

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

- Amidst Covid-19 pandemic situation, in 9M21 PT Telkom Indonesia (Persero) Tbk (“Telkom or The Company”) recorded healthy growth of 6.1% YoY in Revenue to Rp106.0 Trillion, with EBITDA and Net Income grew by 8.1% and 13.1% YoY, respectively. Furthermore, both EBITDA and Net Income Margins were also expanding to 54.6% and 17.8%, increased by 1.0ppt and 1.1ppt from the same period last year.
- IndiHome continued to become our engine of growth as it posted Revenue of Rp19.6 Trillion or grew by 21.9% YoY supported by 450 thousand new subscribers and improving ARPU during 9M21.
- Telkomsel’s Digital Business enticed strong traction with significant growth in data traffic of 50.4% YoY and it accounted for 77.5% of Telkomsel’s total revenue. We are of the view that the industry consolidation would lead to a healthier industry.
- Mitratel, Telkom’s subsidiaries, successfully conducted its Initial Public Offering (IPO) on 22 November 2021 to become one of the biggest listed tower providers in Indonesia. Mitratel raised around Rp18.8 trillion in fresh fund which would be allocated to support organic and inorganic business expansion.
- Following Telkomsel’s investment in Gojek, Telkomsel has enjoyed valuation benefit, and furthermore the two companies strengthened strategic partnership initiatives to help accelerate Telkom Group digital transformation and help digitization of Micro, Small and Medium Enterprises (MSMEs) at once.

Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	9M21	9M20	Growth (%)
Revenues	106,043	99,941	6.1
Expenses	69,742	66,930	4.2
Operating Profit	36,301	33,011	10.0
EBITDA	57,927	53,586	8.1
EBITDA Margin (%)	54.6	53.6	1.0 ppt
Net Income	18,872	16,679	13.1
Net Income Margin (%)	17.8	16.7	1.1ppt

Operational Highlights

Subscribers (000)	YoY		
	9M21	9M20	Growth (%)
Broadband			
Fixed Broadband - IndiHome	8,465	7,755	9.2
Mobile Data User	120,859	117,306	3.0
Cellular			
Telkomsel Halo	6,790	6,308	7.6
Telkomsel Prabayar	163,646	162,819	0.5
by.U	3,104	990	213.5
Total	173,540	170,117	2.0

Investor Relations

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PT TELKOM INDONESIA (PERSERO) Tbk NINE MONTHS OF 2021 (UNAUDITED)

The following analysis and discussion are based on our Indonesian GAAP financial statements for the first nine months of 2021 and 2020. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp. Bn)	YoY		
	9M21	9M20	Growth (%)
Data, Internet & IT Service	57,016	52,647	8.3
IndiHome	19,638	16,113	21.9
SMS, Fixed and Cellular Voice	15,985	18,945	(15.6)
Interconnection	5,748	6,030	(4.7)
Network and Other Telco Services	7,656	6,206	23.4
Total	106,043	99,941	6.1

In the first nine months of 2021, Telkom consolidated revenue grew by 6.1% YoY to Rp106.0 trillion with IndiHome and mobile data continued to be the growth drivers. The revenue details are as follows:

- **Data, Internet & IT Services revenues** increased by 8.3% YoY to Rp57.0 trillion driven by continued growth of cellular data revenue, enterprise connectivity, and digital services. During the period, mobile data traffic jumped by 50.4% YoY to 9,812 petabyte.
- **IndiHome** revenue significantly grew by 21.9% YoY to Rp19.6 trillion during the period. We added around 450 thousand new subscribers despite challenging operational activities due to measures and protocols in connection with COVID-19. Total subscribers reached 8.46 million as of end of September 2021. The revenue growth was also attributable to improving ARPU.
- **SMS, Fixed and Cellular Voice** posted revenues of Rp16.0 trillion, or lower by 15.6% YoY due to cannibalization from instant messaging (OTT) application and continuous transition from legacy to data. During the period, Both Voice and SMS revenue declined by 15.7% YoY and 15.2% YoY, respectively.
- **Interconnection revenues** decreased by 4.7% YoY to Rp5.7 trillion in line with the declining legacy international voice business.
- **Network and Other Telecommunication Services revenues** increased by 23.4% YoY to Rp7.7 trillion driven by managed solution businesses, including from tower lease.

Expenses

Key Indicators (Rp. Bn)	YoY		
	9M21	9M20	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	26,978	25,098	7.5
Personnel	11,018	10,406	5.9
Interconnection	3,715	4,261	(12.8)
Marketing	2,371	2,356	0.6
General & Administrative	4,034	4,234	(4.7)
Total Operating Expenses	48,116	46,355	3.8
Depreciation & Amortization	22,183	21,038	5.4
Forex (Gain) / Loss	(43)	2	(2,250.0)
Others (Income) / Expense	(514)	(465)	10.5
Total Expenses	69,742	66,930	4.2

Telkom recorded total expenses of Rp69.7 trillion or increased by 4.2% YoY, lower than revenue growth, as Operating Expenses grew by 3.8% YoY to Rp48.1 trillion. Details of expenses are as follows:

- **Operation & Maintenance (O&M) expenses** rose by 7.5% YoY to Rp27.0 trillion, in line with the development of digital content as our value added service to enhance our digital business.
- **Personnel expenses** grew by 5.9% YoY to Rp11.0 trillion driven by higher country's inflation level and higher pension benefit cost due to lower discount rate.
- **Interconnection expenses** was Rp3.7 trillion or decreased by 12.8%, in line with declining wholesale voice business.
- **Marketing expenses** slightly increased by 0.6% YoY to Rp2.4 trillion mainly due to higher marketing activity as the impact of easing mobility restrictions.
- **General & Administrative expenses** declined by 4.7% YoY to Rp4.0 trillion, as a result of our successful effort in improving collection of receivables as customer purchasing power improved.
- **Depreciation & Amortization** increased by 5.4% YoY to Rp22.2 trillion in line with continuous investment to enhance our digital infrastructure both in mobile and fixed line businesses.
- We recorded **Net Forex Gain** of Rp43 billion by the end of September 2021 reflecting our capabilities in managing foreign currency risk exposure.
- We booked **Other Income – net** of Rp514 billion. This account included around Rp350 billion to recognize gain arising from changes in fair value of investment in Gojek.

