

NEWS RELEASE

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PT Adaro Minerals Indonesia Tbk Records Strong Operations and Maintains Profitability

- Operational EBITDA and core earnings remained strong at \$122 million and \$87 million supported by the higher sales volume. Operational EBITDA and core earnings exclude non-operational items and reflect the performance of our core business.
- Our average selling price (ASP) in 1Q23 weakened due to lower metallurgical coal prices year-on-year (y-o-y). 1Q23 ASP was 9% lower compared to 1Q22.
- We recorded production volume of 1.22 Mt, 97% increase from 0.62 Mt in 1Q22 and sales volume of 0.85 Mt, 44% increase from 0.59 Mt in 1Q22.

Jakarta, May 2, 2023 – PT Adaro Minerals Indonesia Tbk (IDX: ADMR) lodged its consolidated financial statements for the three-month period ending March 31, 2023 to the OJK/IDX on April 28, 2023. We generated operational EBITDA of \$122 million in 1Q23, 1% increase from 1Q22 operational EBITDA achievement of \$120 million. 1Q23 core earnings of \$87 million was 2% higher than \$85 million in 1Q22.

Our President Director, Mr. Christian Ariano Rachmat, said

“We remain focused on operations and maintain operational excellence. Production was off to a good start in 1Q23, and strong marketing performance drove the increase in sales volume. Our Lampung Coal continues to build its name in the global seaborne market, and we are poised to increase volume this year to meet the increasing demand.

Mr. Christian Ariano Rachmat further added:

“Our projects are progressing well, and we are thankful for the government’s support to our aluminium smelter marked by the second visit from President Joko Widodo to our smelter. We continue to support the government’s downstream initiatives as Indonesia focuses on green economy.”

Financial Performance

| (\$ thousand, except otherwise stated) | 1Q23 | 1Q22 | Change |
|---|-------------|-------------|---------------|
| Revenue | 238,249 | 182,147 | 31% |
| Cost of revenue | (103,606) | (63,465) | 63% |
| Gross profit | 134,643 | 118,682 | 13% |
| Operating income | 114,154 | 113,250 | 1% |
| Core earnings ¹ | 87,105 | 85,386 | 2% |
| Operational EBITDA ² | 121,530 | 120,282 | 1% |
| Total assets | 1,343,984 | 979,897 | 37% |
| Total liabilities | 664,322 | 690,120 | -4% |
| Total equity | 679,662 | 289,777 | 135% |
| Interest bearing debt | 436,884 | 560,849 | -22% |
| Cash | 468,691 | 173,981 | 169% |
| Net debt (cash) ³ | (31,807) | 386,868 | -108% |
| Capital expenditure ⁴ | 21,578 | 279 | 7634% |
| Free cash flows ⁵ | (1,549) | 72,599 | -102% |
| Basic earnings per share (EPS) in US\$ | 0.0021 | 0.0020 | 5% |

Financial Ratios

| | 1Q23 | 1Q22 | Change |
|--|-------------|-------------|---------------|
| Gross profit margin (%) | 56.5% | 65.2% | -9% |
| Operating margin (%) | 47.9% | 62.2% | -14% |
| Operational EBITDA margin (%) | 51.0% | 66.0% | -15% |
| Net debt (cash) to equity (x) | (0.05) | 1.34 | -103% |
| Net debt (cash) to last 12 months operational EBITDA (x) | (0.26) | 3.22 | -108% |
| Cash from operations to capex (x) | 0.36 | 241.18 | -100% |

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

² EBITDA excluding non-operational 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

| (\$ thousand) | Revenue | | | Profit for the period | | |
|--------------------|----------------|----------------|------------|-----------------------|---------------|-----------|
| | 1Q23 | 1Q22 | % Change | 1Q23 | 1Q22 | % Change |
| Coal mining | 237,678 | 182,004 | 31% | 84,424 | 87,163 | -3% |
| Other services | 1,051 | 643 | 63% | 613 | (2,852) | -122% |
| Elimination | (480) | (500) | -4% | (0.78) | 23 | -2,116% |
| ADMR Consol | 238,249 | 182,147 | 31% | 85,036 | 84,334 | 1% |

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST THREE MONTHS OF 2023

Revenue, Average Selling Price and Production

ADMR's revenue increased 31% to \$238 million in 1Q23 from \$182 million in 1Q22 mainly due to higher sales volume which increased 44% year-on-year (y-o-y). Meanwhile our ASP in 1Q23 was 9% lower than 1Q22 as average HCC prices in 1Q23 were lower compared to 1Q22 average.

