

NEWS RELEASE

Jakarta, October 31, 2022

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Adaro Minerals Indonesia reports record production volume of 2.56 Mt - Core Earnings Increased 456% YoY as ASP increased 105%.

- ADMR generated strong operational EBITDA of \$411 million in 9M22, an increase of 318% from \$98 million in 9M21. ADMR core earnings increased 456% to \$292 million in 9M22 from \$52 million in 9M21.
- 105% higher ASP and 41% higher sales volume in 9M22 supported the historically strong results. On a linked quarter basis, ASP decreased by 30% as global steel demand slowed.
- ADMR recorded production volume of 2.56 Mt in 9M22, a 48% increase from 1.73 Mt in 9M21, and sales volume of 2.19 Mt in 9M22, a 41% increase from 1.55 Mt in 9M21.
- Port and fuel storage expansion projects, and an upgrade of the coal hauling road, continued in the third quarter. These projects will support ADMR's medium term production target of 6 Mtpa.

Jakarta, October 31, 2022 – PT Adaro Minerals Indonesia Tbk (IDX: ADMR) today reported its financial performance for the nine-month period ending September 30, 2022. ADMR generated operational EBITDA of \$411 million, a 318% increase from \$98 million in 9M21.

ADMR generated solid core earnings of \$292 million in 9M22, 456% higher than its core earnings in 9M21 of \$52 million. The significant increase in ADMR's average selling price (ASP) and higher sales volume contributed to the increase in profitability.

Adaro Minerals Indonesia's President Director and Chief Executive Officer, Mr. Christian Ariano Rachmat, said:

“2022 has been an exciting year at Adaro Minerals as we began the year with our initial public offering at the beginning of the first quarter and experienced historically high prices for our product in the second quarter. Throughout the year and continuing into the fourth quarter, our team has worked diligently to meet our sizable increase in production targets and is on pace to reach the upper end of our forecast, representing a 40%+ increase in production. Execution and efficiency are two traits that are being implemented well at Adaro Minerals. Looking forward, we will continue to be a leader of the transformation within the Adaro Group, led by our plan to break ground on our Aluminium project in early 2023 as the first project in Kaltara, what will become the world's largest green industrial park.”

Financial Performance

<i>(\$ thousands, except otherwise stated)</i>	9M22	9M21	% Change
Net Revenue	666,485	231,314	188%
Cost of Revenue	(251,599)	(139,624)	80%
Gross Profit	414,886	91,690	352%
Operating Income	387,654	74,382	421%
Core Earnings ¹	291,586	52,431	456%
Operational EBITDA ²	411,494	98,413	318%
Total Assets	1,242,970	815,333	52%
Total Liabilities	753,090	761,896	-1%
Total Equity	489,880	53,437	817%
Interest Bearing Debt	561,501	669,961	-16%
Cash	401,826	75,314	434%
Net Debt ³	159,676	594,647	-73%
Capital Expenditure ⁴	4,853	5,872	-17%
Free Cash Flow ⁵	253,046	42,196	500%
Basic Earnings Per Share (EPS) in US\$	0.0070	0.0049	43%

Financial Ratios

	9M22	9M21	Change
Gross Profit Margin (%)	62.2%	39.6%	23%
Operating Margin (%)	58.2%	32.2%	26%
Operational EBITDA Margin (%)	61.7%	42.5%	19%
Net Debt (Cash) to Equity (x)	0.33	11.13	-97%
Net Debt (Cash) to last 12 months Operational EBITDA (x)	0.39	6.04	-94%
Cash from Operations to Capex (x)	62.97	9.61	555%

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 mining properties + payment for addition of exploration and evaluation asset + payment for intangible asset + payment for advances for project – proceed from disposal of fixed assets.

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

Operating Segment

(\$ thousand)	Revenue			Profit for the period		
	9M22	9M21	% Change	9M22	9M21	% Change
Coal mining	664,404	230,764	188%	298,025	52,405	469%
Other services	3,556	551	546%	(10,781)	(3,017)	257%
Elimination	(1,475)	-	-	-	-	-
ADMR	666,485	231,315	188%	287,244	49,388	482%

FINANCIAL PERFORMANCE ANALYSIS FOR THE FIRST NINE MONTHS OF 2022

Revenue, Average Selling Price and Production

ADMR's reported 9M22 revenue of \$666 million, which represents a 188% increase compared to \$231 million in 9M21, as a result of higher sales volume and higher ASP on a year-on-year basis. ADMR recorded a 105% increase in ASP in 9M22 compared to 9M21 impacted by post pandemic demand increases and geopolitical events. In 3Q22, the metallurgical coal market experienced volatility which affected pricing, lowering our ASP by 30% in 3Q22 compared to 2Q22.

