Business with continuous network deployment, resulted 81% of BTS operated were 3G/4G/5G BTS with more than 160,000 4G BTS & 260 5G BTS.

Telkomsel will continue to transform & empower its digital services by enhancing product offerings & digital capabilities to go beyond connectivity while expanding its current digital ecosystem. As a form of contribution in accelerating Indonesia's digital economy, Telkomsel established PT Telkomsel Ekosistem Digital (INDICO) as a subsidiary & holding company that stands as company's digital initiatives enabler & orchestrator to oversee several subsidiaries from Telkomsel's emerging vertical business portfolio in the digital sector. Telkomsel believes this is the right path on its transformative & digitalization journey for securing company's long-term growth and at the same time providing differentiation for subscribers across the nation.

Digital Business

Digital Business remained the engine of growth as the leading digital telecommunication company in Indonesia supported by a focus on maintaining dominance in network supply. This segment recorded positive performance with 6.0% YoY growth to Rp53,560 billion and increased its contribution to total revenues to 81.0% from 77.5% last year driven by healthy growth of Data with digital drivers' potency as indicative room for future growth.

Revenue from Data grew by 6.5% YoY to Rp45,970 billion with stable Data users & increased 3G/4G capable device penetration (126.3 million and 79.0% penetration) to have a healthy growth in Data payload (+20.7% YoY to 12,128,796 TB) & payload consumption at 11,785 MB per Data user (+17.2% YoY).

Legacy Business: Voice and SMS

Continued natural transition phase of Legacy toward Data & impact of OTT services cannibalization, Telkomsel's Legacy business was slowing down. Telkomsel initiatives to manage legacy and prolong the tail with personalized marketing approach to offer better value package while addressing customers' need with consistent network quality and services which including for International Roaming package due to increasing international travel and Islamic pilgrimage travel (Umrah and Hajj).

The following table summarizes Telkomsel's financial results for the period ended 30 September 2022:

Consolidated Statements of Profit and Loss

Key Indicators (Rp. Bn)	YoY			QoQ		
	9M22	9M21	Growth (%)	3Q22	2Q22	Growth (%)
Revenues	66,161	65,148	1.6	22,575	22,324	1.1
Legacy	12,601	14,641	(13.9)	4,097	4,187	(2.1)
Digital Business	53,560	50,508	6.0	18,478	18,137	1.9
Expenses incl. Depr. and others	43,632	39,403	10.7	14,947	13,762	8.6
EBITDA	37,802	37,906	(0.3)	12,920	12,614	2.4
EBITDA Margin (%)	57.1%	58.2%	(1.0)ppt	57.2%	56.5%	0.7ppt
Net Income	16,790	19,423	(13.6)	5,389	6,817	(21.0)
Net Income Margin (%)	25.4%	29.8%	(4.4)ppt	23.9%	30.5%	(6.7)ppt
Operating Net Income*	15,894	16,669	(4.7)	5,308	5,315	(0.1)
Operating Net Income Margin (%)*	24.0%	25.6%	(1.6)ppt	23.5%	23.8%	(0.3)ppt
Proportion of Digital Business (%)	81.0%	77.5%	3.4ppt	81.9%	81.2%	0.6ppt

*) Excludes inorganic initiatives with fair value of investment and one-off from unlocking assets

Operating Expenses

- As of September 2022, total expenses including depreciation, amortization and others (net) increased by 10.7% YoY to Rp 43,632 billion with ongoing cost transformation to improve operating expenses efficiency and effectiveness in supporting revenues include manageable Marketing cost to revenues and Operations & Maintenance cost to key infrastructures development. The growth of total expenses mainly driven by Operations & Maintenance cost as company's initiative to strengthen 4G LTE services and maximize Broadband service quality while having continuous network development to reach 260,815 total BTS (+6.1% YoY). Higher Cost of Services in digital to improve contents and partnership align with commitment to expand Digital Services portfolio to complement connectivity while capturing growth opportunities through new digital initiatives. Additionally, adjustment in fair valuation of investment in GoTo is already included with mark to market position.

EBITDA and Net Income

- Strategic actions to face the challenges and to ensure business continuity with positive growth of total revenues and initiatives to effectively manage operating expenses lead to healthy levels of profitability with 57.1% EBITDA Margin and 25.4% Net Income Margin.
- We booked Net Income of Rp16,790 billion and Rp19,423 billion in the nine months of 2022 and 2021, respectively (-13.6% YoY) that included inorganic initiatives with one-off gain on sale and leaseback of towers and changes in fair value of investment in GoTo. For simple normalization on both one-off gain & valuation, Operating Net Income in the nine months of 2022 and 2021 reached at Rp15,894 billion and Rp16,669 billion, respectively (-4.7% YoY) with healthy levels of profitability were still maintained to still have 24.0% Net Income Margin in the nine months of 2022.

