Comprehensive Financial Performance

In 2025, TelkomGroup implemented accounting policy changes that required restating several accounts in the consolidated financial statements, in line with applicable financial accounting standards. Following management's evaluation of drop cable asset componentization, Telkom updated its accounting policy for classifying these assets. These changes are intended to provide more relevant and reliable information, as required by PSAK 208: Accounting Policies, Changes in Accounting Estimates, and Errors ("PSAK 208"). In terms of relevance, the updated classification of drop cable assets more accurately reflects their characteristics and usage patterns, while in terms of faithful representation, this change improves the accuracy of presentation by separating assets based on their economic substance. These updates also affect the principles and basis for determining units of account and classifying fixed assets, which, in turn, impact the estimated useful lives of the assets.

In accordance with PSAK 208, these accounting policy changes are applied retrospectively where practicable. The Company has determined that the necessary information for restating comparative periods is available and reliable. As a result, the cumulative impact for periods before 2023 is reflected in retained earnings for 2022 as of January 1, 2023. The 2025 financial statements also restate the comparative periods for the years ended December 31, 2023, and December 31, 2024. The restatement mainly results in a lower carrying value of fixed assets, higher depreciation expense and/or loss on asset derecognition, and reduced profit before tax for the affected periods. These adjustments do not affect the Company's cash flow.

Financial Position Overview

As of December 31, 2025, TelkomGroup had total assets of Rp287,759 billion or US$17,255 million, decreased by 1.2% from the previous period. It was due to a decrease in property and equipment, long-term investments, trade receivables, claim for tax refund and prepaid taxes, contract assets and contract cost. Meanwhile, total liabilities were Rp137,222 billion or US$8,229 million. It decreased by 0.0% from last year. The decrease was due to a decrease in short-term bank loans, customer deposits, and taxes payable.

Telkom and Its Subsidiaries Financial Position 2023-2025

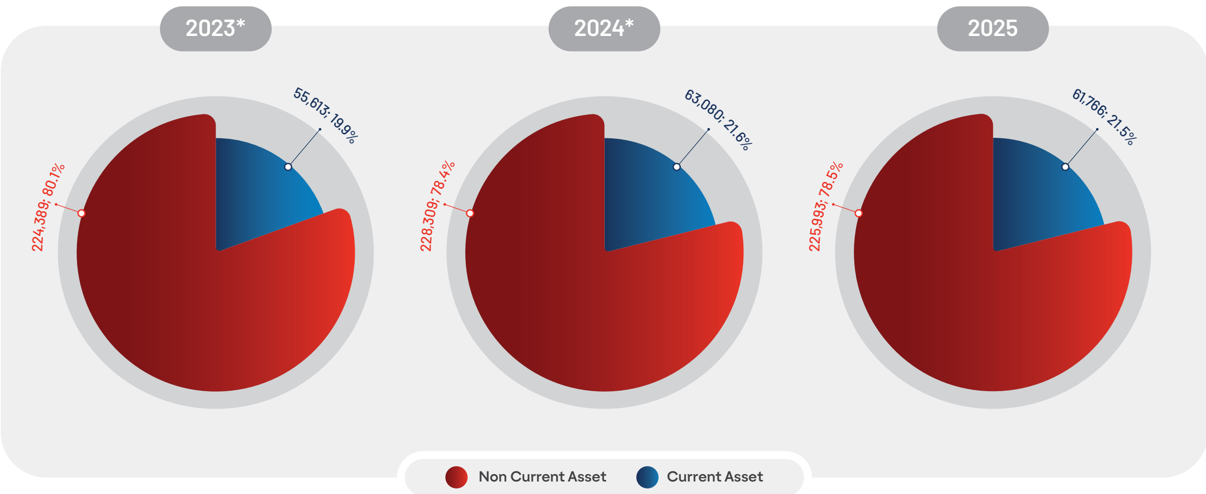
	Growth 2024-2025 (%)	Years ended December 31			
		2025		2024*	2023*
		(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Total Current Assets	(2.1)	61,766	3,704	63,080	55,613
Total Non-Current Assets	(1.0)	225,993	13,552	228,309	224,389
Total Assets	**(1.2)**	**287,759**	**17,256**	**291,389**	**280,002**
Total Current Liabilities	(3.7)	73,948	4,434	76,767	71,568
Total Non-Current Liabilities	4.7	63,274	3,795	60,418	58,912
Total Liabilities	**0.0**	**137,222**	**8,229**	**137,185**	**130,480**
Total Equity attributable to owners of the parent company	**(2.3)**	**130,685**	**7,837**	**133,808**	**128,704**

Remarks:
* Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Financial Position Comparison

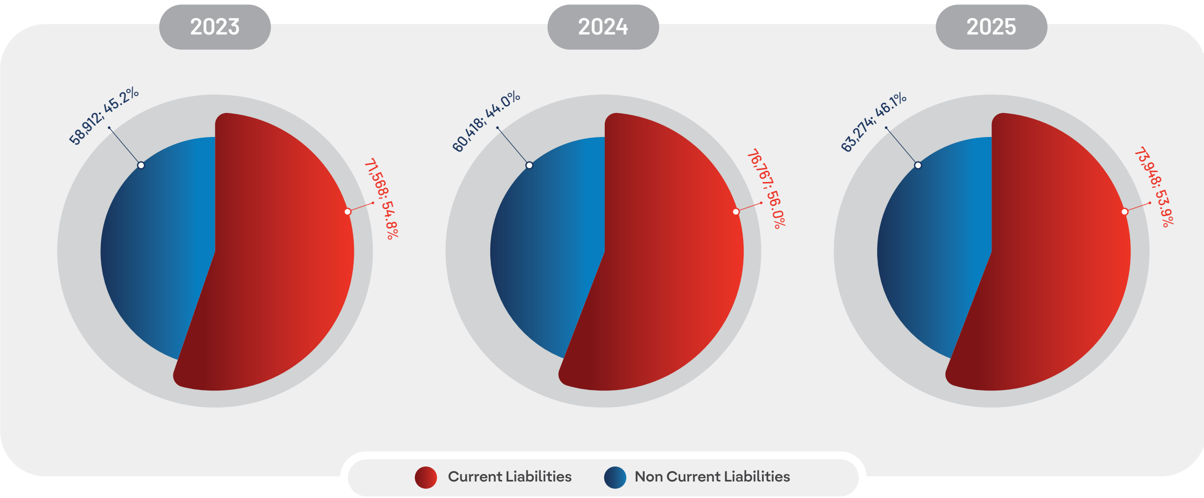
The position of Telkom's current assets and non-current assets as of December 31, 2025, was 21.5% and 78.5% towards total assets. Meanwhile, for the liabilities, Telkom had 53.9% current liabilities and 46.1% non-current liabilities towards total liabilities.

Asset Composition 2023-2025 (Rp billion)



Remarks:
*Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Liabilities Composition 2023-2025 (Rp billion)



Remarks:

* Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Comparison of Financial Position as of December 31, 2025, Compared to as of December 31, 2024

1. **Assets**

   At the end of 2025, Telkom's total assets were Rp287,759 billion or US$17,256 million. It decreased by Rp3,630 billion or 1.2% compared to 2024. It was due to:

   a. **Current Assets**

      Telkom's current assets of December 31, 2025, were recorded at Rp61,766 billion or US$3,704 million, decreased by Rp1,314 billion or 2.1% from 2024. It was due to:

      - A decrease in trade receivables of Rp970 billion or 8.0% due to the decrease in trade receivables-related parties of Rp310 billion and trade receivables-third parties of Rp660 billion
      - A decrease in claim for tax refund and prepaid taxes of Rp865 billion or 30.4% due to the decrease in prepaid income taxes-current portion.
      - A decrease in contract cost of Rp202 billion or 17.8% due to the decrease in cost to fulfill-current and cost to obtain-current.
      - A decrease in inventories of Rp195 billion or 17.8% due to the decrease in inventories- SIM cards and prepaid vouchers.
      - A decrease in contract assets of Rp159 billion or 6.5% due to the increase in allowance for expected credit losses.
      - A decrease in other current assets of Rp132 billion or 1.6% due to the decrease in other receivables, prepaid salaries, and prepaid rent.

      The decrease were offset by:

      - An increase in asset held for sale of Rp751 billion due to the AdMedika divestment.
      - An increase in cash and cash equivalents of Rp323 billion or 1% due to the higher placements of bank cash with related and third parties, as well as increased time deposits. This growth resulted from stronger operating cash flow, higher interest income, and the disbursement of banks and other loans.
      - An increase in other current financial assets of Rp135 billion or 10.5% due to the increase in time deposit and mutual funds.

b. Non-Current Assets

TelkomGroup's non-current asset as of December 31, 2025, were Rp225,993 billion or US$13,552 million. It decreased by Rp2,316 billion or 1.0% from 2024. It was due to:

- A decrease in property and equipment of Rp4,882 billion or 2.9% due to the increase in the overall accumulated depreciation of fixed assets, particularly for transmission equipment and installations, cable networks, and power supplies. The change of accounting policy in 2025 for drop cable assets also impacted this decrease.
- A decrease in long-term investments of Rp948 billion or 11.4% due to the decrease in the value of long-term investments in financial instruments at FVTPL and FVTOCI.
- A decrease in contract costs of Rp226 billion or 14.2% due to the decrease in the cost of fulfilling non-current contracts and the acquisition costs of non-current contracts.
- A decrease in intangible assets of Rp205 billion or 2.2% due to the decrease in the value of all intangible assets, including goodwill, software, licenses, and other intangible assets.
- A decrease in contract assets of Rp20 billion or 15.5% due to the increase in the provision for expected credit losses on contract assets.

