

PT ADARO ENERGY INDONESIA TBK (IDX: ADRO) 1H23 ACTIVITIES REPORT

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

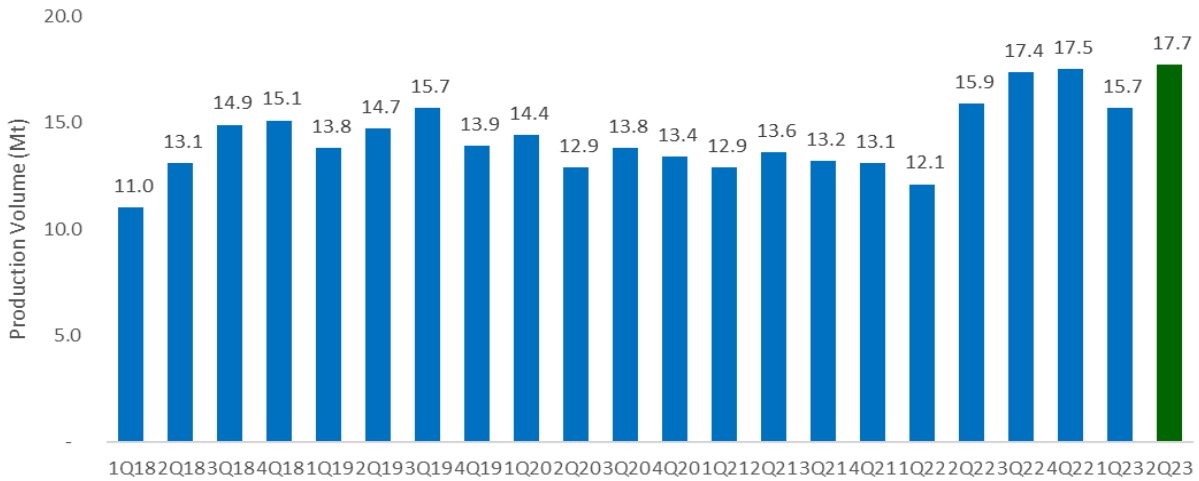
“Our achievements in 1H23 put us on track to reach the company’s 2023 targets and sustainable business growth in the long-term. Despite market fluctuations, demand for our products remained strong – emphasizing Adaro’s reputation as a reliable partner to our customers. Furthermore, the financial close for our aluminum smelter and related ancillary facilities is a milestone in our business expansion to minerals processing.”

“We strive to reach the optimum balance between shareholder returns and business expansion. This quarter we extended our share buyback program, whilst demonstrating our commitment to dividends.”