Consolidated Statements of Financial Position

Key Indicators (Rp Bn)	Sep-22	Dec-21	Growth (%)
Current Assets	15,578	12,288	26.8
Non-Current Assets	86,835	89,014	(2.4)
Total Assets	102,414	101,302	1.1
Current Liabilities	29,274	31,654	(7.5)
Non-Current Liabilities	37,485	30,205	24.1
Total Equity	35,654	39,443	(9.6)
Total Liabilities & Equity	102,414	101,302	1.1

- Higher Current Assets mainly due to increase in Cash and cash equivalents and lower Non-Current Assets due to decrease in long-term investment.
- Lower Current Liabilities mainly due to decrease in short-term loans, while higher Non-Current Liabilities due to increase in lease liabilities.
- Lower total Equity mainly due to decrease in retained earnings.

Consolidated Statements of Cash Flows

Key Indicators (Rp Bn)	9M22	9M21	Growth (%)
Cash Flows from Operating Activities	32,334	32,520	(0.6)
Cash Flows for Investing Activities	(4,599)	(9,432)	(51.2)
Cash Flows for Financing Activities	(21,828)	(29,147)	(25.1)
Net Increase (Decrease) in Cash & Cash Equivalents	5,907	(6,059)	197.5
Cash and Cash Equivalents at Beginning of Period	2,766	9,154	(69.8)
Cash and Cash Equivalents at End of Period	8,673	3,095	180.2

- Lower net cash generated from operations mainly due to increase in both total cash receipts from operating activities and total cash payments for operating costs and expenses.
- Lower cash flows used in investing activities as 9M21 included long-term investments from the acquisition of PT Aplikasi Karya Anak Bangsa (Gojek).
- Lower cash flows for financing activities mainly due to lower payment of dividends to date.

Debt Profile

As of 30 September 2022, Telkomsel's total outstanding loans amounted to Rp1,500 billion from utilization of revolving credit facilities. As of 30 September 2022, Telkomsel Debt to Equity Ratio (DER) was 4.2% (exclude lease liabilities).

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 30 September 2022, the covenants were as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	≥ 1.25	3.31
Total Debt to Tangible Net Worth	≤ 2.00	0.05

Notes: Debts covenants exclude lease liabilities.

Mobile Digital Services

Telkomsel committed to enhance product offerings and digital capabilities to go beyond connectivity while expanding its current digital ecosystem, thus continue to focus on customer needs and long-term growth supported by network quality.

- Enrich digital lifestyle related to video and games content including build up the positioning of MAXstream in the video streaming industry with around 5 million monthly active users through expanding partnership with major content partners and our own MAXstream originals. Our footprint in mobile gaming industry also expanded by providing a complete solution, cultivating gamers community and step into game publishing under Dunia Games brand with more than 18 million monthly active users.
- Augmented the functionalities of by.U, a fully digital prepaid product offering integrated services based on fully customizable digital applications with positive growth of customer to reach 4.7 million customers.
- Developing Telkomsel Orbit, a home wireless internet service as an effort to leverage strong network capacity.
- Rehaul MyTelkomsel app & Telkomsel.com to improve their value proposition & to better support other corporate wide programs with around 30 million monthly active users of MyTelkomsel app.

Telkomsel's investment in Gojek (a regional on-demand multi-services platform and digital payment technology company) followed by Gojek-Tokopedia merger (GoTo) have strengthening strategic partnership initiatives and creates the first Super-App in Indonesia to become a complete digital solution with synergy values. It is also helped to accelerate the digitization of micro, small and medium enterprises (MSMEs) that include:

- Collaboration on initiatives to increase number of Telkomsel users within Gojek ecosystem.
- Easy onboarding for Gojek's MSME partners to become Telkomsel reseller partners and convenient access to Telkomsel's outlets and resellers via GoShop as well as integrated Telkomsel's outlet into GoSend.
- Integration of MyTelkomsel & GoPay to provide consumer choice of payment method for purchasing in MyTelkomsel as well as Telkomsel MyAds service and GoBiz platform to provide easier access for Gojek's MSME partners.
- Loyalty program by including Gojek voucher in Telkomsel POIN.
- Improving customer experience in carrying out Gojek services with Call Number Masking feature from Telkomsel's Enterprise solutions.