The decrease were offset by:

- An increase in other non-current assets of Rp1,665 billion or 26.8% due to the increase in the value of tax restitution claims - after deducting the short-term portion, prepaid expenses, advances, and security deposits.
- An increase in right-of-use assets of Rp1,051 billion or 3.9% due to the increase in right-of-use assets for land, buildings, transmission equipment and installations, vehicles, and others.
- An increase in deferred tax assets of Rp1,249 billion or 23.3% due to the increase in pension and other post-employment benefit expenses and an increase in the difference between the book value of fixed assets according to accounting and tax.

2. Liabilities

At the end of 2025, TelkomGroup recorded total liabilities of Rp137,222 billion or US$8,229 million. It increased by Rp37 billion or 0.0% from 2024. The following influenced changes in liabilities:

a. Current Liabilities

At the end of 2025, TelkomGroup's current liabilities were Rp73,948 billion or US$4,434 million. It decreased by Rp2,819 billion or 3.7% and was due to:

- A decrease in short-term bank loans of Rp4,596 billion or 39.9% due to the repayment of bank debt from both related parties and third parties. The Company maintained its financial ratios, including a low debt-to-service coverage ratio.
- A decrease in customer deposits of Rp1,349 billion or 47.0%, indicates a decrease in the number of customers.
- A decrease in taxes payable of Rp1,268 billion or 38.5%, was influenced by a decrease in tax payables incurred by subsidiaries related to both income tax and VAT.

The decrease were offset by:

- An increase in current maturities of long-term loans of Rp1,880 billion or 11.8% due to the increase in bank loans of Rp4,227 billion and the decrease in bonds and note payable of Rp2,347 billion.
- An increase in accrued expenses of Rp675 billion or 4.8% due to the increase in salaries and benefits accrued to employees.
- An increase in trade payables of Rp848 billion or 5.5% due to the increase in trade payables-third parties of Rp903 billion and it was compensated by the decrease in trade payables-related parties of Rp55 billion.

- An increase in liabilities directly associated with the assets held for sale of Rp466 billion for AdMedika divestment.
- An increase in contract liabilities of Rp232 billion or 3.0% due to the increase in customer advances received from the B2C, B2B ICT, and International segments.
- An increase in other payables of Rp194 billion or 42.7%.
- An increase in current maturities of lease liabilities of Rp99 billion or 1.8%.

b. Non-Current Liabilities

At the end of 2025, TelkomGroup recorded non-current liabilities of Rp63,274 billion or US$3,795 million. It increased by Rp2,856 billion or 4.7%, which was due to:

- An increase in pension benefits and other post-employment benefits obligations of Rp1,456 billion or 12.6% due to the increases in post-employment healthcare benefits, pension obligations under the Labor Law, and estimated liabilities for funded and unfunded pension benefits. This was also due to a decrease in the discount rate on several post-employment benefit programs, resulting in a higher value of the post-employment benefit liability.
- An increase in long-term loans of Rp581 billion or 2.3% due to an increase in bank loans of Rp581 billion.
- An increase in contract liabilities of Rp367 billion or 14.8% due to additional customers deposit in the B2B ICT and International segments.
- An increase in long service award provisions of Rp116 billion or 9.7% due to the increase in employee benefits in the form of Long Service Awards (LSA) and Long Service Leave (LSL) at Telkomsel.
- An increase in lease liabilities of Rp79 billion or 0.4% due to the additional leasing activities by the Company.
- An increase in other non-current liabilities of Rp16 billion or 7.1%.
- An increase in deferred tax liabilities – net of Rp241 billion or 24.3% due to the increase in the deferred tax liabilities of subsidiaries.

3. Equity

TelkomGroup's equity in 2025 was recorded at Rp150,537 billion or US$9,027 million, decreased by 2.4% or Rp3,667 billion from the 2024 of Rp154,204 billion.

Profit and Loss Overview

Telkom's consolidated revenue as of December 31, 2025, was Rp146,742 billion (US$8,799 million), or decreased by 2.2% compared to the last year of Rp149,967 billion (US$9,317 million). The decrease was due to the decrease in telephone revenues, interconnection revenues, data, internet, and information technology service revenues, IndiHome revenues, and revenues from lessor transaction.

The total expense of TelkomGroup in 2025 was Rp112,151 billion (US$6,725 million), it increased by 2.8% compared to the total expense in 2024 of Rp109,119 billion (US$6,780 million). It was due to several factors, such as the increase in depreciation and amortization expenses, general and administrative expenses, and interconnection expenses. As of the end of 2025, TelkomGroup recorded a profit for the period of Rp24,458 billion (US$1,467 million), it decreased by 17.1%, and EBITDA of Rp72,240 billion that decreased by 3.7% compared to 2024.

Telkom and Its Subsidiaries Consolidated Profit and Loss in 2023-2025

	Growth 2024-2025 (%)	Years ended December 31			
		2025		2024*	2023*
		(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Revenues	**(2.2)**	**146,742**	**8,799**	**149,967**	**149,216**
Telephone revenues	(22.8)	8,135	488	10,544	12,473
Cellular	(29.7)	4,400	264	6,260	8,194
Fixed Line	19.4	572	34	479	899
Short Messaging Service (SMS)	(16.9)	3,163	190	3,805	3,380
Interconnection revenues	(2.3)	8,972	538	9,187	9,067
Data, internet, and information technology service revenues	(0.5)	90,044	5,399	90,533	87,440
Cellular internet and data	(1.9)	71,289	4,275	72,639	73,187
Internet, data communication and information technology services	0.8	14,217	853	14,104	10,899
Others	19.7	4,538	272	3,790	3,354
Network revenues	14.7	3,645	219	3,179	2,482
IndiHome revenues	(0.5)	26,119	1,566	26,262	28,785
Other services revenues	(3.9)	6,952	417	7,233	6,183
E-payment	29.5	1,684	101	1,300	496
Managed service and terminal	17.3	1,226	74	1,045	920
Call center service	(8.0)	1,154	69	1,255	1,264
E-health	(100.0)	-	-	767	761
Others	0.8	2,888	173	2,866	2,742
Revenues from lessor transaction	(5.1)	2,875	172	3,029	2,786

	Growth 2024-2025 (%)	Years ended December 31			
		2025		2024*	2023*
		(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Expenses	**2.8**	**112,151**	**6,725**	**109,119**	**105,996**
Depreciation and amortization expenses	10.1	37,649	2,258	34,181	34,359
Operations, maintenance, and telecommunication services expenses	0.1	41,234	2,473	41,202	39,718
Operations and maintenance	(3.6)	23,478	1,408	24,365	23,057
Radio frequency usage charges	0.8	7,746	464	7,687	7,412
Leased lines and CPE	30.7	4,474	268	3,422	3,462
Concession fees and USO charges	(1.6)	2,885	173	2,933	2,836
Electricity, gas, and water	(4.2)	1,051	63	1,097	877
Cost of SIM cards and vouchers	(8.9)	532	32	584	797
Project management	4.2	445	27	427	489
Insurance	8.8	335	20	308	269
Vehicles rental and supporting facilities	(39.5)	164	10	271	308
Others	14.8	124	7	108	211
Personnel expenses	(2.6)	16,362	981	16,807	15,927
Salaries and related benefits	(0.5)	9,411	564	9,457	9,674
Vacation pay, incentives and other benefits	(10.2)	3,784	227	4,214	4,159
Pension and other post-employment benefits	9.6	1,854	111	1,691	1,764
Early Retirement Program	(21.0)	937	56	1,186	-
Long Service Award (LSA) expense	25.7	284	17	226	289
Others	178.8	92	6	33	41
Interconnection expenses	2.0	7,018	421	6,880	6,363
Marketing expenses	(14.0)	3,287	197	3,824	3,530

	Growth 2024-2025 (%)	Years ended December 31			
		2025		2024*	2023*
		(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
General and administrative expenses	6.0	6,601	396	6,225	6,099
General Expenses	(8.5)	2,241	134	2,448	2,446
Allowance for expected credit losses	62.1	1,465	88	904	513
Professional fees	(3.6)	824	49	855	996
Training, education, and recruitment	(21.0)	358	21	453	461
Travelling	(18.5)	343	21	421	443
Meeting	(21.3)	307	18	390	334
Social contribution	29.2	301	18	233	232
Collection expenses	50.0	291	17	194	195
Others	44.0	471	28	327	479
Gain (loss) on foreign exchange-net	32.4	180	11	136	(36)
Unrealized gain on changes in fair value of investments	(228.7)	(242)	(15)	188	(748)
Other Income - net	(57.7)	119	7	281	252
Operating Profit	**(16.4)**	**34,648**	**2,078**	**41,453**	**42,688**
Finance income	21.5	1,661	100	1,367	1,061
Finance costs	(0.0)	(5,206)	(312)	(5,208)	(4,652)
Share of profit (loss) of associated companies	(133.3)	(1)	(0)	3	1
Profit Before Income Tax	**(17.3)**	**31,102**	**1,865**	**37,615**	**39,098**
Income Tax (Expense) Benefit	(18.2)	(6,644)	(398)	(8,118)	(8,264)
Profit for the Year	**(17.1)**	**24,458**	**1,467**	**29,497**	**30,834**
Other comprehensive income (loss)	85.9	126	8	895	(1,454)
Net comprehensive income for the year	**(19.1)**	**24,584**	**1,474**	**30,392**	**29,380**
Profit for the year attributable to owners of the parent company	(20.5)	17,814	1,068	22,403	23,186
Profit for the year attributable to non-controlling interest	(6.3)	6,644	398	7,094	7,648
Net comprehensive income attributable to owner of the parent company	(22.6)	17,954	1,077	23,188	21,709
Net comprehensive income for the year attributable to non-controlling interest	(8.0)	6,630	398	7,204	7,671

