

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

This information disclosure to the shareholders (hereinafter referred to as "**Information Disclosure**") is made to provide explanation to the Company's shareholders regarding the signing of the Loan Agreement between PT Adaro Tirta Mandiri ("**ATM**"), a limited liability company whose shares are 99.99% (ninety nine point ninety nine percent) indirectly owned by the Company, and PT Grenex Tirta Mandiri ("**GTM**"), a limited liability company whose shares are 49% (forty nine percent) 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 October 18, 2022.

DEFINITION

Affiliation:	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
Rp:	Rupiah currency
Director:	member of the Company's Board of Directors holding such position on the date of this Information Disclosure
Commissioner:	member of the Company's Board of Commissioners holding such position on the date of this Information Disclosure
Independent Appraiser:	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
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
Affiliated-Party Transaction:	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

I. INTRODUCTION

On October 14, 2022, ATM and GTM signed a Loan Agreement whereby ATM would provide a loan to GTM in the amount up to Rp46,900,000,000.00 (forty six billion nine hundred million Rupiahs) ("**Loan Agreement**"). This facility would be used by GTM for, among others, funding its working capital.

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. To comply with the stipulation of POJK 42/2020, the Company's Board of Directors is hereby publishing this Information Disclosure to convey such information to the Company's shareholders.

The appraiser's report incorporated herein was compiled by the Office of Appraisal Services of Desmar, Ferdinand, Hentriawan dan Rekan number 00125/2.0142-00/BS/02/0177/1/X/2022 of October 11, 2022 on the Fairness Opinion on the Planned Transaction ("**Appraiser's Report**"). The transaction is appraised to be Fair by the appraiser.

This Affiliated-Party Transaction made by ATM and GTM 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.

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 by POJK 42/2020.

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

A. DESCRIPTION OF THE TRANSACTION

i. Rationale and Background of the Transaction

The Company is a vertically integrated energy company in Indonesia. The Company's business model is further strengthened by operating eight business pillars in the sectors of coal mining, energy, utilities and supporting infrastructure as the Company's main infrastructure of growth which utilizes the Company's resources and potentials.

The Company's management understands that clean water is a basic need of crucial importance. The years of experience in treating mine water into drinking water at the operational site have provided the Company with the special skills ready to be utilized for generating more significant benefits.

Therefore, the Company, through the Adaro Water business pillar, intends to build good accesses to drinking water and sanitation. Adaro Water, through ATM, provides drinking water, distribution channels, waste water treatment services, and water solution services under co-operation agreements with regional governments.

ATM, through one of its subsidiaries, GTM, is currently building a project of Drinking Water Supply System Installation of 200 liters per second capacity in Bekasi regency, for which construction is targeted to be completed by the end of 2023. Adaro Water strives to enhance performance by way of investing in water treatment and non-revenue water reduction.

The Company, through ATM, executed the Loan Agreement with GTM for funding infrastructure construction and the required working capital. The Company currently has sound financial position and liquidity level, securing ample flexibility to make investments. This Loan Agreement is among the investments that will deliver healthy returns to ATM and positive impacts to ATM's profitability going forward.

ATM and GTM ensure to regularly assess risk profiles, diversify investments prudently, and conduct monitoring and balancing on its investment portfolio.

ii. Benefits of the Transaction

With the execution of the Loan Agreement, the time period and process of the Loan Agreement can be used or executed very efficiently especially for the Company as the parent company. The Loan Agreement will also bring positive value for both parties and support the Company's goal with regard to increasing accessed to clean water, in addition to maximizing the return for ATM.

iii. Brief Description on the Transaction

On October 14, 2022, ATM and GTM signed the Loan Agreement. The loan facility would be used by GTM, among others, for funding its working capital.

The description of the Loan Agreement is as follows:

- Loan amount: up to Rp46,900,000,000.00 (forty six billion nine hundred million Rupiahs)
- Interest: 9.3% (nine point three percent) per annum
- Maturity date: 10 (ten) years after the date of the first loan disbursement according to the Loan Agreement
- Use of loan: for funding the working capital associated with the construction of Drinking Water Supply System in Bekasi with 200 liters per second capacity

iv. The Parties Involved in the Transaction

1. The Company as the controlling party on ATM

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 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 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

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

2. ATM

Brief history

ATM was established under the name PT Sarana Rekreasi Mandiri (“SRM”) based on the notarial deed number 1 of April 3, 2012. ATM’s deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number AHU-24396.AH.01.01.TAHUN 2012 of May 7, 2012. The change of the name SRM to ATM was made by Deed number 6 of July 1, 2016 before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, and has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on the Decree number AHU-0012666.AH.01.02.Tahun 2016 of July 1, 2016.

ATM is domiciled in Jakarta and located at Gedung Menara Karya, 22nd floor, Jl. H.R. Rasuna Said Blok X-5, Kav. 1-2, Jakarta 12950 Indonesia.

