

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

This information disclosure to the shareholders (hereinafter referred to as "**Information Disclosure**") is made to provide explanation to the public regarding the financial investment made by the Company through PT Alam Tri Abadi ("**ATA**"), a wholly-owned subsidiary of the Company, in the form of a share purchase of PT Merdeka Copper Gold Tbk ("**Merdeka**") owned by Merdeka's one of the non-controlling shareholders, i.e. Garibaldi Thohir, who is an affiliated party to the Company.

This transaction is categorized as an affiliated-party transaction 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 HEREWITH 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 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)

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This Information Disclosure is issued in Jakarta on April 30, 2021.

**DEFINITION**

<b>Affiliation:</b>	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
<b>US\$:</b>	United States' Dollar
<b>Director:</b>	member of the Company's Board of Directors holding such position on the date of this Information Disclosure
<b>Commissioner:</b>	member of the Company's Board of Commissioners holding such position on the date of this Information Disclosure
<b>Independent Appraiser:</b>	the Office of Appraisal Services of Desmar, Ferdinand, Hentriawan 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
<b>Company:</b>	PT Adaro Energy Tbk, a publicly-listed company duly established and organized under the law of the Republic of Indonesia and domiciled in Jakarta, Indonesia
<b>Controlled Company:</b>	defined as set forth by POJK 42/2020
<b>Affiliated-Party Transaction:</b>	defined as set forth by POJK 42/2020
<b>POJK 42/2020:</b>	FSA's Regulation number 42/POJK.04/2020 on Affiliated-Party Transactions and Conflict of Interest Transactions

## I. INTRODUCTION

Pursuant to the provision of POJK 42/2020, the Company's Board of Directors herewith issues this Information Disclosure to inform the shareholders that on April 28, 2021, the Company through ATA, a Controlled Company of the Company (a wholly-owned subsidiary of the Company), made a financial investment by purchasing 179,000,000 (one hundred seventy nine million) shares owned by Garibaldi Thohir on Merdeka for Rp433,180,000,000 (four hundred thirty three billion and one hundred eighty million rupiah) or Rp2,420 (two thousand four hundred twenty rupiah) per share ("**Transaction**").

This transaction is categorized as an Affiliated-Party Transaction as defined by POJK 42/2020 because Garibaldi Thohir is the Company's President Director and ATA's President Commissioner.

This Affiliated-Party Transaction made by the Company has complied 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.

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 of the object of the Affiliated-Party Transaction, whereas the fairness of the transaction must be announced to the public. The appraiser's report incorporated herein was compiled by the Office of Appraisal Services of Desmar, Ferdinand, Hentriawan dan Rekan number 00027/2.0142-00/BS/02/0177/I/IV/2021 of April 26, 2021 on the Fairness Opinion on the Planned Transaction ("**Appraiser's Report**"). The Appraiser's Report provides the fair value of this transaction.

This Affiliated-Party Transaction is not a Conflict-of-Interest Transaction, and therefore does not require a prior approval from the Company's general meeting of shareholders as set forth in POJK 42/2020.

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

### A. DESCRIPTION ON THE TRANSACTION

#### i. Reason and Background of the Transaction

The Company currently has good financial position and liquidity. Therefore, the Company has the flexibility to make measured financial investments in instruments with higher risk level and better rate of return than conservative financial investments such as time deposit placements with commercial banks.

This long-term financial investment is intended for share ownership in a large amount. To obtain the intended number of shares, the financial investment was made by acquiring Merdeka shares owned by Garibaldi Thohir as a non-controlling shareholder who intended to sell his shares in Merdeka.

The price was agreed at Rp2,420 (two thousand four hundred and twenty rupiah) per share. The Company believes that this price reflects the fair value of Merdeka at the time the share purchase was made on April 28, 2021.