EBITDA and Net Income

During the nine months of 2021, EBITDA surged by 8.1% YoY to Rp57.9 trillion with EBITDA margin improved to 54.6% from 53.6% last year. The expanding EBITDA reflected our successful profitability improvement and cost efficiency in our business lines. Furthermore, we booked Net Income of Rp18.9 trillion or soared by 13.1% YoY with Net Income margin of 17.8% compared to 16.7% last year.

Financial Position

Key Indicators (Rp. Bn)	End of		
	9M21	FY20	Growth (%)
Total Assets	246,500	246,943	(0.2)
Total Liabilities	127,687	126,054	1.3
Non-controlling Interests	14,093	18,362	(23.2)
Total Equity	118,813	120,889	(1.7)

- Total assets at end of September 2021 was at Rp246.5 trillion, slightly declined by 0.2% YTD. The decrease was mainly caused by disbursement of dividend to shareholders.
- Total liabilities during 9M21 rose by 1.3% YTD to Rp127.7 trillion mainly due to increase in our debt.
- Non-controlling interests decreased by 23.2% attributed by dividend payment by our subsidiaries.
- Our equity decreased by 1.7% YTD to Rp118.8 trillion due to the distribution of dividend payment to our shareholders on July 2, 2021.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	9M21	9M20	Growth (%)
Cash Flows from Operating Activities	50,972	47,450	7.4
Cash Flows from/(used in) Investing Activities	(26,792)	(19,290)	38.9
Cash Flow from/(used in) Financing Activities	(27,342)	(29,190)	(6.3)
Net Increase (Decreased) in Cash & Cash Equivalents	(3,162)	(1,030)	207.0
Effect of Exchange Rate Changes on Cash and Cash Equivalents	64	208	(69.2)
Cash and Cash Equivalents at Beginning of Year	20,589	18,242	12.9
Cash and Cash Equivalents at End of Period	17,491	17,420	0.4

- Net cash provided by operating activities in during the period closed to Rp51.0 trillion. The increase was in line with our growing business as cash from customer grew by 9.1% YoY to Rp104.8 trillion.
- Net cash used in investing activities increased by 38.9% YoY mainly due to our investment in digital companies.
- Net cash used in financing activities decreased by 6.3% YoY as cash outflows for repayment of loans and other borrowings were lower than cash inflow from new withdrawal.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	9M21	FY20	9M21	FY20
IDR/Rupiah	67,453	63,992	98.5	97.8
USD/US Dollar	668	1,011	1.0	1.5
JPY/Japanese Yen	344	418	0.5	0.6
MYR/Malaysian Ringgit	37	41	0.0	0.1
Total	68,502	65,462	100.0	100.0

Total debts (including lease liabilities) stood at Rp68.5 trillion during the first nine months of 2021, a 4.6% YTD increase compared to the end of 2020. Around 98.5% of our debts were in Rupiah currency, around 1.0% 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. Excluding lease liabilities, our total debt was Rp54.4 trillion as of 30 September 2021 and Rp49.8 trillion as of December 2020. The increase in debt was mainly utilized to support general corporate purposes and investment we made in digital companies.

Finance cost however declined by 2.0% YoY to Rp3.4 trillion due to lower interest rates environment and effective cash flow management.

Our debt to equity ratio (“DER”) and debt to EBITDA were still relatively manageable at 57.7% and 0.9x.

Gearing Ratio

Ratios (%)	End of		
	9M21	FY20	Growth (ppt)
Net Debt to Equity	42.4	36.0	6.4
Debt to Equity	57.7	54.2	3.5
Net Debt to EBITDA (times)	0.7	0.6	0.1
Debt to EBITDA (times)	0.9	0.9	0.0
Debt Service Ratio (times)	2.5	2.5	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
- 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		
	9M21	9M20	Growth (ppt)
EBIT Margin	34.2	33.0	1.2
EBITDA Margin	54.6	53.6	1.0
Net Income Margin	17.8	16.7	1.1
Current Ratio	59.8	64.1	(4.3)
Total Liabilities to Equity	107.5	97.8	9.7
Return on Assets	13.9	13.1	0.8
Return on Equity	28.8	26.0	2.8
Return on Invested Capital	18.3	17.0	1.3

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

In the first nine months of 2021, Telkom spent Rp18.6 trillion in capital expenditure (capex) or represented 17.5% 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 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

The telecommunication industry continued to deal with the impact of COVID-19 and challenges from overall lower purchasing power, consumer spending and household consumption. The uncertain development of the pandemic and economic recovery exacerbating the already intense market competition while the shift of legacy business towards Data service continually to accelerate.

In spite of the challenges, Telkomsel maintained its positive quarterly growth in revenues with healthy levels of profitability supported by Digital Business as new engine of growth driven by Data and Digital Services performances with digital drivers potency as indicative room for future growth.