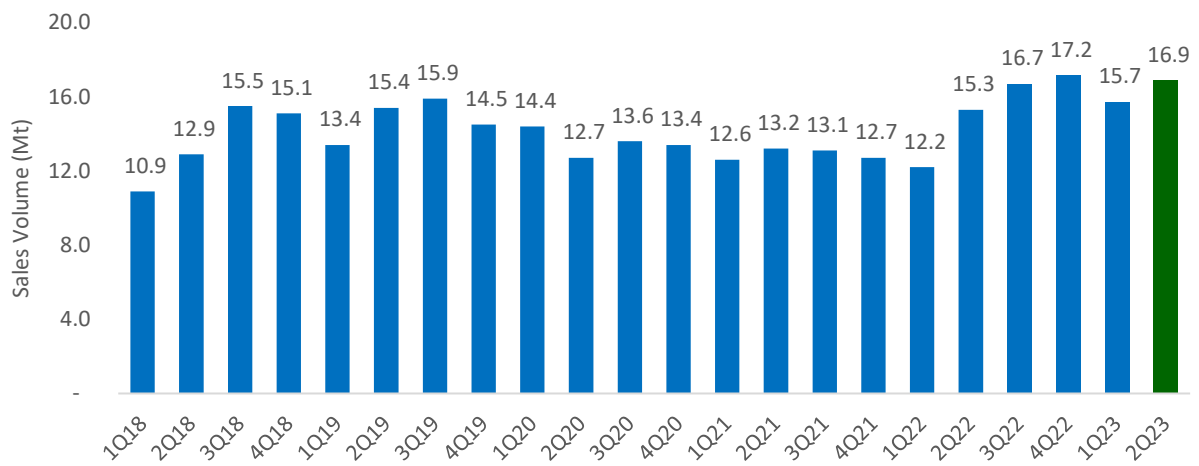
1H23/2Q23 HIGHLIGHTS

- Production volume of ADRO and its subsidiaries (Adaro Group) reached 33.41 Mt in H123, corresponding to a 19% increase from 1H22. Sales volume in the period of 32.62 Mt was 19% higher than in 1H22. We are tracking our FY23 sales volume target of 62 – 64 Mt.
- Sales of metallurgical coal through subsidiary PT Adaro Minerals Indonesia Tbk (ADMR) were up by 42% to 1.82 Mt in 1H23. ADMR is maintaining its sales volume target of 3.8 – 4.3 Mt in FY23.
- Overburden removal reached 129.83 Mbcm in 1H23, 27% higher than in 1H22. Our strip ratio reached 3.89x, 7% higher than in 1H22 and in line with our target of 4.2x for FY23.
- Indonesia remains our largest market, accounting for approximately 25% of our thermal coal sales in 1H23. While quarterly sales to the domestic market may fluctuate, our annual volume-based contracts keep us on target to contribute more than 25% of sales to the domestic market.
- We achieved financial close for our aluminum smelter and related ancillary facilities in May 2023, securing a total of \$1.585 billion and Rp 2.5 trillion.

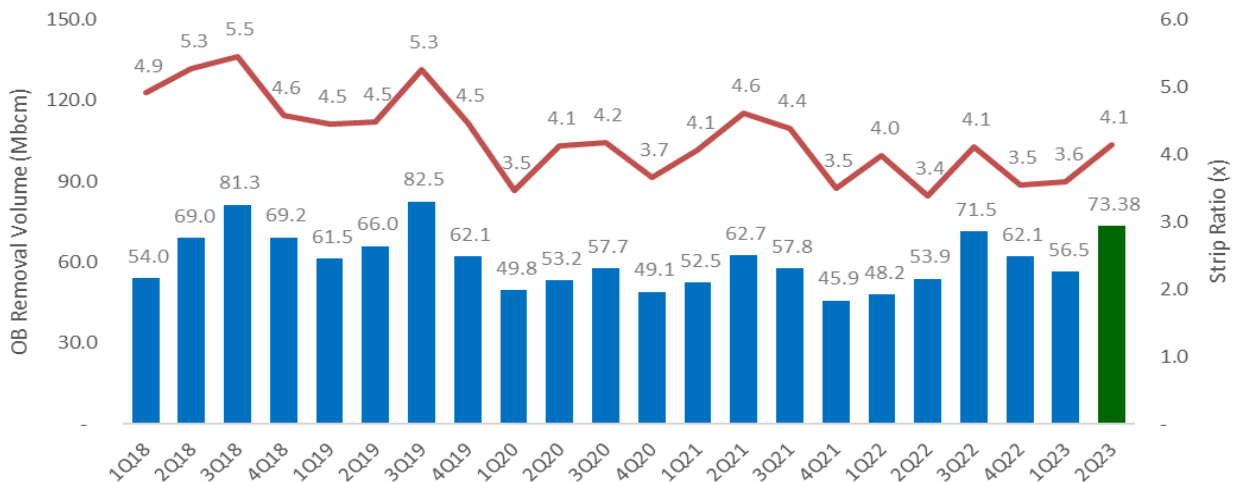
Historical Quarterly Production Volume (Mt)



Historical Quarterly Sales Volume (Mt)



