D. RISK FACTORS

An investment in our ADSs or shares involves risks. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this Form 20-F, before making an investment decision. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market or trading price of our ADSs could decline due to any of these risks, and you may lose all or part of your investment. In addition, the risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. Please note that additional risks not presently known to us, that we currently deem immaterial or that we have not anticipated may also impair our business and operations.

Summary of Risk Factors:

Risks Related to Our Business

Operational Risks

- A material failure in the continuing operations of our network, certain key systems, gateways to our network or the networks of other network operators could materially and adversely affect our business, financial condition, results of operations and prospects.
- The rapid pace of technological change in the telecommunications industry may adversely affect our ability to remain competitive if we cannot successfully integrate new innovations.
- Indonesian regulations require telecommunications service providers such as ourselves to share our network infrastructure and capacity with our competitors, and the enforcement of these regulations remain uncertain.
- Revenue leakage might occur due to internal weaknesses or external factors and if this risk were to materialize, it could have a material adverse effect on our operating results.
- Expected benefits from partnerships with global technology companies may not be achieved.
- Our networks and equipment face potential physical and cybersecurity threats, such as theft, vandalism and acts intended to disrupt our operations, which could materially and adversely affect our operating results.
- Damage to our reputation could negatively impact our business, financial condition and results of operations.
- We face a number of risks relating to our internet-related services.
- Expected benefits from investment in new networks and technologies may not be realized.
- We rely on third parties to supply and maintain our network infrastructure, and they may be difficult to replace.
- Our satellites have limited operational lives and they may be damaged or destroyed during in-orbit operation or suffer launch delays or failures. The loss or reduced performance of a satellite, whether caused by equipment failure or its license being revoked, may adversely affect our financial condition, results of operations and ability to provide certain services.
- Actual or perceived health risks or other problems relating to radio emissions could lead to litigation or decreased mobile communications usage.
- Health epidemics or pandemics and the economic disruption caused by various measures to reduce its spread have had and may continue to have adverse consequences of uncertain magnitude and duration on our operations.

Risks Related to our Fixed and Cellular Telecommunications Business

- Competition from existing cellular service providers may adversely affect our cellular services business.

- Our data and internet services are facing increasing competition, and we may experience declining margins and/or market share from such services as such competition intensifies.

- Cellular network congestion and limited spectrum availability could limit our cellular subscriber growth and cause reductions in our cellular service quality.

- Continuing growth in and the converging nature of wireless and broadband services will require us to deploy increasing amounts of capital and require ongoing access to spectrum in order to provide attractive services to customers.

- Our continued investments in the construction of our infrastructure network may not adequately address the issues resulting from the substantial increases in data traffic or otherwise achieve the desired economic returns.

- We are subject to the control of the Government and its interests may not necessarily align with the interest of our other shareholders or our own interests.

Financial Risks

- We are exposed to interest rate risk in relation to our bank borrowings.

- We may be unable to fund the capital expenditures needed for us to remain competitive in the telecommunications industry in Indonesia.

- Deterioration of the financial condition of our customers could adversely affect our operating results.

Legal and Compliance Risks

- If we are found liable for anti-competitive practices, we may be subjected to substantial liability which could have an adverse effect on our reputation, business, financial condition, results of operations and prospects.

Regulatory Risks

- Changes to our legal and regulatory environment may result in increased competition, reduced margins and operating revenue, asymmetric reduction in costs incurred by our competitors and increased regulatory and enforcement uncertainty.

- Applicable regulations on tariffs and their implementation as supervised by MoCI may affect our revenues and earnings.

- Regulations for the configuration of BTS towers may delay the installation of new BTS towers or changes in the placement of existing towers and may erode our leadership position by requiring us to share our towers with our competitors.

- We may experience local community opposition to some of our tower sites.

- We are subject to numerous non-tax state revenue payments and USO Contribution and any disagreement with the relevant authorities relating to such payments and/or failure to make such payments could subject us to the revocations of certain of our licenses, with limited recourse.

- Our electronic money business is highly regulated.

Risks Related to the Development of New Businesses and Acquisitions

- We may not succeed in our efforts to develop new businesses.
- Due to intense competition for highly skilled personnel, we may fail to attract, recruit, retain and develop qualified employees, which could materially and adversely impact our business, prospects, financial condition and results of operations.
- If we are unable to manage our growth effectively, our business and financial results may be adversely affected.
- Our acquisition activities expose us to various risks.

Risks Related to our Corporate Structure

- We are dependent on our subsidiary, PT Telekomunikasi Selular ("**Telkomsel**"), a cellular telecommunications services and cellular telecommunications networks company.
- Our effort to streamline our corporate structure may not create expected synergies and efficiency in a timely fashion or at all.
- Our controlling shareholder's interests may differ from those of our other shareholders.
- Our Articles of Association contain certain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Risks Related to Indonesia

Political and Social Risks

- Current political and social events in Indonesia may adversely affect our business.
- Terrorist activities in Indonesia could destabilize Indonesia, which would adversely affect our business, financial condition and results of operations, and the market price of our securities.
- We may be affected by uncertainty in the delineation of the respective prerogatives and responsibilities of, and the balance of power between, local governments and the central government in Indonesia.

Macroeconomic Risks

- Negative changes in global, regional or Indonesian economic activity could materially and adversely affect our business.
- Fluctuations in the value of the Indonesian Rupiah may materially and adversely affect us.
- Rapid and excessive increases in levels of inflation and interest rates in Indonesia could materially and adversely affect our financial condition and results of operations.
- Downgrades of credit ratings of the Government or Indonesian companies could materially and adversely affect our business.
- Employment legislation in Indonesia could materially and adversely affect our business.

Risks relating to Natural Disasters and Climate Change

- Indonesia is vulnerable to natural disasters and events beyond our control, which could materially and adversely affect our business and operating results.

- We are exposed to the potential for financial loss and further non-financial detriments arising from climate change and society's response to it.

Risks related to our ADSs

- The trading price of our ADSs may be volatile, which could result in substantial losses to you.

- If securities or industry analysts do not publish research reports about us or our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

- The different characteristics of the capital markets in Indonesia and the U.S. may negatively affect the trading prices of our ADSs and shares.

- Our financial results are reported to the OJK in conformity with IFAS, which differs in certain respects from IFRS, and we distribute dividends based on profit for the year attributable to owners of the parent company and net income per share determined in reliance on IFAS.

- As a foreign private issuer in the U.S., we are permitted to, and we have relied on and will rely on exemptions from certain NYSE corporate governance standards applicable to domestic U.S. issuers. This may afford less protection to holders of our ADSs.

- As a foreign private issuer in the U.S., we are exempt from certain disclosure requirements under the Exchange Act, which may afford less protection to holders of our ADSs than they would enjoy if we were a domestic U.S. company.

- The voting rights of holders of our ADSs are limited by the terms of the Deposit Agreement.

- Holders of our ADSs may be subject to limitations on transfer of their ADSs.

- Holders of our ADSs may not receive distributions on our ordinary shares or any value for them if it is illegal or impractical to make them available to the holders.

- Holders of our ADSs may experience dilution of their holdings due to their inability to participate in rights offerings.

- The time required for the exchange between ADSs and shares might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period.

- We are established in Indonesia and it may not be possible for investors to effect service of process or enforce judgments on us, our Commissioners, Directors or officers within the United States, or to enforce judgments of a foreign court against us or any of these persons in Indonesia.

Risks Related to Our Business

Operational Risks

A material failure in the continuing operations of our network, certain key systems, gateways to our network or the networks of other network operators could materially and adversely affect our business, financial condition, results of operations and prospects.

We depend to a significant degree on the uninterrupted operation of our network infrastructure, systems, and connections to other networks to provide our services. For example, we depend on access to our fixed wireline network for the operation of our fixed line network and the termination and origination of cellular telephone calls to and from fixed line telephones, as a significant portion of our cellular and international long distance call traffic is routed through the PSTN. We also depend on access to an internet and broadband network and a cellular network, as our integrated network infrastructure includes a copper access network, fiber optic access network, BTSs, switching equipment, optical and radio transmission equipment, an IP Core network, satellites, and application servers. In addition, we also rely on interconnection to the networks of other telecommunications operators to carry calls and data from our subscribers to the subscribers of operators both within Indonesia and overseas. We also depend on certain technologically sophisticated management information systems and other systems, such as our customer billing system, to enable us to conduct our operations.

Our network infrastructure and connected systems, including our information systems, IT and infrastructure and the networks of other operators with whom our subscribers are interconnected, are vulnerable to damage or interruptions in operation due to a variety of causes such as earthquake, fire, flood, power loss, equipment failure, network software flaws, transmission cable disruption or similar events. Past incidents have demonstrated our susceptibility to such damage or interruptions in operation. In 2021, a flood in the Kalimantan Selatan area and Seroja and a cyclone in Nusa Tenggara Timor area damaged certain of our network infrastructure and some submarine cables were cut, including the Sorong-Jayapura, IGG and Batam-Pontianak cables. In 2022, we faced interruptions to some submarine cable communication systems as a result of damage from flood, earthquakes, a ship's anchor and fishing equipment, among other things. As a result, services in east Indonesia were disrupted as we had to redirect affected traffic through satellites until the submarine cables could be restored.

More extensive infrastructure damage could severely hamper service provision across our operations, and our business continuity plan and disaster recovery plan may not fully protect us from damage or interruptions to our operations. Any failure that results in an interruption of our operations or of the provision of any service, whether from operational disruption, natural disaster or otherwise, could adversely and materially affect our business, financial condition, results of operations and prospects.

The rapid pace of technological change in the telecommunications industry may adversely affect our ability to remain competitive if we cannot successfully integrate new innovations.

Emerging technologies such as 5G and future development or application of new or alternative technologies, services or standards could require substantial investments and significant changes to our business model in order for us to remain competitive, as new products and services may be expensive to develop and may result in the introduction of additional competitors into the marketplace. We cannot accurately predict how emerging and future technological changes will affect our operations or the competitiveness of our services. Furthermore, we may not succeed in effectively integrating new technologies into our existing business model. For instance, if our rollout of 5G may not meet expectations for customer adoption or return on investment in terms of magnitude and/or timeline, it may negatively impact our financial condition and results of operations.

One of the main challenges faced by the telecommunications industry in Indonesia is the increasing use of OTT services that have become substitutes for voice and SMS services, in line with the growing number of smartphone users. This has affected the contribution from cellular phone services to our consolidated revenues, which has continued to decline from 10.3% in 2021 to 8.2% in 2022 and 5.5% in 2023, computed as a percentage of our consolidated revenues for the fiscal years ended December 31, 2021, 2022, and 2023, respectively

In addition, we face a continuing risk of losing market share to new market entrants such as operators and service providers (including non-telecommunications players and OTT players) who use newer or lower cost technologies. In particular, the rapid development of new technologies, services, products, and business models has reduced the distinctions between local, long distance, wireless, cable and internet communication services entry barriers and has brought new competitors into the telecommunications market. For example, the increased availability of high-throughput satellite capacity in Indonesia has increased competition, and adversely affected pricing, for our satellite business. A loss of market share could have a material and adverse effect on our business, prospects, financial condition, and results of operations.

We may also be unable to sufficiently utilize big data and integrate this into our operations. Digital businesses especially benefit from significant data analysis, and we may not be able to innovate as fast as other competitors in this and other areas. As a result, we may fail to successfully transition our existing business models to take advantage of new technologies such as big data analytics and to develop new technologies and services that customers demand.

Our technologies could become obsolete, or be subjected to competition from new technologies in the future, and we may not be able to acquire new technologies necessary to maintain or increase our competitiveness on commercially acceptable terms, or in a timely fashion. Our failure to react to rapid technological changes could materially and adversely affect our business, financial condition, results of operations and prospects.

Indonesian regulations require telecommunications service providers such as ourselves to share our network infrastructure and capacity with our competitors, and the enforcement of these regulations remain uncertain.

Government regulations require telecommunications service providers with passive telecommunications infrastructure (*e.g.*, ducts, towers, poles, or communication manholes, among other things) to give access to such passive telecommunications infrastructure to other telecommunications providers. These regulations require that use of passive telecommunications infrastructure must be based on cooperation and mutual agreements between telecommunications service providers in a fair, reasonable and non-discriminative manner. Further, a telecommunications service provider with active telecommunications and/or broadcasting infrastructure may be mandated to give access to such active infrastructure to other telecommunications providers as mutually agreed and in furtherance of fair business competition. This may involve the leasing of network capacity to other telecommunications providers.

