

Press Release



A profitable third quarter of 2024 amidst declining price environments

Jakarta, October 30th, 2024 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiary (jointly referred to as the “Group”) today announced its unaudited results for the third quarter of 2024 (“3Q24”).

PT Vale’s production in 3Q24 and the nine-month period of 2024 (“9M24”) showed positive performance, reaching a total of 18,008 metric tons (“t”) which is a 9% increase compared to the previous quarter and 52,783 t, or a 2% increase year-on-year respectively. This positive outcome can be attributed to the improvement in the average nickel ore grade from our mining operations, reaching 1.79% (+4% compared to 2Q24) which further supported by higher calcine output resulting from the reprioritization of work scope and optimalization of maintenance duration in our processing facilities.

Production Highlights

	<u>3Q24</u>	<u>2Q24</u>	<u>3Q23</u>	<u>9M24</u>	<u>9M23</u>
Nickel in matte production (t)	18,008	16,576	17,953	52,783	51,644

In line with the increase of production in 3Q24 and 9M24, PT Vale recorded an increase of nickel matte deliveries by 1% on a quarterly basis and a considerable 6% on yearly basis, suggesting improved operational performance during the period.

Regarding nickel matte production at our Sorowako operation, we are optimistic about reaching our target of approximately 70,800 t by the end of 2024. We also aim to execute our pilot ore sales program in the fourth quarter of this year (subject to RKAB revision approval).

Despite the challenges, especially from further price decline in the 3Q24, the Company managed to record revenues of US\$229.8 million for the quarter. The average realized price stood at US\$12,948 for the quarter and US\$13,262 per ton for the nine-month period, reflecting a 9% and 29% decline compared to the average realized price in 2Q24 and 9M23, respectively. Meanwhile, the cost of revenue in 3Q24 increase slightly by 2% but decreased by 3% in 9M24 compared to the cost of revenue in 2Q24 and 9M23, respectively.

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The following table provides details of PT Vale's High Sulphur Fuel Oil ("HSFO"), diesel and coal consumption and average price:

	3Q24	2Q24	9M24	9M23
HSFO volume (barrels)	393,628	353,857	1,172,787	1,258,759
HSFO average price per barrel	US\$92.07	US\$87.31	US\$88.30	US\$80.52
Diesel volume (kilolitres)	17,044	17,394	52,913	48,594
Diesel average price per litre	US\$0.77	US\$0.82	US\$0.81	US\$0.93
Coal volume (t)	99,619	111,134	327,868	284,918
Coal average price per t (*)	US\$190.60	US\$174.27	US\$180.15	US\$287.10

(*) Price in WMT (Wet Metric Ton) and CFR (Cost & Freight) basis

In the third quarter of 2024, HSFO consumption increased by 11% compared to the second quarter, offset by lower coal consumption, due to 14 days maintenance of coal mill facility. During this period, HSFO and coal prices also rose by 5% and 9%, respectively, while diesel prices fell by 6%.

PT Vale reported an EBITDA of US\$46.9 million for the third quarter of 2024, down from US\$72.4 million in the second quarter. The decrease was primarily due to lower realized nickel matte price and, also the one-time effect of maintenance on the coal mill facility in September, which led to higher consumption of HSFO to replace the coal usage.

In addition, following the issuance of our Special Mining Business Permit (IUPK), PT Vale started to accrue Non-Tax State Revenue (PNBP) in the form of 10% sharing of net earnings, totalling US\$3.6 million for the period of 3Q24. However, the implementation of this obligation is still subject to confirmation from Ministry of Energy and Mineral Resources (MEMR).

Following the completion of divestment in June, the Company is currently carrying out the carve-out process from Vale Base Metal, which involves slight one-off associated costs. However, we are implementing the transition thoroughly to ensure it proceeds smoothly and efficiently. In addition, we continuously aim to improve the competitiveness of our Sorowako operations with unit cash cost of revenue remaining competitive at US\$9,536 per ton as of 9M24.

