



INVESTOR UPDATE

Dear Valued Investors and Partners,

We are pleased to announce a groundbreaking strategic partnership with TikTok that will accelerate our e-commerce business, ultimately making it an e-commerce leader, while driving growth for Indonesia's MSMEs and the country's digital economy as a whole.

As part of the agreement, Tokopedia and TikTok Shop Indonesia's businesses will be combined under the existing PT Tokopedia entity in which TikTok will take a 75.01% controlling stake. TikTok has committed to invest over \$1.5bn² in the enlarged entity over time, to provide future funding required by the business, without any additional dilution to GoTo's 24.99% stake. The shopping features within the TikTok app in Indonesia will be operated and maintained by the enlarged entity.

The management has carried out a comprehensive analysis and obtained unanimous approval for this transaction, from our BOD and BOC. Key considerations include:

- 1. Non-dilutive stake in an enlarged e-commerce business:** GoTo will retain a 24.99% stake in the enlarged Tokopedia entity that will not be diluted by future funding by TikTok. By working together, Tokopedia and TikTok will build the combined business into an e-commerce leader. TikTok's global strength will be crucial to support this endeavor amidst an ever evolving competitive dynamic, as Tokopedia pivots back to growth as mentioned during our last quarterly earnings call.
- 2. Reliable, growing and sustainable revenue stream:** Not only will GoTo no longer be required to fund Tokopedia, but GoTo will also receive an ongoing revenue stream from Tokopedia commensurate with its scale and growth, which will directly contribute to our EBITDA. This also means we will continue to directly benefit from the rapid growth of the Indonesian E-commerce industry while enabling GoTo to direct its resources and capital toward its market-leading On-demand Services business, which is on track to become adjusted EBITDA positive within 4Q23, and our Financial Technology business, which continues to see strong traction in the GoPay app and in consumer lending together in collaboration with Bank Jago.
- 3. Tapping into the live commerce opportunity:** Another important consideration is the growing importance of live commerce in the region. This is particularly relevant in Indonesia, TikTok's second largest market, where social media penetration is high. Having a platform that engages these users, many of whom are young and first-time e-commerce



users, is critical. The deal means Tokopedia will have that social element immediately at zero cost and with zero execution risk.

4. **Complementary use-cases and significantly larger user base:** The collaboration is highly complementary as the two companies have user bases that do not overlap significantly. TikTok addresses the needs of the mass market and drives impulsive purchases through engaging content created largely by influencers in the fashion and beauty categories. Tokopedia on the other hand satisfies the need of affluent intent-based purchasers through diverse category assortment and high transaction reliability. TikTok's massive 125mm monthly active user base in Indonesia presents a valuable top funnel for Tokopedia and GoTo to convert and cross-sell across various product categories. This in turn will benefit sellers as they participate in a versatile e-commerce ecosystem that caters for extremely broad customer segments.
5. **Exciting opportunities for collaboration:** GoTo will benefit from its ongoing strategic partnership with the enlarged Tokopedia entity, providing digital financial services via GoTo Financial and our strategic partner, Bank Jago, and delivery services via Gojek to a much broader user base. There are opportunities for our fintech business with the enlarged Tokopedia entity, including GoPay payment products, GoPayLater lending products and Bank Jago for relevant banking services. GoTo and TikTok are also exploring additional areas in which to collaborate.

The strategic partnership will commence with a pilot period carried out in close consultation with and supervision by the relevant regulators. The first campaign will be the *Beli Lokal* initiative, which will launch on December 12th, coinciding with Indonesia's National Online Shopping Day (*Harbolnas*) - a government program designed to grow Indonesia's digital economy by supporting local MSMEs.

We believe this partnership will propel our company to its next stage of growth, as the combined entity becomes a leading e-commerce business, championing the livelihoods of hundreds of thousands of MSMEs across the country and establishing technology centers across Indonesia to develop local technology talents. The collaboration will therefore greatly enhance the value of the GoTo Group, marking another step in our mission to Empower Progress for all stakeholders in our ecosystem.

Regards,
GoTo Investor Relations



Note:

1. Please also refer to the joint press release dated 11 Dec 2023 as uploaded in our website and submitted to the Indonesia Stock Exchange
2. As part of the transaction, Tokopedia will acquire TikTok Shop's Indonesia business for US\$ 340m which was valued based on a backward looking view of the TikTok Shop Indonesia business under the current environment during the fourth quarter of 2023 and does not reflect the forward looking potential of the combined entity. This is on top of the over \$1.5bn commitment. The overall transaction is expected to close in the first quarter of 2024.

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About GoTo Group:

PT GoTo Gojek Tokopedia Tbk (GoTo Group) is the largest digital ecosystem in Indonesia. GoTo's mission is to “empower progress” by offering technology infrastructure and solutions that help everyone to access and thrive in the digital economy. The GoTo ecosystem consists of On-demand Services (mobility, food delivery, and logistics), E-commerce (third party marketplaces + official stores, instant commerce, interactive commerce, and rural commerce), Financial Technology (payments, financial services, and technology solutions for merchants) and Logistics (fulfillment and delivery) through the Gojek, Tokopedia, GoTo Financial and GoTo Logistics platforms.

For more information, please see www.gotocompany.com.

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