It remains to be seen how these provisions will affect our business and our relations with other telecommunications players in Indonesia. It is possible for the Government to adopt more implementing terms in the future that we may not consider to be commercially reasonable. For example, subsequent or implementing regulations may not allow us to charge competitors who lease our network capacity fees at rates that we will consider to be commercially acceptable. If such regulations were to be implemented, being mandated to share infrastructure and lease capacity at such rates could have a material adverse effect on our revenue, financial condition, results of operations and prospects.

Revenue leakage might occur due to internal weaknesses or external factors and if this risk were to materialize, it could have a material adverse effect on our operating results.

We may face revenue leakage or problems with collecting all the revenues to which we may be entitled due to the possibility of inaccurate billing, delays in transaction processing, dishonest customers or other factors. Further, our services might be susceptible to piracy and unauthorized usage. Such piracy and unauthorized usage may lead to a loss of revenue for our Group. For example, in recent years we have lost revenue as a result of fraudsters' use of simboxes, which are electronic boxes that use cell phone antennae or a BTS on which local operator SIM cards are installed so that international calls can be fraudulently routed to local numbers, enabling fraudsters to bypass interconnection rates in the destination country. Such revenue leakages constitute a loss of potential revenue that is difficult to quantify and may lead to a loss of revenue for our Group, which may affect our financial conditions and results of operations.

Expected benefits from partnerships with global technology companies may not be achieved.

We partner and collaborate with global technology companies such as Microsoft and Amazon Web Services as part of our strategy of providing digital IT services to businesses. Global technology companies have capabilities and scale that we may not be able to create and develop organically, whether in the near-term or at all, and such partnerships are necessary to achieve some of our strategic goals. Our reliance on global technology companies is especially critical for major projects, such as developing a vertical digital ecosystem in Indonesia, fostering digitalization by providing wider access to digital tools for businesses and government agencies, and generally supporting Indonesia's digital development through our contribution to the One Data Indonesia initiative, the Government's plan for digitizing Government data and facilitating transfers of such data, and the Government's implementation of the National Digital Platform.

However, we may be unable to identify suitable partners for achieving such strategic goals or we may not benefit as expected from our partnerships with selected global technology companies. For example, there may be differences between our interests and our partners' interests as a result of pursuing different strategies, developing competing services, competing for the same customers, or other reasons outside of our control.

As we strategically focus on the development of digital products, services and the development of a digital ecosystem, we may also become increasingly reliant on technology owners with whom we partner, in particular if we are not able to develop certain digital capabilities organically or if we do not develop or attract digital talents.

Delays and failures in the implementation of national strategic plans such as the National Digital Platform, the development of an E-government architectural framework for the central Government, local governments, agencies and state-owned companies, and the successful implementation of the Government's inclusive digital transformation strategy for Indonesia could also negatively impact our own strategic initiatives and partnerships to the extent they rely on the success of such national initiatives.

Ultimately, if we are unable to realize gains from our partnerships with global technology companies, our ability to achieve strategic growth initiatives, provide digital products, and attract and retain customers could be materially and adversely affected.

Our networks and equipment face potential physical and cybersecurity threats such as theft, vandalism and acts intended to disrupt our operations, which could materially and adversely affect our operating results.

Our networks and equipment, particularly our wireline access network, face both potential physical and cybersecurity threats. Physical incidents or threats include facility access issues, energy blackouts, fire, power loss, telecommunications failure, catastrophic events such as landslides and earthquakes, theft and vandalism of our equipment and organized attacks against key infrastructure intended to disrupt operations. For example, our fiber optic cables were cut several times in 2023 because of vandalism, which caused temporary interruptions to our traffic.

In addition, telecommunications companies worldwide face increasing cybersecurity threats as businesses have become more dependent on telecommunications and computer networks, and have adopted or will adopt cloud technologies. Cybersecurity threats include gaining unauthorized access to our systems or inserting computer viruses, malicious and destructive codes, worms, malware, ransomware, or other malicious software in our systems, phishing, or spoofing to misappropriate consumer data and other sensitive information, corrupt our data or disrupt our operations. Unauthorized access may also be gained through traditional means such as the theft of computers, portable data devices or mobile phones and intelligence gathering on employees with access to our systems.

We protect confidential information and personal data on our systems by entering into confidentiality agreements with employees, consultants, customers, suppliers, and service providers, and we design our networks and implement various procedures to restrict unauthorized access and dissemination of such information and data. Nonetheless, we, our service providers and others who may have access to our systems and confidential information are still subject to internal and external cybersecurity threats. For instance, current, departing, or former employees, business partners, consultants, and other individuals which whom we do business could attempt to improperly use or access our computer systems and networks, or those of third-party service providers, to copy, obtain and misappropriate our confidential information, including personal data.

A lack of awareness among our employees and service providers of the cybersecurity risks that we face, as well as a lack of cybersecurity skills and capabilities, could contribute to our vulnerability if not adequately addressed in our training and awareness programs. Cyber-attacks may be conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise, including organized criminal groups, "hacktivists", terrorists, nation-states, nation state-supported actors, and others. Our network and website are frequently targeted by cyber-attacks. For example, in August 2022, a hacker leaked what they claimed was personal data from millions of IndiHome users. While our subsequent internal investigation determined that this data was fabricated, we may face reputational damage even from false leaks. Further, the COVID-19 pandemic has increased cybersecurity risk due to increased online and remote activity, including from our employees and service providers. In 2022, as our employees began to return to work in the office due to relaxations in restrictions relating to the COVID-19 pandemic, we detected 40.6 million cyber threats to our servers, down from an unprecedented 53.9 million cyber threats to our servers in 2021. In 2023, we detected 65.9 million cyber-attack threats on our servers, showing an increase from the previous year.

Although almost all of the cybersecurity threats were non-disruptive and none of them rose to the level of requiring us to specifically address them, techniques that computer hackers and others use to access or sabotage networks and computer systems constantly evolve and generally are not recognized until launched against a target. As a result, we and our service providers may be unable to anticipate, detect in a timely manner or at all, react to, counter or ameliorate all of these techniques or remediate any incident as a result therefrom, and our safety procedures and intrusion detection systems may not be fully effective in preventing unauthorized access to our internal data and databases, as well as data of customers, suppliers and other parties that we host on our systems. Therefore, such data could be misappropriated and illegally used, monitored, modified, or disseminated.

Cybersecurity breaches could expose us to significant legal, financial and reputational consequences. Due to applicable laws, regulations and contractual obligations, we may be held responsible for cybersecurity breaches, attacks or other similar incidents, and we may be subject to additional regulatory scrutiny and exposed to civil litigation, fines, damages and injunctions.

A successful cyber-attack may lead us to incur substantial costs and devote increasing resources to repair damage or restore data, implement substantial organizational changes, new safeguards, system improvements, new cybersecurity due diligence procedures and training to prevent future similar attacks and lost revenues and litigation costs due to misused sensitive information, liabilities for information loss, breaches of confidentiality of private information, and cause substantial reputational damage, loss of customer confidence in the adequacy of our threat mitigation and detection processes and procedures, and impact our competitive position. Cyber-attacks may also cause equipment failures, loss of information, including sensitive information or information stored in our customers' computer systems and mobile phone systems, failure or perceived failure to comply with applicable privacy, security or data protection laws, or our failure to make adequate or timely disclosures to the public, regulators, shareholders or law enforcement agencies following any such event, as well as disruption to our operations or our customers' operations. Even a false claim that we were the victim of a cyber-attack may be detrimental to our reputation, and we may face attempts to blackmail us over allegedly or actually stolen data and through ransomware attacks.

Furthermore, it might be difficult to calculate the economic costs caused by potential cybersecurity incidents and maintain sufficient insurance coverage relating to them at commercially reasonable rates and terms. Eliminating computer viruses and other security problems may also require interruptions, delays or suspension of our services, reduce our customer satisfaction and cause us to incur additional costs. Due to the evolving nature of cybersecurity threats, the scope and impact of any future incident cannot be precisely predicted and the physical and cybersecurity measures that we take to protect our network may not be successful.

Damage to our network, equipment or data and the need to repair such damage resulting from a physical or cyber-attack may divert our management attention and resources, expose us to liability and damages, negatively impact our operations, reputation and competitive position, and materially and adversely affect our business, prospects, financial condition and operating results.

Damage to our reputation could negatively impact our business, financial condition and results of operations.

Our reputation is a critical factor in our relationships with customers, employees, the Government, other SOEs, suppliers and other stakeholders. Incidents involving the quality of our products and services, security, or safety issues, allegations of unethical behavior or misconduct or legal noncompliance, internal control failures, data or privacy breaches, workplace safety incidents, environmental incidents, the use of our communications systems for illegal or objectionable applications, negative media reports, the conduct of our partners or representatives, and other issues or incidents that, whether actual or perceived, may result in adverse publicity and be detrimental to our reputation.

In addition, if we fail to respond quickly and effectively to address such incidents, the ensuing negative public reaction could harm our reputation and lead to litigation or subject us to regulatory actions or restrictions. Damage to our reputation could harm customer relations, reduce demand for our services and products, reduce investor confidence in us, and may also damage our ability to compete for customers and highly skilled employees.

We face a number of risks relating to our internet-related services.

In addition to cybersecurity threats, since we provide connections to the internet and host websites for customers and develop internet content and applications, we may be perceived as being associated with the content carried over our network or displayed on websites that we host. For example, in the past, due to an escalation in spam messages generated from email addresses on the Telkom network, Telkom was placed on certain IP blacklists which blocked all email generated from Telkom addresses for almost a week until remedial measures could be put into place. Measures we have in place, such as administrative and technical preventative measures to identify and combat spam, may not always be effective and we could also be placed on certain IP blacklists again in the future.

In addition, the content carried over our network or the websites that we host may contain materials or information which may be illegal, defamatory, impermissible or infringe on third-party copyrights. We cannot and do not screen all of this content and may face litigation claims due to a perceived association with such content. These types of claims can be costly to defend, divert management resources and attention, and may damage our reputation.

Expected benefits from investment in new networks and technologies may not be realized.

We may pursue new growth opportunities in the communications industry in the future, including introducing services and products employing new technologies, such as next generation network technologies, virtualization, software-defined networking, cloud-based technologies, new video and content delivery platforms, digital marketing, home fiber, fixed-mobile convergence, Wi-Fi 6*.* The implementation of these new technologies depends on a number of factors, including the development of our network and the launch of new and commercially viable products and services involving these technologies. We may have to incur substantial expenditures to develop our network, services and products and to gain access to related or enabling technologies in order to successfully implement these new technologies.

These service enhancements and product launches may not occur as scheduled or at the cost expected due to many factors, including delays in determining equipment and wireless handset operating standards, supplier delays, increases in network equipment and handset component costs, regulatory permitting delays for tower sites or enhancements, or labor-related delays. We may not be successful in modifying our network infrastructure in a timely and cost-effective manner to facilitate such implementation, which could materially and adversely affect our quality of service, financial condition and results of operations.

Further, we may face the risk of unforeseen complications in the deployment of new technologies. Any newly adopted technology may not perform as expected, and we may not be able to successfully or on a timely basis develop the new technology to effectively and economically deliver services based on such technology. For example, the deployment of our 5G network requires significant initial capital expenditures for network infrastructure.

Furthermore, we are also reliant on the Government for allocation of relevant spectrum through auctions. Deployment of new technology may also adversely affect the performance of the network for existing services. If we cannot acquire the required spectrum for network technologies or deploy the technologies and services that customers desire on a timely basis and at a reasonable price, then our ability to attract and retain customers, and therefore maintain and improve our operating margins, could be materially and adversely affected.

We rely on third parties to supply and maintain our network infrastructure, and they may be difficult to replace.

We rely on a limited number of leading international telecommunications equipment manufacturers, including Huawei, ZTE Corporation and Ericsson, for equipment and services required to maintain and expand the infrastructure required for our mobile network and 5G deployment. The successful build-out and operation of our networks depends heavily on obtaining adequate supplies of core and transmission telecommunications equipment, fiber, switching equipment, radio access network solutions, base stations and other services and products on a timely basis. Most of this equipment cannot be sourced locally. Our business could be materially impacted by disruptions to our key suppliers' businesses or supply chains due to factors such as significant geopolitical events, changes in law or regulation, the introduction of restrictions to curb epidemics or pandemics, as seen during the COVID-19 pandemic, trade tensions and direct or indirect export and re-export restrictions. We may experience difficulty in replacing a number of our suppliers in the event that they fail to supply us with the components and/or equipment we require. Failure to obtain adequate supplies or services in a timely manner or on commercially acceptable terms or at all may result in significant increases to the cost of our supplies or services or in our inability to maintain and to expand our mobile network, any of which may have a material and adverse effect on our business, prospects, financial condition and results of operations.