In the non-financial aspect, Telkomsel managed to have 173.5 million subscribers with more productive & engaged in Data service as shown by the Data payload, Data user and payload per Data user. Telkomsel

committed to maintain and strengthen network leadership that support focus on Digital Business with continuous network deployment resulted 80% of BTS operated were 3G/4G BTS with more than 132,000 4G BTS.

With the rapidly evolving customer needs and the transformation taking place in the society, Telkomsel committed to enhance product offerings and digital capabilities while accelerating and expanding its current digital ecosystem. Telkomsel will go further beyond connectivity and explores opportunities in new digital initiatives and solutions supported by a superior network quality to cater the needs of customers, thus continue to focus on long-term growth.

In overall, through consistent assessment with prudent execution, Telkomsel believes this is the right path on digitalization journey into a digital telco company and strengthening the development of digital-based telecommunication services in the daily lives for securing a 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 Rp50,508 billion and increased its contribution to total revenues to 77.5% from 73.2% last year (Pre-PSAK 72, Digital Business growth would be 9.0% YoY with 79.7% contribution to total revenues).

Revenue from Data grew by 4.1% YoY to Rp43,146 billion with 120.9 million Data users (+3.0% YoY) & 3G/4G capable device at 130.7 million (+1.6% YoY & 75.3% penetration) as well as healthy growth in Data payload (+50.4% YoY to 10,047,827 TB) & payload consumption at 10,059 MB per Data user (+38.6% YoY). Digital Services also grew by 18.6% YoY to Rp7,362 billion & has been the key drivers of Telkomsel transformation as a digital telco company with initiatives to optimize & accelerate its adoption through products & services in this segment included Digital Lifestyle, Digital Advertising, Digital Enterprise Solution & IoT business.

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. Furthermore, Telkomsel also expanding digital ecosystem and creating strategic initiatives that believe will support to enhance digital services and solutions.

The following table summarizes Telkomsel's financial results for the period ended 30 September 2021:

Consolidated Statements of Profit and Loss

Key Indicators (Rp. Bn)	YoY			QoQ		
	9M21	9M20	Growth (%)	3Q21	2Q21	Growth (%)
Revenues	65,148	65,134	0.0	21,975	21,958	0.1
Legacy	14,641	17,475	(16.2)	4,827	4,923	(2.0)
Digital Business	50,508	47,659	6.0	17,149	17,034	0.7
Expenses incl. Depr. and others	39,403	40,993	(3.9)	13,152	13,742	(4.3)
EBITDA	37,906	38,488	(1.5)	12,550	12,855	(2.4)
EBITDA Margin (%)	58.2	59.1	(0.9) ppt	57.1	58.5	(1.4) ppt
Net Income	19,423	18,016	7.8	6,674	6,025	10.8
Net Income Margin (%)	29.8	27.7	2.2 ppt	30.4	27.4	2.9 ppt
Proportion of Digital Business (%)	77.5	73.2	4.4 ppt	78.0	77.6	0.5 ppt

PSAK 72 Impact on Legacy and Digital Business Revenues

Reported & Pre-PSAK 72 Figures (Rp. Bn)	YoY				
	9M21	9M21*	9M20	Growth (%)	Growth* (%)
Total Revenues	65,148	65,148	65,134	0.0	0.0
Legacy Revenue	14,641	13,202	17,475	(16.2)	(24.5)
<i>Legacy to Total Revenues (%)</i>	22.5	20.3	26.8	(4.4)ppt	(6.6)ppt
Digital Business Revenue	50,508	51,946	47,659	6.0	9.0
<i>Digital Business to Total Revenues (%)</i>	77.5	79.7	73.2	4.4ppt	6.6ppt

Note: * Pre-PSAK 72 Figures

- New local standard result of PSAK 72 implementation required to allocate bundle of product to different service types based on Stand-alone Selling Price with revenue recognition based on fulfilment of performance obligations (i.e. usage).
- Since local standard result of PSAK 72 implementation is more on recording & allocation process, it does not change on fundamental/performance with the same Revenue, EBITDA & Net Income figures.
- Telkomsel committed to implement the local standard result of PSAK 72 in order to achieve regulatory compliance with higher transparency & control over operations.

Operating Expenses

- As of September 2021, total expenses including depreciation, amortization and others decreased by 3.9% YoY to Rp 39,403 billion in line with cost leadership initiatives to continue manage the cost with lower Operational & Maintenance cost (efficient network design & technology) while having continuous network development and existing asset optimization.
- Able to manage cost differently & logically through numerous initiatives lead to healthy levels of profitability with 58.2% EBITDA Margin and 29.8% Net Income Margin.
- Normalized Net Income of Rp16,593 billion in the nine months (-7.9% YoY) and Rp5,427 billion in the third quarter of 2021 (-4.4% QoQ) mainly due to tower sale gain which still grew better compared to quarter last year. Healthy levels of profitability also still maintained with 25.5% and 24.7% Net Income Margin in the nine months and third quarter of 2021, respectively.