Historical Quarterly Overburden Removal Volume and Strip Ratio

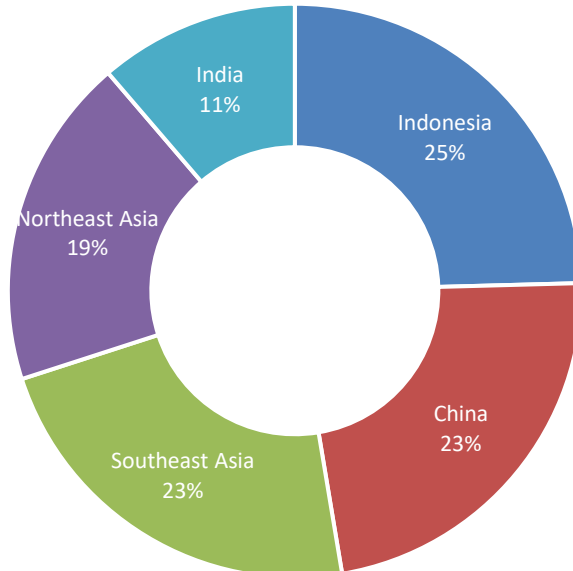


SUMMARY OF 1H23 OPERATIONS

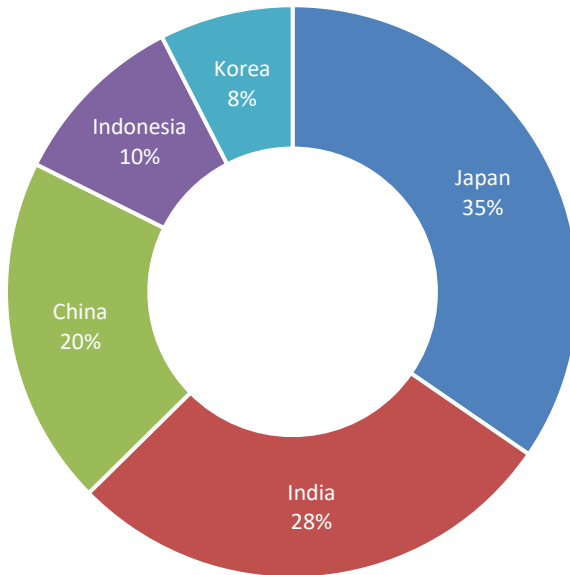
	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Production Volume	Mt	17.72	15.69	13%	15.87	12%	33.41	28.02	19%
AI	Mt	13.17	11.81	12%	13.06	1%	24.98	22.88	9%
Balangan Coal Companies	Mt	2.15	1.89	14%	1.36	58%	4.04	2.51	61%
ADMR	Mt	1.32	1.22	8%	0.91	45%	2.54	1.53	66%
MIP	Mt	1.08	0.77	40%	0.53	104%	1.84	1.10	68%
Sales Volume	Mt	16.90	15.72	8%	15.30	10%	32.62	27.50	19%
Thermal - Medium CV	Mt	11.44	11.03	4%	11.89	-4%	22.47	21.18	6%
Thermal - E4200	Mt	4.50	3.84	17%	2.72	65%	8.34	5.04	65%
Metallurgical Coal	Mt	0.97	0.85	14%	0.69	41%	1.82	1.28	42%
Overburden Removal	Mbcm	73.38	56.45	30%	53.83	36%	129.83	102.05	27%
AI	Mbcm	57.02	44.98	27%	44.53	28%	102.00	85.38	19%
Balangan Coal Companies	Mbcm	8.27	6.27	32%	6.52	27%	14.54	11.92	22%
ADMR	Mbcm	4.25	3.30	29%	2.02	110%	7.55	3.50	116%
MIP	Mbcm	3.84	1.91	101%	0.76	405%	5.75	1.25	360%
Strip Ratio	x	4.14	3.60	15%	3.39	22%	3.89	3.64	7%

ADARO GROUP SALES BY DESTINATION IN 1H23

Thermal Coal Sales



Sales of ADMR'S Metallurgical Coal (for steelmaking)