Further, the ability of certain suppliers such as Huawei to ensure the supply of equipment or services provided to us or any entity in our supply chain may be impaired as a result of sanctions imposed on such manufacturers. For instance, the United States Department of Commerce added Huawei and certain of its affiliates to its "Entity List," which prohibits companies globally from directly or indirectly exporting, re-exporting or transferring items subject to U.S. export control jurisdiction to Huawei without authorization and procuring items from Huawei when the companies know or have reason to know that the items were originally procured by Huawei in violation of U.S. export control regulations. If the supply of items we source from Huawei were disrupted by such restrictions, and if we were unable to source similar equipment from other suppliers in a timely fashion and at commercially acceptable conditions, it could negatively impact our operations and prospects. New sanctions, the concerns of customers and business partners, reputational and other reasons could require us to reevaluate our existing supply chains. Difficulty in receiving equipment or services from existing suppliers could require us to find alternative suppliers, which may lead to an increase in our costs or otherwise affect or delay the development and maintenance of our increasingly advanced network infrastructure and negatively affect our operations and financial position.

Our satellites have limited operational lives and they may be damaged or destroyed during in-orbit operation or suffer launch delays or failures. The loss or reduced performance of a satellite, whether caused by equipment failure or its license being revoked, may adversely affect our financial condition, results of operations and ability to provide certain services.

We operate two satellites: Telkom-3S and Telkom-4 (*Merah Putih*). These satellites have limited operational lives, and their design lives are expected to end in approximately 2032 and 2033, respectively. A number of factors affect the operational lives of satellites, including the quality of their construction, the durability of their systems, sub-systems and component parts, on-board fuel reserves, accuracy of their launch into orbit, exposure to micrometeorite storms, or other natural events in space, collision with orbital debris, and the manner in which the satellite is monitored and operated.

We use satellite transponder capacity on our satellites in connection with many aspects of our business, including direct leasing of such capacity and routing for our international long distance and cellular services. International Telecommunications Union regulations specify that a designated satellite orbital slot has been allocated for Indonesia, and the Government has the right to determine which party is licensed to use such slot. While we hold a license to use the designated satellite orbital slot, in the event any of our satellites experience technical problems or failure, the Government may determine that we have failed to optimize the existing slot under our license, which may result in the Government withdrawing our license. In the future, we may not be able to maintain use of the designated satellite orbital slot in a manner deemed satisfactory by the Government, which could significantly impact our business operations.

Actual or perceived health risks or other problems relating to radio emissions could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community. While as of the date hereof we are not aware of any substantiated link between exposure to electromagnetic signals at the levels transmitted by our BTS and mobile handsets and long-term damage to health, we cannot rule out that exposure to electromagnetic fields or other emissions originating from BTS or wireless handsets will not be identified as a health risk in the future.

The actual or perceived health risks of mobile communications devices and generally negative public perception could adversely affect us through a reduction in subscribers, reduced usage per subscriber, increased difficulty in the leasing and acquisition of site locations for BTS and base stations, and exposure to potential liability and associated legal proceedings and costs. For instance, there have been health-related lawsuits filed worldwide against wireless carriers and manufacturers of wireless devices. Furthermore, we may not be able to obtain insurance with respect to such liability on commercially reasonable terms or at all.

These factors could have a material adverse effect on our business, prospects, and financial condition.

Health epidemics or pandemics and the economic disruption caused by various measures to reduce its spread have had and may continue to have adverse consequences of uncertain magnitude and duration on our operations.

Health epidemics or pandemics, such as the global outbreak of COVID-19 in early 2020, have in the past and may in the future affect macroeconomic conditions, consumer behavior, labor availability and supply chain management, all of which can adversely affect our business, operations, prospects, and results of operations. For example, COVID-19 caused a decline in purchasing power, which contributed to us having to bolster our allowance for doubtful accounts as some of our customers became unable to pay invoiced amounts that they owe us. Further, our distribution network and retail outlets also experienced significant disruption as physical distancing measures and other containment measures were required.

Governmental responses to health epidemics or pandemics, including operational restrictions, can also affect the foregoing and adversely affect our business, operations, prospects, and results of operations. Further, the duration and scope of a health epidemic or pandemic can be difficult to predict and depends on many factors, including the emergence of new variants and the availability, acceptance, and effectiveness of preventative measures. Finally, the negative impact of health epidemics or pandemics on the global economy may increase counterparty risks or increase difficulties in collecting fees, which may negatively impact our cash flows, delay certain of our projects, and reduce our ability to access capital or increase financing costs.

Risks Related to our Fixed and Cellular Telecommunications Business

Competition from existing cellular service providers may adversely affect our cellular services business.

The Indonesian cellular service business is highly competitive. Competitors are increasingly making long-term investments to improve network quality and coverage, expand services and enhance customer experience. In recent years, competitors have offered promotions such as bonus data packages, which has generally made the pricing environment in Indonesia less profitable. However, in 2023, the cellular industry saw a trend of gradually raising prices after a period of declines during the COVID-19 pandemic. It is uncertain whether this trend of increasing prices will continue, however, as companies balance long-term profitability with competitive pricing pressures. Further, our ability to compete on price may be limited for certain services. The Job Creation Law 2023 allows the Government to determine upper and lower price limits based on public interest and fair business competition principles, and MoCI Regulation No. 5 of 2021 on Telecommunications Operation ("**MoCI Regulation No. 5/2021**") also stipulates that implementation of the upper and/or lower limit tariff must be preceded by evaluation by MoCI of factors such as market conditions, cost analysis, public interest, financial performance of The Company, and the continuity of such services. Upper limits may be determined in areas where only one telecommunications operator operates, and lower limits may be determined based on the Government's assessment of prevailing market conditions.

Competition is particularly increasing from OTT providers, as customers accelerate their adoption of data services over legacy communications. Many markets in major cities are saturated, leading cellular companies to expand network coverage and product offerings outside Java in 2022, requiring Telkomsel to defend its market share in such areas. We are also facing increased competition by non-market leader competitors who are targeting specific customer segments. In addition, Starlink, a satellite-based broadband service from SpaceX (“**Starlink**”), is expected to offer access to broadband internet from satellite constellations to customers in Indonesia through a B2C model upon or anytime after the conclusion of its partnership with Telkomsat in October 2027. Based on media reports and MoCI announcements, Starlink may also provide its services directly to the Indonesian public as any other Indonesian internet operator, subject to adherence with applicable regulations and any requirements the relevant regulators may have. Assuming this is the case and Starlink decides to offer its services independently, the potential coverage of Starlink's services could be extensive and competition in the Indonesian internet market may increase.

As Indonesia's first 5G operator, Telkomsel expects 5G competition to increase, including bidding for spectrum allocation and funding 5G infrastructure deployment. Our 5G strategy increasingly involves IoT (which is mostly enabled by 5G technologies), but customer adoption may not match expectations. Further, insufficient or unavailable spectrum at suitable prices would negatively impact our 5G deployment strategy and prospects, which could have a material and adverse effect on our business, results of operations and financial condition.

Consolidation in our industry could negatively impact our competitive position and business. Competitors with wider spectrum access and integrated networks may expand coverage. For instance, in January 2022, CK Hutchison and Qatar’s Ooredoo merged their respective telecommunications businesses in Indonesia, PT Hutchison 3 Indonesia and PT Indosat Tbk. (“Indosat”), forming Indosat Ooredoo Hutchison ("**IOH**"). In addition, the Government has tended to encourage consolidation, including through the enactment of the Job Creation Law 2023, which regulates telecommunications clusters, among other matters, in an effort to promote healthier competition among fewer industry players with a better cost-efficiency profile and wider spectrum allocations. Further consolidation among cellular providers may occur, driven by competitive factors as well as efforts to reduce operating costs and obtain wider spectrum allocation to expand their integrated network coverage. Spectrum refarming has provided wider allocations, enabling competitors such as Indosat to improve service quality and network capacity. Additional competitor consolidation may adversely affect our competitive position in the market and our business, results of operations, financial condition, and prospects.

Furthermore, Government regulations have required cellular providers to share infrastructure and capacity with competitors. According to the Job Creation Law 2020, as fully retained in the Job Creation Law 2023 and implemented by MoCI Regulation No. 5/2021, telecommunications operators are required to grant access for the utilization of passive infrastructure for telecommunications purposes to other telecommunications providers on a B2B basis. MoCI Regulation No. 5/2021 prohibits owners of passive infrastructure from restricting access to its utilization (for example, by reserving the passive infrastructure for services of greater public interest). Additionally, MoCI Regulation No. 5/2021 establishes conditions for the imposition of tariffs for the utilization of passive infrastructure by owners of such infrastructure, and grants MoCI the authority to determine such tariffs if owners of passive infrastructure fail to meet the conditions for tariff imposition. See "— Risk Factors — Risks Related to Our Business — Operational Risks — Indonesian regulations require telecommunications service providers such as ourselves to share our network infrastructure and capacity with our competitors, and the enforcement of these regulations remain uncertain." As the operator with the most extensive infrastructure in Indonesia, mandated sharing not on commercial terms could allow competitors to take advantage of our existing infrastructure without significant capital expenditure, which would have a significant impact on our competitive position.

Any of these developments may present challenges for Telkomsel in maintaining its market position and could materially and adversely affect our results of operations, financial condition and prospects.

Our data and internet services are facing increasing competition, and we may experience declining margins and/or market share from such services as such competition intensifies.

Our data and internet services are facing increasing competition from other data and internet operators, including mobile operators. The number of mobile broadband subscribers has increased with the increasing number of smartphones in Indonesia, which adversely affects our market share and revenues from our fixed wireline data and internet services. Certain geographical markets have become increasingly saturated, such as in major cities in Indonesia.

In addition, with the increasing number of smartphones in Indonesia, data and internet services have become an intense area of competition in our industry. Certain of our smaller competitors increasingly focus on specific market segments, such as the gamer segment or entertainment segment, and develop flanking marketing strategies that may erode our market share in specific market segments. Competition may further intensify in the future, which may affect our market share as well as the financial performance of our data and internet services and thus materially and adversely affect our results of operations, financial condition and prospects as a whole.

Cellular network congestion and limited spectrum availability could limit our cellular subscriber growth and cause reductions in our cellular service quality.

We expect our spectrum needs to continue to increase in the future in line with increased usage of our network, in particular with the increased use of data services as the internet becomes increasingly necessary for achieving productivity gains. As a result, we will need to acquire additional spectrum allocations through Government auctions to accommodate future traffic growth and support our business. The Government occasionally conducts auctions for unused spectrum allocation, such as the auction we won for 5 MHz spectrum in the 2.1 GHz frequency band in November 2022 seek to secure as much of the available spectrum as we expect to need for our operations. However, this is a scarce resource and allocations are subject to regulatory factors which may change over time (such as auction rules) and other considerations. As a result, we may not always be in a position to secure spectrum allocations that are consistent with our expectations or strategic objectives. If we are not able to obtain sufficient spectrum, we may be unable to maintain our ideal utilization level, may face network congestion, and may be unable to support the deployment of new technologies, all of which could affect our network performance and damage our reputation with our subscribers.

Moreover, the increase in the number and use of smartphone applications that rely on data services has resulted in the significant amount of data traffic and cellular network congestion. To support such additional demands on our network, we have been and may in the future be required to make significant capital expenditures to improve our network coverage, such as by investing in our BTS and securing additional spectrum. Such additional capital expenditures, together with the possible degradation of our cellular services due to potential network congestion and limited spectrum availability, could materially and adversely affect our competitive position, results of operations, financial condition and prospects.

Continuing growth in and the converging nature of wireless and broadband services will require us to deploy increasing amounts of capital and require ongoing access to spectrum in order to provide attractive services to customers.

Telecommunications services are undergoing rapid and significant technological changes and a dramatic increase in usage, in particular, the demand for faster and seamless usage of video and data across mobile and fixed devices. We continually invest in our networks in order to improve our wireless and broadband services to meet this increasing demand and remain competitive. Improvements in these services depend on many factors, including continued access to and deployment of adequate spectrum and the capital needed to expand our network to support tour ability to offer these services. We must maintain and expand our network capacity and coverage for transport of video, data and voice between cell and fixed landline sites. To this end, we have participated in spectrum auctions, at increasing financial cost, and continue to deploy technology advancements in order to further improve our network. Further, we must pay an annual right of usage fee for the license when we win additional spectrum, such as the additional 20 MHz spectrum in the 2.3 GHz frequency band that we won in May 2021 and the additional 5 MHz spectrum in the 2.1 GHz frequency band that we won in November 2022.