Consolidated Statements of Financial Position

Key Indicators (Rp Bn)	Sep-21	Dec-20	Growth (%)
Current Assets	10,717	19,488	(45.0)
Non-Current Assets	83,931	84,164	(0.3)
Total Assets	94,648	103,652	(8.7)
Current Liabilities	29,255	28,997	0.9
Non-Current Liabilities	26,612	23,568	12.9
Total Equity	38,780	51,088	(24.1)
Total Liabilities & Equity	94,648	103,652	(8.7)

- Lower Current Assets mainly due to decrease in cash and cash equivalents and lower Non-Current Assets due to decrease in fixed assets.
- Higher Current Liabilities mainly due to increase in Short-term loans and 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)	9M21	9M20	Growth (%)
Cash Flows from Operating Activities	32,520	35,228	(7.7)
Cash Flows for Investing Activities	(9,432)	(7,691)	22.6
Cash Flows for Financing Activities	(29,147)	(29,069)	0.3
Net Decrease in Cash & Cash Equivalents	(6,059)	(1,532)	N/A
Cash and Cash Equivalents at Beginning of Period	9,154	8,583	6.6
Cash and Cash Equivalents at End of Period	3,095	7,051	(56.1)

- Lower net cash generated from operations in September 2021 mainly due to increase in total cash payments for operating costs and expenses.
- Higher cash flows used in investing activities due to higher cash outflows for corporate strategic initiatives including for strategic investment in PT Aplikasi Karya Anak Bangsa (Gojek).
- Higher cash flows for financing activities mainly due to payments for short and medium-term loans.

Debt Profile

As of 30 September 2021, Telkomsel's total outstanding loans amounted to Rp1,300 billion from utilization of revolving credit facilities. As of 30 September 2021, Telkomsel Debt to Equity Ratio (DER) was 3.4% (exclude lease liabilities).

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 30 September 2021, the covenants were as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	≥ 1.25	2.35
Total Debt to Tangible Net Worth	≤ 2.00	0.04

Notes: Debts in covenants exclude lease liabilities.

Mobile Digital Services

With the rapidly evolving customer needs and the transformation taking place in the society, Telkomsel committed to enhance product offerings and digital capabilities to go beyond connectivity while accelerating and 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 more than 8 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 15 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 3.1 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 24 million monthly active users of MyTelkomsel app.

Following Telkomsel's investment in Gojek (a regional on-demand multi-services platform and digital payment technology company) in November 2020 and May 2021, the two companies have been

strengthening strategic partnership initiatives to provide users with new benefits and also helped to accelerate the digitization of micro, small and medium enterprises (MSMEs). These initiatives 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.
- Convenient access to Telkomsel's outlets and resellers via GoShop.
- Improving customer experience in carrying out Gojek services with Number Masking feature from Telkomsel's Enterprise solutions.

Telkomsel introduced new identity in June 2021 as the symbol of change and commitment to continuously adapting and being relevant that can answer various challenges through a more comprehensive digital transformation roadmap continuation of the company. This new face of Telkomsel also brings the spirit of renewal for several product brands with the integration of products and services that provide more convenience and comfort for customers' experience such as Telkomsel prepaid services (*simPATI*, Kartu AS, and Loop) which are now called Telkomsel Prabayar, and Kartu Halo which is now Telkomsel Halo.

Telkomsel has officially launched 5G service in May 2021, becoming the first cellular operator to offer 5G in Indonesia with its first phase of commercialization available at selected points across 9 cities (Jakarta, Surabaya, Makassar, Denpasar, Batam, Medan, Solo, Balikpapan and Bandung). As part of strategy in 5G deployment through demand-based approach for B2C and B2B, Telkomsel has formed a partnership with Schneider Electric Manufacturing in Batam to accelerate its digital transformation and smart factories for industry 4.0. Telkomsel 5G services also available in universities (Telkom University and Bandung Institute of Technology) to support research development for innovation including in IoT based healthcare technology, preventive & post-disaster network recovery and autonomous robot. In line with initiatives to strengthen inclusive and sustainable national digital ecosystem in eastern Indonesia and coincide with the momentum of the 20th National Games (PON) in Papua in October 2021, Telkomsel presents 5G technology through the showcase in Telkomsel 5G Experience Center with 5G virtual reality (VR) live, 5G VR based drones and 5G VR tourism. Telkomsel will maximize the use of 5G that can transform lives and implement the advantages of the 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 to its roadmap plan and will be executed in stages based on several considerations including maturity of the ecosystem.

Customer Base

As of September 2021, Telkomsel managed to have 173.5 million subscribers and saw positive trends of user engagement with increasing Data user, payload and payload per Data user that align with corporate strategy.

Network Deployment

Continuous network development to support our focus on Digital Business with aggressive 4G BTS deployment to reach 132,293 units in September 2021. 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 245,710 units at the end of September 2021, or increased by 7.6% YoY, of which 195,458 units were 3G/4G BTS (+9.7% YoY).

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 2021:

Key Indicators	YoY			QoQ		
	9M21	9M20	Growth (%)	3Q21	2Q21	Growth (%)
Customer Base (000)	173,540	170,117	2.0	173,540	169,197	2.6
ARPU (000)	44	45	(2.0)	43	45	(3.2)
BTS on Air (units)	245,710	228,441	7.6	245,710	237,300	3.5
Total Employees (*including subs & associated co)	5,469	5,382	1.6	5,469	5,463	0.1
MoU (in billion minutes)	94.6	114.7	(17.5)	30.3	31.2	(3.0)
SMS (in billion units)	20.7	30.9	(33.0)	6.2	7.9	(22.1)
Data Payload (TB)	10,047,827	6,681,637	50.4	3,474,328	3,385,319	2.6

Fixed Line Services

Fixed Broadband IndiHome

IndiHome recorded Rp19.6 trillion in revenue or grew by 21.9% YoY, where its contribution to TelkomGroup significantly increased to 18.5% in 9M21 from 16.1% in the same period last year. EBITDA margin of IndiHome continued to expand to 50.0% in 9M21, as a result of higher economic of scale and better operating leverage.