The Company has also made a review on its own risk profile or its tolerance level against the positive and negative fluctuations of this financial investment. The Company maintains its financial investment principle, which among others includes ensuring risk profile review, good investment diversification, and regular monitoring and balancing of investment portfolio. This financial investment in shares by the Company is an ordinary investment activity normally executed within the treasury management of a corporation.

The Company has chosen to invest in the shares of gold and copper commodity sector to hedge against the inflation since the Company views this sector to have good fundamentals in the current economic condition. The Company has made the necessary research and internal coordination to decide on this financial investment.

The Company views gold as a resilient commodity in challenging economic condition. While interest rates are currently rather low as many countries have relaxed their monetary policy, gold offers the potential to be an attractive long-term investment option. The Company also sees the gradual increase in the world demand for copper while supply remains limited.

The Company is of the opinion that Merdeka, a company which conducts businesses in gold, copper and silver mining and owns 4 (four) highly promising mining projects, is a good financial investment option. The Company also views that Merdeka is led by an experienced management board with excellent track records.

#### **ii. Benefits of the Transaction**

The amount of cash allocated by the Company for this financial investment is Rp433,180,000,000 (four hundred thirty-three billion and one hundred eighty million rupiah) or only 2.62% (two point sixty two percent) of the Company's total cash and equivalents as at December 31, 2020. A substantial amount of the Company's cash and equivalents has been placed in conservative and risk-free financial instruments to ensure prudent investment approaches.

The risk profile of this financial investment is measurable and acceptable by the Company. The Company believes this financial investment will generate a good rate of return and enhance its performance. Ultimately, this will bring positive impacts to the shareholders.

By executing this financial investment, the Company will have a balanced and optimum investment portfolio.

#### **iii. Brief Description on the Transaction**

The Company, through ATA, its wholly-owned subsidiary, has made a financial investment by purchasing 179,000,000 (one hundred seventy nine million) shares owned by Garibaldi Thohir on Merdeka for Rp433,180,000,000 (four hundred thirty three billion and one hundred eighty million rupiah) or Rp2,420 (two thousand four hundred twenty rupiah) per share. The share purchase was executed on April 28, 2021.

#### **iv. Value of the Transaction**

This financial investment made by the Company totals Rp433,180,000,000 (four hundred thirty-three billion and one hundred eighty million rupiah).

#### **v. The Parties Involved in the Transaction**

##### **1. ATA**

###### Brief history

ATA is a Controlled Company of the Company. ATA was established based on the notarial deed of Ir. Rusli, S.H., a Notary in Jakarta, number 2 of December 1, 2004. ATA's deed of establishment was announced in the State Gazette of the Republic of Indonesia number 52 of July 1, 2005, Supplement to State Gazette number 6922, and approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number C-31123 HT.01.01.TH.2004 of December 23, 2004. ATA's Articles of Association have been amended several times with the latest amendment made by a notarial deed of Humberg Lie, S.H., S.E., M.Kn. number 17 of February 11,

2020 to adjust article 3 of ATA's Articles of Association on the Purpose and Objective and Business Activities of ATA to the Indonesian Standard Industrial Classification (ISIC) of 2017. Such amendment to the Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on the Decree number AHU-0020997.AH.01.02.TAHUN 2020 of March 11, 2020.

#### Management and supervision

Based on the notarial deed of Humberg Lie, S.H., S.E., M.Kn. number 17 of February 11, 2020, 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.01.03-0134374 of March 11, 2020, the compositions of ATA's Board of Commissioners and Board of Directors are as follows:

#### Board of Commissioners

President Commissioner: Garibaldi Thohir  
Commissioner: Christian Ariano Rachmat  
Commissioner: Julius Aslan

#### Board of Directors

President Director: Chia Ah Hoo  
Director: M. Syah Indra Aman  
Director: Lie Luckman

#### **The Company as the controlling party on ATA**

#### 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 establishment 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 Humberg Lie, S.H., S.E., M.Kn. number 15 of July 2, 2020 to adjust article 3 of the Company's Articles of Association on the Purpose and Objective and Business Activities of ATA to the Indonesian Standard Industrial Classification (ISIC) of 2017. Such amendment to the Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on the Decree number AHU-0045230.AH.01.02.TAHUN 2020 of July 3, 2020.