We recorded production volume of 1.22 Mt in 1Q23, 97% increase from 0.62 Mt in the year ago period. Sales volume increased 44% to 0.85 Mt in 1Q23 from 0.59 Mt in 1Q22. Overburden removal volume in 1Q23 reached 3.3 Mbcm, 124% higher from 1.47 Mbcm in 1Q22, and strip ratio for the quarter was 2.70x, or 14% higher than 2.37 in 1Q22.

Cost of Revenue

Cost of revenue in 1Q23 of \$103.6 million was 63% higher than \$63.5 million in 1Q22 mainly due to higher mining cost, higher coal processing cost, higher freight and handling cost, and higher royalty cost due to the higher production and sales volume. Fuel cost per litre increased by 53% on a year-on-year basis, and coal cash cost per tonne in 1Q23 increased by 44% from 1Q22.

Operating Expenses

Operating expenses in 1Q23 increased 311% to \$21.7 million from \$5.3 million in 1Q22 due to the significant increase in allowance for government charges. Selling and marketing costs in 1Q23 increased 183% to \$2.5 million from \$0.88 million in 1Q22 on the back of higher sales volume.

Royalties to Government and Income Tax Expense

Royalties to the Government of Indonesia and income tax expense in 1Q23 reached \$47.7 million, 61% increase from \$29.7 million in the year ago period as an outcome of higher revenue from sales of coal driven by higher sales volume.

Operational EBITDA

1Q23 operational EBITDA of \$121.5 million was 1% higher than \$120.3 million in 1Q22. ADMR recorded an operational EBITDA margin of 48%, declined from 62% in the year ago period. Lower metallurgical coal price in the quarter affected our ASP, which was lower by 9% on a year-on-year basis.

Core Earnings

Core earnings in 1Q23 increased by 2% to \$87.1 million from \$85.4 million in 1Q22. Profit before tax was relatively flat y-o-y as we generated \$109.3 million in 1Q23 compared with \$108.8 million in 1Q22.

Total Assets

Total assets increased 37% to \$1.34 billion at the end of 1Q23 from \$979.9 million in the corresponding period in 2022, comprising \$682.4 million in current assets and \$661.6 million in non-current assets. Cash balance at the end of 1Q23 increased 169% to \$468.7 million from \$174.0 million at the end of 1Q22 on the back of strong cash flow generation. Cash accounted for 35% of total assets.

Fixed Assets

Fixed assets as at the end of 1Q23 were \$424.1 million, 4% increase from \$409.5 million in the year ago period mainly from preliminary investments in aluminium smelter at PT Kalimantan Aluminium Industry (KAI) and infrastructure projects at PT Maruwai Coal. Fixed assets accounted for 32% of total assets.

Mining Properties

Mining properties as at the end of 1Q23 declined by 5% year-on-year (y-o-y) to \$181.9 million from \$190.8 million at the end of 1Q22 in-line with production.

Total Liabilities

At the end of 1Q23, total liabilities declined by 4% to \$664.3 million from \$690.1 million in the year ago period. Current liabilities increased 104% to \$192.7 million from \$94.5 million at the end of 1Q22 driven by higher accrued expenses related to allowance for government charges.

Non-current liabilities declined by 21% to \$471.6 million at the end of 1Q23 from \$595.6 million a year ago as loans from shareholders declined by 22% to \$436.9 million from \$560.8 million at the end of 1Q22. We have made partial repayments on this loan, and in 1Q23 have repaid a total of \$50.6 million.

Debt Management and Liquidity

At the end of 1Q23, we secured an adequate level of liquidity with cash balance of \$468.7 million, 169% increase over \$174.0 million in 1Q22. Our interest-bearing debts at the end of 1Q23 were

\$436.9 million, 22% lower y-o-y than \$560.8 million in 1Q22 as the company paid down some of its loan to shareholders.

Equity

At the end of 1Q23, our equity level increased by 135% to \$679.7 million from \$289.8 million in the year ago period due to the increase in retained earnings from a year ago driven by higher profitability. Retained earnings increased by 202% to \$498.6 million at the end of 1Q23 from \$165.0 million at the end of 1Q22.

Cash Flows from Operating Activities

In 1Q23, our cash flows from operating activities declined 89% to \$7.7 million from \$67.3 million in 1Q22 on the back of higher tax and royalty payment driven by higher sales volume and revenue.

Cash Flows from Investing Activities

We recorded net cash flows used in investing activities of \$27.5 million in 1Q23, significantly higher than \$1 million in 1Q22 on the back of significant increase in purchase of fixed assets, which increased to \$21.2 million in 1Q23 from \$0.28 million in 1Q22.