If we are unable to win new spectrum allocations or if no such allocations are made available in a timely fashion, our growth strategy will be negatively impacted, which could have a material adverse impact on our competitive position, the quality of our services, results of operations, financial condition and prospects.

Our continued investments in the construction of our infrastructure network may not adequately address the issues resulting from the substantial increases in data traffic or otherwise achieve the desired economic returns.

We regularly review our infrastructure network's capabilities, advantages, and available capacity, and continue to make substantial investments in the development of our infrastructure network, including our 4G/LTE and 5G infrastructure, to carry increasing volumes of data traffic.

The COVID-19 pandemic had an impact on consumption habits with more people working and studying from home, which positively impacted data traffic and shifted traffic from business districts to residential areas. We expect a continued and substantial increase in data traffic not only as a result of changes in consumption habits and consumers' behavior but also as a result of our efforts to make our data services affordable at a time where purchasing power and disposable income have been negatively affected. Since we launched our 4G/LTE services in 2014, the substantial increase in data traffic resulting from the growth of our wireless data traffic business, our 4G/LTE business and the proliferation of smartphones had significantly strained the existing capacity of our telecommunications network infrastructure.

As a result, based on our anticipation of further significant growth in data traffic, we have made and will continue to make substantial investments in the construction of our infrastructure network, including our 4G/LTE infrastructure as well as 5G infrastructure, to carry the increasing data traffic. However, our ability to improve or expand our infrastructure network is subject to various factors, a number of which are not within our control, such as regulations and changes in regulations, changes to the competitive environment or technological developments that could materially and adversely affect our ability to improve or expand our infrastructure network as expected or desired and achieve anticipated returns on our investments.

We are subject to the control of the Government and its interests may not necessarily align with the interest of our other shareholders or our own interests.

The Government, through the MSOE, owns 52.09% of our issued share capital. Consequently, the Government effectively controls the outcome of matters requiring the vote of our shareholders, including the composition of our boards of Directors and Commissioners, and determining the timing and amount of dividend payments. The Government has historically influenced, and is likely to continue to influence, our strategy and operations. In addition, the Government owns a Dwiwarna Share in our Company which gives the Government, represented by the MSOE, certain rights such as the right to veto with regards to the nomination, appointment and removal of our Directors and Commissioners, the issuance of new shares and any amendments to our Articles of Association. The rights of the Government attached to this Dwiwarna Share limit the ability of public shareholders to influence certain matters relating to our Company. Under our Articles of Association, the Government cannot transfer the Dwiwarna Share. The Government's rights with respect to the Dwiwarna Share will not terminate unless our Articles of Association are amended, which would require the approval of the Government as holder of the Dwiwarna Share. See "Item 7. Major Shareholders and Related Party Transactions — Relationship with the Government and Government Agencies — The Government as Shareholder."

The Government may not always exercise its control and influence to our benefit and its interests may not necessarily be aligned with those of our other shareholders. For example, the Government may request us to enter into transactions which are not in our best interests. In addition, we may never become independent of our Government shareholder or even if we do become independent, we may not be able to exercise such independence effectively in making decisions concerning our business and prospects, including decisions concerning compensation from the Government when we act in the public interest. If we agree to act in the public interest and are not adequately compensated by the Government, our business, prospects, financial condition, liquidity and results of operations may be materially and adversely affected, which would limit our ability to compete effectively and expand our business.

Financial Risks

We are exposed to interest rate risk in relation to our bank borrowings.

Our debt includes bank borrowings used to finance our operations, and we have a mix of our fixed-rate loans and floating-rate loans in our bank borrowings. As of December 31, 2023, approximately 43.7% (based on the aggregate then outstanding principal) of our total bank borrowings were floating-rate loans. Any future increases in interest rates would likely cause our financial expenses to increase as we enter into new loan agreements, including fixed-rate loans and credit facilities.

Worldwide macroeconomic changes driven by military conflicts in Gaza and Ukraine, coupled with a global economic slowdown, have led to rising energy and food prices, resulting in sustained global inflation and supply chain disruptions impacting Southeast Asia, including Indonesia. To support the Indonesian Rupiah and economy, Bank Indonesia ("**BI**") has adjusted interest rates several times in recent years. In February 2021, the BI benchmark seven-day (reverse) repo rate hit a historic low of 3.50% annually. As of March 6, 2024, this rate stood at 3.75%. Continued interest rate hikes may escalate financial expenses linked to floating rate loans, potentially adversely affecting our financial performance.

We may be unable to fund the capital expenditures needed for us to remain competitive in the telecommunications industry in Indonesia.

The delivery of telecommunications services is capital intensive. In order to be competitive, we must continually expand, modernize and update our telecommunications infrastructure technology, which involves substantial capital investment. For the years ended December 31, 2021, 2022 and 2023, our consolidated capital expenditures totaled Rp30,329 billion, Rp34,146 billion and Rp32,858 billion (US$2,134 million), respectively. Our capital expenditure in 2023 was driven by the expansion of our subsidiaries. Key initiatives undertaken in 2023 included the construction of BTS by Telkomsel, the launch of a high-throughput satellite at the 113 East orbital point by Telkomsat to enhance terrestrial network infrastructure, the development of an international submarine cable system by Telin, and the establishment of HyperScale data centers in Batam and Cikarang by PT Telkom Data Ekosistem ("**TDE**").

Our ability to fund capital expenditures in the future may depend on our future operating performance and our ability to select projects that result in the optimal allocation of such capital expenditures, all of which is subject to prevailing economic conditions, levels of interest rates and financial, business and other factors, many of which are beyond our control, and upon our ability to obtain additional external financing. Securing new loan facilities and additional financing may prove more difficult than in the past, and new debt funding may not be available to us in the future on commercially acceptable terms, or at all, particularly if interest rates keep rising in the near future or market sentiment is negative due to challenging macroeconomic conditions. In addition, we can only incur additional financing in compliance with the terms of our debt agreements.

Accordingly, in the future we may not have sufficient capital resources to improve or expand our telecommunications infrastructure technology or update our other technologies to the extent necessary to remain competitive in the Indonesian telecommunications market. Our failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects.

Deterioration of the financial condition of our customers could adversely affect our operating results.

Deterioration of the financial condition of our enterprise customers and/or of our subscribers could adversely impact our collection of accounts receivable and may also result in fewer purchases or delays in purchases of our products and services. Challenging macroeconomic conditions and financial market volatility due to several factors such as increased interest rates, global inflationary trends, geopolitical tensions, the military conflicts in Gaza and Ukraine, and ongoing trade disputes between China and the United States, could negatively impact the Indonesian economy and our customers, including reducing the purchasing power of our subscribers.

For the years ended December 31, 2022 and 2023, our receivables were approximately Rp8,895 billion and Rp10,948 billion, respectively. We regularly review the collectability and creditworthiness of our customers to determine an appropriate allowance for estimated credit losses. Based on our review of our customers, we currently have only immaterial reserves for uncollectible accounts. If our uncollectible accounts, however, were to exceed our current or future allowance for credit losses, our operating results would be negatively impacted.

Further, recent global inflationary trends and financial market volatility have resulted in funding constraints that may affect the timing and scale of new purchases of our products and services by some of our existing or prospective enterprise customers. The effects of recent macroeconomic uncertainties on our customers have also resulted in delays to contract negotiations or customer orders and may result in further delays. These factors could materially adversely affect our financial condition and operating results.

Legal and Compliance Risks

If we are found liable for anti-competitive practices, we may be subjected to substantial liability which could have an adverse effect on our reputation, business, financial condition, results of operations and prospects.

We are subject to laws and regulations relating to anti-competitive practices and anti-monopoly. Law No. 5 of 1999 on Prohibition of Monopolistic Practice and Unfair Business Competition, as amended by the Job Creation Law 2022 of the Republic of Indonesia (the "**Business Competition Law**") prohibits agreements and activities that amount to unfair business competition and an abuse of a dominant market position. Pursuant to the Business Competition Law, the KPPU was established as Indonesia's antitrust regulator, with the authority to enforce the provisions of the Business Competition Law.

In 2016, our Company, Telkomsel, and five other local operators were found to have violated the Business Competition Law for price-fixing practices related to SMS services. We and Telkomsel paid penalties to the treasury fund in the amount of Rp18 billion and Rp25 billion, respectively.

In 2017, allegations surfaced asserting that we had breached the Business Competition Law by offering bundled services of broadband internet, fixed wireline, and IPTV services through our "IndiHome" retail brand. Although the KPPU held that we did not violate the Business Competition Law, this incident underscored potential challenges from customers or regulators to our business strategy.

We have experienced occasional KPPU inquiries into alleged infringements of the Business Competition Law. While none of these inquiries have resulted in rulings adverse to our interests to date, they may divert our management's attention away from our business operations. In the future, if we are found to have violated the Business Competition Law, we may be subject to substantial liability in the form of payments of fines, the amount of which will be subject to the discretion of the courts, and which in turn could have a material adverse effect on our reputation, business, financial condition, results of operations, and prospects.

Regulatory Risks

Changes to our legal and regulatory environment may result in increased competition, reduced margins and operating revenue, asymmetric reduction in costs incurred by our competitors and increased regulatory and enforcement uncertainty.

Since the enactment of Law No. 36 of 1999 on Telecommunications, as later amended by the Job Creation Law 2023 (the “**Telecommunications Law**”) Indonesia's telecommunications industry has seen significant liberalization, further amplified by Presidential Regulation No. 49 of 2021, which eliminated foreign ownership limitations on various telecommunications business activities, such as fixed and mobile telecommunications networks. Given such changes, foreign investors may increase their ownership of telecommunications companies in excess of 67% or engage in various telecommunications activities independently, without having to establish joint ventures with local partners. This may attract new foreign investors or lead to increased foreign ownership of competitors in Indonesia or new market entrants with potentially larger resources competing for market share. As foreign investors explore opportunities in the Indonesian telecommunications sector, the industry may experience increased competition, placing pressure on profit margins and operating revenues for existing players. The asymmetric reduction in costs incurred by our competitors, coupled with the potential influx of new, well-resourced entrants, may require us to further enhance our operational efficiency, differentiate our service offering, and explore collaborative ventures, which may lead to additional costs and necessitate the implementation of new strategies in response to increased competition.

The introduction of new or modified regulations to keep pace with technological advancements adds a layer of regulatory complexity and uncertainty, which may impact our financial and operational performance. Notable regulatory changes include the MoCI Regulation No. 5/2021 mandating that all interconnection services must be migrated from TDM-based to IP-based platforms by December 31, 2024, posing challenges and potential revenue impacts for incumbents like us. For example, in order to comply with MoCI Regulation No. 5/2021, we had to significantly change our existing infrastructure (which our competitors rely on in providing conventional interconnection services and for which they pay tariffs to us) to adopt the new technologies. Consequently, our revenue from interconnection services has increased, but we will need to expend further capital resources to change our infrastructure. MoCI regulation No. 5/2021 also provides that during the transition period, the interconnection costs charged by us must remain the same as those agreed in the existing Interconnection Offering Document (*Dokumen Penawaran Interkoneksi*) and Interconnection Agreement limiting our ability to pass on the additional costs to those to whom we provide interconnection services.

Additionally, the enactment of the General Data Protection Regulation ("GDPR") in the EU and Indonesia's own Law No. 27 of 2022 on Personal Data Protection (the "PDP Law"), as well as recent amendments to Law No. 11 of 2008 on Electronic Information and Transactions Law as last amended by Law No. 1 of 2024 (the "EIT Law") and the recent MoCI Circular Letter No. 9 of 2023 on AI Ethical Guidelines ("MoCI AI Circular Letter"), underscores the increasing regulatory scrutiny around data protection and ethical AI use, necessitating significant compliance efforts.

