

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

This information disclosure on the affiliated-party transaction (hereinafter referred to as “**Information Disclosure**”) was prepared to inform the Company’s shareholders on the signing of a loan agreement between PT Alam Tri Abadi (“**ATA**”), a limited-liability company whose shares are 99.99% (ninety-nine point ninety-nine percent) directly owned by the Company, and PT Adaro Indonesia (“**AI**”), a limited-liability company whose shares are 88.47% (eighty-eight point forty-seven percent) indirectly owned by the Company.

This transaction fulfills the definition of affiliated-party transaction as set forth in Indonesian Financial Services Authority’s Regulation 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 is issued in Jakarta on May 7, 2024.

DEFINITION

Affiliation:	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
US\$:	United States dollar
Director(s):	(a) member(s) of the Company's Board of Directors holding such position on the issuance date of this Information Disclosure
Commissioner(s):	(a) member(s) of the Company's Board of Commissioners holding such position on the issuance date of this Information Disclosure
SOFR:	Secured Overnight Financing Rate
Independent Appraiser:	the Office of Appraisal Services of Desmar, Susanto, Salman 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:	as defined by POJK 42/2020
Affiliated-Party Transaction:	as defined 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 May 3, 2024, ATA and AI executed an Affiliated-Party Transaction by signing a loan agreement under which AI granted to ATA a loan amounting up to US\$550,000,000 (five hundred fifty million United States dollars) ("**Loan Agreement**").

Pursuant to article 4 point 1 of POJK 42/2020, the execution of the Affiliated-Party Transaction must use an appraiser service to determine the fair value of the object of the Affiliated-Transaction and/or the fairness of the transaction, and needs to be published to the public. In order to fulfill the provision of POJK 42/2020, the Company's Board of Directors issued this Information Disclosure to convey information to the Company's shareholders on such Affiliated-Party Transaction.

The Independent Appraiser Report used a reference is the report of the Office of Appraisal Services of Desmar, Susanto, Salman dan Rekan number 00025/2.0142-00/BS/02/0177/1/IV/2024 of April 29, 2024 on the Fairness Opinion on the Planned Transaction ("**Appraiser's Report**"). The Appraiser's Report gives a "**fair**" opinion on the Loan Agreement.

This Affiliated-Party Transaction has been through the procedure as set forth in article 3 of POJK 42/2020 and 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 fulfill 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 the Company's total equity value as stated in the Company's Financial Statements of December 31, 2023 audited by Public Accountant Tanudiredja, Wibisana, Rintis & Rekan, amounting to US\$1,481,750 (in thousand of United States dollars).

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, Background, and Benefits of the Transaction

The Company is a vertically integrated mining and energy company in Indonesia. It has business pillars in thermal and metallurgical coal mining, energy, utilities, supporting infrastructure, and metal processing as the main drivers of growth, which are operated by leveraging on its resources and potentials.

In addition to the coal mining business, the non coal mining businesses also need to be properly developed by the Company; therefore, the Company intends to continue strategically expanding and diversifying the non coal mining pillars. This measure will create more balanced business portfolio and better protection for the Company at all phases of coal market cycle, in addition to making significant contributions to the long-term value creation.

Therefore, through ATA, the Company executed the Loan Agreement with AI to be able to realize the sustainable growth plans whereby the Company will immediately execute and directly get involved in the commitment of the investment required by the Adaro Group in the future.

On the other side, AI currently has very healthy profitability and liquidity with the support of coal prices. This Loan Agreement is an investment that will provide a healthy return to AI and positive impacts on AI's profitability.

This Loan Agreement will also be used by ATA, among others, for investment purposes and other corporate purposes.

ATA and AI also ensure the availability of risk profile review, good investment diversification, as well as monitoring and balancing investment portfolio.

ii. Brief Description on the Transaction

On May 3, 2024, ATA and AI signed the Loan Agreement whereby AI granted a loan to ATA.

The details on the Loan Agreement are as follows:

- Loan principal value: up to US\$550,000,000 (five hundred fifty million United States dollars)
- Interest rate: SOFR plus 1.40% (one point forty percent) per annum
- Maturity date: 5 (five) years from the Loan Agreement's date
- Loan purpose: among others for investments and other corporate purposes

Pursuant to article 5 point (e) of POJK 42/2020, the Company is not required to apply the procedure as explained in article 3 of POJK 42/2020 and not obliged to fulfil the provision as explained in article 4 point (1) of POJK 42/2020 in the event that on a future date there is any transaction extending from this Loan Agreement, as this Loan Agreement serves as the initial transaction that forms the basis of such future transaction provided that the terms and conditions of this Loan Agreement do not encounter any change that may incur detrimental effects to the Company.

iii. Parties to the Transaction

1. The Company as a controlling party of AI and ATA

Brief history

The Company was established based on the Deed of Establishment made before Notary Sukawaty Sumadi, S.H., a Notary in Jakarta, number 25 of July 28th, 2004. The Company's deed of incorporation was announced in the State Gazette of the Republic of Indonesia number 59 of July 25th, 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 26th, 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 15th, 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 16th, 2022.

