

NEWS RELEASE

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PT Adaro Energy Indonesia Tbk Maintains Strength in Core Earnings and Free Cash Flow supported by Continued Growth in Production and Sales Volume

Sales Volume Increased 29% year-on-year to 15.72 Mt with Core Earnings Increasing by 11% to \$538 Million

- We booked core earnings of \$538 million in 1Q23, 11% higher than the \$484 million achieved in 1Q22 and generated \$522 million of free cash flows in 1Q23, 48% increase from \$352 million in 1Q22. We recorded net cash of \$1,578 million in 1Q23, compared to net cash of \$112 million in 1Q22.
- Our business transformation projects continue to progress. We had the honor of welcoming President Joko Widodo at our aluminium smelter project for the second time this quarter, followed by the President attending the groundbreaking ceremony for our 1,375 MW hydro power project in North Kalimantan.
- Production and sales were off to a good start in 1Q23, both increased by 29%, to 15.69 million tonnes (Mt) and 15.72 Mt, respectively.
- PT Adaro Indonesia (AI) has been granted with the Special Mining Business Permit for the Continuation of Contract/Agreement Operation (IUPK-KOP) in September of 2022. Starting January 1, 2023, the provision on taxation and non-tax revenue (PNBP) was implemented in accordance with the prevailing regulation.

Jakarta, May 2, 2023 – PT Adaro Energy Indonesia Tbk (IDX: ADRO) (AEI) today released its financial performance for the three months period ended March 31, 2023, alongside its operational performance for the period. Production and sales volume in 1Q23 both increased by 29% to 15.69 Mt and 15.72 Mt from 12.15 Mt and 12.20 Mt in 1Q22, respectively. We remain focused on efficiency and operational excellence to ensure that we continue to be a reliable partner for our customers and other stakeholders.

Our President Director and Chief Executive Officer, Mr. Garibaldi Thohir, said:

“We continue to deliver on operational and financial performance. Both production and sales volume increased and supported our core earnings, which increased by 11% to \$538 million. Price fluctuates hence we always emphasize on operational excellence and cost discipline, supported by our integrated business model. In the quarter we made several

milestones in our business transformation including the groundbreaking of our 1,375 MW hydro power plant project, attended by President Joko Widodo. We have started the pre-construction activities for our aluminium smelter, and we are excited with the opportunities to create value from participating in various projects in the green economy to achieve our objective of becoming a bigger and greener Adaro.”

Financial Performance

(\$ million, except otherwise stated)	1Q23	1Q22	Change
Net Revenue	1,839	1,225	50%
Cost of Revenue	(1,075)	(623)	73%
Gross Profit	763	602	27%
Operating Income	625	554	13%
Core Earnings ¹	538	484	11%
Operational EBITDA ²	726	755	-4%
Total Assets	9,826	7,630	29%
Total Liabilities	2,776	2,720	2%
Stockholders' Equity	7,050	4,910	44%
Interest Bearing Debt	1,519	1,629	-7%
Cash	3,011	1,556	94%
Net Debt/(Cash) ³	(1,578)	(112)	1305%
Capital Expenditure ⁴	132	70	87%
Free Cash Flows ⁵	522	352	48%
Basic Earnings Per Share (EPS) in \$	0.01478	0.01282	15%

Financial Ratios

	1Q23	1Q22	Change
Gross Profit Margin (%)	42%	49%	-7%
Operating Margin (%)	34%	45%	-11%
Operational EBITDA Margin (%)	40%	62%	-22%
Net Debt to Equity (x)	Net cash	Net cash	-
Net Debt to last 12 months Operational EBITDA (x)	Net cash	Net cash	-
Cash (used in) / from Operations to Capex (x)	(3.01)	3.04	-199%

¹ Profit for the period, excluding non-operational items net of tax (amortization of mining properties, prior year tax assessment, decommissioning cost, and recovered allowance for receivable)

² EBITDA excluding decommissioning cost, and recovered allowance for receivables-tax assessment

³ Cash including the current portion of other investments

⁴ Capex spending defined as: purchase of fixed assets – proceed from disposal of fixed assets + payment for addition of mining properties + addition of lease liabilities

⁵ Operational EBITDA – taxes – change in net working capital – capital expenditure excluding lease liabilities

Operating Segment

(\$ million)	Revenue			Profit for the period		
	1Q23	1Q22	% Change	1Q23	1Q22	% Change
Coal mining & trading	1,792	1,188	51%	461	323	43%
Mining services	33	27	22%	(8)	1	-1552%
Others	14	10	36%	75	111	-32%
Elimination	-	-	-	(2)	5	-132%
Adaro Energy Indonesia Group	1,839	1,225	50%	526	440	19%

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST THREE MONTHS OF 2023 (1Q23)

Revenue, Average Selling Price and Production

We booked revenue of \$1,839 million in 1Q23, a 50% increase from \$1,225 million achieved in 1Q22, mainly due to 17% higher average selling price (ASP) year-on-year (y-o-y) on the back of strong coal price. Revenue from sales of metallurgical coal accounted for 14% of ADRO's mining revenue in 1Q23. Our production volume in 1Q23 was 15.69 Mt, a 29% increase from 12.15 Mt in 1Q22, and our sales volume in 1Q23 was 15.72 Mt, a 29% increase from 12.20 Mt in 1Q22.