Capital Expenditure and Free Cash Flow

We spent \$21.6 million in capital expenditure in 1Q23 compared to \$0.28 million in 1Q22 mainly related to our infrastructure projects at PT Maruwai Coal and construction of our aluminium smelter under KAI, a subsidiary of ADMR. Free cash flow in 1Q23 was negative \$1.5 million compared to \$72.6 million in 1Q22, as we execute our investment plans.

Cash Flows from Financing Activities

Net cash flow used in financing activities in 1Q23 was \$25.7 million, 65% lower than \$72.9 million in 1Q22 as we made loans repayment in the period of \$50.6 million and KAI received additional capital injection from our partners for the development of the aluminium smelter project of \$28.4 million in 1Q23.

PT ADARO MINERALS INDONESIA TBK 1Q23 QUARTERLY ACTIVITIES REPORT

REVIEW OF METALLURGICAL COAL MARKET IN 1Q23

China's 1Q23 GDP growth of 4.5% reflected a recovery following its post-COVID reopening. Flat and long steel prices in China went up by 16% and 11% q-o-q, respectively, supported by expectation of stimulus-led recovery. However, property sector remained weak as investment in property declined by 5.8% in 1Q23 while property sales by floor area dropped by 1.8%. Steel production in China increased 3.7% y-o-y from 246 Mt to 255 Mt during the first quarter of the year. The CFR China price increased in response to the higher steel prices and supply tightness on tightened safety checks in early March 2023 before softening in end of March 2023 as supply improved amidst uncertain downstream demand. China's appetite for imported steel also softened despite the lower steel prices. Domestic Chinese coke makers were also cutting down production due to negative margins and weakening demand, putting pressure on coking coal demand and causing increasing stockpiles at mines. On a q-o-q basis, the PLV HCC CFR China price increased by 7%.

The PLV CFR China price was relatively behind PLV FOB Australia price. Supply recovery from Australia did not happen as expected, supporting prices to increase by 24% q-o-q. Several factors limited Australian coal exports in the first quarter of the year, i.e. labour shortage and train derailment that occurred at Blackwater line from end of January to end of February 2023. Amid the supply shortage, buyers competed to secure supply of HCC from Australia.

Indian economic condition in 1Q23 was robust, marked with persistent expansion of its manufacturing PMI in the period. In addition, government's programmes to support infrastructure development and boost industrial sector would likely continue, hence supporting demand of steel. At the same time, European mills went back to operations as energy prices declined. Supply tightness and robust demand continued to support the increase of PLV HCC FOB Australia which reached around \$385 per tonne in the second week of February 2023. Price has fluctuated since then and continued declining from third week of March 2023 due to the recommencement of the Blackwater line and waning demand. Despite the current decline, we estimate prices to stay at high levels given weak supply recovery.

REVIEW OF ADMR'S PERFORMANCE

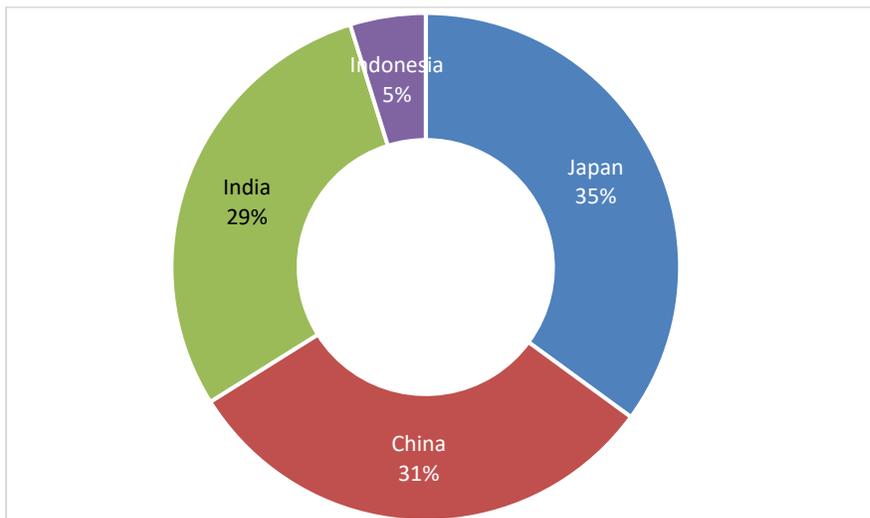
PT Maruwai Coal and PT Lahai Coal

In 1Q23, production volume reached 1.22 Mt, 97% increase from 0.62 Mt in 1Q22, while sales volume of 0.85 Mt in the quarter was 44% higher than 0.59 Mt in 1Q22. We recorded overburden removal volume of 3.30 Mbcm in 1Q23, 124% increase from 1.47 Mbcm in 1Q22, and strip ratio for the quarter was 2.70x, 14% higher than 2.37x in the year ago period.

