

PT ADARO MINERALS INDONESIA TBK 1Q24 EARNINGS NEWS RELEASE

Jakarta, April 30, 2024 – PT Adaro Minerals Indonesia Tbk (AMI, IDX: ADMR) today submitted its consolidated financial statements for the three-month period ending March 31, 2024 to OJK/IDX.

Mr. Christian Ariano Rachmat, President Director and Chief Executive Officer of PT Adaro Minerals Indonesia Tbk said:

“Our achievement in 1Q24 provides a solid start for the year. Although selling prices began to normalize towards the end of the quarter, we are pleased with the growing market acceptance of our products, not only from seaborne customers but increasingly from domestic buyers. Additionally, our investments in mining infrastructure to support production growth are progressing as planned, as is our investment into aluminium smelting.”

Highlights

- Production volume in 1Q24 reached 1.56 million tonnes (Mt) with sales reaching 1.05 Mt, a 27% and 24% increase from 1Q23, respectively.
- Overburden removal volume increased 62% to 5.34 million bank cubic meter (Mbcm), with strip ratio reaching 3.43x compared to 2.70x in 1Q23.
- 1Q24 operational EBITDA of \$156.07 million was 28% higher y-o-y on the back of higher sales volume. Core earnings increased 36% to \$118.13 million. Operational EBITDA and core earnings exclude non-operational and non-recurring items, and reflect the performance of our core business.
- Capital expenditure in the period reached \$77.10 million as we advanced construction of PT Kalimantan Aluminium Industry’s (KAI) aluminium smelter and continued to progress with infrastructure projects at PT Maruwai Coal (MC).
- KAI focused on completion of soil improvement, piling works, and foundation works in its aluminium smelter area. It has completed the heavy cargo berthing and the first phase of dredging in jetty area. Moreover, KAI has also completed the earthwork in the dormitory area.

Financial Performance

<i>(US\$ thousand, except otherwise stated)</i>	1Q24	1Q23	% Change
Revenue	274,536	238,249	15%
Cost of revenue	(117,474)	(103,606)	13%
Gross profit	157,062	134,643	17%
Operating income	146,500	114,154	28%
Core earnings ¹	118,125	87,105	36%
Operational EBITDA ²	156,068	121,533	28%
Total assets	1,782,351	1,343,984	33%
Total liabilities	629,530	664,322	-5%
Total equity	1,152,821	679,662	70%
Interest bearing debt	400,586	436,884	-8%
Cash	620,308	468,691	32%
Net debt (cash) ³	(219,722)	(31,807)	591%
Capital expenditure ⁴	77,098	21,578	257%
Free cash flow ⁵	108,496	(1,549)	-7,104%
Basic earnings per share (EPS) in US\$	0.0028	0.0021	33%

Financial Ratios

	1Q24	1Q23	Change
Gross profit margin (%)	57.2%	56.5%	1%
Operating margin (%)	53.4%	47.9%	5%
Operational EBITDA margin (%)	56.8%	51.0%	6%
Net debt (cash) to equity (x)	(0.19)	(0.05)	281%
Net debt (cash) to last 12 months operational EBITDA (x)	(0.36)	(0.06)	459%
Cash from operations to capex (x)	1.81	0.36	410%

¹ Profit for the period, excluding non-operational, non-recurring items net of tax.

² EBITDA excluding non-operational, non-recurring items.

³ After deduction of cash and cash equivalents.

⁴ Capex spending defined as: purchase of fixed assets + payment for addition of exploration and evaluation asset

⁵ Operational EBITDA – taxes – change in net working capital – capital expenditure.

Operating Segment

(US\$ Thousand)	Revenue			Profit for the period		
	1Q24	1Q23	% Change	1Q24	1Q23	% Change
Coal mining	274,202	237,678	15%	120,455	84,424	43%
Other services	814	1,051	-23%	(1,024)	613	-267%
Metal processing	-	-	-	(3,793)	-	100%
Elimination	(481)	(481)	0%	-	(1)	-
AMI Consol	274,536	238,249	15%	115,637	85,036	36%

FINANCIAL PERFORMANCE ANALYSIS FOR THE THREE-MONTH PERIOD ENDING MARCH 31, 2024 (1Q24)

Revenue, Average Selling Price and Production

Revenue in 1Q24 increased 15% to \$274.54 million driven by a 24% increase in sales volume, which balanced a 7% decline in ASP over 1Q23. AMI's high-quality metallurgical coal product was sold to a diversified mix of customers in Japan, Indonesia, South Korea, China, and India.

Production volume in 1Q24 increased 27% to 1.56 Mt, and overburden removal volume increased 62% to 5.34 Mbcm, resulting in a strip ratio of 3.43x for 1Q24.