Cost of Revenue

Our cost of revenue in 1Q23 increased by 73% y-o-y to \$1,075 million from \$623 million in 1Q22, mainly due to higher royalty expense on the back of higher royalty rate for PT Adaro Indonesia (AI), higher volume and higher ASP compared to the year ago period. Following the implementation of new taxation and non-tax revenue (PNBP) since January 1, 2023, AI's royalty rate increased to the range of 14% to 28%, from 13.5% previously.

Total fuel cost increased by 46% in-line with higher fuel cost per liter and higher fuel consumption y-o-y. We recorded overburden removal of 56.45 Mbcm in 1Q23, 17% increase over 48.22 Mbcm in 1Q22. Strip ratio in 1Q23 was 3.60x, 9% decline from 3.97x in 1Q22 as the increase in production volume outpaced the increase in overburden removal. Coal cash cost per tonne (excluding royalty) in 1Q23 increased by 22% from 1Q22.

Royalties to Government and Corporate Income Taxes

Royalties to the Government of Indonesia and income tax expense reached \$622 million, 94% higher than \$320 million in 1Q22. This increase is in part due to higher sales and production, but is also significantly impacted by the new royalty rate, which came into effect with the implementation of IUPK-KOP.

After AI was granted the IUPK-KOP in September of 2022, starting from January 1, 2023, it began to implement the provision on taxation and non-tax revenue (PNBP) in accordance with the prevailing regulations.

The IUPK-KOP has increased AI's royalty rate to the range of 14% to 28%, from the previous 13.5%. However, the corporate income tax rate decreased from 45% to 22%. The IUPK-KOP also bring about other changes to AI's business, such as non-tax state revenue (PNBP) for central government and local government's portion in accordance with the provisions of laws and regulations. AI accounted for 75% of ADRO's production in 1Q23.

Operating Expenses

Operating expenses in 1Q23 increased by 68% to \$112 million from \$67 million in 1Q22, mainly due to higher sales expenses, employee costs, professional fees, and allowance for government charges. The increase in sales expenses were in-line with the increase in sales volume.

Operational EBITDA and Core Earnings

Operational EBITDA in 1Q23 declined by 4% to \$726 million from \$755 million in 1Q22. We recorded an operational EBITDA margin of 40%, weaker than 62% in 1Q22 primarily due to the implementation of IUPK-KOP.

We recorded core earnings of \$538 million in 1Q23, 11% higher than \$484 million in 1Q22. Core earnings excludes non-operational accounting items net of tax, which consisted of, among others, amortization of mining properties and prior year tax assessment.

Net profit for the period of \$526 million already accounted for the non-tax state revenue (PNBP) for central government and local government's portion of 6% for local government and 4% for central government.

Total Assets

Total assets at the end of 1Q23 increased by 29% to \$9,826 million compared with \$7,630 million at the end of 1Q22. Current assets at the end of 1Q23 were \$4,291 million, or 67% higher than \$2,573 million in 1Q22 mainly due to higher cash balance, prepaid taxes and inventory. At the end of 1Q23, our cash balance stood at \$3,011 million, 94% higher than \$1,556 million at the end of 1Q22. Non-current assets at the end of 1Q23 was 9% higher from the year ago period at \$5,535 million from \$5,057 million as investments in joint ventures and other investments increased.

Fixed Assets

Fixed assets as at the end of 1Q23 of \$1,509 million was 10% higher than \$1,368 million at the end of 1Q22 due to capex spending during the period mainly for heavy equipment, vessel, and aluminium smelter. Fixed assets accounted for 15% of total assets.

Mining Properties

At the end of 1Q23, our mining properties were 13% lower y-o-y to \$1,026 million from \$1,186 million, due to regular amortization.

Total Liabilities

Total liabilities at the end of 1Q23 was \$2,776 million, 2% higher compared to \$2,720 million in the same period last year mainly due to higher trade payable and accrued expenses. Current

liabilities increased by 2% y-o-y to \$1,004 million from \$980 million, and non-current liabilities also increased by 2% y-o-y to \$1,772 million from \$1,740 million.