We added around 450 thousand new customers during 9M21, brought total subscribers to reach 8.46 million by the end of September 2021 or rose by 9.2% YoY. Around 57% of total customers were on Dual Play Package while the remaining 43% were on Triple Play. IndiHome plays important role in building digital society as its services cover 496 (96.5%) cities/districts throughout Indonesia. We focused to improve ARPU, which improved to Rp274 thousand in 3Q21 compared to Rp270 thousand in the previous quarter.

Aiming at higher ARPU, we 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. Increasing ARPU was partly driven by revenue from add-ons that grew by 5.9% QoQ from the previous quarter and contributed to 15.4% of IndiHome revenue, higher than previous quarter which contributed to 15.2% of total IndiHome revenue.

In addition, we keep enriching IndiHome content by adding Viu. We also added Neptune TV, a marine life documenter, in collaboration with Kementerian Kelautan dan Perikanan (KKP) in IndiHomeTV to further improve customer experience.

Around 90.2% of the IndiHome revenue was generated from residential customers (Consumer Segment, with around 95.6% contribution to the segment's revenue), while the remaining 9.8% was from business clients (Enterprise Segment).

IndiHome for Indonesia

IndiHome services cover **496 (96.5%) districts/cities** throughout Indonesia



Enterprise & Wholesale and International Business (WIB)

Performance

During the nine months of 2021, Enterprise segment increased by 20.5% YoY in revenue to Rp13.8 trillion with B2B IT Services and Enterprise Connectivity solutions remained the biggest contributors. Meanwhile, WIB segment posted Rp10.5 trillion in revenue or increased by 2.6% YoY due to growing tower business, data center, and A2P service.

Tower

On 22 November 2021, our subsidiary namely PT Dayamitra Telekomunikasi Tbk (Mitratel) raised Rp18.8 trillion from its Initial Public Offering (IPO) of which 90% will be used to provide Mitratel with enhanced flexibility to take advantage of future opportunities in line with Mitratel's growth strategies. The remaining amount will be used for general working capital and corporate purposes such as to improve Mitratel information technology system and to implement quality enhancement programs.

Mitratel currently manages 28,079 towers and more than 1.5x tenancy ratio based on recently aggressive inorganic activities. Mitratel enjoys site diversification as around 57% of Mitratel's towers are located in ex-Java, while the remaining 43% are located in Java. We are of the view that tower business still has the opportunity to grow, driven by 5G technology that has been rolled-out in Indonesia.

In 9M21, Mitratel has recorded Revenue more than Rp5 trillion, solid EBITDA and Net Income with double digit growth rate and positive growing margin in line with management's commitment to maximizing shareholder value.

Align with financial performance, collocation number as well as number of tenant are also improving during the period.

Due to the prevailing publicity guidance, Mitratel has to obey some restrictions in terms of detailed financial and operational information disclosure.

Data Center

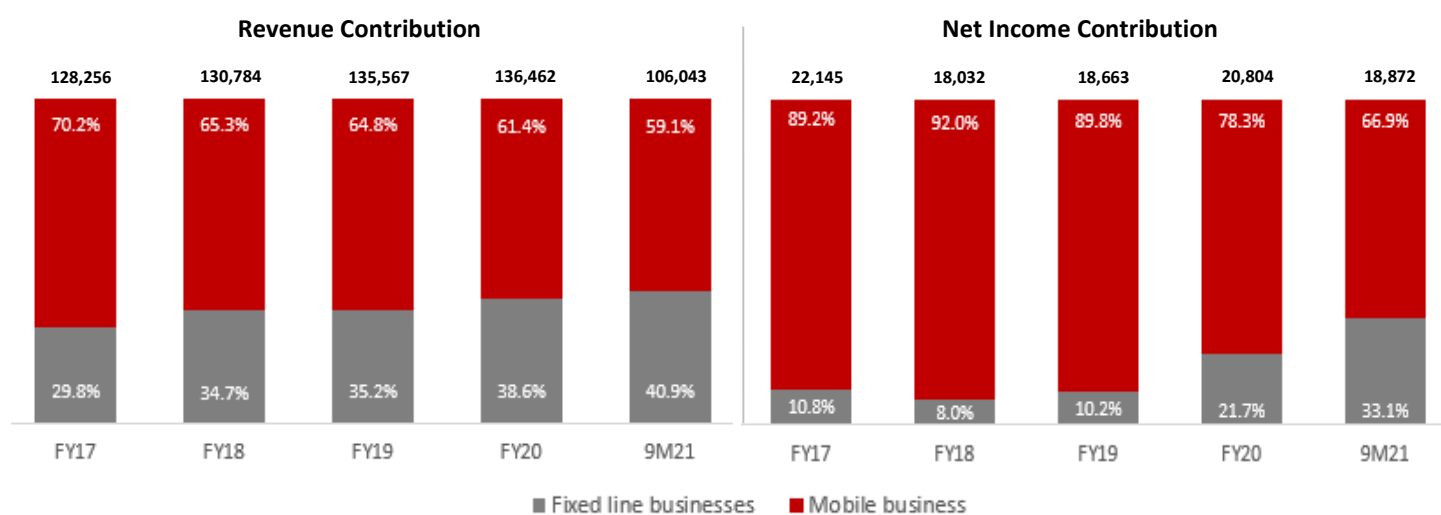
Data Center and Cloud remained as one of the areas that become our focus as the demand is growing significantly with the rising activities in digital business players. The presence of robust data center and cloud infrastructure is key to enable us in developing various digital solutions to enhance customers' experience. Today we operate 26 data center facilities (21 domestic and 5 overseas including our Tier 3 and 4 data center in Jurong Singapore) with total capacity of around 43 MW. During the first nine months of 2021, data center recorded Rp1.1 trillion in revenue or increased by 19.7% YoY.