Telkomsel established PT Telkomsel Ekosistem Digital and officially introduced its brand name INDICO to become the leading platform that optimize Telkomsel's assets and capabilities to create a flywheel effect from

innovations that will accelerate Indonesia's digital economy. It is also a manifestation of its determination in expanding the company's digital business portfolio and as a company's proof to build an inclusive and sustainable digital ecosystem by implementing Telkomsel's digital trifecta: Digital Connectivity, Digital Platform, and Digital Services. Encouraging its development in the first wave, INDICO will focus on three digital industry sectors, namely edu-tech (Kuncie), health-tech (Fita), and gaming (Majamojo).

INDICO will also accelerate the presence of true digital talents who focus on collaborations with cross-sectoral start-ups in the country, investors, and stakeholders in the digital industry for a more significant impact in strengthening the national digital economy through several initiatives which in the third quarter of 2022 were as follows:

- In July 2022, INDICO's portfolio Majamojo announced that it had inked a partnership with Agate, one of the largest game developers in Indonesia, to oversee the launching of interactive visual novel game platform Memories in the Southeast Asia region. The collaboration will push the penetration of locally made games and unlock its potential while opening opportunities for local creators and talents to contribute to the development of Indonesia's game ecosystem.
- INDICO's portfolio Kuncie launched Mini MBA program in partnership with the School of Business and Management-Institut Teknologi Bandung (SBM-ITB) in July 2022. The program is designed to answer business challenges driven by rapid digitalization and provides reliable and cost-effective learning tools for business studies that equivalent to a master's degree.
- In August 2022, INDICO's portfolio Majamojo released the "Boxing Star: KO Master" game as a momentum to revive the spirit of boxing enthusiasts in Indonesia that reflected through a partnership with Chris John Foundation, a non-profit organization focusing to empower and develop young Indonesian boxers.
- In September 2022, INDICO's portfolio Kuncie established Komplit as a comprehensive data analytics bootcamp designed to response the increasing needs of professionals who aspire to hone their data analytics skills.

As the first cellular operator to offer 5G in Indonesia, Telkomsel continues its strategy in improving use cases for 5G deployment selectively through a demand-based approach for B2C and B2B with partnership in manufacturing and infrastructure sector, support in educational sector and participate in a national event. Telkomsel also collaborates with a world-class reliable connectivity company to strengthen Telkomsel IoT ecosystem.

Telkomsel will maximize the use of 5G that can transform lives and implement the advantages of 5G network to further encourage the growth of digital connectivity, digital platforms and digital services in Indonesia as well as the development of future technology solutions such as artificial intelligence, cloud computing and the Internet of Things with investment already included in its roadmap plan and will be executed in stages based on several considerations including maturity of the ecosystem.

Customer Base

As of September 2022, Telkomsel managed to have 159.8 million subscribers align with corporate strategy to apply healthy conduct, optimize the value of customers and focus on renewal that resulting to number consolidation with more productive subscribers.

Network Deployment

Continuous network development to support our focus on Digital Business with 4G and 5G BTS deployment to reach 160,376 and 263 units, respectively in September 2022. As we have covered most of the population by 4G LTE network throughout the nation, the deployment will also be prioritizing quality and capacity. The network rolls out brought total BTS on air to 260,815 units at the end of September 2022, or increased by 6.1% YoY, of which 210,632 units were 3G/4G/5G BTS.

IT Development

We continue to enhance and strengthen our IT platform in order to improve our customer analytics' capability to be able to digitalize and provide more personalized products to our customers. Moreover, we also elevate and expand our digital capabilities for the distinctive digital experience of customer.

The following table shows key operational performance as of 30 September 2022:

Key Indicators	YoY			QoQ		
	9M22	9M21	Growth (%)	3Q22	2Q22	Growth (%)
Customer Base (000)	159,836	173,540	(7.9)	159,836	169,667	(5.8)
ARPU (000)	43	44	(1.7)	45	43	3.8
BTS on Air (units)	260,815	245,710	6.1	260,815	255,107	2.2
Total Employees (*including subs & associated co)	5,397	5,469	(1.3)	5,397	5,381	0.3
MoU (in billion minutes)	71.2	94.6	(24.7)	22.1	23.6	(6.6)
SMS (in billion units)	9.1	20.7	(56.0)	2.6	2.8	(6.4)
Data Payload (TB)	12,128,796	10,047,827	20.7	4,147,341	4,182,589	(0.8)

Fixed Line Services

Fixed Broadband IndiHome

IndiHome recorded Rp20.9 trillion in revenue or grew by 6.4% YoY, where its contribution to TelkomGroup revenue increased to 19.2% in 9M22 from 18.5% in the same period last year. As a result of higher economic of scale and better operating leverage, EBITDA margin of IndiHome was relatively stable at around 50% in during the period.