Current Maturity of Long-Term Borrowings

The current portion of long-term borrowings in 1Q23 was \$161 million, 51% lower y-o-y compared to \$326 million at the same period last year.

Long-term Borrowings, net of Current Maturity

The non-current portion of long-term borrowings at the end of 1Q23 increased 4% y-o-y to \$1,358 million from \$1,303 million in the year ago period due to additional bank loans at our subsidiaries. The non-current portion of bank loans increased 20% to \$636 million from \$531 million y-o-y.

Debt Management and Liquidity

Our cash balance at the end of 1Q23 was \$3,011 million. We also had access to \$85 million in other investments and a total of \$173 million in undrawn committed loan facilities, which brought our total liquidity to \$3,270 million at the end of 1Q23.

Our interest bearing debts at the end of 1Q23 were \$1,519 million, 7% lower y-o-y, as the amount that we drew down from our bank facilities was offset by our regular loan payments.

Equity

At the end of 1Q23, our equity level was 44% higher y-o-y, or \$7,050 million, compared to \$4,910 million in 1Q22 due to higher retained earnings driven by higher profitability.

Cash Flows from Operating Activities

During 1Q23, cash flows used in operating activities was \$397 million, 285% lower compared with cash flow from operating activities of \$214 million in 1Q22 mainly driven by increase in payments of royalties and income taxes.

Cash Flows from Investing Activities

We booked \$116 million in net cash flows used in investing activities, 20% higher than \$96 million in 1Q22, driven by the increase in purchase of fixed assets.

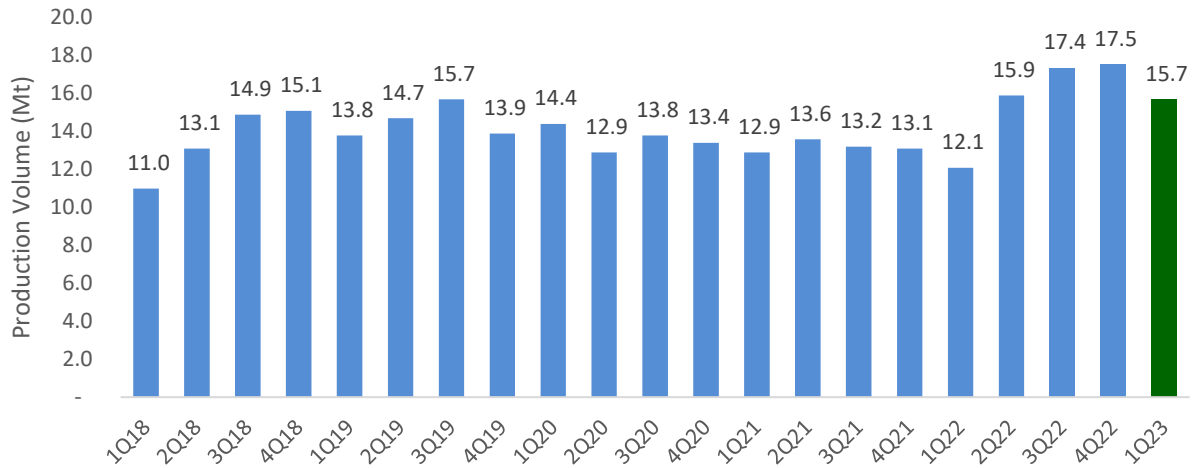
Capital Expenditure and Free Cash Flows

Our capital expenditure in 1Q23 was \$132 million, 87% higher than \$70 million in 1Q22. The capital expenditure spending in the period was mainly for the construction of aluminum smelter at \$15 million, purchase order of vessels amounting to \$31 million, and purchase and overhaul of heavy equipment at \$48 million. We also generated solid free cash flows of \$522 million in 1Q23, a 48% increase from \$352 million in 1Q22.