Alongside Indonesian regulations, our business operations and services are subject to international laws where we operate or serve customers. Notably, global jurisdictions are intensifying their examination of how businesses handle personal data. This rigorous oversight could lead to new legal obligations, impacting our operations. One prominent example is the EU's GDPR, effective May 25, 2018, which governs the handling of personal data within EU member states, introducing strict compliance requirements and significant penalties for non-compliance. In Indonesia, the primary regulatory framework for personal data protection is the PDP Law addressing both digital and physical personal data management, with detailed implementing regulations yet to be issued. The PDP Law envisages the establishment of a Personal Data Protection Agency and introduces penalties for data protection breaches, including fines up to Rp60,000,000,000, and administrative sanctions for non-compliance, including fines up to 2% of annual revenue or an amount determined by violation variables. including fines up to 2% of annual revenue or an amount determined by violation variables. Additionally, the law stipulates various criminal offenses punishable by fines, with a maximum amount of Rp6,000,000,000, and/or additional sentences (e.g., confiscation of profits and/or assets obtained or proceeds from crimes).

As of the date hereof, the MoCI is in the process of drafting detailed implementing regulations, which are expected to clarify the PDP Law's prescriptions regarding data processing and to become effective in the third quarter of 2024. These implementing regulations are expected to outline obligations for data controllers and processors, including mandatory record-keeping of data processing activities, such as recording the sources, purposes, data types, security protocols, data transfers, and security measures. We have been implementing measures to adapt to the expected new requirements, but full compliance with new requirements and standards may necessitate further investments or delays of specific projects, which could impact our results of operations.

Furthermore, the MoCI AI Circular Letter and the amendments to the EIT Law intend to promote ethical AI utilization and child protection in digital platforms. These regulations requireelectronic system operators ("ESOs") such as ourselves to incorporate preventive measures against risks to children posed by electronic systems and grant the Government substantial oversight capabilities over electronic systems in Indonesia. For instance, the MoCI AI Circular Letter outlines key responsibilities for businesses involved in AI-based programming and all ESO using AI in both the public and private sectors, such as ensuring that any decisions that may impact human beings will not be left to AI alone and be subject to human oversight and validation.

The recent amendments to the EIT Law significantly increase the responsibilities of ESOs, with a particular focus on child protection online. The amendments address the digital landscape's changing dynamics and aim to protect children from potential harm. To be fully implemented, these amendments will be supported by forthcoming Government, presidential, and ministerial decrees. A critical amendment to the EIT Law, Article 16A, directly targets the safety of children in the digital sphere by mandating ESOs to implement robust child protection mechanisms from the development to the operational stages of their systems. This includes setting age restrictions, verifying user identities, and establishing reporting channels to defend children's rights online. Instances of non-compliance with these requirements could lead to severe administrative penalties, including the possibility of system suspension or shutdown. Furthermore, the amendments emphasize the Government's broader regulatory authority within Indonesia's digital environment and grants the Government the power to compel ESOs to modify their operations, with penalties for non-compliance. While intended to promote a safe, fair, and innovative digital space, the broad scope of these powers has generated concerns over potential Government overreach and its implications for innovation and business growth within the sector.

The degree of Governmental oversight and the details of the Government's new requirements and standards are uncertain, presenting obstacles to our strategic and financial planning efforts. This evolving regulatory landscape may result in an increase in operational costs and the need for strategic adjustments to comply with stricter legal and regulatory standards, which may in turn have a material adverse effect on our financial condition, results of operations and growth prospects.

Moreover, licenses obtained by us under applicable Indonesian laws and regulations may be subject to conditions, compliance with which may be expensive, difficult or, depending on future regulatory, practically impossible. It is possible that Governmental authorities could take enforcement actions against us for our failure to comply with such regulations, including the aforementioned conditions. These enforcement actions could result, among other things, in the imposition of fines or the revocation of our licenses. Compliance with such regulations could require us to make substantial capital expenditures and consequently divert funds from our planned construction projects. We could also experience delays in our business schedules as a result of such compliance efforts. Each of the above could materially and adversely affect our business, prospects, financial condition, and results of operations.

Applicable regulations on tariffs and their implementation as supervised by the MoCI may affect our revenues and earnings.

MoCI Regulation No. 5/2021 governs tariffs for the provision of access to both telecommunications networks and telecommunications services. Tariffs on provisions of telecommunications networks consist of leased network and interconnection fees, whereas the tariffs on provisions of telecommunications services consist of tariffs for basic telephony, value-added telephony and multimedia services, including internet services for retail customers. MoCI Regulation No. 5/2021 sets out formulas that telecommunications operators like us must refer to in determining the tariff for our services.

Under MoCI Regulation No. 5/2021, the Director General of Post and Informatics Operations ("**DGPIO**") of MoCI supervises the implementation of tariffs. In its supervisory role, MoCI may take further action as it sees fit if it deems any of our actions to be potentially disruptive to fair competition in the telecommunications market. Accordingly, our promotional tariffs will need to be carefully planned and calculated to avoid any possible "predatory pricing" or anticompetition claim. If we violate the tariff rules, we may be subject to administrative sanctions under MoCI Regulation No. 5/2021.

Changes in regulated tariffs also directly impact our revenue. For instance, we derive substantial revenue from interconnection services, as we have the largest telecommunications network in Indonesia and our competitors must pay tariffs to connect to our network. Regulated SMS interconnection rates have been decreasing in recent years and may decrease further in the future. Such decrease has had and will have, if continued, a negative impact on our revenue.

MoCI Regulation No. 5/2021 also allows the public to participate in the supervision process by providing them the right to submit complaints and take other actions regarding tariffs that they may view as being unfairly charged by us. The MoCI, in its regulatory role of ensuring fair competition in the telecommunications industry and protecting public interest may effectively be able to set ceilings and floors on tariffs that we charge.

Regulations for the configuration of BTS towers may delay the installation of new BTS towers or changes in the placement of existing towers, and may erode our leadership position by requiring us to share our towers with our competitors.

In accordance with Government regulations, the construction of BTS towers requires permits from local governments. Obtaining these permits may be cumbersome and take an inordinate amount of time and may adversely affect the allocation, development, and expansion of our BTS towers. We may also be prohibited from setting up new BTS towers in certain areas, thereby restricting our expansion. Our existing BTS towers may also be adversely affected if local governments require any changes to their placement.

In addition, Government regulations require us to allow other telecommunications operators to lease space on our telecommunications towers in a manner that provides equal opportunity to and without any discrimination among such other telecommunications operators. These regulations enable our competitors to broaden their networks by using our infrastructure, thus avoiding the cost of constructing their own towers. This advantage is particularly significant in urban areas, where securing new tower locations is challenging, allowing competitors to swiftly expand and grow their operations. Moreover, our subsidiary PT Dayamitra Telekomunikasi Tbk. ("Mitratel") faces network sharing obligations for its passive infrastructure including towers and fiber optics. The implementation of these requirements, coupled with the potential issuance of multiple 5G licenses, could limit the availability of new sites for BTS towers certain regions. Additionally, any mandates for the retrofitting of existing towers to accommodate multiple operators could lead to our incurrence of additional expenses.

In order to operate our telecommunications towers, Indonesian regulations allow local governments to impose three types of fees: property tax (*Pajak Bumi dan Bangunan*), fees charged in connection with the grant of building approvals (*Persetujuan Mendirikan Bangunan Gedung*) and telecommunications tower control fees. These fees are determined on a cost basis subject to a formula provided by the MoF and the location of the telecommunications towers. While local governments that have imposed such fees have not charged material amounts as at the date hereof such fees could become material in the future. In addition, there could be material differences in the amount of fees that we would be liable to pay to the relevant local governments. If these risks were to materialize, it could have a material adverse effect on our operating results.

We may experience local community opposition to some of our tower sites.

We have experienced, and may in the future experience, local community opposition to our existing sites or the construction of new towers on new sites for various reasons, including aesthetic and alleged health concerns. As a result of such opposition, we could be required by the local authorities to dismantle and relocate certain towers. Opposition to the construction of new towers could also cause delays in the availability and completion of new towers. In extreme cases, vandalism could result in damaged equipment. In the year ended December 31, 2023, we were involved in 14 community disputes.

Opposition has also materialized regarding the site locations of some of Mitratel’s towers and the acquisition by Mitratel of other existing towers, mainly due to insufficient engagement with nearby residents concerning construction-related issues and the transfer of ownership rights from previous owners to Mitratel. If we are required to relocate a material number of our towers and cannot locate replacement sites that are acceptable to our customers, and/or local communities, or litigation proceedings, production delays or damages to equipment occur, it could materially and adversely affect our business, prospects, results of operations and financial condition.

We are subject to numerous non-tax state revenue payments and USO Contribution and any disagreement with the relevant authorities relating to such payments and/or failure to make such payments could subject us to the revocations of certain of our licenses, with limited recourse.

We are subject to multiple rules and regulations authorizing the Government to collect non-tax state revenue from us. The Government collects non-tax revenue from, among other things, tests for telecommunications devices, telecommunications operations and use of radio frequency spectrum. As a result, every licensed telecommunications operator must pay the Telecommunications BHP and USO Contribution. Telecommunications operators that use a communications satellite must also pay a satellite orbit fee.

According to the Telecommunications Law, a telecommunications operator that fails to make the non-tax state revenue payment and participate in USO Contribution may be subject to administrative sanctions; the most adverse sanction is revocation of an operator's telecommunications-related licenses issued by MoCI (though this should be preceded by written warnings). While we have not previously failed to make the requisite payments or disagreed with the computation of such payments, any failure by us to comply with these obligations may cause our licenses to be revoked. In addition, to our knowledge, procedures for challenging the assessment of any such obligations or for challenging sanctions that are assessed against operators with the relevant authorities have not been tested. Any revocation of such licenses could have a material adverse effect on our financial condition, results of operations and liquidity.

Our electronic money business is highly regulated.

We are subject to multiple rules and regulations in respect of our electronic money ("E-Money") business. The specific regulation of E-Money is mainly governed by BI. In 2021, BI introduced new rules allowing parties with payment system business activities to obtain one license for multiple types of payment services, compared to the previous rules requiring parties to obtain one license for each type of payment service they provided (e.g., separate licenses for each E-Money, payment gateway, and e-wallet business).

Any party that wishes to conduct E-Money business activities in Indonesia must first obtain a payment service provider (*Penyedia Jasa Pembayaran* or "**PJP**") license granted by BI which may, depending on its category, cover specific payment system business activities such as E-Money. Our subsidiary Telkomsel has obtained an E-Money license from BI which also covers remittance services held by Finarya, an associate of Telkomsel. However, BI has the authority to take further actions as it sees fit, such as revoking a license, shortening the license period, or limiting the license holder's activity. If BI imposes any such actions on Telkomsel, our ability to conduct our ordinary course E-Money business would be limited, which may adversely affect our business, financial condition, and results of operations. See "Item 4. Information on the Company — Licensing — Payment Method Using E-Money " for more details on BI’s requirements for licensing.

BI regulations governing payment system providers in Indonesia impose multiple requirements on BI license holders, including certain restrictions on shareholding and corporate governance as well as risk management and information system capability requirements. If we, through Telkomsel, fail to comply with any of these obligations, we will be subject to administrative sanctions. Any sanction imposed on Telkomsel could materially and adversely affect our business, financial condition, results of operations and prospects.

Risks Related to the Development of New Businesses and Acquisitions

We may not succeed in our efforts to develop new businesses.

We believe that efforts to develop new businesses other than in the telecommunications sector, such as in the areas of digital life, smart platforms, and enterprise ICT, as well as efforts to pursue international expansion, are necessary to ensure continuing business growth. Risks related to new business development include competition from established players, suitability of our business model, competition from disruptive new technologies or business models, the need to acquire new expertise in new areas of operation, the inability to successfully organize and streamline our subsidiaries to create value from our multiple businesses, and risks related to online media which include intellectual property, consumer protection and confidentiality of customer data. Further, we have to focus on securing new enterprise customers. If we are unable to secure new contracts, or we are unable to renew our existing contracts with similar contract value, size, or margins to existing ones, this may adversely affect our business, results of operations and financial condition.

Focusing on international expansion is one of our strategic business initiatives. In particular, we have expanded into a number of jurisdictions in telecommunications or data related areas, namely Singapore, Hong Kong, Timor-Leste, Australia, Myanmar, Malaysia, Taiwan, the United States and New Zealand. Expanding our operations internationally exposes us to a number of risks associated with operating in new jurisdictions. For example, our international operations could be adversely affected by political or social instability and unrest, regulatory changes (such as an increase in taxes applicable to our operations), macroeconomic instability, limitations on or controls on the foreign exchange trade, competition from local operators, difference in consumer preference and a lack of expertise in the local markets in which we will operate. Any of these factors could limit our expected returns from our expansion and materially and adversely affect our business, results of operations and financial condition.

Due to intense competition for highly skilled personnel, we may fail to attract, recruit, retain and develop qualified employees, which could materially and adversely impact our business, prospects, financial condition and results of operations.