We added around 438 thousand new customers during 9M22, brought total subscribers to reach 9.0 million by the end of September 2022 or increased by 6.8% YoY. Around 61% of total customers were on Dual Play Package while the remaining 39% were on Triple Play. We are more selective in getting new customers to ensure customer credit quality. IndiHome plays important role in building digital society as its services cover 499 (97.1%) cities/districts throughout Indonesia. IndiHome ARPU in 3Q22 was relatively stable at Rp269 thousand.

We continue to encourage new and existing customers to subscribe on Triple Play, higher speed, or purchase various add-ons such as various mini packs and additional hybrid boxes. The stable ARPU was largely driven by revenue from add-ons that grew by 11.4% YoY and contributed to around 16.1% of IndiHome revenue, higher than previous year which contributed 15.4% of total IndiHome revenue. In addition, we keep enriching IndiHome content by adding IndiHome Netflix bundling package to further improve customer experience.

Around 90% of the IndiHome revenue was generated from residential customers (Consumer Segment, with around 95.6% contribution to the segment's revenue), while the remaining 10% was from business clients (Enterprise Segment).

Enterprise & Wholesale and International Business (WIB)

During the nine months 2022, Enterprise segment decreased by 0.9% YoY in revenue to Rp13.7 trillion due to transfer of business phase on Data Center Portfolio. However, Enterprise segment still managed to show significant growth in 3Q22 by 10.5% QoQ. B2B IT Digital Services and Enterprise Connectivity solutions were the biggest contributors in Enterprise segment. We keep strengthening our capability in cloud, including to make strategic partnership with global tech players. We expect these efforts will leverage our capability to deliver digital solution to our customers. Meanwhile WIB segment posted Rp11.3 trillion in revenue or increased by 7.6% YoY driven by our growing international wholesale voice business as well as digital business including both domestic and international A2P.

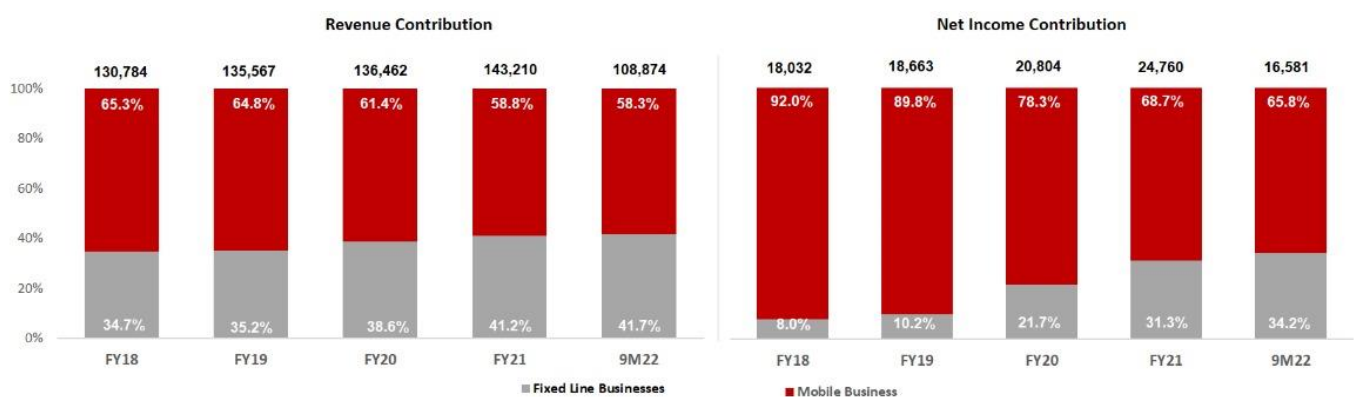
Tower

Mitratel manages 35,051 towers with 1.44x tenancy ratio. Mitratel enjoys site diversification as around 58% of Mitratel's towers are located in ex-Java, while the remaining 42% are located in Java. We are of the view that tower business still has the opportunity to grow, driven by increasing demand in cellular data and the upcoming 5G technology implementation.