Management and supervision

Based on the notarial deed number 44 of May 22nd, 2023 made before Humberg Lie, S.H., S.E., M.Kn., a notary in North Jakarta, which has been received by 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.01.09- 0121980 of May 29th, 2023, 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. ATA

Brief history

ATA is a Controlled Company of the Company. ATA was established based on the Deed of Establishment made before Notary Ir. Rusli, S.H., a Notary in Jakarta, number 2 of December 1, 2004. ATA's deed of establishment was 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 and announced in the State Gazette of the Republic of Indonesia number 52 of July 1, 2005, Supplement to State Gazette number 6922, and its Articles of Association have been amended several times with the latest amendment made by a notarial deed of Humbert Lie, S.H., S.E., M.Kn. number 53 of September 20th, 2021. 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 0051320.AH.01.02 TAHUN 2021 of September 21st, 2021.

Management and supervision

Based on the notarial deed of Humbert 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

3. AI

Brief history

AI is a Controlled Company of the Company. AI was established based on the Notarial Deed no. 77, of November 11, 1982, made before Warda Sungkar Alurmei, S.H., a Notary in Jakarta. This deed was approved by the Minister of Justice of the Republic of Indonesia by Decree number C2-7797-HT.01.01.TH 83 of December 5, 1983 and announced in the State Gazette of the Republic of Indonesia number 27 and Supplement to State Gazette number 590 of April 4, 1989. AI's Articles of Association have been amended several times with the latest amendment based on Deed no. 141, of November 22, 2016 made by a notarial deed of Humbert Lie, S.H., S.E., M.Kn, a Notary in North Jakarta. Such amendment has been received by the Minister of Law and Human Rights of the Republic of Indonesia as confirmed by the receipt of the notification on the amendment to the articles of association no. AHU-AH.01.03-0100877, of November 22, 2016.

Management and supervision

Board of Commissioners

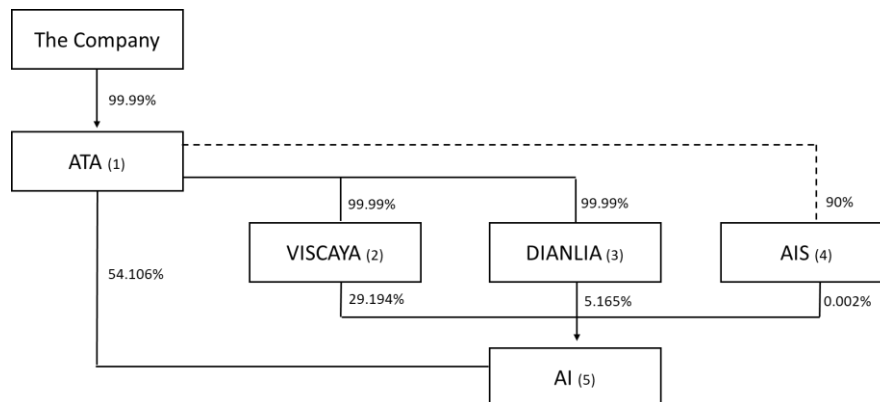
President Commissioner:	Garibaldi Thohir
Commissioner:	Christian Ariano Rachmat
Commissioner:	M. Syah Indra Aman
Commissioner:	Lie Luckman
Commissioner:	Julius Aslan
Commissioner:	Bundit Umpomsrisupap

Board of Directors

President Director:	Priyadi
Director:	Hendri Tamrin
Director:	Heri Gunawan
Director:	Djohan Nurjadi
Director:	Lili Pratiwi
Director:	Wahyu Sulistiyo

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

This Loan Agreement transaction is categorized as an Affiliated-Party Transaction as defined by POJK 42/2020. The following chart presents the affiliated-party relationship of ATA and AI, as the parties executing the Affiliated-Party Transaction, with the Company:



Notes:

- (1) *PT Alam Tri Abadi*
- (2) *PT Viscaya Investments*
- (3) *PT Dianlia Setyamukti*
- (4) *Adaro International (Singapore) Pte. Ltd.*
- (5) *PT Adaro Indonesia*

_____: Direct ownership
-----: Indirect ownership

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	Transaction	Pro forma
	December 31, 2023		December 31, 2023
Current assets	4,302,033	-	4,302,033
Non-current assets	6,170,678	-	6,170,678
Total Assets	10,472,711	-	10,472,711
Short-term liabilities	2,135,234	-	2,135,234
Long-term liabilities	928,727	-	928,727
Total liabilities	3,063,961	-	3,063,961
Equity	7,408,750	-	7,408,750