With our strategic focus on expanding our digital platform and services, achieving better FMC, accompanying and fostering the digitalization of Indonesian businesses and Governmental agencies, developing our offering of B2B services (such as for cybersecurity and cloud and data center services), and big data and IoT services and products, we face significant competition for suitably skilled personnel, such as software engineers, electrical engineers working in digital signal processing, developers and digital talents in general. The Indonesian high-tech and digital industry has experienced significant economic growth, including through the initial public offerings of regional technology companies. This accelerated economic growth of Indonesian and regional technology companies has led to a surplus of job opportunities and intense competition between Indonesia-based employers to attract locally qualified employees. As a result, we may not succeed in recruiting additional experienced or professional personnel, retaining current personnel, or effectively replacing current personnel who may depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. There can be no assurance that qualified employees will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract qualified personnel could have a material adverse effect on the implementation of our business strategies, our business, prospects, financial condition, and results of operations.

If we are unable to manage our growth effectively, our business and financial results may be adversely affected.

To continue to grow sustainably, we must continue to expand our operational, research, sales and marketing efforts, accounting and financial systems, procedures, controls and other internal management systems. This may require substantial managerial and financial resources, and our efforts in this regard may not be successful. Our current systems, procedures and controls may not be adequate to support our future operations. Unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with this growth, our operating margins and profitability will be adversely affected. If we fail to adequately manage our growth effectively, improve our operational, financial and management information systems, or effectively train, motivate and manage our new and future employees, it could adversely affect our business, financial condition and results of operations.

Our acquisition activities expose us to various risks.

We have in the past pursued, and may continue to pursue, acquisitions of complementary assets and businesses. In 2021, our subsidiary Mitratel acquired 4,000 telecommunications towers from Telkomsel, and in 2022, Mitratel acquired an additional 6,000 telecommunications towers from Telkomsel. In February 2023, Mitratel acquired 997 telecommunications towers from Indosat, and in November 2023, Mitratel further acquired 803 telecommunications towers from PT Gametraco Tunggal.

The success of these acquisitions will depend, in part, on our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses with our existing businesses. Based on the size and complexity of certain businesses, integrating them into our existing business could require substantial time, expense and effort from our management. The process of integrating an acquired business may also involve unforeseen costs and delays or other operational, technical and financial difficulties that may require a disproportionate amount of management attention as well as financial and other resources. If our management's attention is diverted or there are any difficulties associated with integrating these businesses, our results of operations could be adversely affected.

Even if we are able to successfully integrate these businesses, it may not be possible to realize the full benefits we expect to result from such acquisitions and strategic transactions or realize these benefits within the time frame that we expect. Moreover, such businesses generally remain subject to unforeseeable factors outside of our control. Our acquisitions and strategic transactions, including those entered into in recent periods, may turn out to be unprofitable. Any failure to successfully incorporate the acquired businesses and assets into our existing operations, to enhance operating efficiencies from consolidation savings, minimize any unforeseen operational difficulties and realize the anticipated benefits on time, or at all, could materially and adversely affect our business, financial condition, results of operations, prospects and cash flows.

Risks Related to our Corporate Structure

We are dependent on our subsidiary, Telkomsel, a cellular telecommunications services and cellular telecommunications networks company.

We derived 61.0%, 58.0% and 76.0% of our revenue in 2021, 2022 and 2023, respectively, from our mobile business through our 69.9% majority-owned subsidiary, Telkomsel. The remaining 30.1% interest in Telkomsel is held by Singapore Telecom Mobile Pte. Ltd. ("**Singtel**"). In addition, in line with our FMC initiative, we entered into an agreement with Telkomsel to combine our fixed broadband and mobile broadband services into a single business entity, by transferring a portion of our assets and liabilities allocated to the IndiHome business segment to Telkomsel (the "**IndiHome Integration**"). After the IndiHome Integration, we expect an increase in the contribution from Telkomsel to our consolidated revenue.

Singtel, a telecommunications company based in Singapore, may seek to influence the management, operation, and performance of Telkomsel. In the event that there are differences between us and Singtel regarding the business, strategy, and operations of Telkomsel, these issues may take time to resolve, or may not result in a positive outcome for our Group. These factors could materially and adversely affect our business, financial condition, revenue and operating results.

Our effort to streamline our corporate structure may not create expected synergies and efficiency in a timely fashion or at all.

To foster efficiency and increase synergies, we constantly assess opportunities to streamline our corporate structure, for instance by eliminating duplication of business management processes and internal administrative processes, and also by simplifying our corporate ownership structure. This exercise allows us to rationalize administrative costs and consolidate assets and activities used in the same businesses to use our resources and unlock their value more efficiently. In April 2023, in line with our FMC initiative, we entered into an agreement with Telkomsel to combine our fixed broadband and mobile broadband services into a single business entity, by transferring a portion of our assets and liabilities allocated to the IndiHome business segment to Telkomsel.

As we focus on the development of our digital service offerings, including smart platforms and digital services, we have started regrouping our teams, resources, and assets under one corporate entity. For instance, we are consolidating our data center assets under our subsidiary TDE, and our infrastructure assets under a proposed InfraCo. We also aim to enhance our regional entities to better tailor our service offerings to local market dynamics and respond more effectively to competitive changes in such markets, such as challenges from local competitors or the expansion of the service offerings or networks of national or regional competitors in such markets.

These streamlining efforts, however, have been delayed, and we may experience further delays. In addition, during transition periods, we may incur costs inherent to the implementation of such streamlining efforts without realizing the anticipated benefits to our businesses, competitiveness, costs, and synergies, which could have a negative effect on our financial condition and results of operations.

Our controlling shareholder's interests may differ from those of our other shareholders.

The Government has a controlling equity interest of 52.09% of our issued and outstanding shares of common stock and the ability to determine the outcome of all actions requiring the approval of our shareholders. The Government also holds our one Dwiwarna Share, which has special voting rights and veto rights over certain matters, including the election and removal of our Directors and Commissioners. The Government may also use its powers as a majority shareholder or under the Dwiwarna Share to cause us to issue new shares, amend our Articles of Association or bring about actions to merge or dissolve us, increase, or decrease our authorized capital or reduce our issued capital, or veto any of these actions. One or more of these may result in the delisting of our securities from certain exchanges. In addition, the Government regulates the Indonesian telecommunications industry through MoCI.

As of December 31, 2023, the Government through PT Perusahaan Pengelola Aset (Persero), held a 9.63% equity interest in IOH, which competes with us in cellular services, data center services, IT solutions, system integration services, and fixed IDD telecommunications services. The Government's equity interest in IOH also includes a Dwiwarna Share which has special voting rights and veto rights over certain strategic matters under IOH's articles of association, including decisions on dissolution, liquidation, and bankruptcy, and also permits the Government to nominate one director to its board of directors and one commissioner to its board of commissioners. As a result, there may be instances where the Government's interests will conflict with ours. The Government may direct opportunities to IOH or favor IOH or any other telecommunications operator when exercising regulatory powers over the Indonesian telecommunications industry. If the Government were to give priority to the business of IOH or any other telecommunications operator over ours, or to expand its equity interest in IOH or acquire an equity interest in any other telecommunications operator, our business, financial condition, and results of operations and prospects could be materially and adversely affected.

Our Articles of Association contain certain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

Our Articles of Association contain certain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs. These provisions could have the effect of delaying, preventing or deterring a change in control, and could limit the opportunity for our shareholders to receive a premium for their ADSs and/or shares, and could also materially decrease the price that some investors are willing to pay for our ADSs and/or shares.

Risks Related to Indonesia

Political and Social Risks

Current political and social events in Indonesia may adversely affect our business.

Indonesia has, from time to time, experienced political instability. Indonesia also has many political parties, and securing a clear electoral majority has been proven challenging for any political party to date. These events have heightened political dynamics, contributing to general social and civil unrest on certain occasions in recent years. For example, since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other cities, expressing both support and opposition to former presidents Abdurrahman Wahid, Megawati Soekarnoputri, Susilo Bambang Yudhoyono, and the current President Joko Widodo, who is currently serving his last term as president.

The demonstrations focused on social and civil responses to specific issues, such as fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy, and the New Criminal Code. Although these demonstrations have generally been peaceful, some have escalated into violence. After President Joko Widodo won the presidential election in 2019, allegations of electoral fraud prompted a rally against President Joko Widodo in Central Jakarta that resulted in a riot on May 22, 2019. The opposing party also filed a lawsuit alleging fraud to the Constitutional Court of Indonesia to challenge the election result, though the Constitutional Court rejected the lawsuit on July 27, 2019.

The most recent demonstration related to Indonesia’s current political environment occurred on February 7, 2024, with activists calling for the impeachment of President Joko Widodo due to concerns about perceived misuse of President Joko Widodo's power to influence the presidential election held on February 14, 2024 in favor of Prabowo Subianto, and President Joko Widodo's son, Gibran Rakabuming Raka, as presidential and vice-presidential candidates. Following the presidential election in February 2024, Prabowo Subianto emerged victorious with approximately 58% of the vote in the first round, as officially confirmed by the Indonesian Electoral Commission.

This situation, along with potential future sources of discontent, such as the national and regional elections in 2024, may lead to further political and social instability.

Separatist movements and clashes between religious and ethnic groups have also resulted in social and civil unrest in some parts of Indonesia, such as Aceh in the past and Papua more recently. There have been clashes between supporters of those separatist movements and the Indonesian military, including continued activity in West Papua by separatist rebels that has led to violent incidents in January 2023. There have also been inter-ethnic conflicts, for example in Kalimantan, as well as inter-religious conflict such as in Maluku and Poso.

In August 2019, after the arrest of Papuan students for allegedly vandalizing the Indonesian flag, riots broke out in Papua. The riots caused a Telkom customer service building to be damaged in 2019, but this did not result in significant issues, service interruption or damages. Should similar unrest occur in the vicinity of our operations in the future, our business and operations may be adversely affected.

Occasional attempts to reduce labor protections have incited public protests. Passage of the Job Creation Law 2020 led to numerous protests across Indonesia into 2021. This law amended more than 70 existing laws with the stated purposes of easing administrative requirements and increasing investments for creating new jobs. However, critics argued that the Job Creation Law 2020 would generally undermine existing labor laws and weaken environmental protections, leading to various controversies among the public. This led to organized demonstrations in major cities, including Jakarta, the central government, as well as other prominent cities such as Yogyakarta, Surabaya, and Malang. Some of these protests escalated into riots.

In response to legal challenges, the Constitutional Court of Indonesia declared the law to be "conditionally unconstitutional" in 2021. This ruling allowed the law to remain valid but required the Government and the House of Representatives to redraft the law within two years. There has been contention (and to a certain extent, political instability) in interpreting this verdict, and labor unrest may continue as subsequent regulations are issued. On December 30, 2022, the Government enacted the Job Creation Law 2022 to revoke and replace the Job Creation Law 2020, though all implementing regulations of the Job Creation Law 2020 will remain enforceable unless directly replaced by the Job Creation Law 2022. With the enactment of this regulation, the regulatory body has fulfilled the requirements to repeal the unconstitutional determination and effectively implemented Job Creation Law 2022.

The Indonesian parliament passed a new criminal code ("**New Criminal Code**") on December 6, 2022, that replaces the century-old criminal code introduced by the Dutch during the colonial era. The New Criminal Code will come into force after a three-year transition period. The New Criminal Code also requires the Government to promulgate a number of implementing regulations no later than two years after its enactment. One of the significant features of the New Criminal Code is that all criminal offences stipulated under the New Criminal Code can now be attributed to a corporation, unless provided otherwise. In addition, similar to the Job Creation Law 2022, the New Criminal Code takes precedence over and amends sanctions provided under various laws, including anti-money laundering and anti-corruption laws. On December 8, 2022, the United Nations (“**UN**”) issued a statement on the New Criminal Code, expressing its concern that certain provisions appear to be incompatible with fundamental freedoms and human rights, including equal protection of the law without discrimination and the right to equality before the law, privacy, freedom of religion, belief, freedom of opinion and expression. The UN and other organizations, including Amnesty International, have stated their concerns that several articles in the New Criminal Code contravene Indonesia’s international legal obligations. It is unclear whether the New Criminal Code may result in political, social and civil disturbances, in particular during the transition period and any such disturbances may, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Labor unrest and activism in Indonesia could disrupt our operations or those of our customers and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the IDX and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, prospects, financial condition and results of operations. Social and civil disturbances may occur in the future and on a wider scale, and any such disturbances may, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Terrorist activities in Indonesia could destabilize Indonesia, which would adversely affect our business, financial condition and results of operations, and the market price of our securities.