Production volume in 9M22 increased by 48% to 2.56 Mt from 1.73 Mt in the same period in 2021. ADMR's sales volume in 9M22 of 2.19 Mt, increased by 41% compared with 1.55 Mt in 9M21. Overburden removal volume in 9M22 was 6.05 Mbcm, 54% higher than 3.93 Mbcm in the year ago period, and resulted in a strip ratio of 2.36x for 9M22, or 4% higher than 9M21 strip ratio of 2.27x.

Despite the wet weather in the third quarter, ADMR was able to increase its volume as its contractor PT Saptaindra Sejati (SIS) brought more heavy equipment online in the period.

Cost of Revenue

Cost of revenue in 9M22 increased 80% to \$252 million from \$140 million in 9M21, mainly due to higher royalty costs from higher sales volume and higher ASP. ADMR's higher overburden removal and production volume in 9M22 resulted in the 52% increase in mining cost to \$48 million from \$32 million in 9M21, a 107% increase in coal processing cost to \$33 million from \$16 million in 9M21, 73% increase in freight and handling cost to \$59 million from \$34 million in 9M21, and a 174% increase in cost of fuel driven by higher overburden removal and increased fuel costs.

Royalties paid to the government in 9M22 increased 194% to \$118 million from \$40 million driven by higher revenue. Royalty cost accounted for 47% of our cost of revenue in 9M22 compared to 29% in 9M21.

Operating Expenses

Operating expenses in 9M22 increased by 38% to \$26 million from \$19 million in the year ago period, mainly due to higher sales commission in-line with higher sales volume. Sales commissions in 9M22 increased almost six-fold to \$5.3 million from \$0.9 million in 9M21 as our ASP increased by 105%, and sales volume increased 41% on a y-o-y basis.

Royalties to Government and Income Tax Expense

Royalties to the Government of Indonesia and income tax expense in 9M22 reached \$204 million, or a 272% increase from \$55 million in 9M21 due to higher revenue from sales of coal driven by higher sales volume and higher ASP year-on-year.

Operational EBITDA

Operational EBITDA in 9M22 increased by 318% to \$411 million from \$98 million in the same period in 2021, driven by higher sales volume and higher ASP year-on-year. ADMR recorded solid operational EBITDA margin of 61.7%, an increase of 19% from 42.5% in 9M21.

The volatile pricing environment in 3Q22 brought down our ASP in the period. However the metallurgical coal price remains strong as reflected by the 105% increase year-on-year in our ASP.

Core Earnings

Core earnings in 9M22 increased 456% to \$292 million from \$52 million in 9M21. Profit before tax increased 482% to \$372 million in 9M22 from \$64 million in 9M21. Core earnings in 3Q22 of \$85 million was 374% higher compared with \$18 million in 3Q21.

ADMR's tax expense increased by 486% to \$85 million in 9M22 from \$14.6 million in 9M21 in line with higher profitability.

Total Assets

Total assets at the end of 9M22 increased 52% to \$1,243 million from \$815 million at the end of 9M21. Current assets increased by 256% to \$612 million at the end of 9M22 from \$172 million at the end of 9M21. The driver of our increase in current asset was a 434% increase in cash to \$402 million at the end of 9M22, from \$75 million at the end of 9M21. Non-current assets declined by 2% to \$631 million at the end of 9M22 from \$644 million at the end of 9M21.

Fixed Assets

Fixed assets as at the end of 9M22 declined by 4% to \$401 million from \$417 million at the end of 9M21. Fixed assets accounted for 32% of total assets at the end of 9M22.

Mining Properties

Mining properties as at the end of 9M22 declined by 4% to \$187 million from \$193 million a year ago, mainly due to amortization in line with coal production.

Total Liabilities

At the end of 9M22, total liabilities declined 1% to \$753 million compared to \$762 million a year ago. Current liabilities at the end of 9M22 increased 150% to \$159 million from \$64 million at the end of 9M21 due to higher taxes payables, and higher royalty payables in line with the increase in our revenue. Non-current liabilities declined by 15% to \$594 million at the end of 9M22 from \$698 million a year ago as loans from shareholders declined by 16% to \$562 million from \$670 million at the end of 9M21. We have made partial repayments on this loan, and in 9M22 have repaid a total of \$73 million.