Remarks:

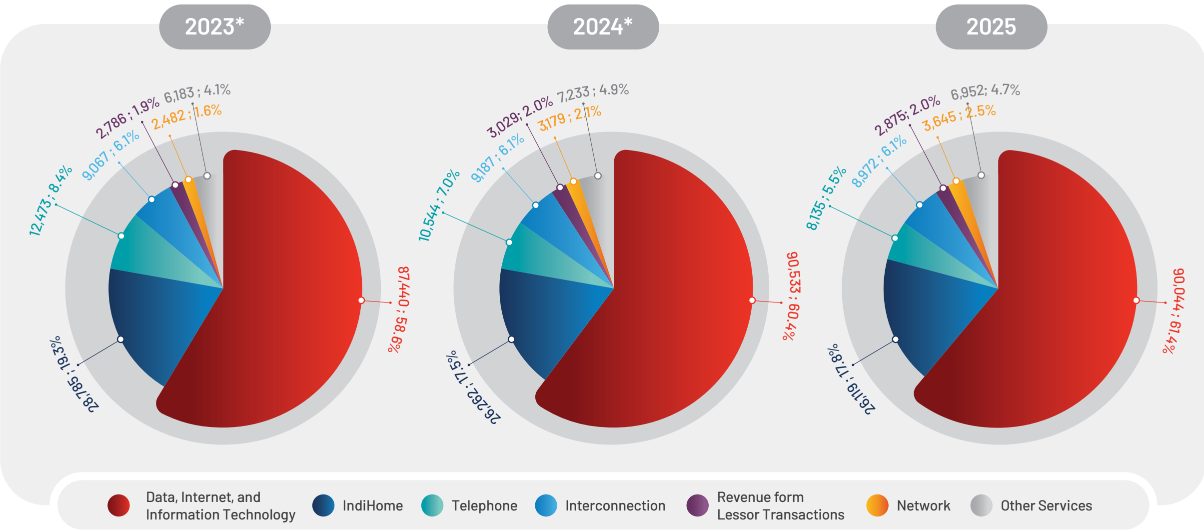
* Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Profit and Loss Comparison

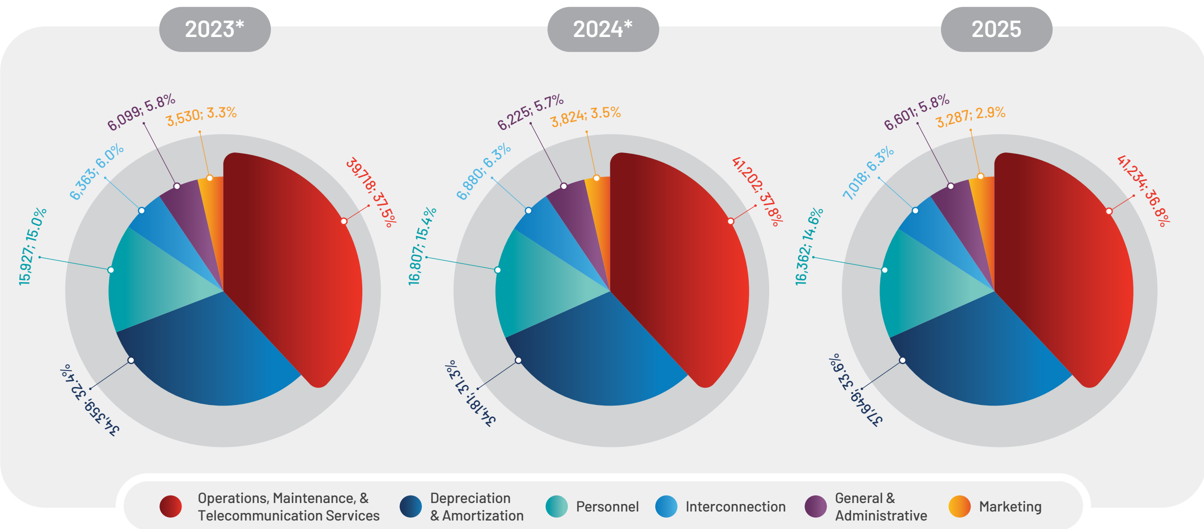
TelkomGroup's highest revenue composition in 2025 was data, internet, and information technology service revenues of 61.4%, followed by IndiHome revenue with the contribution of 17.8% and interconnection revenue of 6.1%.

The highest expense composition was from operation, maintenance, and telecommunication services of 36.8%, followed by depreciation and amortization expenses related to property and equipment, software, hardware, and technology infrastructure use of 33.6%. The least expense in 2025 was the marketing expense of 2.9%.

Revenue Composition 2023-2025 (Rp billion)



Expenses Composition 2023-2025 (Rp billion)



Remarks:

* Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Comparison of Profit and Loss for The Year Ended December 31, 2025, Compared to Year Ended December 31, 2024

1. **Revenues**

   In 2025, TelkomGroup recorded revenues at Rp146,742 billion (US$8,799 million), it decreased by 2.2% or Rp3,225 billion, compared to the 2024 revenue of Rp149,967 billion. The decrease was due to the decrease in telephone revenues, data, internet, and information technology services revenues, interconnection revenues, IndiHome revenues, and revenues from lessor transactions.

   a. **Telephone Revenues**

      The telephone revenue decreased by 22.8% in 2025 to Rp8,135 billion (US$488 million) compared to the last year of Rp10,544 billion. This revenue includes cellular, fixed-line, and Short Messaging Service (SMS) revenues, with SMS revenues being included starting this year.

      Cellular revenues decreased by 29.7% to Rp4,400 billion (US$264 million) compared to the previous year of Rp6,260 billion. It was due to the decrease in reduced consumer interest in Over-the-Top (OTT) services as communication media, as well as the decreased revenue from cellular usage including local, Direct Distance Dialing (DDD) and international, postpaid revenues, and cellular commitment revenues.

      Fixed lines revenues in 2025 were Rp572 billion (US$34 million), it increased by 19.4% or Rp93 billion compared to the previous year of Rp479 billion. It was due to the increase in subscriber abonnement revenues, usage charges, and installation charges from fixed lines services.

      SMS revenues decreased by 16.9% or Rp642 billion from Rp3,805 billion in 2024 to Rp3,163 billion in 2025. It was due to the decrease in the domestic cellular SMS revenues.

   b. **Data, Internet, and Information Technology Services Revenues**

      TelkomGroup recorded data, internet, and information technology services revenue in 2025 of Rp90,044 billion (US$5,399 million), it decreased by 0.5% or Rp489 billion compared to the 2024 revenue of Rp90,533 billion. The decrease was due to a decrease in cellular data and internet revenues of Rp1,350 billion or 1.9% due to the decrease in cellular data communication revenues from Telkomsel.

      The decreases were offset by:

      - An increase in others revenues of Rp748 billion or 19.7%, which was from game online from Metranet, Internet Data Center (IDC) collocation, service provider application, and e-commerce revenues.
      - An increase in internet, data communication, and information technology services revenues of Rp113 billion or 0.8% due to the revenue increase from Indibiz B2B High Speed Internet (HSI), WiFi, TelkomNet VPN Intranet installation, and managed network.

c. Interconnection Revenues

TelkomGroup's interconnection revenue was from fixed-line telephone, including direct international services of IDD 007 and Telkomsel cellular network. TelkomGroup's interconnection revenues in 2025 were Rp8,972 billion (US$538 million), it decreased by 2.3% or Rp215 billion from the last year of Rp9,187 billion. It was due to the decrease in inter-country traffic, such as international hubbing SMS, IDD 007 retail interconnection, overseas cellular network revenue, International Toll Free Service (ITFS), and SMS Application to Person (A2P).

d. Network Revenues

TelkomGroup's network revenues in 2025 were Rp3,645 billion (US$219 million), it increased by 14.7% or Rp466 billion, from Rp3,179 billion in 2024. It was due to the increase in C-band standard abonnement revenues, International Private Leased Circuit (IPLC) revenues, customers' access leased network revenues, leased line revenues, and abonnement from Very Small Aperture Terminal (VSAT) services.

e IndiHome Revenues

IndiHome revenues in 2025 were Rp26,119 billion (US$1,566 million), a decrease of 0.5% or Rp143 billion from the previous year's Rp26,262 billion. It was due to the decrease in IndiHome revenues from call, smart device, UseeTv, games, music, and other services. It aligned to the lower IndiHome's ARPU as a result of the subscribers' consumption shifting from triple-play (3P) to single-play (1P) services.

f. Other Services Revenues

TelkomGroup recorded revenue for the other services of Rp6,952 billion (US$417 million) in 2025, it decreased by 3.9% or Rp281 billion compared to the 2024 revenues of Rp7,233 billion. It was due to the decrease in call center service revenues of Rp101 billion or 8%. It was also due to a decrease in e-health of Rp767 billion, or 100%, as a result of the subsidiary release of PT Administrasi Medika (AdMedika), including TelkomMedika.