Cost of Revenue

Cost of revenue in 1Q24 increased 13% to \$117.47 million mainly due to higher overburden removal and production volumes. Royalties to the Government declined 14% to \$40.98 million due to the lower price. Mining costs increased 44% to \$45.65 million, coal processing costs increased 40% to \$6.4 million, while freight and handling costs increased 35% to \$29.53 million. Fuel consumption volume in 1Q24 increased 47% on the back of increased activities, while fuel cost per litre was lower by 12% y-o-y. Coal cash cost per tonne in 1Q24 decreased by 20% as our operations scale up and volume increases.

Operating Expenses

Operating expenses in 1Q24 declined by 48% to \$11.28 million as we did not set aside an allowance for government charges in 1Q24 given our sales allocation to the domestic market. Employee costs increased 24% to \$3.72 million as the company's workforce grew to support expansion.

Operational EBITDA and Core Earnings

Operational EBITDA in 1Q24 increased 28% to \$156 million, and operational EBITDA margin for the period was 57%. Core earnings in 1Q24 increased 36% to \$118.13 million. Higher sales volume in the period supported revenue generation, while we recorded significantly lower operational expenses.

Total Assets

Total assets increased 33% to \$1,782 million at the end of 1Q24, consisting of \$892.41 million in current assets and \$889.95 million in non-current assets. Cash balance at the end of 1Q24 increased 32% to \$620.31 million on the back of strong cash flow generation. Cash accounted for 35% of total assets.

Fixed Assets

Fixed assets as at the end of 1Q24 increased by 44% to \$611.03 million mainly due to investments in KAI's aluminium smelter and infrastructure projects at MC. Fixed assets accounted for 34% of total assets.

Mining Properties

Mining properties at the end of 1Q24 declined by 6% year-on-year to \$170.87 million in-line with production.

Total Liabilities

At the end of 1Q24, total liabilities declined by 5% to \$629.53 million. Current liabilities increased 4% to \$201.30 million driven by higher trade payables. Non-current liabilities declined by 9% to \$428.23 million at the end of 1Q24 as loans from shareholders declined by 32% to \$296.88 million, having repaid a total of \$20 million in the period. Bank loans, net of loan financing costs, at the end of 1Q24 were \$98.47 million as we began to draw down loan for KAI.

Equity

At the end of 1Q24, equity increased 70% to \$1,153 million driven by the increase in retained earnings which increased to \$969.94 million driven by higher profit.

Cash Flows from Operating Activities

In 1Q24 our cash flows from operating activities increased significantly to \$139.72 million from \$7.67 million in 1Q23 mainly driven by higher receipts from customers in-line with higher revenue.

Cash Flows from Investing Activities

We recorded net cash flows used in investing activities of \$77.10 million in 1Q24, driven by a significant increase in purchases of fixed assets to \$76.17 million in 1Q24 related to MC's infrastructure projects and KAI's aluminium smelter construction.

Capital Expenditure and Free Cash Flow

Capital expenditure in 1Q24 was \$77.10 million, 257% higher than in 1Q23, and free cash flow in 1Q24 significantly increased to \$108.50 million. Capital expenditure was mainly spent for the construction of the aluminium smelter under KAI and MC's infrastructure projects. KAI alone accounted for \$57 million of this figure. Upon completion, the infrastructure upgrade projects will support our medium-term volume target and will enable us to reliably deliver our volume

commitments to customers. The first phase of KAI's aluminium smelter is expected to reach its commercial operations date (COD) in 2025 – which will diversify our revenue streams.

Cash Flows from Financing Activities

Net cash flows used in financing activities in 1Q24 increased 15% to \$29.58 million, mainly due to the repayment of shareholders' loan of \$20 million.

PT ADARO MINERALS INDONESIA TBK (IDX: ADMR) 1Q24 ACTIVITIES REPORT

Operational Highlights

- Production volume in 1Q24 reached 1.56 million tonnes (Mt) with sales reaching 1.05 Mt, a 27% and 24% increase from 1Q23, respectively.
- Overburden removal volume increased 62% to 5.34 million bank cubic meter (Mbcm), with a strip ratio of 3.43x compared to 2.70x in 1Q23 as we restarted the operation at PT Lahai Coal (LC) and expanded the operational areas at PT Maruwai Coal's (MC) Lampunut mine.
- Our ongoing investments in facilities and infrastructure to support higher volume continue to progress. We have started the construction of our second barge-loading conveyor project, fuel storage tank, and Lampunut Waterfront Camp in 1Q24.
- In 1Q24, PT Kalimantan Aluminium Industry (KAI) continued to advance the construction of the aluminium smelter. KAI has worked on the completion of soil improvement, piling works, and foundation works in the smelter area.