As Data Center business potentially provides higher valuation than Telecommunication business, we are of the view that unlocking our Data Center business will also provide higher value to TelkomGroup. In order to unlock its value, we are currently on the process of reviewing and assessing the plan to consolidate our Data Center business under one entity within TelkomGroup. The consolidation idea is still under review and the next step will be assessing the best options that bestow the greatest benefit to the Company. We expect that the process will be taken place in 2-3 years ahead.

To enhance our capacity, currently we are in the progress of developing new site of data center namely Hyperscale Data Center certified as tier 3 and 4 in total area of 65,000 m² near Jakarta. Our Hyperscale Data Center will be completed in stages, and the first stage is expected to complete by end of 2021 with a capacity of 22.5 MW. At the final stage, our Hyperscale Data Center will have total capacity around 75 MW.

All of our data centers are integrated to the Telkom network, so that our customers can experience our best digital connectivity and digital platforms.

Fixed line businesses contribution consistently increased and reached 40.9% and 33.1% of Telkom's Consolidated Revenue and Net Income during the first nine months of 2021. This reflects our well-diversified businesses, as shown in the charts below.



Telkom Initiatives in Digital Space

Investment in Gojek

Following Telkom's investment in Gojek (a regional on-demand multi-services platform and digital payment technology company) in November 2020 and May 2021, the two companies have been strengthening strategic partnership initiatives to provide users with new benefits and also helped to accelerate the digitization of micro, small and medium enterprises (MSMEs). These initiatives include:

- Collaboration on initiatives to increase number of Telkom's users within Gojek ecosystem.
- Easy onboarding for Gojek's MSME partners to become Telkom's reseller partners.
- Convenient access to Telkom's outlets and resellers via GoShop.
- Improving customer experience in carrying out Gojek services with Number Masking feature from Telkom's Enterprise solutions.

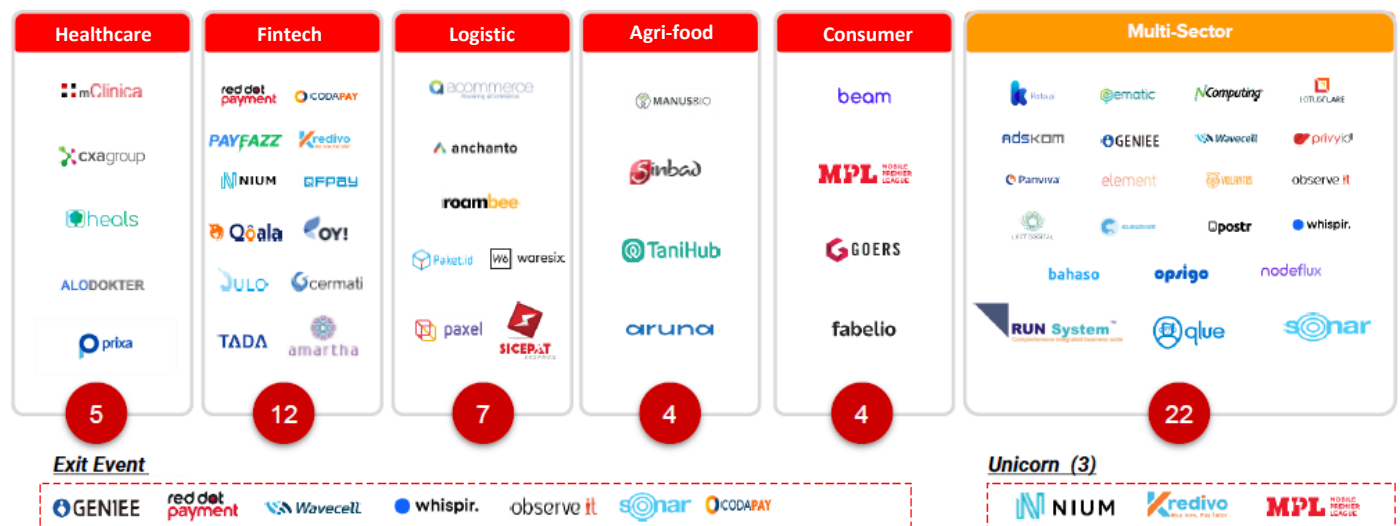
Furthermore, as Gojek merged with Tokopedia to form new entity GoTo, the synergy initiatives will be extended to Tokopedia.

In 9M21 Telkom recorded unrealized capital gain of Rp350 billion from investment in Gojek, similar to that we booked in 1H21 as there was no formal valuation made since then. We are of the view that valuation of Gojek should increase in line with the growing businesses and new list of reputable investors.

Telkom's Corporate Venture Capital

Telkom through its subsidiary, MDI, also have aspirations to develop and nurture start-up companies in various digital business sectors, with focus on healthcare, education, logistic, finance, and agri-food areas. The investment activities in MDI are directed to build synergy with our existing businesses and seek for value appreciation at once. Currently, MDI has invested in more than 50 startups across 12 countries with 3 Unicorns in its portfolio, NIUM, Kredivo, and MPL.

Here we introduce our investee companies:



Telkom's ESG Initiatives

Telkom is of the view that sustainability initiatives are imperative to ensure that all stakeholders get value added in terms of economic, social and environmental dimensions. Telkom's concern for ESG is also on the back of belief the importance attention of every aspects in environment such as climate change due to economic activity, social impact of company activity as well as the governance practiced by company.