Debt Management and Liquidity

At the end of 9M22, ADMR had secured an adequate level of liquidity, represented by a cash balance of \$402 million, 434% higher compared to \$75 million at the end of 9M21. Interest-bearing debts at the end of 9M22 were \$562 million, lower by 16% from \$670 million at the end of 9M21 as the Company paid down some intercompany loans.

Total Equity

At the end of 9M22, ADMR's equity level increased by 817% to \$490 million from \$53 million at the end of 9M21, due to the significant increase in retained earnings from a year ago driven by higher profitability. Retained earnings increased to \$365 million at the end of 9M22 from a deficit of \$27 million at the end of 9M21.

Cash Flows from Operating Activities

In 9M22, cash flows from operating activities increased 441% to \$306 million from \$56 million in the year ago period. This increase was mainly driven by the three fold increase in receipts from customers which reached \$642 million in 9M22 from \$213 million in 9M21 due to higher ASP and sales volume.

Cash Flows from Investing Activities

Net cash flows used in investing activities in 9M22 was \$7.5 million, a 98% decline from \$389 million in the same period last year. In 9M21 ADMR paid \$382 million to acquire five mining concessions from PT Alam Tri Abadi, a subsidiary of PT Adaro Energy Indonesia Tbk.

Capital Expenditure and Free Cash Flow

Capital expenditure in 9M22 was \$4.9 million, representing a 17% decline over the year ago period of \$5.9 million. The capital expenditure spent during the period was mainly for the expansion of Tuhup Port and advances for the aluminum smelter project.

ADMR generated strong free cash flow of \$253 million in 9M22, 500% higher than \$42 million in the same period last year on the back of strong operational EBITDA.

Cash Flows from Financing Activities

Net cash flow used in financing activities in 9M22 was \$74.6 million, as we repaid \$73 million of loans. The net cash flow used in financing activities was 120% lower compared with \$365 million of net cash flow from financing activities in 9M21, as we recorded proceeds from share issuance and loans in 9M21 for the acquisition of ADMR's five concessions.

PT ADARO MINERALS INDONESIA TBK (ADMR) 3Q22 QUARTERLY ACTIVITIES REPORT

REVIEW OF THE METALLURGICAL COAL MARKET IN 3Q22

The prices of Premium Low Vol CFR China increased in September after declining in July and August as seasonal higher construction activities helped to support metallurgical coal prices. In early 3Q22 a prolonged heatwave in many regions of China lowered end-user demand, combined with macro headwinds pressuring global steel demand, inclement weather and China's zero COVID-19 policy. Despite government stimulus, China's steel demand remained weak as the property market remained under pressure. Through September, the decrease in investment in real estate in China had declined by 8% y-o-y, continuing the weakness that was evident in 1H22. In addition, steel mill margins turned negative in most of the quarter, leading to a knock-on effect on Chinese crude steel output, which decreased by nearly 28 Mt q-o-q. As a result, the quarter saw weak coke production and by extension, a decrease in metallurgical coal consumption. Coke production was 5.7 Mt below the previous quarter and domestic metallurgical coal inventories were ample, supported by strong Mongolian inflows totalling 8.85 Mt in 3Q22, up 5.39 Mt q-o-q. Low cargo availability helped to support pricing.

In Canada, multiple strikes by employees placed pressure on production, and producers began to sell metallurgical coal for use as thermal coal given the price discrepancy. These factors, combined with the seasonal construction period, contributed to the PLV CFR China index increasing mildly throughout the month of September.

In the ex-China market, the PLV FOB Australia index strengthened through August and stabilized for most of September. Despite the increase of the coking coal index, macro conditions were weak in most ex-China countries. The Eurozone construction PMI contracted in 3Q22, underscoring a contraction in house building, commercial and civil engineering activities. Historically high energy prices compounded the weakness in industrial output, as Europe's crude steel output remained low, with nine blast furnaces, or around 13 Mt of steelmaking capacity, idle in 3Q22.

In Asia, Japanese steel producers reduced steel output, with July production down 8% y-o-y and some end-users resold cargoes due to having excess inventories. By mid-August, demand for Australian material was lifted by Indian buyers procuring September cargoes, in anticipation of higher steel demand post-monsoon. Indian crude steel production has been steady throughout 3Q22, maintaining above 10 Mt each month. Supply from Australia has weakened year over year, and in September, weather conditions worsened in Queensland and along with reports of workers preparing for a strike that could potentially reduce near-term production. These factors boosted sentiment and supported higher price levels, and eventually stabilized PLV FOB Australia prices towards the end of the quarter.