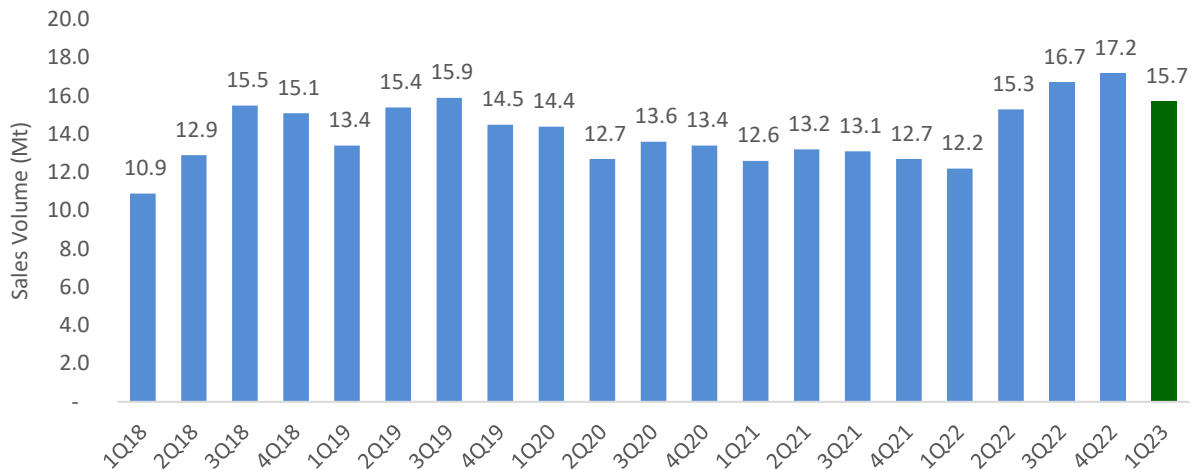
Cash Flows from Financing Activities

Net cash flows used in financing activities in 1Q23 was \$561 million, 51% increase over \$371 million in 1Q22, mainly due to higher dividend payments as we paid \$500 million of interim dividend in 1Q23 compared with \$350 million of interim dividends in 1Q22.

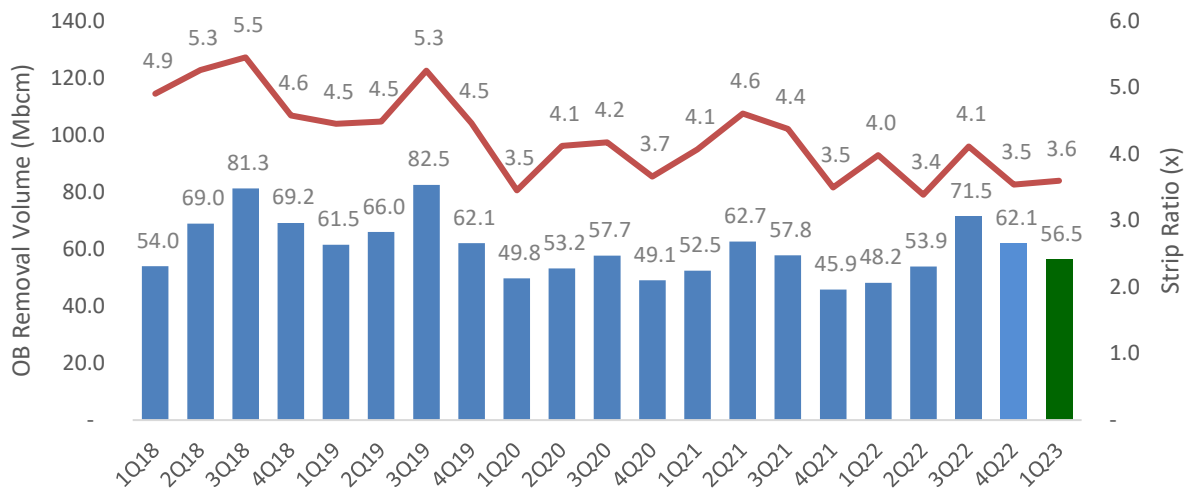
Historical Quarterly Production Volume



Historical Quarterly Sales Volume



Historical Quarterly Overburden Removal Volume and Strip Ratio



REVIEW OF THE THERMAL COAL MARKET IN 1Q23

We saw softening prices of both bituminous and sub-bituminous coals in the earlier part of the quarter, the price trends then reversed in mid-February until March. The softening sub-bituminous coal prices in early January to mid-February was due to Chinese New Year holidays and severe COVID-19 resurgence after China's reopening. China's manufacturing PMI in January saw a contraction before recovering gradually in February and March 2023, with PMI reaching the highest figure this year of 57.8 in March 2023. The recovery in China's economy after its reopening and easing COVID-19 cases have since improved electricity generation. As such, China's demand for coal strengthened in the second half of the quarter which corresponds with higher export volume from Indonesia. Demand for imports continued to rise in anticipation of slowing domestic supply due to tightened safety checks following a number of fatalities at the end of February 2023. Chinese power utilities also floated a slew of tenders for imported coal to cover demand.

Additionally, Indian import demand increased towards the end of the quarter on the back of the government's push to increase imported coal in anticipation of an extreme heatwave. To avoid a reoccurrence of last year's power crisis during the summer, the Indian government invoked an emergency law as of 21 February, asking utilities that use imported coal to operate at full generation capacity from mid-March to mid-June. Aside from higher imports, domestic output was also boosted to reach multi-year high, increasing by 45 Mt q-o-q. March saw the highest domestic volume on record at 91 Mt. Stockpiles continued to increase from a combination of domestic production and to a lesser extent the import market.