There have been a number of terrorist incidents in Indonesia in the past two decades, which resulted in deaths and injuries, including a bombing at a Catholic church in Makassar on March 28, 2021 that injured more than 20 people and a bombing in Bandung, West Java on December 7, 2022, that killed one person and injured seven people.

Although the Government has successfully countered some terrorist activities in recent years and arrested several of those suspected of being involved in these incidents, terrorist incidents may continue and, if serious or widespread, might have a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy and may also have a material adverse effect on our business, financial condition, results of operations and prospects and the market price of our securities.

We may be affected by uncertainty in the delineation of the respective prerogatives and responsibilities of, and the balance of power between, local governments and the central government in Indonesia.

Since 1999, Indonesia has undergone significant reforms in fiscal decentralization, devolution of power to local governments, and regional autonomy. As at the date hereof, there is uncertainty in respect of the responsibilities and the balance of power between the local and central governments regarding several subject matters. Those include procedures for renewing licenses, approvals, and levies imposed by local governments on our telecommunications towers.

For example, in 2023, local governments, including the government of Surabaya City, introduced regulations for calculating lease fees for land used for telecommunications infrastructure, whether on state-owned or public land. This model has been adopted by 59 other regencies/cities, such as Sidoarjo Regency, leading to increased levies on our digital infrastructure. The potential for more local governments to enact similar regulations raises concerns about regulatory inconsistencies and compliance difficulties.

In addition, local governments have from time to time sought to levy additional taxes or obtain new contributions, including for the utilization of certain parcels of land they owned and that are needed for to construct certain of our towers. This ongoing uncertainty could complicate our compliance efforts and raise questions about the legality of new taxes or the authority of local governments to enact further regulations impacting our business. These factors may adversely affect our business operations, financial health, and future growth prospects.

Macroeconomic Risks

Negative changes in global, regional or Indonesian economic activity could materially and adversely affect our business.

Our business performance is susceptible to downturns in the Indonesian, regional and global macroeconomic environment. In the past, Indonesia’s economy has faced major external shocks, such as the Asian economic crisis of 1997 and the global economic crisis in 2008, leading to recession, currency depreciation, high interest rates, and social unrest. More recently, although the Indonesian economy has recovered modestly from COVID-19, the economic situation in Indonesia may nonetheless deteriorate, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Downside risks persist in 2023 that could deteriorate the economic situation in Indonesia, Asia and globally. Key concerns include global trade disputes that disrupt global financial markets, expectations relating to the monetary and interest rate policies of the United States, concerns over China's economic health, economic protectionism, and the military conflicts in Gaza and Ukraine and related geopolitical tensions.

For instance, ongoing trade tensions between major economies such as the United States and China create uncertainty and volatility in the global financial markets, reducing capital inflows and investment in emerging markets such as Indonesia, exert downward pressure on currencies, and raise external financing costs for businesses. As such, we may face higher costs or difficulty accessing foreign capital.

Further, the U.S. Federal Reserve’s raising of interest rates has prompted capital outflows and currency depreciation in emerging markets as investors move towards U.S. dollar-denominated assets and has also resulted in higher inflation rates in Indonesia. Higher inflation rates make borrowing more costly for us, and we may experience lower profitability if we are unable to pass on higher financing expenses.

Further, in 2023, China has also experienced an economic slowdown as a result of downturns in its property sector and rising defaults in the corporate and shadow banking sector, which has led to the Chinese government reducing interest rates to support economic growth. An acceleration of China’s economic downturn may have an adverse impact on the global sector, including supply chain disruptions, and financial linkages that could spread risk. Slower economic growth in China also dampens business sentiment and the appetite for investment across the region, and we may experience weaker revenue growth as a result.

Since late 2021, tensions between the U.S. and Russia have escalated as Russia amassed large numbers of military forces around Ukraine and, in February 2022, Russia invaded Ukraine. In response, NATO has deployed additional military forces to Eastern Europe, including to Lithuania, and the Biden administration has announced certain sanctions against Russia. Further, the escalating conflict between Israel and militant groups in Gaza beginning on October 7, 2023, brings geopolitical uncertainty that could negatively impact the global economy. Prolonged fighting disrupts economic activity and raises supply chain risks in the Middle East region, which is a critical energy and trade hub. Escalation leading to higher oil prices would put upward pressure on already high inflation worldwide. The conflict also dampens business and consumer confidence globally, especially if unrest spreads across the Middle East. While the macroeconomic impacts may be limited if the conflicts in Gaza and Ukraine are contained, serious regional escalations would pose a significant downside risk to global growth and stability. In particular, the invasion of Ukraine and retaliatory measures that have been taken, or may be taken in the future, by the U.S., NATO, and other countries have created global security concerns that could result in regional conflict and otherwise have a lasting impact on regional and global economies. These negative economic developments have adversely affected and will adversely affect both developed economies and developing markets, including Indonesia and other economies in Southeast Asia.

In 2023, the financial conditions of banking institutions have come under severe pressure and deterioration, as exemplified by the proposed restructuring of Credit Suisse Group AG and the failures of Silicon Valley Bank and Signature Bank in the first quarter of 2023, which caused increased volatility in capital markets.

Adverse economic conditions and protracted global uncertainties could result in less business activity, less disposable income available for consumers to spend and reduced consumer purchasing power, which may reduce demand for communication services, including our services, which in turn would have a material adverse effect on our business, financial condition, results of operations and prospects. Future economic instability in future could have a material and adverse impact on the performance of our business.

Fluctuations in the value of the Indonesian Rupiah may materially and adversely affect us.

Our functional currency is the Indonesian Rupiah. Historically, the Indonesian Rupiah has been subject to significant depreciation and volatility against the U.S. Dollar and other foreign currencies. From a 2021 high of Rp14,219 to US$1.00 on December 24, 2021, the Rupiah depreciated in 2022 to a low of Rp15,893 to US$1.00 on October 31, 2023, (based on the middle exchange rate published by Reuters Refinitiv), due to, among other factors, the slowing global economy and strong U.S. Dollar. The Indonesian Rupiah may continue to soften in the future.

In addition, while the Indonesian Rupiah has generally been freely convertible and transferable, from time to time, BI has intervened in the currency exchange markets in furtherance of its policies, either by selling Indonesian Rupiah or by using its foreign currency reserves to purchase Indonesian Rupiah. The current floating exchange rate policy of BI may be modified, and the Government may take additional action to stabilize, maintain or increase the Indonesian Rupiah's value, and any of these actions, if taken, may not be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls, or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining subscriber usage of our services, and as a result, we may also face difficulties in funding our capital expenditures and in implementing our business strategy. Any of the foregoing consequences could materially and adversely affect our business, financial condition, results of operations and prospects.

Rapid and excessive increases in levels of inflation and interest rates in Indonesia could materially and adversely affect our financial condition and results of operations.

Interest rates are affected by the inflation rate. Historically, Indonesia has experienced periods of high inflation. The inflation rate (measured by the year-on-year change in the consumer price index) remains volatile with an annual inflation rate of 5.51% and 2.61% in the years ended December 31, 2022 and 2023, respectively. Based on ongoing economic pressures in the wake of the military conflict in Ukraine, it is anticipated that inflation may continue to rise in the near future. Interest rates have increased rapidly and substantially as central banks in several countries and regional blocks raised interest rates in an effort to subdue inflation. If inflation causes interest rates to further increase significantly and results in a rapid increase in benchmark rates, it could have a material adverse effect on Indonesia’s economy, business climate and consumer confidence.

Even if we have not yet experienced any such impact on our revenues in 2023, higher inflation rates generally lead to a reduction in purchasing power, thus increasing the likelihood of a lower level of demand for our products and services in Indonesia, which would have a negative impact on our revenues. Further, any increase in our costs and expenses due to inflationary pressures that we would not be able to match (partially or fully) by increasing our prices would decrease our profit margin. Eventually, tighter monetary policy and potentially higher long-term interest rates may drive a higher cost of capital for our business. As a result, a high inflation rate in Indonesia could have a material adverse effect on our business, financial condition, results of operations and prospects.

Downgrades of credit ratings of the Government or Indonesian companies could materially and adversely affect our business.

As of the date of this annual report on Form 20-F, Indonesia's sovereign foreign currency long-term debt was rated "Baa2" with stable outlook by Moody's, "BBB" with stable outlook by Standard & Poor's and "BBB" with stable outlook by Fitch.

These ratings reflect an assessment of the Government’s overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Moody's, Standard & Poor's, Fitch and other statistical rating organizations may change or downgrade the credit ratings of Indonesia or Indonesian companies. In particular, the credit ratings of Indonesia or Indonesian companies, have been and may be downgraded in the future. Any downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Interest rates on our floating-rate Rupiah-denominated debt would also likely increase. Such events could materially and adversely affect our business, financial condition, results of operations, prospects and/or the market price of our securities.

Employment legislation in Indonesia could materially and adversely affect our business.

Over the past 10 years, the minimum wage in Indonesia has increased significantly. As national labor laws do not have any specific provisions to determine the amount of minimum wage increases, minimum wage increases can be unpredictable. In addition to directly increasing wages for lower-level employees, these minimum wage increases indirectly apply upward pressure on the wages of higher-level employees over time. As a result, any significant increase in the minimum wage in Indonesia may increase our manpower costs and have a material adverse effect on our cash flows, business, financial condition, results of operations and prospects.

Risks relating to Natural Disasters and Climate Change

Indonesia is vulnerable to natural disasters and events beyond our control, which could materially and adversely affect our business and operating results.

Many parts of Indonesia, including areas where we operate, are prone to natural disasters such as floods, lightning strikes, typhoons, earthquakes, tsunamis, volcanic eruptions, fires, droughts, power outages and other events beyond our control. The Indonesian archipelago is one of the most volcanically active regions in the world as it is located in the convergence zone of three major lithospheric plates. It is subject to significant seismic activity that can lead to destructive earthquakes, tsunamis or tidal waves. Flash floods and more widespread flooding also occur regularly during the rainy season from November to April. Cities, especially Jakarta, are frequently subject to severe localized flooding which can result in major disruption and, occasionally, fatalities. Landslides regularly occur in rural areas during the wet season. From time to time, natural disasters have killed, affected or displaced large numbers of people and damaged our equipment. These events in the past have disrupted, and may in the future, disrupt our business activities, cause damage to equipment, and adversely affect our financial performance and profit.

For example, there were incidents of floods, weak tornados (*puting beliung*), and landslides in various regions in Indonesia between January and April 2021. On December 6, 2021, Mount Semeru, an active volcano, erupted and cut the telecommunications cable network (backbone) of cellular operators, requiring Telkom to reroute traffic to maintain telecommunications services in the area. Further, the island of Java has been impacted by strong earthquakes in November and December 2022, and the region remains prone to heavy rains, flooding, and volcanic eruptions. Given the geography of Indonesia, we are highly reliant on the use of submarine cables to provide services across the Indonesian archipelago. These submarine cables may be damaged by volcanic activity or friction with the ocean floor caused by earthquake tremors or otherwise, which may disrupt our ability to provide services to customers.

To prepare for natural disasters, we have implemented a business continuity plan and a disaster recovery plan, which we test regularly, and we have insured certain of our assets to protect from any losses attributable to natural disasters or other phenomena beyond our control. However, our business continuity and disaster recovery plans may not allow us to immediately recover from resulting damages and disruptions, our insurance coverage may be insufficient to cover potential losses, the premium payable for these insurance policies upon renewal may increase substantially in the future, and natural disasters may significantly disrupt our operations.

Future natural disasters may have a significant impact on us, Indonesia or the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

We are exposed to the potential for financial loss and further non-financial detriments arising from climate change and society's response to it.

This risk consists principally of (i) physical risks, being the risks arising from increasing frequency and severity of acute weather-related events and longer-term chronic shifts in climate patterns, and (ii) transition risks, being the risks arising from the process of adjustment to a low-carbon economy. Together, these are referred to as "**Climate Risk.**"

Climate Risk continues to be a core focus of regulatory policymaking across all jurisdictions in which we operate, including as a result of recent COP26-related initiatives. For example, many countries are incorporating environmental targets into their domestic policies, with increased pressure to set ambitious sustainability goals. We anticipate that the climate-related regulatory environment in which we operate will be subject to further regulatory developments. Such regulatory developments, together with existing guidance and expectations, may increase the potential transition risks for us, by mandating investments of resources for regulatory compliance, potential GHG emission taxes, and additional environmental monitoring and reporting obligations. These developments may raise the costs associated with energy consumption, notably as expenses on electricity represent a substantial portion of our operational costs. In addition, customer and public perceptions of our efforts to mitigate climate change may limit demand for our products and services, particularly if people perceive our efforts to be less effective than those of our competitors.