The HCC PLV prices for basis FOB Australia averaged \$254 Mt, down by 45% q-o-q. In addition, the PLV CFR China declined by 31% q-o-q, averaging \$316 Mt.

REVIEW OF ADMR'S PERFORMANCE

PT Adaro Minerals Indonesia Tbk (IDX: ADMR) increased coal production by 48% to 2.56 million tonnes (Mt) in 9M22, compared to 1.73 Mt in the same period in 2021. ADMR is on track to meet the higher end of its FY22 production target of 2.8 Mt – 3.3 Mt.

Coal sales in 9M22 increased to 2.19 Mt, 41% higher than 1.55 Mt in 9M21. Overburden removal in 9M22 increased by 54% to 6.05 million bank cubic meter (Mbcm) from 3.93 Mbcm in 9M21. ADMR's strip ratio in 9M22 was 2.36x, a 4% increase from 2.27x in the year ago period.

Coal production in 3Q22 reached 1.04 Mt, 247% higher than 0.30 Mt in 3Q21, and coal sales increased 137% to 0.90 Mt from 0.38 Mt in 3Q22. During the quarter, the average draft level at Tuhup Port was approximately 22 meters above sea level which allowed ADMR to have higher barge loading days than planned and increased its coal shipment volume in the quarter. Our mining contractor, PT Saptaindra Sejati (SIS) also received delivery of heavy equipment in the quarter which supported the achievement of higher volume in the quarter.

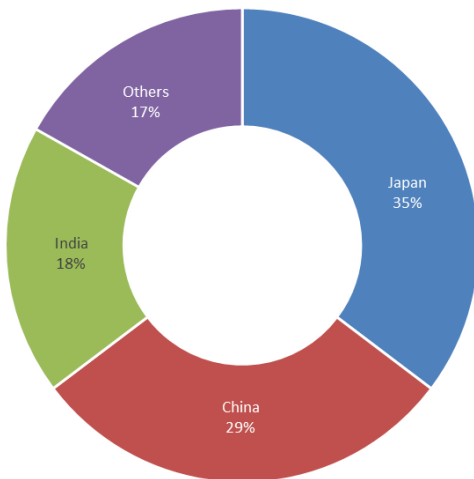
Overburden removal volume in 3Q22 was 2.55 Mbcm, 191% higher than 0.88 Mbcm in 3Q21. ADMR recorded a strip ratio of 2.47x for the quarter compared to 2.96x in 3Q21.

	Units	3Q22	2Q22	3Q22 vs. 2Q22	3Q21	3Q22 vs. 3Q21	9M22	9M21	9M22 vs. 9M21
Overburden Removal	Mbcm	2.55	2.03	26%	0.88	191%	6.05	3.93	54%
Coal Transported	Mt	0.94	0.80	17%	0.45	109%	2.43	1.61	51%
Coal Production	Mt	1.04	0.91	14%	0.30	247%	2.56	1.73	48%
Coal Sales	Mt	0.90	0.69	30%	0.38	137%	2.19	1.55	41%

In the quarter, ADMR continued to conduct soil studies related to its capacity expansion at Muara Tuhup Port, and we expect to conclude the lab test for it by end of this year. In parallel, we are finalizing the detail engineering design (DED) for the project. The capacity expansion of Muara Tuhup port will support Adaro Minerals medium term production growth plan of 6 Mtpa.

ADMR's Lampung Coal – a hard coking coal product with premium characteristics of low ash, low phosphorus, and high vitrinite content – continues to build its brand and is receiving strong demand from Japan, China and Indian steel producers and coke makers.

Sales by destination 9M22



HEALTH, SAFETY, AND ENVIRONMENT (HSE)

In 9M22, we experienced zero lost-time injury (LTI) incidents. We recorded 0 lost-time injury frequency rate (LTIFR) and 0 severity rate (SR) with total man-hours worked of 5,964,334 during the first nine months of the year.

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

ADMR is committed to protect the environment through the following programs: Biodiversity study, Acid Mine Water treatment, re-vegetation of the mining disposal area, Hazardous waste management and environmental compliance monitoring.

CORPORATE ACTIVITIES AND AWARDS

- PT Adaro Minerals Indonesia Tbk won The Best IPO 2022 award in Best Listed Companies 2022 Award from Investor Daily.
- PT Maruwai Coal was awarded the Muhammad Syafei Award from Yayasan Guru Belajar for its strong commitment on children's education.
- PT Maruwai Coal was awarded Utama Award in Mining Technique Management category, and PT Lahai Coal was awarded Pratama Award in Environmental Management for Mining from the Ministry of Energy and Mineral Resources.

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