The decreases were offset by

- An increase in e-payment revenues of Rp384 billion or 29.5%.
- An increase in managed service and terminal revenues of Rp181 billion or 17.3%.
- An increase in others revenues of Rp22 billion or 0.8% due to the increase in solution and digitalization services.

g. Revenues from Lessor Transactions

TelkomGroup's revenues from lessor transactions in 2025 were Rp2,875 billion (US$172 million), it decreased 5.1% from the previous year of Rp3,029 billion. It resulted from adopting PSAK 115, which Telkom requires to disclose revenues from lessor transactions; for instance, operation leases were separate from contracts with customers' revenues.

2. **Expense**

TelkomGroup's total expenses as of December 31, 2025, were Rp112,151 billion (US$6,725 million), it increased by 2.8% or Rp3,032 billion, compared to Rp109,119 billion in 2024. These changes were due to:

a. **Operation, Maintenance and Telecommunication Service Expense**

In 2025, TelkomGroup's operating, maintenance, and telecommunications services expenses were Rp41,234 billion (US$2,473 million), it increased by 0.1% or Rp32 billion compared to 2024 of Rp41,202 billion. It was due to:

- An increase in leased lines and Customer Premise Equipment (CPE) expenses of Rp1,052 billion or 30.7%, driven by higher costs for non-connectivity devices, network provision, and device procurement.
- An increase in radio frequency usage charges of Rp59 billion or 0.8% in line with the increase in prepayments for frequency operating rights
- An increase in insurance expenses of Rp27 billion or 8.8% due to higher insurance costs for fixed assets, satellites, and building leases, as well as expanded coverage for fixed assets, excluding land, against fire, theft, earthquakes, and business interruption.
- An increase in project management expenses of Rp18 billion or 4.2%, reflecting the commencement of new projects.
- An increase in others expenses of Rp16 billion or 14.8% due to the higher call center service costs at the subsidiary, Infomedia.

The increases were offset by:

- A decrease in operation and maintenance expenses of Rp887 billion or 3.6% due to the decrease in direct costs for billing payment aggregator services, value-added service collaboration fees, and intra-connection switch fees.
- A decrease in vehicle rental and supporting facilities expenses of Rp107 billion or 39.5% due to the decrease in transportation, management, and vehicle rental operational expenses driven by the Company's efficiency program.
- A decrease in cost of SIM cards, vouchers, and sales of peripherals of Rp52 billion or 8.9% due to the decrease in SIM card and voucher inventory and a reduction in the cost of printing public telephone cards and SIM cards for Mobile Virtual Network Operators (MVNOs).
- A decrease in concession fees and USO charges of Rp48 billion or 1.6% due to the decrease in gross revenue contribution from telecommunications operations for USO development in accordance with Komdigi's policy.
- A decrease in electricity, gas, and water expenses of Rp46 billion or 4.2% due to the decrease in electricity, gas, and water usage costs as part of the Company's efficiency program.

b. Depreciation and Amortization Expense

TelkomGroup recorded depreciation and amortization expenses in 2025 at Rp37,649 billion (US$2,258 million), it increased by 10.1% or Rp3,468 billion compared to the last year of Rp34,181 billion. It was driven by higher depreciation on fixed assets, such as power supplies, supporting equipment, and cable networks. Additionally, a change in accounting policy in 2025 regarding the classification of drop cable assets affected their estimated useful lives, resulting in higher depreciation expenses.

c. Personnel Expense

The personnel expense in 2025 was Rp16,362 billion (US$981 million). It decreased by 2.6% or Rp445 billion from Rp16,807 billion in 2024. It was due to the early retirement program in 2024 of Rp1,186 billion and Rp937 billion in 2025, it decreased by 21.0%. Salaries and related benefits expenses decreased by 0.5% or Rp46 billion, as well as vacation pay, incentive, and other benefits expense decreased by 10.2% or Rp430 billion. It aligned with the decrease of TelkomGroup's employees by 2.4% from 21,673 employees in 2024 to 21,151 employees in 2025. However, there was an increase in pension and other post-employment benefits expenses by 9.6% and LSA expenses by 25.7% from the previous year.

d. Interconnection Expense

TelkomGroup's interconnection expense in 2025 was Rp7,018 billion (US$421 million), it increased by 2% or Rp138 billion compared to the last period of Rp6,880 billion. It was due to the increase in interconnection expenses for cellular to IDD, Direct Distance Dialing (DDD) to cellular, and wholesale voice services.

e. Marketing Expense

TelkomGroup recorded marketing expenses in 2025 at Rp3,287 billion (US$197 million), it decreased by 14% or Rp537 billion compared to 2024 of Rp3,824 billion. It aligns with lower company revenue and was mainly due to decreases in sales fees, exhibition expenses, promotional costs, and customer education.

f. General and Administrative Expense

TelkomGroup's general and administrative expenses in 2025 were Rp6,601 billion (US$396 million), it increased by 6.0% or Rp376 billion compared to Rp6,225 billion in 2024. It was due to the increase in allowance for expected credit losses trade receivables expenses by Rp561 billion or 62.1%, collection expenses by Rp97 billion or 50%, social contribution expense by Rp68 billion or 29.2%, and others by Rp144 billion or 44.0%.

3. Gain (Losses) on Foreign Exchange-Net

TelkomGroup's business involves foreign currencies and exchange rate fluctuations, so it may positively or negatively impact the Company's financial transactions. In 2025, TelkomGroup recorded gain on foreign exchange - net of Rp180 billion (US$11 million), it increased by 32.4% compared to the previous period that gained Rp136 billion.

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

In 2025, TelkomGroup recorded unrealized loss on changes in fair value of investments at Rp242 billion, it decreased by 228.7% compared to the last period unrealized gain of Rp188 billion. It was primarily attributable to fluctuations in the fair value of GOTO and MDI investments.

5. Other Income – Net

TelkomGroup recorded other income - net in 2025 at Rp119 billion (US$7 million), it decreased by 57.7% or Rp162 billion compared to the last period of Rp281 billion.

6. Operating Profit and Operating Profit Margin

TelkomGroup recorded the operating profit in 2025 at Rp34,648 billion (US$2,078 million), it decreased by 16.4% compared to the last operating profit of Rp41,453 billion. Meanwhile, the operating profit margin decreased from 28.7% in 2024 to 23.6% in 2025.

7. **Profit Before Income Tax and Pre-Tax Margin**

   TelkomGroup's profit before income tax in 2025 was Rp31,102 billion (US$1,865 million), it decreased by 17.3% compared to the last period of Rp37,615 billion. Meanwhile, the pre-tax margin decreased from 26.1% in 2024 to 21.2% in 2025.

8. **Income Tax (Expense) Benefit**

   TelkomGroup recorded expense tax benefit in 2025 was Rp6,644 billion (US$398 million), it decreased by 18.2% or Rp1,474 billion compared to expense in 2024 of Rp8,118 billion. It was attributable to lower current and deferred taxes incurred by the Company and its subsidiaries.

9. **Other Comprehensive Income (Losses)**

   TelkomGroup recorded other comprehensive income in 2025 at Rp126 billion (US$8 million), it decreased by 85.9% or Rp769 billion compared to other comprehensive income in 2024 of Rp895 billion. It was due to the actuarial calculation of defined pension benefit obligation – net, which shifted from profit in 2024 of Rp635 billion to a loss in 2025 of Rp236 billion. The decrease in the discount rate for several post-employment benefit programs increased the present value of the post-employment benefit liability, leading to the recognition of an actuarial loss.

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

    Profit for the year attributable to owners of the parent company in 2025 recorded at Rp17,814 billion (US$1,068 million), it decreased by 20.5% from Rp22,403 billion in 2024.

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

    Profit for the year attributable to non-controlling interests was at Rp6,644 billion (US$398 million), it decreased by 6.3% from Rp7,094 billion in 2024.

12. **Total Comprehensive Income for The Year**

    In 2025, Telkom recorded comprehensive income for the year of Rp24,584 billion (US$1,474 million), it decreased by 19.1% or Rp5,808 billion compared to 2024 of Rp30,392 billion.

13. **Net Income per Share**

    TelkomGroup's net income per share in 2025 was Rp179.83 per share, it decreased by 20.5% or Rp46.32 per share compared to the last year of Rp226.15 per share.

Cashflow Overview

As of December 31, 2025, TelkomGroup's cash and cash equivalent was decent at Rp34,228 billion (US$2,052 million). The net cash provided by operating activities was Rp63,842 billion, net cash used in investing activities was Rp26,095 billion, and net cash used in financing activities was Rp37,743 billion.