MSCI ESG had conducted researched and upgraded Telkom rating to 'A' from 'BBB'. The research indicates improvements in measures undertaken by Telkom to manage perceived exposure to data privacy-related risks, typically faced by telecom operators based in Indonesia, where data laws are still evolving. Telkom's data protection efforts compare favorably with those of industry peers. Some of our key entities, including Telkomsel, have ISO 27001 certification. Additional preemptive measures include regular external audits of IT security systems. Also, MSCI ESG note improvements in business ethics programs, now assessed under the Corporate Behavior Theme.

Product and Marketing Activities

Fixed Line and Enterprise

■ IndiHome Paket Pengajar, Pelajar, dan Jurnalis

As a form of support for online teaching and learning activities, IndiHome offers packages supported by fast internet connections, various interactive TV services, free calls for 50 minutes 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. IndiHome is also committed to the development of e-sports in the country. After holding the Mabarkuy event last year, 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.

■ IndiHome Kejutan Spesial Setiap Bulan

This promotion is offered to loyal and new customers of Indihome and is valid until 31 December 2021. Every subscriber has a chance to win a scholarship, bicycle, Galaxy Tab, cellular phone, laptop, and camera with its tripod, with terms and conditions. More information regarding this promotion can be found in IndiHome.co.id, social media @Indihome, MyIndihome Apps, and email.

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 9M21 among others:

- HR Awards 2021 for Telkom as The Best Company to Work For from HR Asia Singapore
- Top Corporate Awards 2021 for Telkom as Top Corporate 2021 and Top CEO 2021 from Infobrand.
- Telkom as Indonesia Best CEO Awards 2021 in Broadband Telecommunication from Iconomics.
- Best Listed Company Awards 2021 for Telkom as The Best Company in Infrastructure Sector from Investor Daily.
- Telkom as Top CSR of The Year 2021 from Tras n Co & Infobrand
- Nusantara CSR Awards 2021 for Telkom in Economic Empowerment Community from La Tofi
- Indonesia's SDGs Awards 2021 from CFCD
- Frost & Sullivan Asia-Pacific Best Practices Awards for Telkomsel with 2021 Indonesia IoT Services Product Leadership Award from Frost & Sullivan.
- HR Asia Best Companies to Work for in Asia 2021 for Telkomsel in Indonesia edition from HR Asia Media.
- IDC Future Enterprise Awards 2021 Indonesia for Telkomsel with Best in Future of Intelligence from IDC (International Data Corporation) Indonesia.
- Selular Award 2021 for Telkomsel with Best 4,5G Services, Best Video Performance Experience, Best Gaming Operator and Best Initiate 5G Market from Selular Media Network.
- Teropong Public Relations Award 2021 for Telkomsel with PR of The Year from Teropong Senayan.
- Top CSR of The Year 2021 for Telkomsel with Best of CSR Concept, CSR Impact and CSR Donation Value from Infobrand & TRAS N CO.
- HR Excellence Award 2021 for Telkomsel in HR Digitization & People Analytics, Managing Transformation and Learning & Development category from SWA Magazine.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2021 (unaudited) and December 31, 2020 (audited)
 (Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	Sep 30, 2021	Dec 31, 2020	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	17,491	20,589	(15.0)
Other current financial assets	667	1,303	(48.8)
Trade receivables	0	0	
Related parties	1,351	1,644	(17.8)
Third parties	9,922	9,695	2.3
Contract asset	1,128	1,036	8.9
Other receivables	170	214	(20.6)
Inventories	825	983	(16.1)
Asset held for sale	1,061	39	2,620.5
Contract cost	656	454	44.5
Prepaid taxes	2,721	3,170	(14.2)
Claim for tax refund	651	854	(23.8)
Other current assets	4,223	6,522	(35.2)
Total Current Assets	40,866	46,503	(12.1)
NON-CURRENT ASSETS			
Contract asset	171	203	(15.8)
Long-term investments in financial instruments	10,081	4,045	149.2
Long-term investments in associate	130	192	(32.3)
Contract cost	1,660	1,254	32.4
Property and equipment	161,118	160,923	0.1
Right-of-use assets	16,868	18,566	(9.1)
Intangible assets	7,269	6,846	6.2
Deferred tax assets – net	3,575	3,578	(0.1)
Other non-current assets	4,762	4,833	(1.5)
Total Non-current Assets	205,634	200,440	2.6
TOTAL ASSETS	246,500	246,943	(0.2)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	873	928	(5.9)
Third parties	12,752	16,071	(20.7)
Contract liabilities	7,697	7,834	(1.7)
Other payables	854	578	47.8
Taxes payable	4,684	2,713	72.7
Accrued expenses	13,382	14,265	(6.2)
Customers deposits	2,222	2,024	9.8
Short-term bank loans	10,618	9,934	6.9
Current maturities of long-term borrowings	9,398	9,350	0.5
Current maturities of lease liabilities	5,887	5,396	9.1
Total Current Liabilities	68,367	69,093	(1.1)
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	610	561	8.7
Contract liabilities	1,119	1,004	11.5
Long service award provisions	1,226	1,254	(2.2)
Pension benefits and other post-employment benefits obligations	13,589	12,976	4.7
Long-term loans and other borrowings	34,352	30,561	12.4
Lease liabilities	8,247	10,221	(19.3)
Other liabilities	177	384	(53.9)
Total Non-current Liabilities	59,320	56,961	4.1
TOTAL LIABILITIES	127,687	126,054	1.3
EQUITY			
Capital stock	4,953	4,953	0.0
Additional paid-in capital	2,711	2,711	0.0
Other equity	338	374	(9.6)
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	81,381	79,152	2.8
Net Equity Attributable to:			
Owners of the Parent Company	104,720	102,527	2.1
Non-controlling interest	14,093	18,362	(23.2)
TOTAL EQUITY	118,813	120,889	(1.7)
TOTAL LIABILITIES AND EQUITY	246,500	246,943	(0.2)

