

**INFORMATION DISCLOSURE TO THE SHAREHOLDERS
ON AN AFFILIATED-PARTY TRANSACTION OF
PT ADARO ENERGY INDONESIA TBK
("THE COMPANY")**

This Information Disclosure to the Shareholders on the Affiliated-party Transaction (hereinafter referred to as "Information Disclosure") is compiled to present the explanation to all of the Company's shareholders regarding the capital reduction by PT Maruwai Coal ("MC"), PT Lahai Coal ("LC"), and PT Juloi Coal ("JC"), each of which being a limited liability company whose shares are 83.90% indirectly owned by the Company, executed by way of the withdrawal of some of the shares issued by MC, LC, and JC to Adaro International (Singapore) Pte. Ltd. ("AIS"), a limited liability company whose shares are 90% indirectly owned by the Company.

This transaction fulfills the definition of an affiliated-party transaction as set forth by the Regulation of the Financial Services Authority of the Republic of Indonesia (FSA) number 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict-of-Interest Transactions ("POJK 42/2020").

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS, EITHER SEVERALLY OR JOINTLY, ARE FULLY RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION DISCLOSURE AND THE AMENDMENT AND/OR ADDITION TO THE INFORMATION DISCLOSURE, IF ANY.

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS HEREBY DECLARE THAT THE INFORMATION AS DISCLOSED IN THIS INFORMATION DISCLOSURE IS COMPLETE, AND AFTER A DUE AND CAREFUL EXAMINATION, EMPHASIZE THAT THE INFORMATION STATED IN THIS INFORMATION DISCLOSURE IS TRUE, AND THAT THERE ARE NO RELEVANT AND MATERIAL FACTS OMITTED OR ELIMINATED IN SUCH A WAY THAT CAUSE THE INFORMATION PROVIDED HEREIN TO BE UNTRUE AND/OR MISLEADING.

THE COMPANY'S BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS DECLARE THAT THIS AFFILIATED-PARTY TRANSACTION DOES NOT CONTAIN ANY CONFLICT OF INTEREST.



PT Adaro Energy Indonesia Tbk

Business activities:

Operating head office activities and management consultation (for the businesses of subsidiaries operating in mining, excavation, mining support services, large-scale trading, logistics, warehousing, and logistics support activities, cargo handling (stevedoring), sea port service activities, plant agriculture, construction, engine repair and installation, power provision, water treatment, forestry and industry)

Head office:

Menara Karya, 23rd floor
Jl. H.R. Rasuna Said, Blok X-5, Kav. 1-2,
Jakarta 12950, Indonesia
Email: corsec@adaro.com
Website: www.adaro.com

This Information Disclosure is issued in Jakarta on January 31, 2023.

DEFINITION

Affiliation:	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
US\$:	United States dollar
AIS:	Adaro International (Singapore) Pte. Ltd.
AMI:	PT Adaro Minerals Indonesia Tbk
AMT:	PT Adaro Mining Technologies
ATA:	PT Alam Tri Abadi
Commissioner:	member of the Company's Board of Commissioners holding such position on the date of this Information Disclosure
Board of Directors:	the Company's Board of Directors holding such position on the date of this Information Disclosure
JC:	PT Juloi Coal
Independent Appraiser:	the Office of Appraisal Services of Amin, Nirwan, Alfiantori dan Rekan, an independent appraiser registered with the FSA, which has been appointed by the Company to appraise the fair value and/or fairness of the Transaction
LC:	PT Lahai Coal
Appraisal Report:	a written report prepared by the Appraiser, which contains the Appraiser's opinion on the object of the appraisal and presents the information on the appraisal process
MC:	PT Maruwai Coal
Capital Reduction:	the capital reduction of MC, LC, and JC through the reduction of the authorized capital and the issued and paid-up capital by way of the withdrawal of the shares issued by the three companies to AIS and return of share deposits by the three companies to AIS
Company:	PT Adaro Energy Indonesia Tbk, a publicly-listed company duly established and organized under the law of the Republic of Indonesia and domiciled in Jakarta, Indonesia
Controlled Company:	defined as set forth by POJK 42/2020
POJK 42/2020:	FSA's Regulation number 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict of Interest Transactions
Affiliated-Party Transaction:	defined as set forth by POJK 42/2020

I. INTRODUCTION

On January 29, 2023, MC, LC, and JC, each of which being a limited liability company whose shares are 83.90% indirectly owned by the Company, conducted capital reduction by withdrawing some of the shares issued by MC, LC, and JC to AIS, a limited liability company whose shares are 90% indirectly owned by the Company.