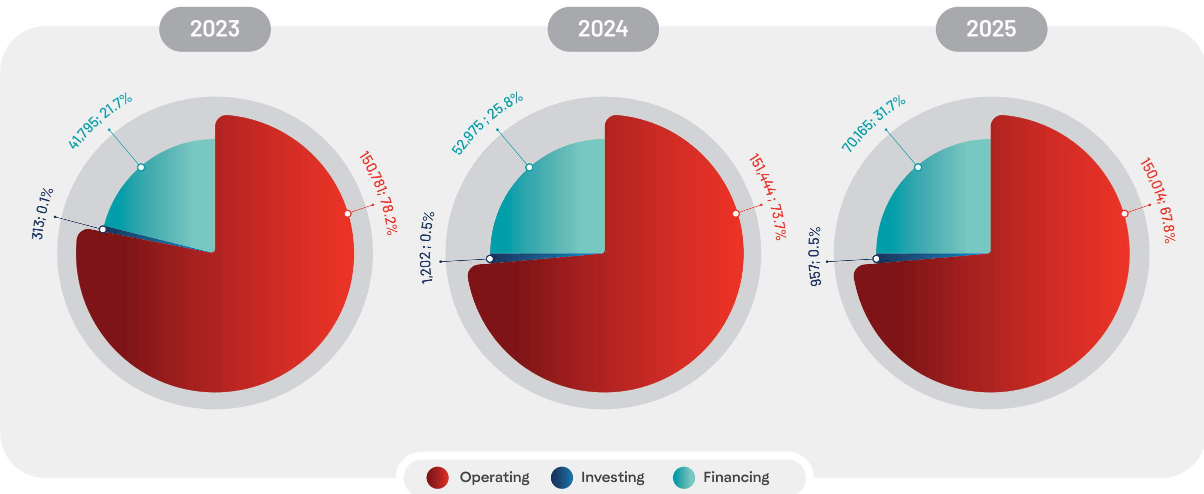
TelkomGroup Cashflow 2023-2025

	Growth 2024-2025 (%)	Years ended December 31			
		2025		2024	2023
		(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Net Cash					
provided by operating activities	3.6	63,842	3,827	61,600	60,581
used in investing activities	(11.4)	(26,095)	(1,564)	(29,456)	(36,909)
used in financing activities	37.2	(37,743)	(2,264)	(27,505)	(26,567)
Net increase (decrease) in cash and cash equivalents	**(99.9)**	**4**	**(1)**	**4,639**	**(2,895)**
Effect of exchange rate changes on cash and cash equivalents	23.2	320	20	260	(45)
Allowance for expected credit losses	0	(1)	-	(1)	(1)
Cash and cash equivalents at beginning of year	**16.9**	**33,905**	**2,033**	**29,007**	**31,947**
Cash and cash equivalents at end of year	**1.0**	**34,228**	**2,052**	**33,905**	**29,007**

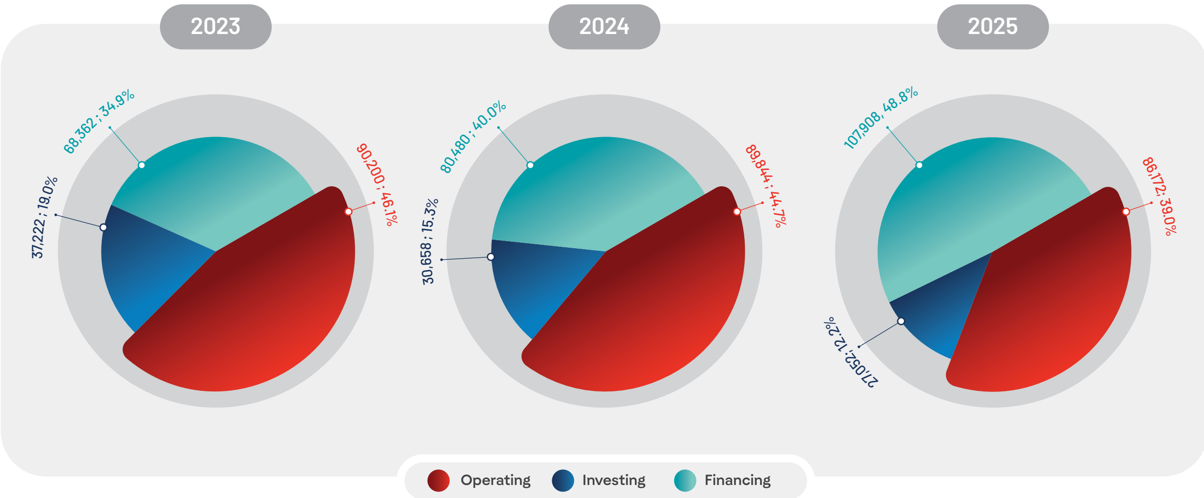
Cashflow Comparison

TelkomGroup's highest cash receipt in 2025 was from operating activities of 67.8%, followed by the cash receipt from financing activities of 31.7%, and cash receipt from investing activities of 0.5%. This composition indicated that TelkomGroup's internal and external funds supported the Company's operational activities.

Cash Receipt Composition 2023-2025 (Rp billion)



Cash Disbursement Composition 2023-2025 (Rp billion)



Comparison of Cash Flow for Year Ended December 31, 2025, Compared to Year Ended December 31, 2024

TelkomGroup recorded cash and cash equivalents as of December 2025 of Rp34,228 billion or US$2,052 million. It increased by 1% or Rp323 billion from last year's total cash and cash equivalents of Rp33,905 billion. The cash receipts of operating activities in 2025 were Rp150,014 billion or 67.8% of total cash receipts, while the cash receipts from financing activities were Rp70,165 billion or contributed to 31.7%, and the cash receipt from investing activities of Rp957 billion or contributed to 0.5%.

In 2025, the cash disbursements for operating activities were Rp86,172 billion or 39.0% of total cash disbursements. Then, cash disbursements for financing activities were Rp107,908 billion or 48.8% of total cash disbursements, and the cash disbursements from investing activities were Rp27,052 billion or 12.2%.

1. **Cash Flow from Operating Activities**

   Net cash provided by operating activities in 2025 was recorded at Rp63,842 billion or US$3,827 million. It increased by Rp2,242 billion or 3.6% compared to the last period.

TelkomGroup recorded cash receipts from operating activities of Rp150,014 billion or US$8,966 million in 2025. It decreased by Rp1,430 billion or 0.9% from cash receipts from operating activities in 2024 of Rp151,444 billion. The cash receipts were from:

- Cash receipts from customers and other operators of Rp146,002 billion.
- Cash receipts from interests of Rp1,670 billion.
- Cash receipts from tax refund of Rp1,322 billion.
- Cash receipts from others - net of Rp1,020 billion.

Meanwhile, cash disbursements for operating activities in 2025 were Rp86,172 billion or US$5,167 million, it decreased by 4.1% or Rp3,672 billion compared to the 2024 cash disbursements of Rp89.844 billion. TelkomGroup's cash disbursements were for:

- Cash payments for expenses of Rp51,455 billion.
- Cash payments for employees of Rp13,319 billion.
- Cash payments for corporate and final income taxes of Rp10,438 billion.
- Cash payments for finance cost of Rp5,230 billion.
- Cash payments for short-term and low-value lease assets of Rp4,654 billion.
- Cash decrease for value added taxes – net of Rp1,076 billion.

2. **Cash Flow from Investing Activities**

TelkomGroup recorded net cash used in investing activities in 2025 was Rp26,095 billion or US$1,564 million, it decreased by 11.4% or Rp3,361 billion compared to the last period of Rp29,456 billion.

Cash receipts from investing activities in 2025 were Rp957 billion, it decreased by 20.4% or Rp245 billion from the last period of Rp1,202 billion. Cash receipts were from:

- Proceeds from the disposal of long-term investments in financial instrument of Rp728 billion.
- Proceeds from insurance claims of Rp151 billion.
- Proceeds from sale of property and equipment of Rp78 billion.

Meanwhile, the cash disbursements for investing activity of Rp27,052 billion, decreased by 11.8% or Rp3,606 billion from the last year of Rp30,658 billion. The cash disbursement was for:

- Purchase property and equipment of Rp22,871 billion.
- Purchase intangible assets of Rp2,897 billion.
- Increase of payment for advance and other assets of Rp1,117 billion.
- Placement in other current financial assets - net of Rp141 billion.
- Addition of long-term investment in financial instrument of Rp26 billion.

3. **Cash Flows from Financing Activities**

TelkomGroup's net cash used in financing activities in 2025 was Rp37,743 billion or US$2,264 million, it increased by 37.2% or Rp10,238 billion from the 2024 of Rp27,505 billion.

TelkomGroup received cash from financing activities of Rp70,165 billion, it increased by 32.4% or Rp17,190 billion compared to the last period of Rp52,975 billion. The cash receipt was from:

- Proceeds from loans and other borrowings of Rp69,895 billion.
- Proceeds from issuance of new shares of subsidiaries of Rp270 billion.

Meanwhile, the cash disbursement for financing activities was Rp107,908 billion, it increased by 34.1% or Rp27,428 billion compared to the last period of Rp80,480 billion. The cash disbursement was for:

- Repayments of loans and other borrowings of Rp72,037 billion.
- Cash dividend paid to the Company's stockholders of Rp21,047 billion.
- Cash dividend paid to the non-controlling interests of subsidiaries of Rp7,359 billion.
- Repayments of principal portion of lease liabilities of Rp7,356 billion.
- Shares buyback of subsidiary of Rp79 billion.
- Shares buyback of Rp30 billion.