On the supply side, Indonesian exports remained high, averaging more than 40 Mt per month. Some supply disruptions occurred during January and February, such as bad weather at the South Kalimantan loading ports, and limited logistics capacity. Exports in January and February 2023 were below 40 Mt per month, but exports in March were particularly high, reaching 48 Mt driven by strong demand from China and India. The price of Indonesian 5000 GAR and 4200 GAR declined compared to the previous quarter by 20% and 15%, averaging around \$100/t and \$77/t, respectively.

On the high CV segment, the 6000 NAR price continued to drop from early January 2023 from around \$400/t to around \$177/t. Demand for high CV coals weakened as European imports struggled amidst high stockpiles and declining gas prices. Competitions between high CV coals to find a market outside Europe caused prices to edge lower. Nonetheless, prices started to stabilize again in March.

REVIEW OF THE METALLURGICAL COAL MARKET IN 1Q23

China's 1Q23 GDP growth of 4.5% reflected a recovery following its post-COVID reopening. Flat and long steel prices in China went up by 16% and 11% q-o-q, respectively, supported by expectation of stimulus-led recovery. However, the property sector remained weak with property FAI declining by 5.8% in 1Q23 while property sales by floor area dropped by 1.8%. Steel production in China increased 3.7% y-o-y from 246 Mt to 255 Mt during the first quarter of the year. The CFR China price increased in response to the higher steel prices and supply tightness in early March due to heightened safety checks, before softening in end of March 2023 as supply improved amidst uncertain downstream demand. China's appetite for imported steel also softened

despite the lower steel prices. Domestic Chinese coke makers were also cutting down production due to negative margins and weakening demand, putting pressure on coking coal demand and causing increasing stockpiles at mines. On a q-o-q basis, the PLV HCC CFR China price increased by 7%.

The PLV CFR China price was relatively behind PLV FOB Australia price. Supply recovery from Australia did not happen as expected, supporting prices to increase by 24% q-o-q. Several factors limited Australian coal exports in the first quarter of the year, i.e. labour shortage and train derailment that occurred at Blackwater line from end of January to end of February 2023. Amid the supply shortage, buyers competed to secure supply of HCC from Australia.

Indian economic condition in 1Q23 were robust with persistent expansion in the manufacturing PMI readings during the period. In addition, the government's programs to support infrastructure development and boost the industrial sector looks set to continue. At the same time, European mills went back to operations as energy prices declined. Supply tightness and robust demand continued to support the increase of PLV HCC FOB Australia which reached around \$385 per tonne in the second week of February 2023. Price has fluctuated since then and continued declining from third week of March 2023 due to the recommencement of the Blackwater line and waning demand. Despite the current decline, we estimate prices to stay at high levels given weak supply recovery.

REVIEW OF PT ADARO ENERGY INDONESIA TBK (IDX: ADRO) OPERATIONS

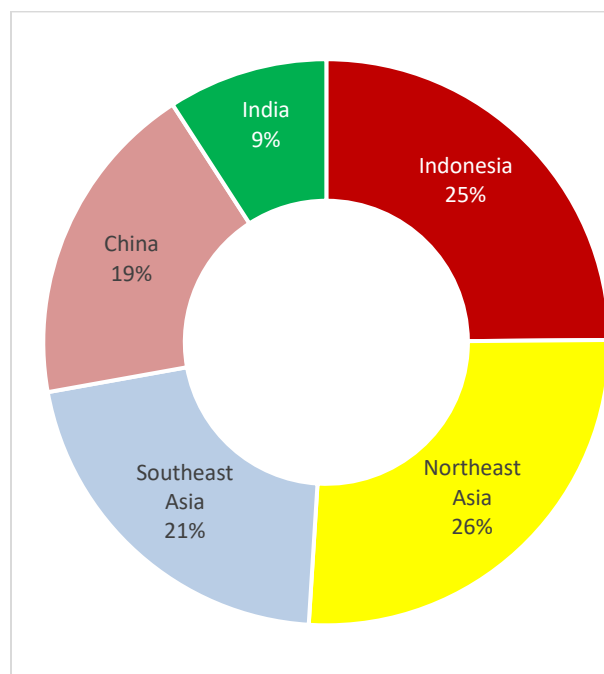
Production volume in 1Q23 of 15.69 million tonnes (Mt), corresponded to a 29% increase from 12.15 Mt in 1Q22. Coal sales volume in 1Q23 increased by 29% to 15.72 Mt from 12.20 Mt in 1Q22. The medium CV thermal coal product accounted for 70% of our total sales in 1Q23. Sales of ADMR's metallurgical coal also recorded strong increase of 44% to 0.85 Mt in 1Q23 from 0.59 Mt in 1Q22.