#### Management and supervision

Based on the notarial deed of Humberg Lie, S.H., S.E., M.Kn. number 9 of June 11, 2019, 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.01.03-0289923 of June 25, 2019, the composition of the Company's Board of Commissioners is as follows:

#### Board of Commissioners

President Commissioner: Edwin Soeryadjaya  
Vice President Commissioner: Theodore Permadi Rachmat  
Commissioner: Arini Saraswati Subianto

Independent Commissioner: Dr. Ir. Raden Pardede  
 Independent Commissioner: Mohamad Efendi

Based on the notarial deed of Humberg Lie, S.H., S.E., M.Kn. number 70 of December 14, 2018, 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.01.03-0015107 of January 10, 2019, the composition of the Company's Board of Directors is as follows:

Board of Directors

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

Based on the Company's Annual General Meeting of Shareholders on April 26, 2021, all members of the Company's Board of Directors have been reappointed to hold their position until the closure of the Company's AGMS in 2026.

**2. Garibaldi Thohir**

Brief history

Garibaldi Thohir is an Indonesian citizen, who is based on the report of PT Ficomindo Buana Registrar, the Company's share registrar, as at December 31, 2020, was registered as the holder of 1,976,632,710 shares or 6.18% (six point eighteen percent) of the Company's shares. He has also been an indirect shareholder of the Company through PT Trinugaha Thohir since 2006. Garibaldi Thohir has been holding the position as the Company's President Director since 2004 and as ATA's President Commissioner since 2014.

**B. NATURE OF THE AFFILIATION OF THE PARTIES INVOLVED IN THE TRANSACTION WITH THE COMPANY**

This Transaction is categorized as an Affiliated-Party Transaction as defined by POJK 42/2020.

The Company has an affiliated relationship with Garibaldi Thohir as defined in POJK 42/2020 because Garibaldi Thohir is the Company's President Director and ATA's President Commissioner.

**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	Audited 31 December 2020	Transaction	Pro forma 31 December 2020
Current assets	1,731,619	-	1,731,619
Cash and equivalents	1,173,703	(30,711)	1.142.992
Other investments, current portion	152,809	30,711	183.520
Non-current assets	4,649,947	-	4,649,947
<b>Total Assets</b>	<b>6,381,566</b>	-	<b>6,381,566</b>
Short-term liabilities	1,144,923	-	1,144,923
Long-term liabilities	1,284,929	-	1,284,929
<b>Total liabilities</b>	<b>2,429,852</b>	-	<b>2,429,852</b>

<b>Equity</b>	<b>3,951,714</b>	-	<b>3,951,714</b>
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**The Company's pro forma profit and loss** (thousand of US\$)

<b>Profit and Loss</b>	<b>Audited 31 December 2020</b>	<b>Transaction</b>	<b>Proforma 31 December 2020</b>
Revenue	2,534,842	-	2,534,842
Cost of revenue	(1,958,113)	-	(1,958,113)
Gross profit	576,729	-	576,729
Operating income	284,897	-	284,897
Profit for the year	158,505	-	158,505

*\*Using JISDOR exchange rate as at December 31, 2020*

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

This Transaction was to be executed under the consideration and reason that this financial investment would be placed in a considerable amount, so to ensure that the intended number of shares would be obtained, the financial investment was made by acquiring the Merdeka shares owned by Garibaldi Thohir as a non-controlling shareholder who intended to sell his ownership in Merdeka.

In addition, this considerable large placement of investment would be difficult to be executed at once in the regular market.