Solvency

TelkomGroup's 2025 Consolidated Financial Statements (Audited) demonstrate strong liquidity, solvency, and the ability to meet both short and long-term liabilities. Debt repayments were funded by operational cash inflows, reflecting effective management of operations and liquidity.

Short-Term Liability

TelkomGroup uses current, quick, and cash ratios to assess its ability to meet short-term liabilities. These ratios help maintain liquidity and ensure funds are available for debt payments. The Company keeps its current ratio above the industry average and maintains access to undrawn loan facilities as needed.

TelkomGroup Liquidity Ratio 2023-2025

Ratio	2025	2024	2023
Current Ratio	83.5%	82.2%	77.7%
Quick Ratio	63.4%	61.7%	57.8%
Cash Ratio	48.2%	45.8%	42.9%

Long-Term Liability

TelkomGroup monitors key ratios to assess its long-term liability capacity, including the Debt-to-Equity Ratio, Debt-to-EBITDA Ratio, and EBITDA-to-Interest Expense Ratio. According to the 2025 Consolidated Financial Statements, these ratios were 0.5 times, 1.04 times, and 13.88 times, respectively, indicating a low risk of default.

Rasio Solvabilitas TelkomGroup Tahun 2023-2025

Ratio	2025	2024*	2023*
Debt to Equity Ratio	0.50X	0.50X	0.46X
Debt to EBITDA Ratio	1.04X	1.02X	0.88X
EBITDA to Interest Expense Ratio	13.88X	14.41X	16.68X

Remarks:

*Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

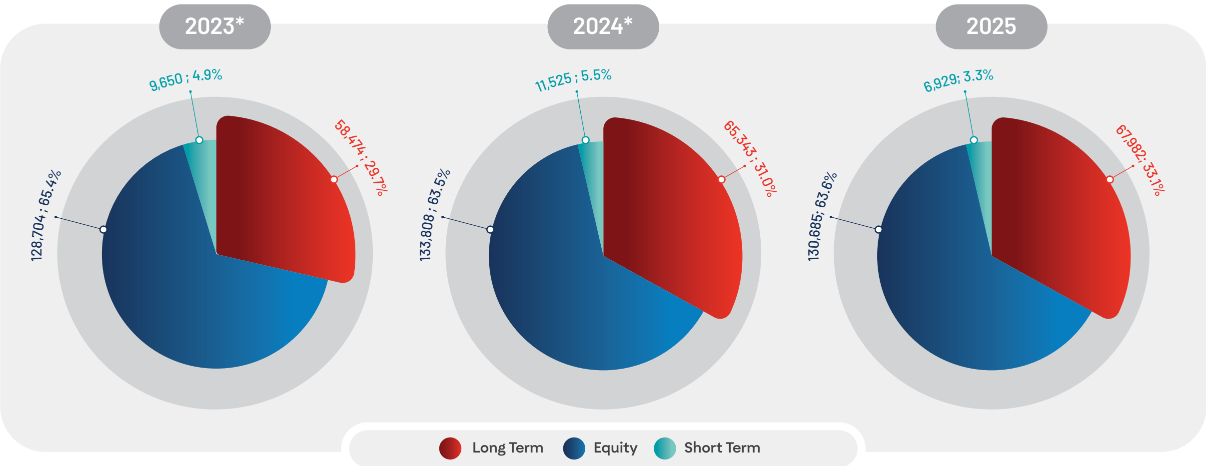
TelkomGroup regularly reviews its debt profile, especially floating-rate debt, to reduce interest expenses and limit exposure to future interest rate changes. For more details on liquidity and debt, please refer to Notes 18 and 19 in TelkomGroup's 2025 Consolidated Financial Statements.

Capital Structure and the Management Policies for Capital Structure

Capital Structure

TelkomGroup's capital structure includes short-term debt, long-term debt, and equity. As of December 31, 2025, the most significant composition of TelkomGroup's capital structure was equity. There were no significant changes in equity and capital composition in 2025 compared to the prior year.

Capital Structure 2023-2025 (Rp billion)



Capital Structure	2025		2024*	2023*
	(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Debt	74,911	4,492	76,868	68,124
Short Term Debt	6,929	415	11,525	9,650
Long Term Debt	67,982	4,077	65,343	58,474
Equity	130,685	7,837	133,808	128,704
Total	**205,596**	**12,329**	**210,676**	**196,828**

Remarks:

* Restatement. See Note No. 2.z.iii to the Consolidated Financial Statements.

Management Policy for Capital Structure

TelkomGroup must maintain creditworthiness, reflected in its credit rating and capital structure. In 2025, it kept debt levels below the industry average, as shown by the Debt to Equity Ratio and Debt to EBITDA Ratios. The Company also maintained a solid capital structure by optimizing the weighted average cost of capital, leveraging tax benefits, and sustaining healthy financial ratios.

These measures align with TelkomGroup's capital structure policy to achieve optimal funding. This policy will guide management decisions on adjusting short-term and long-term debt.

In 2025, TelkomGroup's Debt-to-Equity Ratio (DER) was 0.50 times, and 0.50 times in 2024. The Debt Service Coverage Ratio was 0.9 times in 2025, from 1.4 times in 2024. For more details on management's capital structure policy, see Notes 38 Capital Management in the 2025 TelkomGroup Consolidated Financial Statements.

Realization of Capital Expenditure

To address rapid technological changes, TelkomGroup made capital expenditure investments aligned with the Company's 2025 needs and strategies. These investments are denominated in Rupiah (Rp) and US Dollar (US$).

Strategy and Objectives of Investment in Capital Expenditure

The strategy for determining capital goods investments aims to support and sustain business growth in the digital era, based on core investments, next-core investments, and new play investments. In 2025, TelkomGroup plans to invest in capital goods to enhance infrastructure capacity and capabilities to address customers' growing demands.

Types of Investment in Capital Expenditure

TelkomGroup's 2025 capital expenditures include:

- Broadband services, including mobile and fixed broadband;
- Network infrastructure, including core network, backbone network (submarine cable and terrestrial cables), tower;
- Data Center, Cloud, IoT, and IT; and
- Other supporting capital expenditures, including connectivity facilities, buildings, and power supply.

Investment Value in Capital Expenditure

In 2025, TelkomGroup's capital expenditure totaled Rp24,577 billion (US$1,474 million), a 0.5% decrease from Rp24,449 billion the previous year. Key investments included:

- Construction of Telkomsel BTS (5G and 4G).
- Construction of the Batam hyperscale data center and expansion of the Cikarang hyperscale data center capacity.
- Expansion of towers and supporting capacity.
- Construction of international submarine cable system projects, including the TOPAZ, BIFROST, and SJC2 submarine cables.

TelkomGroup's Capital Expenditure Investment 2023-2025

	Years ended December 31			
	2025		2024	2023
	(Rp billion)	(US$ million)	(Rp billion)	(Rp billion)
Total Investment in Capital Expenditure	24,577	1,474	24,449	32,968

Material Commitment for Capital Expenditure

Objectives of Material Commitment for Capital Expenditure

As a digital telco, TelkomGroup is committed to sustainable investments that accelerate digital transformation. We have made several material capital expenditure commitments to support transmission, network equipment, and digital infrastructure. Details of these commitments and related project agreements are in Note 35 Significant Commitments and Agreements of the 2025 TelkomGroup Consolidated Financial Statements.

Sources of Funds to Fulfill Material Commitment for Capital Expenditure

In 2025, TelkomGroup had a decent leverage to fund capital expenditures. TelkomGroup has several funding alternatives, including internal and external sources, such as bank funding, debt instruments, and additional share capital, for capital expenditure investments, in line with a predetermined business plan.

Denominated Currencies of Material Commitment for Capital Expenditure

TelkomGroup uses two currency denominations for its material commitments for capital expenditure investments: Rupiah and US Dollar. The largest commitment is in Rupiah, amounting to Rp14,727 billion.

Material Commitments Based on Currency as of December 31, 2025

Table of Material Commitment based on Currencies	Amounts in Foreign Currencies (million)	Equivalent in Rupiah (billion)
IDR	-	14,130
USD	25	417
Total	**25**	**14,547**

Foreign Currency Risk Mitigation of Material Contracts for Capital Expenditure

Material capital expenditure commitments in foreign currencies are subject to exchange rate fluctuations. To mitigate this risk, TelkomGroup maintains time deposits and receivables equal to at least 25% of outstanding foreign currency short-term liabilities, offsetting potential losses with gains. Further details are in Note 35 Significant Commitments, Agreements, and Others and Note 37 Financial Instruments of the 2025 TelkomGroup Consolidated Financial Statements.

Receivables Collectability

As of December 31, TelkomGroup's consolidated matured receivables were Rp4,799 billion in 2025 and Rp5,291 billion in 2024, with no impairments and collectibles. The accounts receivable turnover ratio was 12.5%, and the average collection period was 29.1 days.

TelkomGroup regularly monitors receivables and collection balances to minimize customer credit risk. Collection methods include direct visits, reminder letters, direct billing, partnering for collection services to temporarily suspending services, and active customer contact via phone, letter, or email.