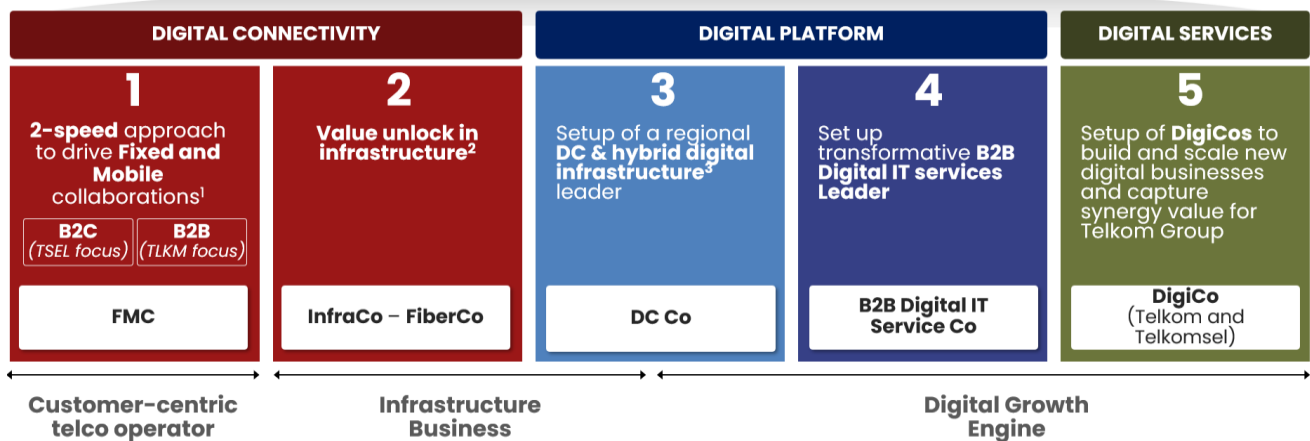
Mitratel has recorded stand-alone Revenue of Rp5.6 trillion or grew by 11.5% YoY driven by tower leasing revenue. EBITDA and Net Income grew by 15.7% and 18.1% YoY, respectively. Furthermore, both EBITDA Margin and Net Income Margin were also expanding to 78.5% and 21.9%, increased by 2.8 ppt and 1.2 ppt, in line with management's commitment to maximizing shareholder value. Align with financial performance, collocation number and number of tenants grew by 9.1% and 19.6% YoY respectively during this year.

Mitratel is also expanding to Fiber-to-the-Tower business as part of its strategy to strengthen its product portfolio to become a digital infrastructure company. The company received orders of around 14,000 Km and has deployed around 5,900 km fiber network connection from mobile operators until 9M22, which are higher than expectation.

Fixed line businesses contribution consistently increased and reached 41.7% and 34.2% of Telkom's Consolidated Revenue and Net Income during the nine months of 2022. This reflects our well-diversified businesses, as shown in the charts below.



Five Bold Moves Framework



- Needs deeper exercise across multiple strategic dimensions including complexity, regulation, stakeholder, financial impact
- TowerCo has already completed IPO to unlock value in November 2021
- DC-related is placed under Digital Platform to accommodate integrated directions and more comprehensive strategies, including Cloud and Tech-giant strategy

Telkom initiates five bold moves strategy to build competitive advantages in the areas of digital connectivity, digital platforms, and digital services. This strategy aims to strengthen the Company’s position as a world-class digital telco company, with long term objective to create higher value for the Company’s stakeholders. We are of the view that five bold moves strategy will maximize opportunity and value creation.

Fixed-Mobile Convergence (FMC)

The purpose of materializing FMC initiative is to provide a better customer experience, to have more efficient Capex, as well as to enjoy robust data integration. Telkom and Telkomsel are now in the process of finding the best business model that can bring the maximum value to our business.

In order to realize this initiative, we have future products and features, such as Orbit, our fixed wireless product, and Smooa features that show our capability in integrating our fixed and mobile network. Orbit is a home internet service which uses a WiFi modem under Telkomsel’s cellular network and currently has 505 thousand users. Meanwhile, Smooa is a feature that allows IndiHome subscribers to buy Telkomsel internet quota under single billing system.

To cater wider addressable market, we expect FMC to provide various services, technology, and pricing based on customers’ needs. We are of the view that the FMC strategy would increase Telkom Group’s value proposition and distinguish our unique competitive advantage in the market.