Pursuant to article 4 point 1 of POJK 42/2020, this transaction is an Affiliated-Party Transaction, for which an appraiser must be employed to determine the fair value and/or the fairness of the object of the Affiliated-Party Transaction and an announcement must be made to the public. In the fulfilment of POJK 42/2020, the Company's Board of Directors makes this Information Disclosure to the Company's Shareholders.

The Independent Appraiser's Report incorporated herein was compiled by the Office of Appraisal Services of Amin, Nirwan, Alfiantori dan Rekan number Nomor 00007/2.0044-09/BS/02/0421/1/1/2023 of January 30, 2023 on the Fairness Opinion on the Planned Transaction ("**Appraiser's Report**"). The Appraiser is in the opinion that this transaction is **fair**.

This Affiliated-Party Transaction executed by the Company complies with the procedure as set forth in article 3 of POJK 42/2020 and has been executed in accordance with the generally applicable business practices.

This Affiliated-Party Transaction is not a Conflict-of-Interest Transaction, and therefore does not require the prior approval of the Company's General Meeting of Shareholders as set forth in POJK 42/2020 and does not fulfil the definition of a Material Transaction as specified in the FSA regulation No. 17/POJK.04/2020 on Material Transactions and Changes to Business Activities ("**POJK 17/2020**"), as the total value of this transaction is less than 20% (twenty percent) of US\$5,506,613 (in thousand United States dollars), which is the Company's total equity value based on its Financial Statements of June 30, 2022, on which a limited review has been performed by Public Accountant Tanudiredja, Wibisana, Rintis & Rekan.

II. BRIEF DESCRIPTION ON THE TRANSACTION AND THE EFFECT OF THE TRANSACTION TO THE COMPANY'S FINANCIAL CONDITION

A. DESCRIPTION OF THE TRANSACTION

i. Background, Rationale and Benefits of the Transaction

This Capital Reduction is the Company's strategic initiative to further simplify and align the business units with the business lines to have a stronger and more efficient organizational structure and provide more flexibility for the Adaro Group to formulate long-term business strategies.

ii. Brief Description on the Transaction

The Capital Reduction will be executed by withdrawing the shares issued by MC, LC, and JC to AIS totaling Rp43,301,464,600.00 (forty three billion three hundred and one million four hundred sixty four thousand and six hundred rupiah); this share deposit amount will be returned to AIS.

The breakdown of Capital Reduction by MC, LC, and JC, respectively, is as follows:

- The capital reduction of MC is Rp13,698,871,200.00 (thirteen billion six hundred ninety eight million eight hundred seventy one thousand and two hundred rupiah);
- The capital reduction of LC is Rp21,904,703,890.00 (twenty one billion nine hundred and four million seven hundred and three thousand eight hundred ninety rupiah); and
- The capital reduction of JC is Rp7,697,889,510.00 (seven billion six hundred ninety seven million eight hundred eighty nine thousand five hundred and ten rupiah).

iii. Parties to the Transaction

1. The Company

Brief history

The Company was established based on the notarial deed of Sukawaty Sumadi, S.H., a Notary in Jakarta, number 25 of July 28, 2004. The Company's deed of incorporation was announced in the State Gazette of the Republic of Indonesia number 59 of July 25, 2006, Supplement to State Gazette number 8036, and approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number C-21493 HT.01.01.TH.2004 of August 26, 2004. The Company's Articles of Association have been amended several times with the latest amendment made by a notarial deed of Mahendra Adinegara, S.H., M.Kn. number 16 of February 15, 2022. Such amendment to the Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia by the decree number AHU-0011776.AH.01.02.TAHUN 2022 of February 16, 2022.