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Nine Months Period Ended September 30, 2021 and 2020 (unaudited)
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2021	2020	Growth (%)
REVENUES	106,043	99,941	6.1
COST AND EXPENSES			
Operation, maintenance, and telecommunication service expenses	(26,978)	(25,098)	7.5
Depreciation and amortization expenses	(22,183)	(21,038)	5.4
Personnel expenses	(11,018)	(10,406)	5.9
Interconnection expenses	(3,715)	(4,261)	(12.8)
General and administrative expenses	(4,034)	(4,234)	(4.7)
Marketing expenses	(2,371)	(2,356)	0.6
Gain (losses) on foreign exchange - net	43	(2)	(2,250.0)
Other income - net	514	465	10.5
OPERATING PROFIT	36,301	33,011	10.0
Finance income	450	644	(30.1)
Finance cost	(3,387)	(3,457)	(2.0)
Share of loss of associated companies – net	(104)	(136)	(23.5)
Impairment losses of investment	-	(308)	(100.0)
PROFIT BEFORE INCOME TAX	33,260	29,754	11.8
INCOME TAX (EXPENSE) BENEFIT			
Current	(7,539)	(7,378)	2.2
Deferred	(58)	575	(110.1)
	(7,597)	(6,803)	11.7
PROFIT FOR THE PERIOD	25,663	22,951	11.8
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	36	181	(80.1)
Share of other comprehensive income of associated companies	0	-	0.0
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial losses – net	0	-	0.0
Other comprehensive income - net	36	181	(80.1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	25,699	23,132	11.1
Profit for the period attributable to:			
Owners of the parent company	18,872	16,679	13.1
Non-controlling interests	6,791	6,272	8.3
	25,663	22,951	11.8
Total comprehensive income for the period attributable to:			
Owners of the parent company	18,908	16,860	12.1
Non-controlling interests	6,791	6,272	8.3
	25,699	23,132	11.1
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	190.51	168.37	13.1
Net Income per ADS (100 Series B shares per ADS)	19,050.65	16,836.89	13.1

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2020 (AUDITED)
 (Figures in tables are presented in billions of Rupiah)

	<u>SEP 2021</u>	<u>DEC 2020</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	3,095	9,154	(66.2)
Accounts receivable - net	1,604	871	84.2
Unbilled revenue	1,531	2,358	(35.1)
Prepaid tax and expenses – current	2,374	5,228	(54.6)
Non-current assets held for sale	1,061	835	27.1
Others	1,052	1,042	0.9
Total Current Assets	10,717	19,488	(45.0)
NON-CURRENT ASSETS			
Long-term investment	7,075	2,348	201.3
Fixed assets – net	69,026	74,901	(7.8)
Intangible assets – net	5,932	5,540	7.1
Prepaid tax and expenses - non current	1,813	1,291	40.5
Others	85	85	0.3
Total Non-current Assets	83,931	84,164	(0.3)
TOTAL ASSETS	94,648	103,652	(8.7)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	11,693	12,606	(7.2)
Taxes payable	1,873	796	135.2
Unearned revenue	5,759	5,847	(1.5)
Current maturities of medium-term loans	-	2,000	N/A
Current maturities of lease liabilities	8,779	7,747	13.3
Short-term loans	1,150	-	N/A
Total Current Liabilities	29,255	28,997	0.9
NON-CURRENT LIABILITIES			
Provision for employee benefits	5,337	4,858	9.9
Lease liabilities - net of current maturities	20,962	18,562	12.9
Medium-term loans	150	-	N/A
Deferred tax liabilities - net	163	148	10.2
Total Non-current Liabilities	26,612	23,568	12.9
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	37,067	49,374	(24.9)
Total Equity	38,780	51,088	(24.1)
TOTAL LIABILITIES & EQUITY	94,648	103,652	(8.7)

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021 AND 2020 (UNAUDITED)
 (Figures in tables are presented in billions of Rupiah)

	SEP 2021	SEP 2020	Growth (%)
REVENUES			
Legacy	14,641	17,475	(16.2)
Digital Business	50,508	47,659	6.0
Data	43,146	41,450	4.1
Digital services	7,362	6,209	18.6
Total Revenues	65,148	65,134	0.0
EXPENSES			
Operations & maintenance	15,263	15,563	(1.9)
Personnel	4,495	3,990	12.7
Marketing	1,620	1,623	(0.1)
General & administrative	1,006	1,108	(9.2)
Cost of services	3,724	2,967	25.5
Interconnection & international roaming	1,134	1,396	(18.8)
Depreciation & amortization	15,102	14,463	4.4
Others – net	(2,943)	(116)	N/A
Total Expenses	39,403	40,993	(3.9)
Finance charges – net	(1,318)	(1,130)	16.7
INCOME BEFORE TAX	24,427	23,012	6.2
INCOME TAX EXPENSE	(5,004)	(4,995)	0.2
NET INCOME	19,423	18,016	7.8
EBITDA	37,906	38,488	(1.5)
EBITDA Margin	58.2%	59.1%	(0.9)ppt
ROA	27.6%	27.2%	0.4ppt
ROE	63.1%	53.7%	9.4ppt