TelkomGroup's Receivables Collectability 2023-2025

Ratio	Average Collection Duration Ratio (%)		
	2025	2024	2023
Average collection ratio (days)	29.1	27.8	23.6
Receivables turnover ratio (%)	12.5	13.1	15.5

Analysis and Explanation of Receivables Collectability

TelkomGroup classifies receivables based on their age to analyze accounts receivable.

Analysis of TelkomGroup's Accounts Receivables by Age Period 2023-2025

Analysis of Accounts Receivable by Age	2025	2024	2023
	(Rp billion)		
Not past due	6,687	7,319	7,020
0 – 3 months	3,155	3,602	2,758
3 – 6 months	1,573	1,305	1,215
> 6 months	6,763	6,031	5,235
Total receivables before provision	18,178	18,257	16,228
Provision for impairment of receivables	(6,955)	(6,064)	(5,561)
Net receivables after provision	**11,223**	**12,193**	**10,667**

TelkomGroup sets provisions for trade receivable impairments based on collective and individual historical credit loss rates. The 2025 provision was Rp6,955 billion, up 14.7% from Rp6,064 billion in 2024. See Note 5 Trade Receivables in the 2025 Consolidated Financial Statements for details.

Material Information and Fact After Accountant Reporting Date

TelkomGroup remains committed to transparency and accountability in upholding good corporate governance. Accordingly, it discloses material information and facts occurring after the December 31, 2025, financial reporting date as follows:

Material Information and Facts After the Accountant Reporting Date for the 2025 Period

No.	Material Information and Facts
1.	On October 20, 2025, the Company and TIF entered into a Conditional Separation Agreement in relation to the transfer of a portion of the Company's wholesale fiber connectivity business and assets (the "Infraco Spin-Off") to TIF, effective January 1, 2026. Pursuant to the agreement, the total value of the transferred transaction object amounted to Rp35,787 billion. As consideration for the transfer of the transaction object, TIF issued 357,872,580 shares to the Company, as stipulated in Notarial Deed of Aulia Taufani, S.H.,No. 63 dated December 18, 2025, The deed was subsequently approved by the Ministry of Law and Human Rights of the Republic of Indonesia ("Kemenkumham") pursuant to Decree No. 0086733.AH.01.02 dated January 1, 2026.
2.	Effective January 1, 2026, the Company transferred bank loans from DBS, BNI, and BCA to TIF amounting to Rp1,831 billion, Rp2,649 billion, and Rp5,317 billion, respectively, in connection with the Infraco Spin-Off project.
3.	On January 6, 2026, DAM transferred the Company's shares to BP BUMN, resulting in BP BUMN owning 1% of the total state ownership through BP BUMN and DAM, amounting to 516,023,535 shares, consisting of Series B shares representing 0.52% of the total shares issued and fully paid by the Company.
4.	On January 6, 2026, January 23, 2026, and April 1, 2026, Telkomsel made repayments of its bank loan to BNI amounting to Rp4,000 billion.
5.	On January 12, 2026, February 27, 2026, and March 27, 2026, Telkomsel made repayments of its bank loan to Bank Mandiri amounting to Rp3,000 billion.
6.	On January 12, 2026, March 30, 2026, and April 30, 2026, Telkomsel made repayments of its bank loan to Bank Sinarmas amounting to Rp3,000 billion.
7.	On January 29, 2026, and April 13, 2026, Telkomsel made repayments of its bank loan to Bank of China amounting to Rp3,800 billion.
8.	On January 6, 2026 and April 27, 2026, Telkomsel made repayments of its bank loan to CIMB Niaga amounting to Rp2,000 billion.
9.	On January 29, 2026 and February 13, 2026, Telkomsel made repayments of its bank loan to MUFG and DBS amounting to Rp1,000 billion and Rp1,000 billion, respectively.
10.	During the period from January to April 2026, Telkomsel has made loan drawdowns from Bank of China, Bank Sinarmas, CIMB Niaga, BNI, and DBS Bank amounting to Rp3,800 billion, Rp2,000 billion, Rp1,500 billion, Rp1,000 billion, and Rp1,000 billion, respectively.
11.	On May 1, 2026, the Company announced its plan to conduct a share buyback of publicly held shares, with a maximum amount of Rp1,000 billion and not exceeding 10% of the issued and fully paid-up share capital. The share buyback period will be no longer than 12 (twelve) months from the date of approval by the General Meeting of Shareholders (GMS) on June 8, 2026, and is planned to commence from June 9, 2026 until June 8, 2027.

Detailed explanations of these transactions are available in Note 40, Subsequent Event of TelkomGroup's 2025 Consolidated Financial Statements.

Business Prospects and Sustainability of the Company

The global economic outlook for 2026 remains in a slowdown phase with a weaker recovery. Fitch Ratings projects growth of about 2.4%, slightly below the 2.6% forecast for 2025. This reflects pressures from geopolitical uncertainty, trade fragmentation, and tightening financial conditions in several countries.

The IMF offers a more optimistic forecast, estimating global growth of 3.2% in 2025 and 3.1% in 2026. However, it notes a shift from an open to a fragmented economy, which may restrict investment flows, slow trade, and increase financial market volatility.

Despite the global slowdown, Indonesia's economy is expected to remain solid, with growth projected at 5.33% in 2026, slightly below the Government's 5.4% target. This growth is supported by monetary easing, stabilizing credit, and a more active fiscal policy from the Ministry of Finance.

These economic dynamics have shifted Indonesia's telecommunications industry into moderate growth within a maturing market. The market value is estimated at US$13.66 billion by 2025, with a modest 1.0% CAGR projected through 2033. This reflects stabilization after rapid expansion, with future growth relying on increased data use, digital service transformation, and operational efficiency. The market, now dominated by three major operators, is experiencing stronger competitive dynamics and greater commercial discipline. Alongside consolidation, improved industry pricing supports the trend toward more stable and effective competition in telecommunications. This strategic shift aims to enhance growth quality and foster healthier, more rational competition, with a growing focus on active customer management and sustainable growth.

Data demand drives industry growth, fuelled by rising smartphone penetration, heavy use of over-the-top (OTT) services, and adoption of high-speed fixed internet in households. Connectivity in non-urban areas is expanding through government programs enhancing network equity and digital infrastructure quality. Despite these opportunities, structural challenges persist. Intense price competition, rapid technological change, and new business models require operators to continually update strategies. Spectrum efficiency, 5G infrastructure readiness, and pressure on Average Revenue Per User (ARPU) remain critical management priorities.

To address the challenges of a highly competitive telecommunications industry, Telkom has established its strategic direction for 2026. The company will strengthen four main business pillars: B2C, Digital Infrastructure Cluster, B2B ICT, and International Business. An additional "Others" pillar will support non-core or transitional businesses, providing flexibility in portfolio management and supporting long-term value creation for TelkomGroup. This strategy aims to capitalize on digital transformation across sectors. Telkom will also focus on optimizing its business portfolio, enhancing synergies, and developing digital capabilities to meet market and stakeholder needs.

In 2026, Telkom will accelerate growth in the B2C business by expanding connectivity and digital platforms with advanced technologies. A key focus is enhancing 5G network services with broader, optimized coverage. This will improve cellular service quality through higher speeds, greater capacity, and low latency. It supports complex real-time services like the Internet of Things (IoT), cloud computing, and AI-based solutions, enhancing customer experience. AI will also differentiate value through personalized and bundled offers tailored to customer needs.

Alongside technology development, Telkom will enhance customer experience to maintain market share, attract new customers, and drive sustainable growth. This includes improving service reliability, speeding up service fulfilment, providing responsive customer support, enhancing connectivity, and offering various value-added services. IndiHome, a comprehensive household digital solution, delivers internet, home telephone, and interactive TV services with customizable packages supported by a nationwide network. Telkom is also advancing a Fixed Mobile Convergence (FMC) strategy to create a seamless digital experience by integrating home internet and mobile services into one ecosystem. The FMC initiative by Telkomsel strengthens Telkom's market position, boosts operational efficiency, and promotes equitable, inclusive, and sustainable digital access across Indonesia.

Telkom will strengthen its B2B ICT pillar by offering integrated, high-value solutions like system integration, IT service management, and Customer Relationship Management (CRM) to improve efficiency and meet the needs of enterprise, government, and SME clients. Aligning with digitalization, Telkom aims to be a strategic partner in digital transformation by delivering innovative products and expanding SME reach through the Indibiz ecosystem, supported by ongoing digital training and education.

In Digital Infrastructure business, Telkom will enhance its role as a digital ecosystem enabler by expanding capacity in carrier, towers, fiber, domestic and overseas submarine cable system, satellites, and data centers. It will improve fiber network quality and reach by spinning off its fiber connectivity business into a subsidiary to focus on operations, cost efficiency, asset monetization, and neutrality for future growth.

Telkom will reinforce its position as Indonesia's leading tower company and expand into Southeast Asia. Satellite infrastructure will be upgraded to improve connectivity in frontier and disadvantaged regions. Data center capacity will grow with new Hyperscale Data Centers in Cikarang and Batam, supported by strategic partnerships to accelerate development and build capabilities. Expansion into other Southeast Asian countries will address the high market demand and regional competition.