Management and supervision

Based on Deed number 40 of October 14, 2021, the composition of ATM’s Board of Commissioners is as follows:

President Commissioner: Garibaldi Thohir
Commissioner: Christian Ariano Rachmat
Commissioner: M. Syah Indra Aman
Commissioner: Rudy Ariffin
Commissioner: Lie Luckman

Based on the deed number 40 of October 14, 2021, the composition of ATM’s Board of Directors is as follows:

President Director: Ahmad Rosyid
Director: Edward Ennedi Rorong
Director: Sylvia Trianasari Tambunan
Director: Sindu Galih Putra

3. GTM

Brief history

GTM was established based on the notarial deed number 4 of November 10, 2020. This deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree number AHU-0031974.AH.01.02. of June 3, 2021.

GTM is domiciled in Bekasi and located at Ruby Commercial Blok TD-02 Summarecon Bekasi, Kel.Margamulya, Kec. Bekasi Utara, West Java, Indonesia.

Management and supervision

Based on the deed number 73 of October 28, 2021, the composition of GTM’s Board of Commissioners is as follows:

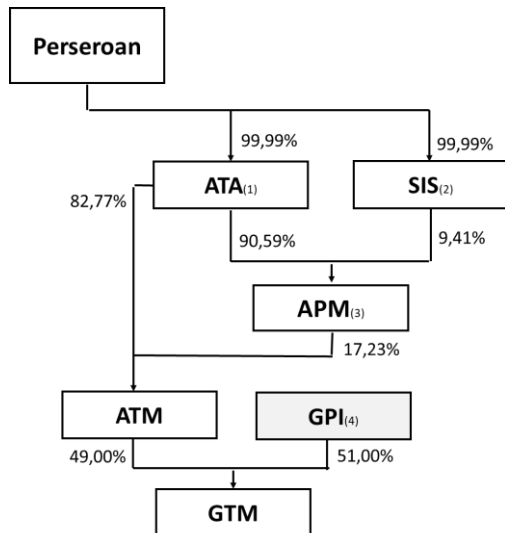
President Commissioner: Syahrizal Gazali
 Commissioner: Sylvia Trianasari Tambunan
 Commissioner: Vathin Inayati

Based on the deed number 200 of June 22, 2022, the composition of GTM’s Board of Directors is as follows:

President Director: Ahmad Rosyid
 Director: Edward Enneddy Rorong
 Director: Trisna Hudaya
 Director: Sindu Galih Putra

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 following chart presents the structure of the share ownership of ATM and GTM:



Remarks:

- (1) PT Alam Tri Abadi
- (2) PT Saptaindra Sejati
- (3) PT Adaro Persada Mandiri
- (4) PT Grenex Persada Indonesia

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)	3,597,193
Non-current assets	5,188,359	3,159	5,191,518
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 THE TRANSACTION COMPARED TO EXECUTING A SIMILAR TRANSACTION WITH A NON AFFILIATED PARTY

The Company, through ATM, did not make this investment in any third party because by making the investment in GTM as a part of the Adaro Water, the Company would not only optimize the return of its liquidity, but also grant support to the Adaro Water to keep developing into a profit center for the Company. This will certainly deliver more benefits to the Company compared to making such investment in any third party or other financial instruments.

Meanwhile, for GTM, this transaction will grant it more flexibility in term of funding availability for working capital and a relatively faster process compared to the process executed with third parties.

The documents regarding the Loan Agreement 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 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 0002/2.0412-00/PP-B/DSS-01/0177/IX/2022 of September 12, 2022, which had been approved by the Company.

The following is the summary of the fairness opinion as presented in the Report on the Fairness Opinion on Transaction number 00125/2.0142-00/BS/02/0177/1/X/2022 of October 11, 2022:

i. Identity of the parties

The Company is the assignor. The parties involved in the Transaction are ATM and GTM.

ii. Object of fairness analysis

The object of the fairness analysis herein is to provide a fairness opinion with regard to the plan for executing the Loan Agreement between ATM and GTM, whereby ATM as the Lender agrees to grant a loan in the amount up to Rp46,900,000,000.00 (forty six billion nine hundred million Rupiahs) to GTM as the Borrower with the interest rate of 9.3% per annum (hereinafter referred to as "**Planned Transaction**").

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

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

- This Fairness Opinion is a non-disclaimer opinion.
- 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 have reviewed the documents used in the process of compiling the fairness opinion.
- This fairness opinion was prepared to serve the interest of the capital market and requirement of FSA regulations and not for tax purposes or purposes other than the interest of the capital market.
- 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, and we are not responsible for conducting independent investigations on the said information. We also rely on the assurance of the Company's management that they are not aware of the existence of any facts that may cause the information provided to us become incomplete or 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.

v. Approaches and appraisal method

In compiling this Report of Fairness Opinion on the Planned Transaction, we have conducted an analysis using a number of approaches and procedure for appraising the Planned Transaction, which include the following:

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

vi. 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 in the form of granting a loan in the amount up to Rp46,900,000,000.00 (forty six billion nine hundred million Rupiahs) with an interest rate of 9.3% per annum is **fair**.

IV. BOARD OF DIRECTORS' STATEMENT

The Company's Board of Directors hereby 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 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 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