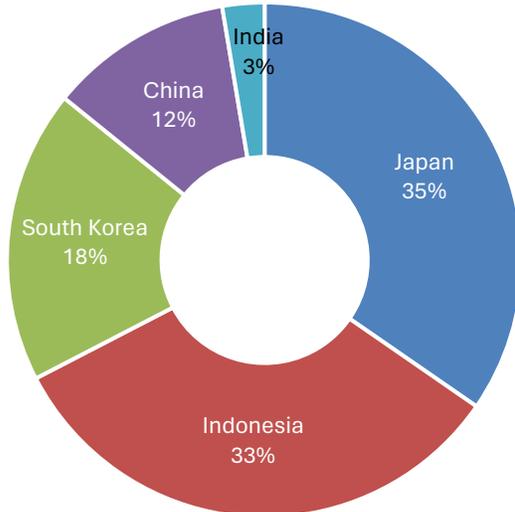
OPERATIONAL PERFORMANCE

PT MARUWAI COAL (MC) AND PT LAHAI COAL (LC)

- Metallurgical coal production volume in 1Q24 reached 1.56 million tonnes (Mt), a 27% increase over 1Q23, with sales reaching 1.05 Mt, 24% higher than in 1Q23. Overburden removal volume in 1Q24 reached 5.34 Mbcm, 62% higher y-o-y, leading to a strip ratio of 3.43x in 1Q24, 27% higher than in 1Q23.

	Units	1Q24	4Q23	1Q24 vs. 4Q23	1Q23	1Q24 vs. 1Q23
Overburden Removal	Mbcm	5.34	4.89	9%	3.30	62%
Maruwai	Mbcm	4.27	3.02	42%	3.30	30%
Lahai	Mbcm	1.07	1.87	-43%	-	-
Production Volume	Mt	1.56	1.13	38%	1.22	27%
Maruwai	Mt	1.45	0.93	56%	1.22	18%
Lahai	Mt	0.11	0.20	-45%	-	-
Sales Volume	Mt	1.05	1.45	-28%	0.85	24%
Maruwai	Mt	0.96	1.25	-23%	0.85	13%
Lahai	Mt	0.09	0.20	-55%	-	-

- Japan remained as our largest sales destination and accounted for 35% of sales in the quarter. Sales volume to the domestic market increased along with the growth in domestic demand on the back of increasing coke plants' capacity. Indonesia accounted for 33% of sales in 1Q24. The chart below shows our sales destination in 1Q24.



- To support our higher volume target, we are working on several facility and infrastructure projects, such as upgrading the hauling road, building a second barge-loading conveyor (BLC), adding a fuel storage tank, and building a new camp for employees. The first stage of the hauling road upgrade covers 39 km in length, and the second BLC has a planned capacity up to 3,000 tph. We continue to make good progress in all our infrastructure projects.

PT KALIMANTAN ALUMINIUM INDUSTRY (KAI)

- As part of the Adaro Group's commitment to support the green economy and pursue sustainable growth, AMI, through KAI, is developing downstream minerals processing. Following the completion of land clearing activities in 4Q23, KAI is now focused on the main construction activities of its aluminium smelter and has begun working on the soil improvement, piling works and foundation works in the smelter area.
- In 1Q24, earthwork in the dormitory area was completed, as well as the heavy cargo berthing and the first phase dredging in the jetty area.

HEALTH, SAFETY, AND ENVIRONMENT (HSE)

MC and LC recorded strong safety performance in 1Q24 with no lost time injuries (LTI), hence the lost time injuries frequency rate (LTIFR) and severity rate (SR) for 1Q24 were zero. Total man-hours worked for MC and LC in the period were 3,963,203. This achievement reflects the hard work and commitment of all our people, and we will do our best to continue to maintain a safe working environment. Meanwhile, in 1Q24 KAI experienced one LTI, resulting in LTIFR of 0.18 and severity rate of 3.21. Total man-hours worked at KAI in 1Q24 were 5,607,620.

We continue our efforts to strengthen our safety performance through the implementation of the Adaro Group's Adaro Zero Accident Mindset (AZAM) to enhance the safety culture among our employees and contractors. Our health and safety programs focus on the implementation of the

HSES Minimum Requirements, which include compliance with regulations and standards. Moreover, we also implement controls for high-risk activities during the construction phase.

CORPORATE EVENTS AND AWARDS

In 1Q24, PT Adaro Minerals Indonesia Tbk received the following awards:

- Director and Corporate Secretary of PT Adaro Minerals Indonesia Tbk, Heri Gunawan, received the Best Corporate Secretary award from The Energy and Mining Editor Society. The award recognizes the important roles of company's leaders in advancing the energy and mineral resources sector in Indonesia, in their respective professional capacity.
- PT Adaro Minerals Indonesia Tbk was awarded the Gold award in the Best Community Programme category at The 16th Annual Global CSR & ESG Summit and Awards 2024, organized by The Pinnacle Group International.

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For further information please contact:

Investors

Thomas Coombes | Thomas.Coombes@adaro.com

Media

Febriati Nadira | Febriati.Nadira@adaro.com