Management and supervision

Based on the notarial deed number 15 of February 15, 2022 made before Mahendra Adinegara, S.H., M.Kn., a notary in South Jakarta, which has been notified to the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the Receipt of the Notification on the Change in the Company's Data number AHU-AH.01.03- 0101648 of February 15, 2022, the compositions of the Company's Board of Directors and Board of Commissioners are as follows:

Board of Commissioners

President Commissioner:	Edwin Soeryadjaya
Vice President Commissioner:	Theodore Permadi Rachmat
Commissioner:	Arini Saraswaty Subianto
Independent Commissioner:	Mohammad Effendi
Independent Commissioner:	Budi Bowoleksono

Board of Directors

President Director:	Garibaldi Thohir
Vice President Director:	Christian Ariano Rachmat
Director:	Michael William P. Soeryadjaya
Director:	Chia Ah Hoo
Director:	M. Syah Indra Aman
Director:	Julius Aslan

2. AIS

Brief history

Adaro International (Singapore) Pte. Ltd. is the Company's Controlled Company incorporated in Singapore on September 26, 2000 with main business activities in coal trading and marketing. AIS changed its name from Coaltrade Services International Pte. Ltd. to Adaro International (Singapore) Pte. Ltd. on August 18, 2022.

Management

The composition of AIS' Board of Directors is as follows:

Board of Directors

Director:	Susanti
Director:	Low Wai Ing
Director:	Christian Ariano Rachmat
Director:	Pepen Handianto Danuatmadja
Director:	Mohammad Syah Indra Aman

3. MC

Brief history

MC was established based on the Deed of Incorporation No. 5 of February 5, 1998 approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree No. C2-753 HT.01.01.TH.'98 of February 11, 1998.

MC has amended its Articles of Association several times, with the latest amendment based on Deed No. 42 of December 12, 2022 as stated in the Decree of the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0005930.AH.01.02.Tahun 2023 of January 29, 2023 on the Approval of the Amendment to the Articles of Association of PT Maruwai Coal.

Management and supervision

Based on the notarial deed number 32 of September 10, 2021 and the Deed of Meeting Resolution No. 23 of April 5, 2022, by Notary Public Humbert Lie, S.H., M.H., M.Kn., the compositions of the MC's Board of Commissioners and Board of Directors are as follows:

Board of Commissioners

President Commissioner:	Garibaldi Thohir
Commissioner:	Christian Ariano Rachmat
Commissioner:	M. Syah Indra Aman
Commissioner:	Julius Aslan
Commissioner:	Chia Ah Hoo
Commissioner:	Lie Luckman

Board of Directors

President Director:	Iwan Dewono Budi Yuwono
Vice President Director:	Hendri Tamrin
Director:	Totok Azhariyanto
Director:	Heri Gunawan

4. LC

Brief history

LC was established based on the Deed of Incorporation No. 4 of April 3, 2000 approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree No. C-9716 HT.01.01.TH.2000 of May 4, 2000.

LC has amended its Articles of Association several times, with the latest amendment based on Deed No. 41 of December 12, 2022 as stated in the Decree of the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0006002.AH.01.02.Tahun 2023 of January 29, 2023 on the Approval of the Amendment to the Articles of Association of PT Lahai Coal.

Management and supervision

Based on the notarial deed number 31 of September 10, 2021 and the Deed of Meeting Resolution No. 22 of April 5, 2022, by Notary Public Humberg Lie, S.H., M.H., M.Kn., the compositions of the LC's Board of Commissioners and Board of Directors are as follows:

Board of Commissioners

President Commissioner:	Garibaldi Thohir
Commissioner:	Christian Ariano Rachmat
Commissioner:	M. Syah Indra Aman
Commissioner:	Julius Aslan
Commissioner:	Chia Ah Hoo
Commissioner:	Lie Luckman

Board of Directors

President Director:	Iwan Dewono Budiuyuwono
Vice President Director:	Hendri Tamrin
Director:	Totok Azhariyanto
Director:	Heri Gunawan

5. JC

Brief history

JC was established based on the Deed of Incorporation No. 6 of April 3, 2000 approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree No. C-9676 HT.01.01.TH.2000 of May 3, 2000.

JC has amended its Articles of Association several times, with the latest amendment based on Deed No. 39 of December 12, 2022 as stated in the Decree of the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0006004.AH.01.02.Tahun 2023 of January 29, 2023 on the Approval of the Amendment to the Articles of Association of PT Juloi Coal.