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

**III. SUMMARY OF 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 transaction intended, the Company appointed an Independent Appraiser, i.e. the Office of Appraisal Services of Desmar, Ferdinand, Hentriawan dan Rekan, to provide the Fairness Opinion on the Transaction, based on the Quotation number 001/DFH-0177/PB-FO/II/2021/Rev of February 15, 2021, which had been agreed by the Company.

The following is the summary of the fairness opinion as presented in the Report on the Fairness Opinion on Transaction number 00027/2.0142-00/BS/02/0177/I/IV/2021 of April 26, 2021:

i. Identity of the parties

The Company is the assignor. The parties involved in the Transaction are ATA and Garibaldi Thohir as a non-controlling shareholder of MDKA.

ii. Object of fairness analysis

The object of the fairness analysis is the planned transaction of the Company to make a financial investment activity through ATA, a wholly-owned subsidiary of the Company, by purchasing 179,000,000 (one hundred seventy nine million) MDKA shares owned by a non-controlling shareholder of MDKA, i.e. Garibaldi Thohir, who is an affiliated party to the Company, for Rp2,420

(two thousand four hundred twenty rupiah) per share or a total amount of Rp433,180,000,000 (four hundred thirty-three billion, one hundred eighty million rupiah).

iii. Purpose of the provision of fairness opinion

A report on fairness opinion is required to fulfill POJK 42/2020.

iv. Assumptions and limiting conditions

- This fairness opinion is based on the evaluation, analysis and calculation of the data and information obtainable to us on the market and economic condition, the general business and financial condition, and government regulations on the plan of corporate action to be executed on the date this opinion is issued.
- All data, statements and information we received from the management and the data or information available to the public, particularly the economic and industry data, are deemed valid and sourced from credible sources.
- We do not provide opinion on the tax implication of this planned corporate action. The service we render to the Company with regard to this corporate action only includes the provision of the fairness opinion on the corporate action to be executed and does not include accounting, auditing or taxation services.
- In performing the analysis, we made assumptions and relied on the accuracy, reliability, and completeness of all financial information and other information provided to us by the Company or available in the public domain, which are basically true, complete and not misleading.
- We assume that on the date this fairness opinion is issued until the date of the planned corporate action, there will be no changes that may materially affect the assumptions used in the compilation of this fairness opinion. We are not responsible for reaffirming or completing or updating our opinion should there be any changes in the assumptions and conditions and other events occurring after the date of this letter.
- All disputes in the form of criminal or civil cases (within or outside the court) which are associated with the appraisal object are not under our responsibility.
- All changes made by the government or private parties which are related with the condition of the appraisal object, in this case the market condition etc., are not under our responsibility.
- This report on the fairness opinion can be used as the basis of decision making, however it shall neither be binding nor made to be the factor determining a decision resulting in legal implications, because this report on the fairness opinion was compiled simply based on our areas of discipline and capability.
- We have reviewed the documents used in the process of compiling the fairness opinion.
- This report of fairness opinion was compiled and intended only for the assignor, based on the purpose and objective as stated in the appraisal report.

v. Fairness opinion on the Transaction

Based on the evaluation and analysis on all related aspects to determine the qualitative and quantitative positive impacts of the Planned Transaction, we are of the opinion that the Planned Transaction to be executed by the Company through ATA for purchasing 179,000,000 (one hundred seventy nine million) MDKA shares owned by Garibaldi Thohir for Rp2,420,- (two thousand four hundred twenty rupiah) per share or totaling Rp433,180,000,000,- (four hundred thirty three billion and one hundred eighty million rupiah) is **fair**.

#### IV. BOARD OF DIRECTORS' STATEMENT

The Company's Board of Directors herewith 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 herewith 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 herewith 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 herewith declare that they hold full responsibility on the accuracy of all information provided in this Information Disclosure.

**VI. ADDITIONAL INFORMATION**

The Company's shareholders can contact the following for further information on the Transaction:

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