ADARO ENERGY PILLAR

1. MINING

PT Adaro Indonesia (AI)

- AI's production volume in 1H23 reached 24.98 Mt, 9% higher than in 1H22. Sales volume in the period reached 28.86 Mt, 14% higher than in 1H22.
- Total overburden removal from AI's three pits reached 102.00 Mbcm, up 19% from 1H22, resulting in a strip ratio of 4.08x in 1H23.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Overburden Removal	Mbcm	57.02	44.98	27%	44.53	28%	102.00	85.38	19%
Production Volume	Mt	13.17	11.81	12%	13.06	1%	24.98	22.88	9%
Sales Volume	Mt	14.79	14.06	5%	14.23	4%	28.86	25.27	14%

Balangan Coal Companies (BCC)

- Balangan Coal Companies produced 4.04 Mt of coal in 1H23, 61% higher than in 1H22. Total overburden removal of 14.54 Mbcm was 22% higher from 1H22, this resulted in a strip ratio of 3.59x in 1H23.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Overburden Removal	Mbcm	8.27	6.27	32%	6.52	27%	14.54	11.92	22%
Production Volume	Mt	2.15	1.89	14%	1.36	58%	4.04	2.51	61%

PT Mustika Indah Permai (MIP)

- MIP recorded a 67% increase in production volume vs 1H22, reaching 1.84 Mt. 1H23 sales volume reached 1.95Mt, an increase of 107% vs 1H22.
- Overburden removal volume in 1H23 of 5.75 Mbcm was 360% higher than in 1H22. MIP's overburden removal increased on the back of increased physical availability of heavy equipment and higher heavy equipment utilization supported by good weather condition. Strip ratio in 1H23 increased to 3.12x.
- MIP continues to grow its market share in the region, and during the quarter MIP added Malaysia as one of its customers. China was its largest export destination in the period, followed by The Philippines and India.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Overburden Removal	Mbcm	3.84	1.91	101%	0.76	407%	5.75	1.25	359%
Production Volume	Mt	1.08	0.77	40%	0.53	104%	1.84	1.11	68%
Sales Volume	Mt	1.14	0.81	41%	0.37	211%	1.95	0.94	108%

Kestrel Coal Mine (Kestrel)

- In 1H23, Kestrel recorded saleable coal production volume of 2.52 Mt, 21% lower than in 1H22. Kestrel's sales volume in 1H23 were 2.24 Mt, 29% decline from 1H22.
- The saleable production during 1H23 was less than forecast due to lower processing capacity as a result of high clay or dilution content in stocks being processed in the plant. This condition affected 1H23 performance and may result in FY saleable production being slightly lower than initially forecasted.
- Kestrel's sales destinations are dominated by customers in major Asian markets. Japan was Kestrel's largest sales destination in 1H23 followed by India and Korea. Adaro Capital Limited (48%), a subsidiary of ADRO, and EMR Capital Ltd (52%) own 80% of interest in Kestrel.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Saleable Production	Mt	1.34	1.19	13%	1.42	-5%	2.52	3.19	-21%
Sales Volume	Mt	1.10	1.14	-3%	1.53	-28%	2.24	3.18	-29%

2. SERVICES

PT Saptaindra Sejati (SIS)

- In 1H23, SIS's overburden removal volume increased 18% y-o-y to 100.04 Mbcm. SIS's production volume in 1H23 reached 31.12 Mt, a 16% increase from in 1H22 – in-line with Adaro Group's higher production output.
- Despite wet weather, SIS produced higher volume mainly from its sister companies in Adaro Group.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Overburden Removal	Mbcm	55.49	44.55	25%	44.45	25%	100.04	84.55	18%
Production	Mt	16.32	14.80	10%	15.24	7%	31.12	26.85	16%

3. LOGISTICS

PT Maritim Barito Perkasa (MBP)