Management and supervision

Based on the notarial deed number 29 of September 10, 2021 and the Deed of Meeting Resolution No. 20 of April 5, 2022, by Notary Public Humberg Lie, S.H., M.H., M.Kn., the compositions of the JC's Board of Commissioners and Board of Directors are as follows:

Board of Commissioners

President Commissioner:	Garibaldi Thohir
Commissioner:	Christian Ariano Rachmat
Commissioner:	M. Syah Indra Aman
Commissioner:	Julius Aslan
Commissioner:	Chia Ah Hoo
Commissioner:	Lie Luckman

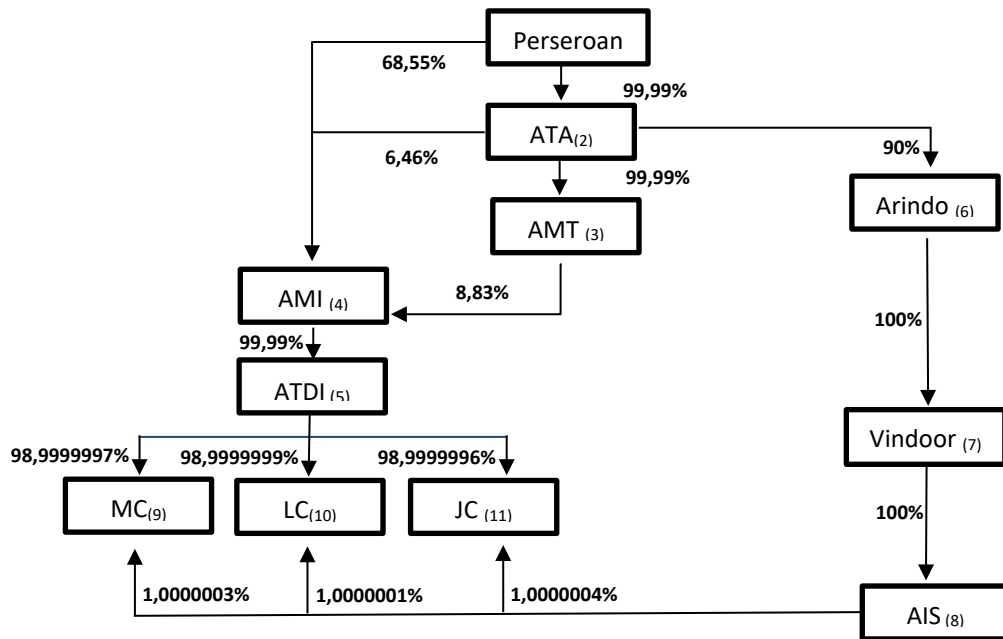
Board of Directors

President Director: Iwan Dewono Budiuyuwono
Vice President Director: Hendri Tamrin
Director: Totok Azhariyanto
Director: Heri Gunawan

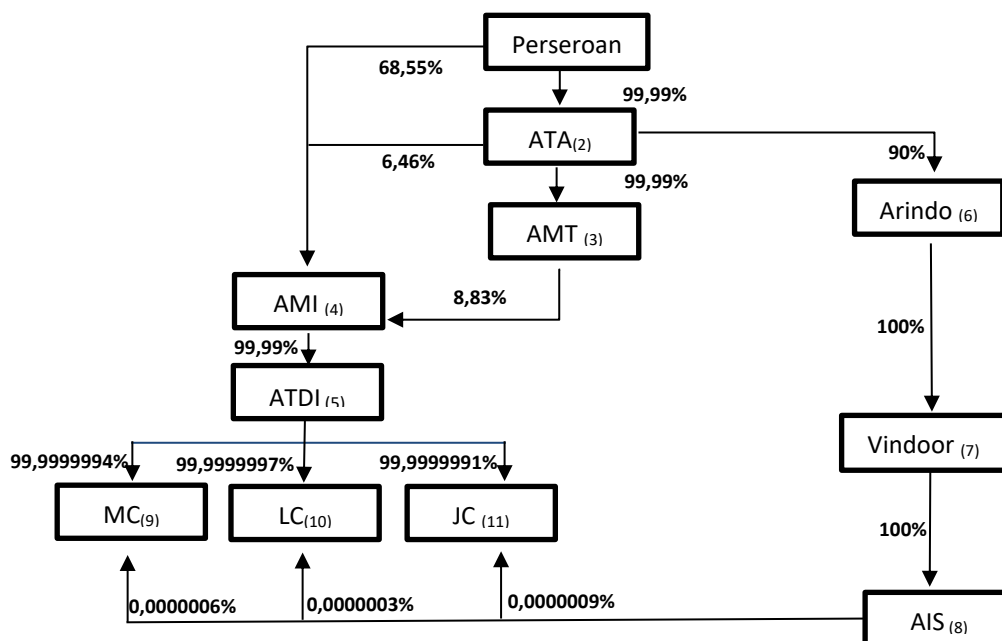
B. NATURE OF THE AFFILIATION OF THE PARTIES CONDUCTING THE TRANSACTION WITH THE COMPANY