Overburden removal volume in 1Q23 reached 56.45 million bank cubic meter (Mbcm), 17% increase compared with 48.22 Mbcm in 1Q22. ADRO's strip ratio in 1Q23 was 3.60x, lower than 3.97x in 1Q22 as production volume increased higher compared to overburden removal volume. Overburden removal volume lagged due to the heavy rain at our operational area in the quarter. We experienced longer rain hours and rainfall volume in 1Q23 compared to in 1Q22..

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Coal Production	Mt	15.69	17.52	-10%	12.15	29%
AI	Mt	11.81	13.28	-11%	9.82	20%
Balangan Coal Companies	Mt	1.89	2.26	-16%	1.13	67%
ADMR	Mt	1.22	0.81	51%	0.62	97%
MIP	Mt	0.77	1.18	-35%	0.57	34%
Sales Volume	Mt	15.72	17.17	-8%	12.20	29%
Thermal - Medium CV	Mt	11.03	11.92	-7%	9.29	19%
Thermal - E4200	Mt	3.84	4.23	-9%	2.32	65%
Met Coal	Mt	0.85	1.02	-16%	0.59	44%
Overburden Removal	Mbcm	56.45	62.15	-9%	48.22	17%
AI	Mbcm	44.98	48.90	-8%	40.85	10%
Balangan Coal Companies	Mbcm	6.27	7.16	-12%	5.40	16%
ADMR	Mbcm	3.30	2.26	46%	1.47	124%
MIP	Mbcm	1.91	3.83	-50%	0.50	286%
Strip Ratio	x	3.60	3.55	1%	3.97	-9%

The domestic market is a key sales destination for Adaro and sales to Indonesia accounted for 25% of Adaro's total sales in 1Q23. China was our largest export destination in 1Q23, in line with its increased demand for imported coal in the period.

Adaro Sales by Destination in 1Q23



ADARO ENERGY PILLAR

1. MINING

PT Adaro Indonesia (AI)

AI, the company's main thermal coal asset, produced 11.81 Mt of coal in 1Q23, 20% higher than 9.82 Mt in 1Q22. AI's coal sales volume in 1Q23 increased 27% to 14.06 Mt from 11.04 Mt in 1Q22. Total overburden removal in the quarter was 44.98 Mbcm, 10% higher than 40.85 Mbcm in 1Q22. AI recorded a strip ratio of 3.81x in 1Q23, 8% lower from 4.16x in 1Q22.

After AI was granted the Special Mining Business Permit for the Continuation of Contract/Agreement Operation (IUPK-KOP) last year, starting from January 1, 2023, it began to implement the provisions on taxation and/or non-tax state revenue in accordance with the prevailing regulations.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Overburden Removal	Mbcm	44.98	48.90	-8%	40.85	10%
Coal Transported	Mt	13.69	15.66	-13%	10.92	25%
Coal Production	Mt	11.81	13.28	-11%	9.82	20%
Coal Sales	Mt	14.06	15.13	-7%	11.04	27%

Balangan Coal Companies (BCC)

Balangan Coal Companies transported 1.89 Mt of coal in 1Q23, 67% higher than 1.13 Mt in 1Q22. BCC recorded total overburden removal of 6.27 Mbcm in 1Q23, 16% higher from 5.40 Mbcm in 1Q22. Strip ratio in 1Q23 of 3.31x was 30% lower than 4.77x in 1Q22.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Overburden Removal	Mbcm	6.27	7.16	-12%	5.40	16%
Coal Transport to port	Mt	1.89	2.26	-16%	1.13	67%

Mustika Indah Permai (MIP)

In 1Q23, MIP recorded a 34% increase in coal production to 0.77 Mt from 0.57 Mt in 1Q22. Sales in the quarter reached 0.81 Mt, 42% increase from 0.57 Mt in 1Q22. Total overburden removal from MIP in 1Q23 was 1.91 Mbcm, 286% higher than 0.50 Mbcm in 1Q22. MIP's strip ratio for 1Q23 was 2.49x, 187% increase from 0.87x in 1Q22.

MIP continues to grow its market share in the region. China was its largest export destination in the period, followed by The Philippines and India. MIP also supplies its coal to the domestic market.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Overburden Removal	Mbcm	1.91	3.83	-50%	0.50	286%
Coal Production	Mt	0.77	1.18	-35%	0.57	34%
Coal Sales	Mt	0.81	1.02	-21%	0.57	42%

Kestrel Coal Mine (Kestrel)

In 1Q23, Kestrel recorded saleable coal production of 1.19 Mt, 33% lower than 1.77 Mt in 1Q22. Kestrel's coal sales in 1Q23 were 1.14 Mt, 32% decline from 1.67 Mt in 1Q22. Production was negatively impacted by high clay and stone composition from underground, as well as a major planned shutdown of processing plant in 1Q23, which impacted yield, feed and saleable tonnes.