- MBP's barging volume in 1H23 increased by 21% to 31.51 Mt compared to 1H22. The volume from the Adaro Group constituted almost the entire portion of MBP's total barging volume in 1H23.
- MBP continues to execute its plan to increase capacity to support the Adaro Group's higher sales target in 2023. Recently, the construction of the barge-to-barge transfer facility for ADMR's hard coking coal in North Kelanis has been completed.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Coal barging	Mt	16.51	15.00	10%	14.74	12%	31.51	25.96	21%

4. POWER

- Our power plants booked a solid performance in 2Q23. After the planned outage in 1Q23, the availability factor for PT Makmur Sejahtera Wisesa (MSW) reached 99.99%, averaging 80% up until June 2023. The availability factor for PT Tanjung Power Indonesia (TPI) was 99.26% in 2Q23, reaching 94.3% for YTD up to June 2023. Meanwhile, the availability factor for PT Bhimasena Power Indonesia (BPI) was 87.66% during the quarter, as BPI unit 1 has been undergoing planned outage from June until August 2023, bringing its availability factor to 87.22% for YTD up to June 2023.
- MSW's Solar PV in Kelanis produced 207.5 MWh in 2Q23, reaching 395.26 MWh for 1H23. Other carbon emission reduction initiatives include the continuation of biomass co-firing at MSW in 2Q23, which equals a 715 Ton CO₂e (1.79%) reduction of CO₂ equivalent, reaching 1,393 Ton CO₂e (1.73%) for 1H23. PT Adaro Power and PT Adaro Clean Energy Indonesia (ACEI) continue to support the Group's green initiatives.

5. WATER

- In 2Q23, PT Drupadi Tirta Intan, PT Adaro Tirta Mentaya, PT Adaro Tirta Gresik, and PT Dumai Tirta Persada continued to support the Indonesian government in its goal to increase distribution of clean water. Its water treatment businesses have been able to maintain operational and financial performance in line with projections.
- Meanwhile, development is ongoing for three other projects around Indonesia: the non-revenue water (NRW) project in Bandung with the installation of water meters by PT Adaro Tirta Wening in the designated District Meter Zones / Areas, the construction of a 200 lps water treatment plant in Bekasi by PT Grenex Tirta Mandiri and the signing of Effective Date Minute with the regional water utility company of Medan, Perumda Tirtanadi.
- In the mine water business, PT Adaro Tirta Sarana's slurry and dewatering pump operations continued to be expanded to support the Adaro Group's mining activities. PT Adaro Tirta Sarana has also built a 5-lps WTP in the area of PT Kalimantan Industrial Park Indonesia (KIPI) to support the smelter construction. The WTP has been operating since June 16th, 2023. In the same area, Adaro Water was in the pre-construction stage for 2x100 lps WTP expected to be ready by Q1 2024.

ADARO MINERALS PILLAR

PT Adaro Minerals Indonesia Tbk (IDX: ADMR)

- ADMR's production volume in 1H23 reached 2.54 million tonnes (Mt), a 66% increase over the period, with sales reaching 1.82 Mt, 42% higher than in 1H22. Production and sales increased in-line with the higher sales target for FY23. All production and sales in the period came from PT Maruwai Coal, which produces hard coking coal with ultra-low ash, low phosphorus and high vitrinite content.
- Overburden removal volume reached 7.55 Mbcm in 1H23, 116% higher than in 1H22, leading to a 1H23 strip ratio of 2.97x, 30% increase from 1H22. The good performance from our contractor and supportive weather conditions drove the higher overburden removal volume in the period.
- In 1H23, ADMR sold the majority of its coal to the export market with Japan as its largest sales destination. ADMR plans to expand its customer base by tapping into other key markets in the region. 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 sales volume target of 3.8 to 4.3 Mt in FY23.