If governments fail to enact policies that limit the impact of global warming, our operations may be particularly susceptible to the physical risks of climate change such as droughts, floods, sea level change and average temperature change. For example, severe weather events have caused increased volatility in commodity prices, exacerbated disruptions in global supply chains, and impacted regions in which we operate, and may damage our infrastructure by causing failures of our fixed wireline and wireless networks. Should severe natural disasters occur in quick succession, we may not have sufficient resources to repair and restore our infrastructure in a timely and cost-effective manner.

In addition, rising temperatures could increase our operating costs by intensifying the cooling requirements of our network equipment and heightening the incidence of equipment failures, leading to write-offs and premature replacements. This upsurge in equipment failures could increase the risk of service disruption. The occurrence or continuance of any of the abovementioned risks could have a material adverse effect on our financial condition, results of operations and, if severe or prolonged, our prospects.

Risks Related to our ADSs

The trading price of our ADSs may be volatile, which could result in substantial losses to you.

The trading price of our ADSs may fluctuate widely due to factors beyond our control. As a result of this volatility, investors may not be able to sell their ADSs at or above the price paid for the ADSs or ordinary shares, respectively. In addition to the factors discussed in this "Risk factors" section and elsewhere in this annual report on Form 20-F, these factors include:

- variations in our revenue, earnings, cash flow and operating data;
- regulatory or legal developments in Indonesia, jurisdictions where we carry out our operations or in the United States;
- announcements of new investments, acquisitions or strategic partnerships by us or our competitors;
- general economic, political, and market conditions and overall fluctuations in the financial markets in Indonesia, the United States, and other countries where we carry out our operations;
- sales volumes of our ADSs or ordinary shares, or sales of our ADSs or shares by our senior management, directors or our large shareholders, or the anticipation that such sales may occur in the future;
- stock market price and volume fluctuations of comparable companies and, in particular, companies that operate in the telecommunications industry or with most of their operations in Indonesia;
- investors' general perception of us and our business;
- announcements of new products, services and expansions by us or our competitors;
- changes in financial estimates or recommendations by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs or ordinary shares will trade.

If securities or industry analysts do not publish research reports about us or our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our ADSs or ordinary shares, the market price for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our ADSs to decline.

The different characteristics of the capital markets in Indonesia and the U.S. may negatively affect the trading prices of our ADSs and shares.

As a dual-listed company, we are subject to IDX and NYSE listing and regulatory requirements concurrently. The IDX and the NYSE have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our ADSs and our shares may not be the same, even allowing for currency differences. Fluctuations in the price of our ADSs due to circumstances peculiar to the U.S. capital markets could materially and adversely affect the price of the shares, or *vice versa*. Certain events having significant negative impact specifically on the U.S. capital markets may result in a decline in the trading price of our shares notwithstanding that such event may not impact the trading prices of securities listed on the IDX generally or to the same extent, or *vice versa*.

Our financial results are reported to the OJK in conformity with IFAS, which differs in certain respects from IFRS, and we distribute dividends based on profit for the year attributable to owners of the parent company and net income per share determined in reliance on IFAS.

In accordance with the regulations of the OJK and the Indonesia Stock Exchange ("**IDX**"), we are required to report our financial results to the OJK in conformity with IFAS. We have provided the OJK with our financial results for the year ended December 31, 2023, on March 22, 2024. We furnished such financial results to the SEC on Form 6-K dated March 25, 2024, which contains our Consolidated Financial Statements as of and for the year ended December 31, 2023, which were prepared in conformity with IFAS. IFAS differs in certain significant respects from IFRS and, as a result, there are differences between our financial results as reported under IFAS and IFRS, including profit for the year attributable to owners of the parent company and net income per share. We distribute dividends based on profit for the year attributable to owners of the parent company and net income per share determined in reliance on IFAS.

Based on IFAS financial statements, our profit for the year attributable to owners of the parent company were Rp24,760 billion in 2021, Rp20,753 billion in 2022 and Rp24,560 billion in 2023, and our net income per share were Rp249.94 in 2021, Rp209.49 billion in 2022 and Rp247.92 billion in 2023. For the fiscal year ended December 31, 2021, dividends declared per share were Rp149.97 and dividends declared per ADS were Rp14,997. For the fiscal year ended December 31, 2022, dividends declared per share were Rp167.59 and dividends declared per ADS were Rp16,759. The dividends for the fiscal year ended December 31, 2023 will be decided at the 2024 AGMS, scheduled for May 3, 2024.

As a foreign private issuer in the U.S., we are permitted to, and we have relied and will rely on exemptions from certain NYSE corporate governance standards applicable to domestic U.S. issuers. This may afford less protection to holders of our ADSs.

We are exempted from certain corporate governance requirements of the NYSE by virtue of being a foreign private issuer in the U.S. We are required to provide a brief description of the significant differences between our corporate governance practices and the corporate governance practices required to be followed by domestic U.S. companies listed on the NYSE. See "Item 16D. Exemptions from the Listing Standards for Audit Committees" and “Item 16G. Corporate Governance.” The standards applicable to us are considerably different than the standards applied to domestic U.S. issuers. For instance, we are not required to: have a majority of the board of be independent (although all of the members of the audit committee must be independent under the Exchange Act), have a compensation committee or a nominating or corporate governance committee consisting entirely of independent directors, have regularly scheduled executive sessions for non-management directors, or have executive sessions of solely independent directors each year.

We have relied on and intend to continue to rely on some of these exemptions. As a result, holders of our ADSs may not be provided with the benefits of certain corporate governance requirements of the NYSE.

As a foreign private issuer in the U.S., we are exempt from certain disclosure requirements under the Exchange Act, which may afford less protection to holders of our ADSs than they would enjoy if we were a domestic U.S. company.

As a foreign private issuer in the U.S., we are exempt from, among other things, the rules prescribing the furnishing and content of proxy statements under the Exchange Act and the rules relating to selective disclosure of material non-public information under Regulation FD under the Exchange Act. In addition, our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit and recovery provisions contained in Section 16 of the Exchange Act. We are also not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic U.S. companies with securities registered under the Exchange Act. For example, in addition to annual reports with audited financial statements, domestic U.S. companies are required to file with the SEC quarterly reports that include interim financial statements reviewed by an independent registered public accounting firm and certified by the companies' principal executive and financial officers. By contrast, as a foreign private issuer, we are not required to file such quarterly reports with the SEC or to provide quarterly certifications by our principal executive and financial officers. As a result, holders of our ADSs may be afforded less protection than they would under the Exchange Act rules applicable to domestic U.S. companies.

The voting rights of holders of our ADSs are limited by the terms of the Deposit Agreement.

Holders of our ADSs may exercise their voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of the Deposit Agreement. Upon receipt of voting instructions from them in the manner set forth in the Deposit Agreement, the depositary for our ADSs will endeavor to vote their underlying ordinary shares in accordance with these instructions. Under our Articles of Association, minimum notice periods apply for convening a general meeting or an extraordinary general meeting of shareholders. When such meetings are convened, holders of our ADSs may not receive sufficient notice of a shareholders' meeting to permit them to allow them to exercise their voting rights with respect to any specific matter at the meeting. In addition, the Depositary may not be able to send voting instructions to holders of our ADSs or carry out their voting instructions in a timely manner. Furthermore, the Depositary will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any vote. If no voting instructions are received by the Depositary from a holder of our ADSs on or before the date specified by the Depositary, subject to certain exceptions, the Depositary shall deem that such holder has instructed the Depositary to give a discretionary proxy to a person designated by us with respect to the shares underlying such holder's ADSs. As a result, holders of our ADSs may not be able to exercise their rights to vote and they may lack recourse if the ordinary shares underlying their ADSs are not voted as they requested.

Holders of our ADSs may be subject to limitations on transfer of their ADSs.

ADSs are transferable on the books of the Depositary. However, the Depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the Depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the transfer books of the Depositary are closed, or at any time if we or the Depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

Holders of our ADSs may not receive distributions on our ordinary shares or any value for them if it is illegal or impractical to make them available to the holders.

The Depositary of our ADSs has agreed to pay holders of our ADSs the cash dividends or other distributions it receives on our ordinary shares or other deposited securities after deducting its fees and expenses, and subject to certain tax withholdings, as applicable. Holders of our ADSs will receive these distributions in proportion to the number of our ordinary shares that their ADSs represent. However, the Depositary is not responsible for making these payments or distributions if it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the U.S. Securities Act but that are not properly registered or distributed pursuant to an applicable exemption from registration. We have no obligation to take any action to permit the distribution of our ADSs, ordinary shares, rights or anything else to holders of our ADSs. This means that holders of our ADSs may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available. These restrictions may materially reduce the value of the ADSs.

Holders of our ADSs may experience dilution of their holdings due to their inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the Deposit Agreement, the Depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs or are registered under the provisions of the Securities Act. The Depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

The time required for the exchange between ADSs and shares might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period.

There is no direct trading or settlement between the NYSE and the IDX on which our ADSs and the shares are respectively traded. In addition, the time differences between Indonesia and New York and unforeseen market circumstances or other factors may delay the deposit of shares in exchange of ADSs or the withdrawal of shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, any exchange of shares into ADSs (and *vice versa*) may not be completed in accordance with the timeline investors may anticipate.

We are established in Indonesia and it may not be possible for investors to effect service of process or enforce judgments on us, our Commissioners, Directors or officers within the United States, or to enforce judgments of a foreign court against us or any of these persons in Indonesia.

We are a state-owned limited liability company established in Indonesia, operating within the framework of Indonesian laws governing companies with limited liability, and all of our significant assets are located, and most of our current operations are conducted in Indonesia. In addition, all of our current Commissioners and Directors reside in Indonesia, are nationals of countries other than the United States and a substantial portion of the assets of such persons are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process, or enforce judgments on us or such persons within the United States, or to enforce against us or such persons in the United States, judgments obtained in United States courts.

We have been advised by our Indonesian legal advisor, that Indonesia is not a party to any bilateral or multilateral treaties for the reciprocal recognition and enforcement of foreign court judgment. Therefore, judgments of courts outside Indonesia are not recognized nor are they enforceable in Indonesia, although such judgments could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court if the Indonesian court, in its sole discretion, deems it appropriate under the circumstances.

Furthermore, there is uncertainty regarding whether Indonesian courts will render judgments in original actions brought in Indonesian courts based solely upon civil liability provisions within the United States or similar claims in other jurisdictions. In the absence of a direct enforcement mechanism for foreign judgments, parties seeking enforcement in Indonesia would need to retry the case on its merits in Indonesia. The prior foreign judgement would be considered admissible as evidence during the subsequent enforcement proceedings in Indonesia. However, it is important to note that the Indonesian courts retain the discretion to assess the appropriateness of a foreign judgment under the given circumstances.

This process essentially requires the successful party in the foreign jurisdiction to initiate a new legal action in Indonesia, presenting their case anew, and relying on the foreign judgment as supporting evidence during the proceedings. There can be no assurance that the claims or remedies available under Indonesian Law will be the same, or as extensive, as those available in other jurisdictions.

As a result, it may be difficult or impossible for you to bring an action against us or against our Commissioners, Directors, or officers in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, under the laws of the Republic of Indonesia you may be unable to enforce a judgment against our assets or the assets of our Commissioners, Directors or officers as claimants would be required to pursue claims against us or such persons in Indonesian courts.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Profile of Telkom

Telkom is the largest telecommunications company in Indonesia, in terms of revenue and number of subscribers, as of December 31, 2023. We provide fixed and mobile telecommunications services and solutions and ancillary services. We are innovative and continue to strengthen and optimize our portfolio businesses, services and solutions by creating strategic programs that maximize synergies and active portfolio management. Our existential purpose is to build Indonesia into a more prosperous and competitive nation while delivering the best value to our stakeholders. Our long-term vision is to be the most preferred digital telecommunications company and empower Indonesian society. To achieve this vision, we focus on three missions that cover many aspects of empowering society, including rapidly building sustainable digital infrastructure and smart platforms that are affordable and accessible to a wide range of customers, nurturing best-in-class digital talents to help develop Indonesia's digital capabilities and increase the adoption of digital technologies and services, and orchestrating a comprehensive digital ecosystem to deliver a superior customer experience.