InfraCo

Telkom has been pursuing infrastructure value unlock, starting with Tower, Telkom will continue to explore new InfraCo and infra sharing potential. This initiative aims at optimizing consolidated Telkom’s Capex efficiency, quality improvement, and coverage of service. We expect carving out Telco infrastructure assets can maximize valuations as well as to achieve strategic differentiation. By having InfraCo, we believe Telkom can optimize asset utility and market penetration, cater Telco business challenge, and create business value that meets investor expectation.

Data Center

As the demand is growing significantly with the rising activities in digital business players, Data Center and Cloud remained as one of the areas that become our focus. The presence of robust data center and cloud infrastructure is key to enable us in developing various digital solutions to enhance customers' experience. Our data centers are integrated to Telkom network and also global submarine cable network. With our integrated network, we are able to accommodate our customer future business digitization needs, such as edge computing, 5G services, blockchain and other digital solutions.

Currently, we have 28 data center facilities (23 domestic and 5 overseas including our Tier 3 and 4 data centers in Singapore). Our data center business provides several products and solutions, such as shared colocation, dedicated colocation, working room, cross connect, smart hand, and DC interconnect.

TelkomGroup Data Center Footprints



NeutraDC has achieved Integrated Management System Certification
ISO 9001, ISO 14001, ISO 45001, ISO 27001, PAS 99



As an effort to enhance competitive advantage, sustainable competitive growth, as well as to achieve higher valuation, we are in the process of restructuring our data center business by consolidating the businesses and assets under one entity, called PT Telkom Data Ecosystem with NeutraDC as the brand. The consolidation process is executed in stages and we expect that the process will be completed in 2024.

Product and Marketing Activities

Fixed Line

■ IndiHome Paket Pelajar, Pengajar dan Jurnalis

As a form of support for learning and journalism activities, IndiHome offers packages supported by fast internet connections, various interactive TV services and IndiHome Study application to facilitate the activities of teachers, lecturers, students, and journalists throughout Indonesia.

■ IndiHome Paket Gamer

As a form to facilitate gaming activities, IndiHome introduces packages with super-fast internet networks and some attractive in-game benefits from Game Publisher. IndiHome is also committed to the development of e-sports in the country by actively held several games tournament. Besides that, IndiHome launched an e-sport academy with the concept of athlete enablement, namely Limitless Esport Academy (LEAD), to empower and train the player to become a professional player (pro-player) with an athlete mentality.

■ Paket Netflix Access

The package allows our customers to enjoy various Netflix contents by bundling Netflix and IndiHome subscription fees under one single billing.

ADDITIONAL INFORMATION

Awards and Recognition

As a reflection of our business excellence, innovative products and services, reliable network infrastructure, widest coverage areas, excellent customer service, strategy execution and strong management operation, we received awards and accolades for various categories from leading institutions at both national and international levels. The awards and accolades we received during 3Q22 among others:

- Best Listed Company Awards 2022 in Telecommunication Sector by Majalah Investor.
- IDX Channel Anugerah Inovasi Indonesia 2022 (ICAI) for Product and Business Model Category for MyDigilearn Innovation from IDX Channel.
- Nusantara CSR Awards 2022 from La Tofi School of Social Responsibility in Improving Education Quality Category.
- Indonesia State Owned Enterprise with Predicate Excellent for Financial Performance in 2021 and The Best SOE for Valuable Business Strategy Through Digital Transformation in Infobank The Best State Owned Enterprise 2022 from Infobank.
- Top 100 Valuable Brands and Top 10 Strongest Brands in The 10th Brand Finance Indonesia Top 100 Most Valuable Brands from Majalah Investor.
- Excellence in CSR Strategy in Human Resources (HR) Excellence Awards 2022 from Light House Independent Media.
- The Asian Technology Excellence Awards 2022 for Telkomsel IoT in the category of the Indonesia Technology Excellence Award for IoT – Telecommunication from The Asian Business Review.
- Indonesia PR of The Year 2022 for The Best Marketing PR Program (Telkomsel Brand Rejuvenation Campaign) and The Best Owned Media Program (official website & social media performance index) from Mix Marketing Communication.
- Marketeers SME Enablers Award 2022 for 99% Usahaku (Marketing & Growth Enabler category) and Digital Creative Entrepreneurs (IT Infrastructure Enabler Sector) from Marketeers Media.

- Indonesia Customer Experience & Sales Team Champions 2022 for Telkomsel Orbit & Telkomsel Digipos from SWA & Business Digest.
- TJSL & CSR Award 2022 for The NextDev (Pilar Ekonomi category), IndonesiaNEXT (Pilar Sosial category) and TERRA (Pilar Lingkungan category) from BUMN Track.
- IDX Channel Anugerah Inovasi Indonesia (ICAII) 2022 for IndonesiaNEXT program (Sustainability category) from IDX Channel.