This Transaction is categorized as an Affiliated-Party Transaction as defined by POJK 42/2020 due to the existence of affiliation relationship between 2 (two) companies being under the majority control, either directly or indirectly, of the same company, and the relationship of 2 (two) companies that share 1 (one) or more mutual member(s) of the Board of Commissioners or Board of Directors. The following chart presents the relationship structure of the Company's share ownership between AIS and MC, LC, and JC:

Prior to the Transaction:



After the Transaction:



Notes:

- (1) Company: PT Adaro Energy Indonesia Tbk
- (2) ATA: PT Alam Tri Abadi
- (3) AMT: PT Adaro Mining Technologies
- (4) AMI: PT Adaro Minerals Indonesia Tbk
- (5) ATDI: PT Alam Tri Daya Indonesia
- (6) Arindo: Arindo Holdings Ltd.
- (7) Vindoor: Vindoor Investments (Mauritius) Ltd.
- (8) AIS: Adaro International (Singapore) Pte. Ltd.
- (9) MC: PT Maruwai Coal
- (10) LC: PT Lahai Coal
- (11) JC: PT Juloi Coal

C. EFFECTS OF THE TRANSACTION ON THE COMPANY'S FINANCIAL CONDITION (PRO FORMA)

The Company's pro forma balance sheet (thousand of US\$)

Balance Sheet	Reviewed June 30, 2022	Transaction	Pro forma June 30, 2022
Current assets	3,600,352	(3,159)	3,600,352
Non-current assets	5,188,359	3,159	5,188,359
Total Assets	8,788,711	-	8,788,711
Short-term liabilities	1,579,219	-	1,579,219
Long-term liabilities	1,702,879	-	1,702,879
Total liabilities	3,282,098	-	3,282,098
Equity	5,506,613	-	5,506,613

The Company's pro forma profit and loss			(thousand of US\$)
Profit and Loss	Reviewed December 31, 2021	Transaction	Pro forma December 31, 2021
Revenue	3,541,348	-	3,541,348
Cost of revenue	(1,516,275)	-	(1,516,275)
Gross profit	2,025,073	-	2,025,073
Operating income	1,891,172	-	1,891,172
Profit for the year	1,345,402	-	1,345,402

D. EXPLANATION, CONSIDERATION AND REASON OF EXECUTING THE TRANSACTION COMPARED TO EXECUTING A SIMILAR TRANSACTION WITH A NON AFFILIATED PARTY

This Transaction is the Company's strategic initiative to further simplify and align the business units with the business lines to have a stronger and more efficient organizational structure and provide more flexibility for the Adaro Group to formulate long-term business strategies.

The documents regarding the execution of this Transaction have been prepared to incorporate the same terms and conditions as those incorporated in transactions made with an unaffiliated party, thus the terms and conditions of the Transaction have been made on an arm's length basis.

III. SUMMARY OF THE APPRAISER'S REPORT

Pursuant to article 4 of POJK 42/2020, Publicly-Listed Companies intending to execute an Affiliated-Party Transaction must use an Appraiser's service to determine the fair value of the object of the Affiliated-Party Transaction and/or the fairness of the transaction.

To ensure the fairness of the intended Transaction, the Company has appointed an Independent Appraiser, i.e. the Office of Appraisal Services of Amin, Nirwan, Alfiantori dan Rekan, to provide the Fairness Opinion on the Transaction, based on the Quotation number No.270/2.0044-09/ANA-P/SH/XII/22 of December 30, 2022, which has been approved by the Company.