The Company's pro forma profit and loss			(thousand of US\$)
Profit and Loss	Reviewed	Transaction	Pro forma
	December 31, 2023		December 31, 2023
Revenue	6,517,556	-	6,517,556
Cost of revenue	(3,980,272)	-	(3,980,272)
Gross profit	2,537,284	-	2,537,284
Operating income	2,155,498	-	2,155,498
Profit for the year	1,854,878	-	1,854,878

D. EXPLANATION, CONSIDERATION AND RATIONALE FOR EXECUTING THE TRANSACTION IN COMPARISON WITH THE CONDITION IF A SIMILAR TRANSACTION IS EXECUTED WITH A NON-AFFILIATED PARTY

The Loan Agreement was executed because it would provide more efficient time and process compared to executing a loan with a third party. The position of the Company as a holding company is faced with a challenge in obtaining funding in quite a significant amount.

Therefore, this Loan Agreement will help the Company through ATA to execute and formulate the group's strategies. Meanwhile, for AI, this Loan Agreement will generate better interest income compared to a time deposit placement.

The documents associated with 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 Affiliated-Party 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 appointed an Independent Appraiser, i. e. the Office of Appraisal Services of Desmar, Susanto, Salman dan Rekan to provide the fairness opinion on the Loan Agreement, based on the quotation no. 0002/2.0142-00/PP-B/DSS-01/0177/II/2024 of February 18th, 2024, which has been approved by the Company.

The statement of the appraiser's report of fairness opinion as presented in the Report on the Fairness Opinion No. **00025/2.0142-00/BS/02/0177/1/IV/2024** of **April 29, 2024** is summarized as follows:

i. Identity of the parties

The Company is the assignor. The parties involved in the transaction are ATA and AI, both of which are Controlled Companies of the Company.

ii. Object of the fairness analysis

The object of the fairness analysis herein is to provide a fairness opinion with regard to the plan to execute the Loan Agreement between ATA and AI, whereby AI as the Loan Creditor agrees to grant a loan in the amount up to US\$550,000,000 (five hundred fifty million United States dollars) to ATA with the interest rate of SOFR + 1.40% per annum and the maturity date shall be five years from the agreement date (hereinafter referred to as "the Planned Transaction").

iii. Purpose of providing a fairness opinion

The Report Fairness Opinion is required for complying with POJK 42/2020.

iv. Assumptions and limiting conditions

The Appraiser's statement on several assumptions used in compiling this fairness opinion is:

- This Fairness Opinion is a non-disclaimer opinion.
- All of the data, statements and information received by the Appraiser from the management and the data and information available in the public domain, in particular those concerning the economic and industry data, are deemed accurate and obtained from the sources of credible accuracy.
- The Appraiser has reviewed the documents used in the process of rendering the fairness opinion.
- This report of fairness opinion is compiled to fulfill the capital market purposes and the FSA's provision and not for tax or other purposes other than the capital market purposes.
- In conducting the analysis, the Appraiser made a number of assumptions and depended on the accuracy, reliability and completeness of all financial information and other information provided by the Company or publicly available, which in principle was true, complete and not misleading, and the Appraiser is not responsible for conducting an independent examination on such information.

The Appraiser also relied on the warranty of the Company's management that they were not aware of any fact that may cause the information provided for the Appraiser become incomplete or misleading.

- The Appraiser assumes that from the issuance date of this fairness opinion until the execution date of the planned corporate action, there will be no changes that may have material effects on the assumptions used in compiling this fairness opinion. The Appraiser is not responsible for reaffirming or completing or updating the opinion due to the changes to the assumptions and conditions or events occurring after the date of this letter. All disputes in the forms of criminal or civil cases (in or out of court) associated with the appraisal object is not under the Appraiser's responsibility.
- Changes made by the Government or private parties concerning the condition of the appraisal object, on this matter the market condition, etc., are not within the Appraiser's responsibility.

v. Approaches and appraisal method

In compiling this Report of Fairness Opinion on this Affiliated-Party Transaction, the Appraiser conducted an analysis through the approaches and appraisal procedure on the planned Affiliated-Party Transaction that 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

Based on the study and analysis conducted on all associated aspects for determining the positive impacts of this Planned Transaction either qualitatively or quantitatively, the Appraiser is of the opinion that the Planned Transaction of loan disbursement up to US\$550,000,000 (five hundred fifty million United States dollars) by AI to ATA with the interest rate of SOFR+1.40% per annum and maturity date of five years from the Loan Agreement's date is **fair**.

IV. BOARD OF DIRECTORS' STATEMENT

The Company's Board of Directors declares that this Loan Agreement has been made with sufficient procedure and ensures that the Loan Agreement is executed in accordance with the generally applicable business practices, i. e. the procedure to compare it with the terms and conditions of a 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 Loan Agreement 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 Loan Agreement as presented in this Information Disclosure, in addition to affirming that all material information regarding this Loan Agreement 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 Loan Agreement transaction explained in this Information Disclosure 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