	Units	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Overburden Removal	Mbcm	4.25	3.30	29%	2.02	110%	7.55	3.50	116%
Production Volume	Mt	1.32	1.22	8%	0.91	45%	2.54	1.53	66%
Sales Volume	Mt	0.97	0.85	14%	0.69	41%	1.82	1.28	42%

PT Kalimantan Aluminium Industry (KAI)

- In May 2023, KAI – a subsidiary of ADMR, was able to secure financing for the development of its aluminum smelter project with the capacity of 500,000 tons per annum located in the industrial park being developed by PT Kalimantan Industrial Park Indonesia, in North Kalimantan, Indonesia.
- In 2Q23, KAI completed the land preparation, earthworks, and construction of a temporary jetty. KAI continues to work on the construction of a temporary camp and other infrastructure facilities.

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. Through ACEI, the Adaro Group is undergoing feasibility studies to develop multiple renewable sources of energy.
- Post groundbreaking in 1Q23, pre-construction activities of PT Kayan Hydropower Nusantara, which will provide green electricity to the North Kalimantan industrial park, are progressing, with COD planned for 2030.
- In May 2023, PT Adaro Power with Total Eren S.A. (Total Eren) and PT Pembangkitan Jawa Bali Investasi (PJBI) signed a Power Purchase Agreement (PPA) with PT PLN (Persero) for the 70 MW Tanah Laut Wind Farm with Battery Energy Storage (BESS) 10 MW/MWh in Tanah Laut, South Kalimantan (Tanah Laut Wind Farm). The realization of Tanah Laut Wind Farm is also expected to support the renewable energy mix target and contribute to reduce CO2 emission by 220,000 tons per year. Tanah Laut Wind Farm will be the first wind power plant in Kalimantan, and the third in Indonesia. Adaro Group looks forward to developing more green projects with experienced and reputable partners.
- ACEI through its subsidiary PT Adaro Sarana Energi Terbarukan (ASET), is reducing some of the diesel generators used at PT Maruwai Coal with a 4MW mini-hydro power plant. The project is now tendering for EPC contractor and turbine manufacturer. ASET is also conducting technical study in preparation to develop a hybrid of solar PV and battery storage to reduce the diesel consumption at Kelanis coal terminal. ASET will continue developing renewable projects within Adaro Group to demonstrate the commitment to transform to green.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

In 1H23, we experienced six lost-time injuries (LTI) throughout Adaro Group's operations. We recorded a lost-time injury frequency rate (LTIFR) of 0.10 in 1H23, and severity rate (SR) of 2.35, with total man-hours worked in 1H23 of 60,548,562.

CORPORATE ACTIVITIES AND AWARD

May 2023:

- PT Adaro Energy Indonesia Tbk (ADRO) held its Annual General Meeting of Shareholders (AGMS) on May 11th 2023. Six agendas were discussed at the AGMS, which were the approval of the Company's Annual Report and ratification of the Company's Consolidated Financial Statement for the fiscal year of 2022, approval for the appropriation of the Company's net income for the fiscal year of 2022, approval for the appointment of the public accounting firm to audit the Company's Consolidated Financial Statements for the fiscal year of 2023, approval for the determination of the honorarium or salary and other benefits for the members of the Company's Board of Commissioners and Board of Directors for the fiscal year of 2023, approval for the reappointment of the Company's Board of Commissioners and Board of Directors, and approval for the share buyback by the Company.
- PT Adaro Power, together with Total Eren and PT Pembangkitan Jawa Bali Investasi (PJBI), signed Power Purchase Agreement with PT PLN (Persero) for the Tanah Laut 70 MW Wind Farm with Battery Energy Storage System (BESS) 10 MW/10 MWh.
- PT Adaro Energy Indonesia Tbk (ADRO) was one of the eight companies rated by CNBC Indonesia Research with Best Green Business rating during the Green Economic Forum.

June 2023:

- PT Adaro Energy Indonesia Tbk (ADRO) received an award from Tempo and IDN Financials during "Issuers Appreciation Night – Launching of the Tempo-IDN Financials 52 Index". ADRO is one of the issuers with trusted track record in the capital market that are included in the Tempo IDN Financials 52 Index in 4 categories, namely Main Index, High Dividend, High Growth and High Market Capitalization.

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