Table 1
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)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	31,657	38,311	(17.4)
Other current financial assets	702	493	42.4
Trade receivables - net allowance for expected credit losses			
Related parties	1,296	961	34.9
Third parties	8,195	7,549	8.6
Contract assets - net	1,877	2,330	(19.4)
Other receivables - net	142	195	(27.2)
Inventories - net	1,181	779	51.6
Assets held for sale	6	818	(99.3)
Contract cost	640	656	(2.4)
Prepaid taxes	3,066	2,144	43.0
Claim for tax refund	465	690	(32.6)
Other current assets	4,398	6,351	(30.8)
Total Current Assets	53,625	61,277	(12.5)
NON-CURRENT ASSETS			
Contract assets - net	96	143	(32.9)
Long-term investments in financial instruments	11,735	13,661	(14.1)
Long-term investments in associates	135	139	(2.9)
Contract cost	1,855	1,608	15.4
Property and equipment	166,239	165,026	0.7
Right-of-use assets	19,445	18,469	5.3
Intangible assets	7,507	7,506	0.0
Deferred tax assets - net	4,559	3,824	19.2
Other non-current assets	4,767	5,531	(13.8)
Total Non-current Assets	216,338	215,907	0.2
TOTAL ASSETS	269,963	277,184	(2.6)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables			
Related parties	410	497	(17.5)
Third parties	13,187	16,673	(20.9)
Contract liabilities	6,414	6,795	(5.6)
Other payables	396	609	(35.0)
Taxes payable	4,346	3,923	10.8
Accrued expenses	14,239	15,885	(10.4)
Customer deposits	2,266	2,416	(6.2)
Short-term bank loans	11,871	6,682	77.7
Current maturities of long-term borrowings	7,862	9,690	(18.9)
Current maturities of lease liabilities	4,157	5,961	(30.3)
Total Current Liabilities	65,148	69,131	(5.8)
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	985	1,158	(14.9)
Contract liabilities	1,361	1,283	6.1
Long service award provisions	1,324	1,206	9.8
Pension benefits and other post-employment benefits obligations	11,956	11,563	3.4
Long-term loans and other borrowings	30,120	36,319	(17.1)
Lease liabilities	12,860	10,426	23.3
Other liabilities	810	699	15.9
Total Non-current Liabilities	59,416	62,654	(5.2)
TOTAL LIABILITIES	124,564	131,785	(5.5)
EQUITY			
Capital stock	4,953	4,953	-
Additional paid-in capital	2,711	2,711	-
Other equity	9,596	9,395	2.1
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	90,975	89,250	1.9
Net equity attributable to:			
Owners of the parent company	123,572	121,646	1.6
Non-controlling interest	21,827	23,753	(8.1)
TOTAL EQUITY	145,399	145,399	0.0
TOTAL LIABILITIES AND EQUITY	269,963	277,184	(2.6)

Table 2
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>2022</u>	<u>2021</u>	<u>Growth (%)</u>
REVENUES	108,874	106,043	2.7
COST AND EXPENSES			
Operation, maintenance, and telecommunication service expenses	(27,167)	(26,978)	0.7
Depreciation and amortization expenses	(25,018)	(22,183)	12.8
Personnel expenses	(11,155)	(11,018)	1.2
Interconnection expenses	(3,865)	(3,715)	4.0
General and administrative expenses	(4,449)	(4,034)	10.3
Marketing expenses	(2,779)	(2,371)	17.2
Unrealized (loss) gain on changes in fair value of investments	(3,084)	403	(865.3)
Other income – net	48	111	(56.8)
Gain on foreign exchange – net	168	43	290.7
OPERATING PROFIT	31,573	36,301	(13.0)
Finance income	627	450	39.3
Finance cost	(3,009)	(3,387)	(11.2)
Share of gain (loss) of associated companies – net	6	(104)	(105.8)
PROFIT BEFORE INCOME TAX	29,197	33,260	(12.2)
INCOME TAX (EXPENSE) BENEFIT			
Current	(7,278)	(7,539)	(3.5)
Deferred	897	(58)	(1,646.6)
	(6,381)	(7,597)	(16.0)
PROFIT FOR THE PERIOD	22,816	25,663	(11.1)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	201	36	458.3
Share of other comprehensive income of long-term investment in associates	1	0	100.0
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial loss - net	(1)	0	(100.0)
Other comprehensive income - net	201	36	458.3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	23,017	25,699	(10.4)
Profit for the period attributable to:			
Owners of the parent company	16,581	18,872	(12.1)
Non-controlling interests	6,235	6,791	(8.2)
	22,816	25,663	(11.1)
Total comprehensive income for the period attributable to:			
Owners of the parent company	16,782	18,908	(11.2)
Non-controlling interests	6,235	6,791	(8.2)
	23,017	25,699	(10.4)
BASIC EARNING PER SHARE			
(in full amount)	167.38	190.51	(12.1)
Net income per share	16,737.97	19,050.65	(12.1)
Net income per ADS (100 Series B shares per ADS)			