| | Units | 1Q23 | 4Q22 | 1Q23 vs. 4Q22 | 1Q22 | 1Q23 vs. 1Q22 |
|--------------------|-------|------|------|------------------|------|------------------|
| Overburden Removal | Mbcm | 3.30 | 2.26 | 46% | 1.47 | 124% |
| Coal Transported | Mt | 1.10 | 0.81 | 36% | 0.69 | 60% |
| Coal Production | Mt | 1.22 | 0.81 | 51% | 0.62 | 97% |
| Coal Sales | Mt | 0.85 | 1.02 | -16% | 0.59 | 44% |

Production and sales in the quarter was from PT Maruwai Coal, which produces hard coking coal product sold under the name Lampungut Coal. The premium characteristics of Lampungut coal – with ultra-low ash, low phosphorus and high vitrinite content, makes it a suitable product for use by steelmakers. During 1Q23, this coal was sold to customers in the domestic and export market. Japan continues to dominate our sales and we plan to expand our customer base by tapping into other key markets in the region.

The chart below shows our sales destinations in 1Q23.



In 1Q23, we made further progress in finalizing the detailed engineering design (DED) for its second Barge Loading Conveyor at Tuhup Port – before continuing with the tender process and construction stage planned for 2Q23 – to increase barge loading capacity which will allow us to take advantage of good draft condition. We have also started construction for our hauling road upgrade project and post award activities for fuel storage facility expansion and camp expansion on Tuhup Port area. These projects are going to support ADMR’s medium term production target of 6 Mtpa.

PT ADARO INDO ALUMINIUM / PT KALIMANTAN ALUMINIUM INDUSTRY

Through KAI, ADMR is actively participating in the downstream industry of minerals in Indonesia and leads the Adaro Group’s business transformation to support the green economy.

In 1Q23 we have begun pre-construction activities for our aluminum smelter project which included land preparation and earthworks in the project area, construction of a temporary jetty and preparation of project infrastructure such as construction of temporary offices batching plant.

HEALTH, SAFETY, AND ENVIRONMENT (HSE)

In 1Q23, we experienced two lost-time injury (LTI) incidents compared with zero in 1Q22. We recorded lost-time injury frequency rate (LTIFR) of 0.79 and severity rate (SR) of 20.97 with total man-hours worked of 2,527,063 during the first three months of the year, 49% increase from 1,695,228 in 1Q22.

We continue our effort to strengthen our safety performance through the implementation of Adaro Group's Adaro Zero Accident Mindset (AZAM) to strengthen the safety culture of our employees and contractors. Our health and safety programs focus on the implementation of Good Mining Practices (GMP) through, among others, health and safety risk assessment, workplace inspections, industrial health and hygiene inspection, and working environment monitoring.

CORPORATE ACTIVITIES

President Joko Widodo Visited PT Kalimantan Aluminium Industry's (KAI) Aluminium Smelter

On February 28, 2023, President Joko Widodo visited KAI's aluminium smelter in North Kalimantan to check on its progress and development. KAI was established in 2022 as a subsidiary of PT Adaro Indo Aluminium (AIA) with 65% ownership. KAI is a project company for our aluminum smelter currently being constructed in North Kalimantan. The smelter has 500,000 tons per annum capacity and is expected to reach COD in 2025. AIA co-owns KAI with PT Cita Mineral Investindo Tbk (12.5%) and Aumay Mining Pte. Ltd. (22.5%).

At the initial stage, this project is expected to produce aluminum ingot of around 500,000 tons/year, which has the potential for expansion up to 1.5 million tons/year. Mineral processing is part of the company's initiative to both contribute to and capture the opportunities from Indonesia's green economy being massively developed by the government.

PT Maruwai Coal's Loan Agreement

On February 6, 2023, PT Maruwai Coal (MC) signed a loan agreement with PT Lahai Coal (LC), PT Juloi Coal (JC), PT Kalteng Coal (KC), and PT Sumber Barito Coal (SBC). All are limited liabilities companies 99.99% indirectly owned by PT Adaro Minerals Indonesia Tbk.

MC as the lender will provide loan facilities of up to \$50 million each to LC and JC, and up to \$5 million each to KC and SBC. The loan facilities will be used by LC, JC, KC and SBC for, among others, investment purposes and other corporate purposes, with a maturity date no later than five years from the date of the first loan disbursement.

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