Kestrel's sales destinations are dominated by customers in major Asian markets. India was Kestrel's largest sales destination in 1Q23 followed by Japan and Korea. Adaro Capital Ltd (48%), a subsidiary of ADRO, and EMR Capital Ltd (52%) own 80% of Kestrel.

2. SERVICES

PT Saptaindra Sejati (SIS)

In 1Q23, SIS's overburden removal volume increased 11% to 44.55 Mbcm from 40.10 Mbcm in 1Q22. SIS's coal transport to port volume in 1Q23 reached 14.80 Mt, a 27% increase from 11.61 Mt in 1Q22 in-line with Adaro Group's higher production performance. SIS continues to invest in capital expenditure to support the higher production target.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Overburden Removal	Mbcm	44.55	51.88	-14%	40.10	11%
Coal Transport to Port	Mt	14.80	16.62	-11%	11.61	27%

3. LOGISTICS

PT Maritim Barito Perkasa (MBP)

MBP's coal barging volume in 1Q23 increased by 34% to 15.00 Mt from 11.22 Mt in 1Q22. Volume from the Adaro Group accounted for 99.74% of MBP's total coal barging volume in 1Q23. MBP plans to increase its capacity to support the Adaro Group's higher sales target in 2023. MBP has put in orders for tugs and barges which will be gradually delivered from 4Q23.

MBP also continued the process to build the barge- to-barge transfer facility for ADMR's coal at a jetty currently being constructed at North Kelanis, which is scheduled to be completed in Q2 2023.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Coal barging	Mt	15.00	15.94	-6%	11.22	34%

4. POWER

Our power plants continue to have solid performance in 1Q23. PT Makmur Sejahtera Wisesa (MSW) unit #2 had a planned major outage early in the year, hence its actual availability factors (AF) was 60.01% on average up to the end of 1Q23. PT Tanjung Power Indonesia

(TPI) also had a planned outage and consequently its AF was 81.08% in 1Q23, with synchronization completed two days ahead of schedule. The availability factor for our newest power plant, PT Bhimasena Power Indonesia, was 86.79% during the quarter.

Adaro Power and PT Adaro Clean Energy Indonesia (ACEI) continue to support the Group's green initiatives. MSW's Solar PV in Kelanis produced 187.76 MWh in the first quarter, which is used to power the Group's operation. Other carbon emission reduction initiatives include the continuation of co-firing biomass at MSW in 1Q23 which produced 493.84 MWh during 1Q23. This equals 685.53 Ton CO₂e (1.71%) reduction of CO₂ equivalent.

5. WATER

Adaro Water actively supports the Indonesian government's program to increase access to clean water for the Indonesian people.

In the water treatment business, Adaro Water through its subsidiaries has been able to maintain its operational and financial performance in line with projections for Banjar Regency, South Kalimantan, 500 lps, Sampit City, Central Kalimantan, 320 lps, Gresik Regency, East Java, 400 lps and Dumai Regency, Riau province, 250 lps.

As at the end of 1Q23, EPC Contractor has been selected for a 500 lps water treatment plant for Medan City, North Sumatra and is in the process of installing a District Meter Zone/Area for the NRW Project in Bandung City, West Java (North Region), while also preparing for the construction of a 200 liter/second water treatment plant in Bekasi Regency, West Java.

In the mine water business, our slurry and dewatering pump operation continues to grow to support Adaro Group mining activities.

ADARO MINERALS PILLAR

PT Adaro Minerals Indonesia Tbk (IDX: ADMR)

In 1Q23, PT Adaro Minerals Indonesia Tbk (ADMR) reported a 97% increase in production volume to 1.22 Mt from 0.62 Mt in 1Q22. Sales volume in 1Q23 reached 0.85 Mt, 44% higher than 0.59 Mt in 1Q22. ADMR recorded overburden removal volume of 3.30 Mbcm in 1Q23, 124% increase from 1.47 Mbcm in 1Q22. This led to its strip ratio increasing to 2.70x in 1Q23 from 2.37x in 1Q22. In 1Q23, ADMR sold 95% of its coal to three countries, i.e. Japan, China and India. The positive feedback from customers and the increasing interest for its coal is expected to drive market expansion for ADMR's coal in 2023 with a target for sales of 3.8 to 4.3 Mt in FY23.