Table 3
PT TELEKOMUNIKASI SELULAR AND ITS SUBSIDIARIES (TELKOMSEL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2022 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2021 (AUDITED)
 (Figures in the table are presented in billions of Rupiah)

	<u>SEP 2022</u>	<u>DEC 2021</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	8,673	2,766	213.6
Accounts receivable – net	1,579	1,176	34.2
Unbilled revenue	1,634	1,571	4.0
Prepaid expenses – current	2,408	5,040	(52.2)
Others	1,285	1,735	(26.0)
Total Current Assets	<u>15,578</u>	<u>12,288</u>	26.8
NON-CURRENT ASSETS			
Long-term investment	6,364	9,416	(32.4)
Fixed assets – net	72,702	71,598	1.5
Intangible assets – net	6,146	6,240	(1.5)
Prepaid expenses – non current	1,459	1,721	(15.2)
Deferred tax assets – net	125	-	N/A
Others	38	39	(2.5)
Total Non-current Assets	<u>86,835</u>	<u>89,014</u>	(2.4)
TOTAL ASSETS	<u>102,414</u>	<u>101,302</u>	1.1
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	11,926	13,052	(8.6)
Taxes payable	1,659	1,465	13.2
Unearned revenue	5,498	5,710	(3.7)
Current maturities of medium-term loans	1,500	1,650	(9.1)
Current maturities of lease liabilities	8,692	8,427	3.1
Short-term loans	-	1,350	N/A
Total Current Liabilities	<u>29,274</u>	<u>31,654</u>	(7.5)
NON-CURRENT LIABILITIES			
Provision for employee benefits	5,472	4,781	14.5
Lease liabilities – net of current maturities	31,563	24,786	27.3
Deferred tax liabilities – net	-	638	N/A
Others	450	-	N/A
Total Non-current Liabilities	<u>37,485</u>	<u>30,205</u>	24.1
EQUITY			
Capital stock – Rp 1,000,000 par value			
Authorized – 650,000 shares			
<i>Issued and fully paid – 182,570 shares</i>	183	183	0.0
Additional paid-in capital	1,531	1,531	0.0
Retained earnings	33,903	37,730	(10.1)
Non-controlling interest	38	0	N/A
Total Equity	<u>35,654</u>	<u>39,443</u>	(9.6)
TOTAL LIABILITIES & EQUITY	<u>102,414</u>	<u>101,302</u>	1.1

Table 4
PT TELEKOMUNIKASI SELULAR AND ITS SUBSIDIARIES (TELKOMSEL)
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (UNAUDITED)
 (Figures in the table are presented in billions of Rupiah)

	<u>SEP 2022</u>	<u>SEP 2021</u>	<u>Growth (%)</u>
REVENUES			
Legacy	12,601	14,641	(13.9)
Digital Business	53,560	50,508	6.0
Total Revenues	66,161	65,148	1.6
EXPENSES			
Operations & maintenance	15,686	15,263	2.8
Personnel	4,763	4,495	5.9
Marketing	1,657	1,620	2.3
General & administrative	1,137	1,006	13.0
Cost of services	4,012	3,724	7.7
Interconnection and international roaming	1,104	1,134	(2.6)
Depreciation and amortization	15,744	15,102	4.2
Others – net	(471)	(2,943)	(84.0)
Total Expenses	43,632	39,403	10.7
Finance charges – net	(1,545)	(1,318)	17.2
INCOME BEFORE TAX	20,985	24,427	(14.1)
INCOME TAX EXPENSE	(4,195)	(5,004)	(16.2)
NET INCOME	16,790	19,423	(13.6)
EBITDA	37,802	37,906	(0.3)
EBITDA Margin	57.1%	58.2%	(1.0)ppt
ROA	23.9%	27.6%	(3.8)ppt
ROE	63.2%	63.1%	0.1ppt