The International Business pillar seeks to enhance Telkom's global presence through targeted regional expansion. Its objectives are to broaden international market reach, reinforce Telkom's role as a global provider of connectivity and digital infrastructure, and generate new growth opportunities in regional and global markets. This international expansion supports Telkom's vision of becoming a world-class digital telco and strengthens Indonesia's position as a regional digital connectivity hub.

This pillar's portfolio includes Wholesale Traffic (WS Traffic), Wholesale Network (WS Network), and WS Platform, which provide international services for operators, enterprises, and global digital industry players. Additional opportunities exist in strategic business lines such as Data Centers (DC), Towers, and B2B ICT, which can be developed over time to further expand TelkomGroup's global market presence.

The Others pillar serves as an enabler in supporting TelkomGroup's portfolio refocusing and reformatting toward a business structure focused on Core and Next-Core Businesses. It aims to ensure that managing non-core or transitional business portfolios continues to add value while creating room for portfolio optimization and rationalization to maximize enterprise value. This approach allows Telkom to gradually align its portfolio with the company's strategic direction and increase focus on businesses with stronger growth potential.

Comparison of Initial Year Target and the Realization

TelkomGroup's revenue decreased by 2.2% to Rp146,742 billion in 2025. EBITDA and Net Profit were Rp72,240 billion and Rp17,814 billion, with margins of 49.2% and 12.1%, respectively. Capital expenditures totaled Rp24,577 billion, or 16.7% of revenue.

Comparison of TelkomGroup Targets and Realizations in 2025

Indicator	Realization In 2025	Targets In Initial 2025
Revenue Growth	Revenues decreased by 2.2%.	We estimate that the more challenging competition will impact the Company. Overall, we expected the Company to grow positively in the low to mid-single digit range.
EBITDA Margin and Net Income Margin	EBITDA Margin decreased to 49.2% while Net Income Margin decreased to 12.1%.	EBITDA Margin and Net Income Margin are projected to slightly decreased in line with the decline in legacy businesses shifting to digital businesses.
Capital Expenditure	The realization of capital expenditures is to Rp24,577 billion, or 16.7%of revenue with focused investment in digital business infrastructure.	Around 25%-30% of our revenue is planned for capital expenditure, focusing on building digital business infrastructure.
Dividend	Dividend payments totaled Rp21,047 billion, or 89%.	The dividend payout ratio ranged from 60% to 90%.

Target or Projections for the Following Year

TelkomGroup pursues sustainable growth guided by the 2026-2028 Framework, which provides the strategic foundation for its planned transition to a strategic holding company by the end of 2027. The Company is adjusting its portfolio pillars to ensure alignment with stakeholder expectations. The framework emphasizes the development of five primary pillars: Integrated B2C Services, Digital Infrastructure, B2B ICT Services, International Business, and additional areas.

In 2026, TelkomGroup aims to achieve competitive revenue growth despite global economic uncertainty, escalating tariff disputes, geopolitical conflicts, and increasing trade fragmentation and protectionism. The company is advancing growth opportunities through strategic initiatives, including the ongoing 5 Bold Moves program, which prioritizes strengthening the Operating Company (OpCo) structure through organizational delayering. TelkomGroup is in the process of transforming into a Strategic Holding Company.

TelkomGroup's Target or Projections for The Following Year

Indicator	Target in 2026
Revenue Growth	The Company is expected to grow positively in the low to mid-single-digit range amid more challenging global and national economic conditions and competition.
EBITDA Margin and Net Income Margin	EBITDA and Net Income Margins are projected to remain well-maintained at industry levels.
Capital Expenditure	We plan to allocate approximately 15%-20% of our revenue to capital expenditures, focusing on building business infrastructure in the core and next-core domains.
Debt-to-EBITDA Ratio	The debt-to-EBITDA ratio is targeted to be maintained in the healthy range of 0.9x.

Dividend

TelkomGroup distributes dividends annually to optimize shareholder value. The dividend policy is approved by shareholders at the Annual General Meeting of Shareholders (AGMS). Over the past five years. the payout ratio ranged from 60% to 90%. In 2025. the dividend for 2024 performance was Rp21,047,403 million, representing 89% of net profit.

Telkom's Dividend Payment for the Year 2020-2024 Operational Performance

Dividend Year	Dividend Policy	Date of Dividend Payment in Cash and/or Date of Dividend Distribution in Non-Cash	Payment Ratio/ Payout ratio (%) [1]	Dividend Amount paid per year (Rp million)	Dividend Amount per Share (cash and/or non-cash) after Stock Split (Rp)
2020	AGMS, May 28, 2021	July 2, 2021	80.00	16,643,443[2]	168.01
2021	AGMS, May 27, 2022	June 30, 2022	60.00	14,855,921[3]	149.97
2022	AGMS, May 30, 2023	July 5, 2023	80.00	16,602,697[4]	167.59
2023	AGMS May 3, 2024	May 29, 2024	72.00	17,683,019[5]	178.50
2024	AGMS May 27, 2025	June 19, 2025	89.00	21,047,403[6]	212.47

Remarks:

1. Represents the percentage of profit attributable to owners of the parent paid to shareholders in dividends.
2. Consists of cash dividend amounting to Rp12,482,582 million and special cash dividend amounting to Rp4,160,860 million.
3. Only consists of cash dividend amounting to Rp14,855,921 million.
4. Only consists of cash dividend amounting to Rp16,602,697 million.
5. Only consists of cash dividend amounting to Rp17,683,019 million.
6. Only consists of cash dividend amounting to Rp21,047,403 million.

Realization Of Public Offering Fund

We have issued several bonds currently outstanding and held by investors. The underwriters are PT Bahana Sekuritas, PT Danareksa Sekuritas, PT Mandiri Sekuritas, and PT Trimegah Sekuritas Tbk, with PT Bank Permata Tbk serving as trustee. Telkom guarantees all bonds with assets, and Pefindo assigns an $_{id}$AAA rating to all Telkom bonds. The table below shows the unmatured bond status as of December 31, 2025.

Realization of Telkom's Public Offering Funds as of December 31, 2025

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

Telkom has fully realized the funds from the public offering, with no remaining balance. There are no changes to the planned use of funds. For bond details, see Note 18 Short-Term Bank Loans and Note 19 Long-Term Loans in the 2025 TelkomGroup Consolidated Financial Statements.

Material Information Regarding Transaction with Conflict of Interest, Transaction with Affiliated Parties, Investment, Divestment, and Acquisition

TelkomGroup recorded affiliated transactions in 2025 that complied with internal policies related to the Main Procedures for Affiliated Transactions and Conflicts of Interest Transactions, as outlined in the President Director's Official Note on Main Procedures for Affiliated Transactions and Conflicts of Interest. The review confirmed all transactions adhere to internal procedures, general provisions, and POJK No. 42/2020. No related-party transactions involved conflicts of interest, as they complied with the principles of fairness and sound business practice in 2025.

No	Transaction Type	Transaction Value	Parties Involved	Transaction Objects	Nature of Affiliate Relationship	Remarks
1.	Purchase of Land and Building Graha Telkom Sigma 1	Rp555,500,000,000	1. PT Telkom Data Ekosistem 2. PT Graha Telkomsigma	Land and Building Graha Telkom Sigma 1	1. PT Telkom Data Ekosistem is a subsidiary company 2. PT Graha Telkomsigma is a subsidiary company	Fair

A more detailed list of affiliated transactions that must be disclosed in the Annual Report for the 2025 fiscal year can be found in Note 32 Transactions with Related Parties in the TelkomGroup's 2025 Consolidated Financial Statements and Appendix 4 to the 2025 Annual Report.

Changes in Law and Regulation

In implementing Good Corporate Governance (GCG) practices, TelkomGroup consistently reviews any changes to laws and regulations that could potentially impact its operations. We can confirm that there were no changes to laws and regulations affecting the Company's operations in 2025.

Changes in Accounting Policy

TelkomGroup's Consolidated Financial Statements are prepared in accordance with the Financial Accounting Standards (SAK) issued by the Indonesian Institute of Accountants (IAI). It also complies with the Regulation of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) Number VIII.G.7 regarding the Presentation and Disclosure of Financial Statements of Issuers or Public Companies, attached to the letter KEP347/BL/2012. TelkomGroup also applies International Financial Reporting Standards (IFRS) in accordance with the Securities and Exchange Commission (SEC) regulations.

Changes in accounting policies for 2025 include:

1. Amendments to PSAK 221 on the Effects of Foreign Exchange Rates
2. Amendments to IAS 21 on the Effects of Changes in Foreign Exchange Rates

Implementation and Changes of Accounting Policies of TelkomGroup in 2025

No	Accounting Policy	Reason for Change	Impact on Financial Statements for Financial Year 2025	
			SAK Financial Report	IFRS Financial Report
1.	PSAK 221	The DSAK issued these accounting standard amendments as an adoption of the Amendments to IAS 21.	No material impact on SAK financial statements.	No material impact on IFRS financial statements.
2.	IAS 21	The IASB issued amendments to IAS 21 regarding The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.	No material impact on SAK financial statements.	No material impact on IFRS financial statements.

Details of the 2025 accounting policy changes are disclosed in Note 2, Summary of Accounting Policies, in TelkomGroup's Consolidated Financial Statements.