	Units	1Q23	4Q22	1Q23 vs. 4Q22	1Q22	1Q23 vs. 1Q22
Overburden Removal	Mbcm	3.30	2.26	46%	1.47	124%
Coal Transported	Mt	1.10	0.81	36%	0.69	60%
Coal Production	Mt	1.22	0.81	51%	0.62	97%
Coal Sales	Mt	0.85	1.02	-16%	0.59	44%

In 1Q23 ADMR has started pre-construction activities for its aluminum smelter project which included land preparation and earthworks in the project area, construction of a temporary jetty and preparation of project infrastructure such as construction of temporary offices and batching plant.

ADARO GREEN PILLAR

The Adaro Green pillar is set up to accommodate our aspiration to build a bigger and greener Adaro by seizing opportunities in Indonesia's green economy.

ADRO, through its subsidiary, owns 50% of shares in PT Kayan Hydropower Nusantara (KHN). KHN will develop the Mentarang Induk hydro power plant (1,375 MW) which will provide green electricity source to the North Kalimantan industrial park currently being developed by Adaro. As stated by President Joko Widodo during the groundbreaking ceremony of the project on March 1, 2023, the government fully supports Indonesia's economic transformation plans towards green economy, one of which is through the development of the Mentarang Induk hydro power plant.

In addition, ACEI through its subsidiary PT Adaro Sarana Energi Terbarukan (ASET) is currently developing other renewable projects with mining subsidiaries PT Maruwai Coal (MC) and AI. With MC, ASET has reached an initial agreement to develop a mini-hydro power plant (MHPP) project with 4 MW capacity in Central Kalimantan. With AI, ACEI is currently under an initial development stage for an 8 MWp / 4 MWh hybrid solar PV and BESS project which will be located in the mining port in Kelanis, Central Kalimantan.

On 16 March 2023, the Governments of Indonesia & Singapore signed MoU on Renewable Energy Cooperation to open cross-border electricity trading & facilitate investment on manufacturing industries in Indonesia.

On the same day, ACEI together with PT Medco Power Indonesia, PT Energi Baru TBS, and several manufacturers signed a Memorandum of Understanding to develop new and renewable energy, solar PV, and Battery Energy Supply System (BESS) supply chain in Indonesia.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

In 1Q23, we experienced four lost-time injuries (LTI) throughout Adaro Group's operations. We recorded a lost-time injury frequency rate (LTIFR) of 0.14, 27% increase from 0.11 in 1Q22, and severity rate (SR) of 3.28 in 1Q23, higher than 1Q22 SR of 2.85. Total man-hours worked in the 1Q23 period was 29,567,209, representing a 11% increase from 26,627,618 in 1Q22. We continue implementation of Adaro Zero Accident Mindset (AZAM) throughout the Adaro Group.

CORPORATE ACTIVITIES AND AWARD

February 2023

- The President of Indonesia, Joko Widodo, inspected the construction of KAI's aluminum smelter. The aluminum smelter project is located in the industrial park developed by PT Kalimantan Industrial Park Indonesia in North Kalimantan that is planned to support the government's downstream program for natural resources.

March 2023

- The President of Indonesia, Joko Widodo, inaugurated the groundbreaking of the Mentarang Induk Hydropower Plant (PLTA) in North Kalimantan. This hydropower plant, which is the largest in Indonesia with a capacity of 1,375 MW, will provide green electricity source to the North Kalimantan Industrial Park currently being developed by Adaro.
- PT Indonesia Multi Purpose Terminal launched Go Live Taboneo application, which is integrated with the Inaportnet application at the Port of Banjarmasin. With this application, it is hoped this will increase timing efficiency ship and good service, transparency of the service times and tariff imposed, and reduce logistical costs, thus increase competitiveness of Indonesia's logistical services.
- PT Adaro Clean Energy Indonesia, together with PT Medco Power Indonesia, PT Energi Baru TBS and several manufacturers signed a memorandum of understanding to develop NRE, Solar PV and Battery Energy Storage System (BESS) supply chains in Indonesia. The signing was witnessed by Indonesia's Coordinating Minister for Maritime and Investment Affairs, and Singapore's Senior Minister and Coordinating Minister for National Security. The cooperation is a part of the companies' commitment to support the government in achieving Net Zero Emission by accelerating the development of Indonesia's solar panel industry.
- PT Adaro Energy Indonesia Tbk was awarded the Change The World Award 2022 by Fortune Indonesia for their green initiative programs implemented by the Company. The award is for companies who bring positive impact and open opportunities for society, employees and the environment.
- PT Adaro Indonesia received an award from the Minister of Environment and Forestry for Best Watershed Rehabilitation Program. Total watershed area Adaro Indonesia rehabilitated was 8,630 hectares.

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