The following is the summary of the fairness opinion as presented in the Report on the Fairness Opinion No. 00007/2.0044-09/BS/02/0421/1/I/2023 of January 30, 2023:

i. Identity of the parties

The Company is the assignor of this Appraisal. The counterparties to the Transaction are AIS and MC, LC and JC, and both counterparties are the Company's Controlled Companies.

ii. Object of the appraisal

The object of the fairness analysis herein is the transaction intended to be executed by the Company's subsidiaries (MC, LC, and JC) to reduce authorized capital, reduce issued and paid-up capital, and return the share deposit totaling Rp43,301,464,600.00 (forty three billion three hundred and one million four hundred sixty four thousand and six hundred rupiah) to AIS ("**Planned Transaction**").

iii. Purpose of Providing a Fairness Opinion

The purpose of compiling this fairness analysis is to provide a fairness opinion on the Planned Transaction, i.e. the reduction of the authorized, issued and paid-up capital by MC, LC, and JC, by way of the withdrawal of some of the shares issued by MC, LC, and JC to AIS and to fulfill POJK No. 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict-of-Interest Transactions.

iv. Assumptions and Limiting Conditions

A number of assumptions used in compiling this fairness opinion are:

- This Fairness Opinion is a non-disclaimer opinion.
- All of the data and information were obtained from credible sources.
- The Independent Appraiser reviewed the documents used in the appraisal process.
- In preparing the fairness opinion, the Independent Appraiser made a number of assumptions, such as the fulfilment of all conditions and the obligations of the Company and all other parties involved in the Planned Transaction and the accuracy of the information concerning the Planned Transaction as disclosed by the Company's management.
- This Appraisal was made in unpredictable condition (high level of uncertainty) due to the COVID-19 pandemic; therefore, the users of this appraisal report shall be mindful of this condition in determining the relevance between the result of the appraisal and their needs (with regard to the use of the result of the appraisal), particularly on the time difference between the date of appraisal and the time when the appraisal outcome is used to make business and economic / financial decisions.
- The Independent Appraiser did not conduct due diligence on the entities of parties conducting the Planned Transaction.
- The Independent Appraiser did not provide any opinion on the tax implication of the Planned Transaction. Their service with regard to the Planned Transaction is limited to providing the fairness opinion on the Planned Transaction and does not include accounting, audit or tax services. The Independent Appraiser did not study the legality of the Planned Transaction or the tax implication of the Planned Transaction.
- The Independent Appraiser has obtained the information on the legal status of the object of appraisal from the assignor.

v. Approaches and appraisal method

In compiling this Report of Fairness Opinion on the Planned Transaction, the Independent Appraiser conducted an analysis through the approaches and appraisal procedure on the Planned Transaction which include the following:

- a. Analysis on the Planned Transaction
- b. Qualitative and quantitative analyses on the Planned Transaction
- c. Analyses on the fairness of the Planned Transaction

vi. Fairness opinion on the Transaction

After considering the fairness analyses on the Planned Transaction, which consisted of qualitative, quantitative, and incremental analyses, the Independent Appraiser is of the opinion that, from the economic and financial perspectives, the Planned Transaction of Capital Reduction is **fair**.

IV. BOARD OF DIRECTORS' STATEMENT

The Company's Board of Directors declares that this Transaction has sufficiently fulfilled the applicable procedure and confirms that this Transaction has been executed in accordance with the generally applicable business practices, i.e. the procedure to compare the terms and conditions of a transaction equivalent to the transaction made between parties who do not have an Affiliated relationship and made by fulfilling the arm's-length principle.

V. BOARD OF COMMISSIONERS' & BOARD OF DIRECTORS' STATEMENT

The Company's Board of Commissioners and Board of Directors hereby declare that this Transaction is an Affiliated-Party Transaction which does not contain any conflict of interest.

The Company's Board of Commissioners and Board of Directors hereby declare that they have carefully reviewed the information provided with regard to the Transaction as presented in this Information Disclosure, and all material information regarding this Transaction has been disclosed in this Information Disclosure and the material information is true and not misleading. Subsequently, the Company's Board of Commissioners and Board of Directors hereby declare that they hold full responsibility on the accuracy of all information provided in this Information Disclosure.

VI. ADDITIONAL INFORMATION

The Company's shareholders wishing to receive further information on the Transaction can contact:

PT Adaro Energy Indonesia Tbk
Menara Karya, 23rd Floor
Jl. H.R. Rasuna Said
Block X-5, Kav. 1-2
Jakarta 12950
Indonesia
Email: corsec@adaro.com