

**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 Company's shareholders regarding the signing of the 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 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 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)

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 27, 2022.

DEFINITION

Affiliation:	defined as set forth by article 1 of the Capital Market Law or POJK 42/2020
US\$:	United States Dollar
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
LIBOR:	London Interbank Offered Rate
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 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 January 25, 2022, ATA and AI signed a Loan Agreement whereby AI provided a loan to ATA in the amount up to US\$300,000,000.00 (three hundred million United States dollars) ("**Loan Agreement**"). This facility would be used by ATA for, among others, investment purposes and other corporate purposes.

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 to be announced to the public. To comply with the stipulation of POJK 42/2020, the Company's Board of Directors is herewith publishing this Information Disclosure to provide 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 00001/2.0142-00/BS/02/0177/1/1/2022 of January 21, 2022 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 made by ATA and AI 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 ON THE TRANSACTION

i. Reason 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 development for the coal mining as well as non coal mining businesses must be proceeded wisely. The Company plans to continue strategically executing expansion and diversification in its non coal mining pillars. This will create more balanced business portfolio and provide stronger protection for the Company at all phases of the coal cycle, which is highly cyclical in nature. This condition will also become an essential contributor for the creation of long-term value.

Therefore, through ATA, the Company executed the Loan Agreement with AI to realize its sustainable growth plan within which the Company will directly execute and get involved in the investment commitment needed by the Company and the group in the future.

On the other hand, AI currently has excellent profitability and liquidity levels. Therefore, the Loan Agreement is one of the investments that will generate sound rate of return to AI and positive effects on AI's profitability going forward.

ATA and AI always ensure to 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 the business development, and maximize rate of return for AI.

iii. Brief Description on the Transaction

On January 25, 2022, ATA and AI signed the Loan Agreement. This Loan Agreement would be used by ATA for investment purposes, among others.

The description of the Loan Agreement is as follows:

- Loan amount: up to US\$300,000,000 (three million United States dollars)
- Interest: LIBOR plus 3.42% (three point forty two percent) per annum
- Maturity date: December 31, 2028
- Use of loan: for investment purposes and other corporate purposes, among others

Other terms of the Loan Agreement:

- This Loan can be disbursed in currencies other than United States dollars with the exchange rates to be agreed by both parties.
- The interest period is calculated every 3 (three) months and it is due every end of March, June, September and December since the date of the Loan Agreement.
- The date of the first interest payment is March 31, 2022.

iv. The Parties Involved in the Transaction

1. The Company as the controlling party on AI

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 31 of May 20, 2021. 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 Receipt of the Notification number AHU-AH.01.03-0336458 and number AHU-AH.01.03-0336459 of May 28, 2021, and registered in Company Registry number AHU-0094808.AH.01.11 Tahun 2021 of May 28, 2021, and announced in the State Gazette of the Republic of Indonesia number 63, and the Supplement to State Gazette number 025360 of August 6, 2021 ("Deed number 31/2021").

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

Based on Deed number 31/2021, 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

2. 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 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 ATA's 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 20, 2021 to adjust article 3 of ATA's Articles of Association on the Purpose and Objective and Business Activities of ATA to the applicable Indonesian Standard Industrial Classification (ISIC). 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-0051320.AH.01.02 TAHUN 2021 of September 21, 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 of Warda Sungkar Alurmei, S.H., a Notary in Jakarta, number 77 of November 11, 1982. AI's deed of establishment was approved by the Minister of Law and Human Rights 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 made by a notarial deed of Humbert Lie, S.H., S.E., M.Kn., a Notary in North Jakarta number 141 of November 22, 2016. 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-AH.01.03-0100877 TAHUN of November 22, 2016.

Management and supervision

Board of Commissioners

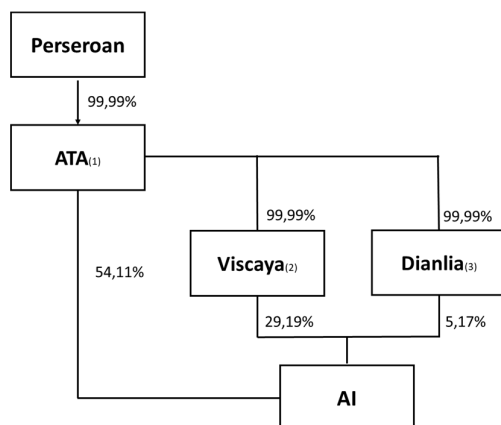
President Commissioner:	Garibaldi Thohir
Commissioner:	Christian Ariano Rachmat
Commissioner:	M. Syah Indra Aman
Commissioner:	Lie Luckman
Commissioner:	Julius Aslan
Commissioner:	Phisol Chansri

Board of Directors

President Director:	Chia Ah Hoo
Director:	Setya Ari Wibowo
Director:	Hendri Tamrin
Director:	Heri Gunawan
Director:	Djohan Nurjadi
Director:	Priyadi
Director:	Lili Pratiwi

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 the Company and AI:



Remarks:

(1) PT Alam Tri Abadi

(2) PT Viscaya Investments

(3) PT Dianlia Setyamukti

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, 2021	Transaction	Pro forma June 30, 2021
Current assets	1,988,693	-	1,988,693
Non-current assets	4,750,083	-	4,750,083
Total Assets	6,738,776	-	6,738,776
Short-term liabilities	810,728	-	810,728
Long-term liabilities	1,881,768	-	1,881,768
Total liabilities	2,692,496	-	2,692,496
Equity	4,046,280	-	4,046,280

The Company's pro forma profit and loss

(thousand of US\$)

Profit and Loss	Reviewed June 30, 2021	Transaction	Pro forma June 30, 2021
Revenue	1,562,757	-	1,562,757
Cost of revenue	(1,063,533)	-	(1,063,533)
Gross profit	499,224	-	499,224
Operating income	348,329	-	348,329
Profit for the year	189,295	-	189,295

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

The Loan Agreement was executed because it provided more efficient time and process compared to executing such agreement with a third party. The Company as a parent company would face certain challenges to obtain funding in a considerable amount.

Therefore, this Loan Agreement was perceived to be helpful for the Company in executing and formulating the group growth strategies. Meanwhile, for AI, this Loan Agreement will generate better interest income compared to a similar placement in a time deposit account.

The documents regarding the Loan Agreement and the Amendment to 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 004/DFH-0177/PB-FO/I/1022 of January 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 00001/2.0142-00/BS/02/0177/I/I/2022 of January 21, 2022:

i. Identity of the parties

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

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 ATA and AI, whereby AI as the Lender agrees to grant a loan in the amount up to US\$300,000,000.00 (three hundred million United States dollars) to ATA as the Borrower with the interest rate of LIBOR + 3.42% and maturity date of December 31, 2028 (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 Planned Transaction including the analysis on the background of the transaction and the parties involved in the Transaction, agreement and terms agreed in the Transaction, and valuation on the benefits and risk of the Transaction.
- b. Qualitative analysis including the history and business activities of the parties involved in the Transaction, analysis on the operational activities and the reasons for the Company to conduct the Transaction.
- c. Quantitative analysis including the analysis on the historical financial performance and the analysis on the Company's pro forma financial statements.
- d. Analysis on the fairness of the Planned Transaction including comparing the Planned Transaction with the valuation of similar transactions where the Planned Transaction can generate added value.

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 US\$300,000,000.00 (three hundred million United States dollars) by AI to ATA with an interest rate of LIBOR + 3.42% per annum and maturity date of December 31, 2028 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 wishing to receive further information on the Transaction can contact:

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