As of September 30, 2024, the Company's cash and cash equivalents were at US\$771.2 million, down from US\$832.1 million as of June 30, 2024. In the third quarter of 2024, PT Vale invested US\$82.4 million in capital expenditures, an increase from US\$61.0 million in the second quarter. This increase was mainly directed towards growth projects for future mine developments.

In a significant milestone for sustainability, PT Vale announced a significant achievement in its sustainability journey, receiving a revised ESG (Environmental, Social, and Governance) risk rating of 29.4 from Sustainalytics, placing the company in the **Medium ESG Risk category**. This marks a significant improvement from its previous classification. Notably, **PT Vale stands as the only Indonesian nickel company within the sector to achieve medium category**, further demonstrating the company's leadership in ESG performance in the nickel mining sector.

Furthermore, the Company received the Subroto Award, the highest honor granted by the MEMR, in the community development and empowerment category. This highlights the Company's dedication to tackling social issues by utilizing its knowledge and resources.



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The Company remains committed to enhancing productivity and cost efficiency, ensuring long-term competitiveness while adhering to good mining practices. Our purpose is ***We exist to improve life and transform the future. Together.***

Readers are encouraged to examine the Group's results, where operational achievements and unaudited financial results are concisely summarized in the following pages – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

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PT Vale Indonesia Tbk Production and Financial Highlights

	<u>3Q24</u>	<u>2Q24</u>	<u>9M24</u>	<u>9M23*</u>
Nickel in matte production ¹	18,008	16,576	52,783	51,644
Nickel matte deliveries ¹	17,749	17,505	53,429	50,435
Average realized price ²	12,948	14,214	13,262	18,596
EBITDA ³	46.9	72.4	171.8	401.1
Revenue ³	229.8	248.8	708.6	937.9
Profit ³	13.8	31.1	51.1	238.3
Profit without derivative asset³	6.6	35.9	58.7	216.7
Earnings per share ⁴	0.0013	0.0030	0.0049	0.0240

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

Restated refer to Note 42)

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PT Vale Indonesia Tbk and its subsidiary
Interim Consolidated Statements of Profit or Loss
and Other Comprehensive Income
(In thousands of US\$ except basic earnings per share)

	<u>3Q24</u>	<u>2Q24</u>	<u>9M24</u>	<u>9M23*</u>
Revenue	229,818	248,813	708,568	937,896
Cost of revenue	<u>(211,235)</u>	<u>(207,320)</u>	<u>(628,398)</u>	<u>(650,991)</u>
Gross profit	18,583	41,493	80,170	286,905
Operating expenses	(7,894)	(7,368)	(21,564)	21,590
Other income	(500)	3,363	4,422	333
Other expenses	<u>(3,921)</u>	<u>(3,330)</u>	<u>(7,886)</u>	<u>(13,313)</u>
Operating profit	6,268	34,158	55,142	252,335
Share in net profit from associate	27	(7)	83	18
(Loss)/gain on recognition of fair value of derivative asset	9,210	(6,120)	(9,790)	27,630
Finance income	9,085	9,078	27,357	25,689
Finance costs	<u>(2,277)</u>	<u>(1,399)</u>	<u>(5,932)</u>	<u>(3,961)</u>
Profit before income tax	22,313	35,710	66,860	301,711
Income tax expense	(4,867)	(4,618)	(12,128)	(63,441)
Profit for the period before non-tax government revenue	17,446	31,092	54,732	238,270
Non-tax government revenue	(3,624)	-	(3,624)	-
Profit for the period	13,822	31,092	51,108	238,270
Other comprehensive (loss)/income				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	-	-	(3,544)	(4,588)
– Income tax on other comprehensive income	-	-	780	1,009
	<u>-</u>	<u>-</u>	<u>(2,764)</u>	<u>(3,579)</u>
Items that will be reclassified to profit or loss:				
- Currency differences from translation of associate entity's financial statements	973	(394)	233	-
Total other comprehensive loss	973	(394)	(2,531)	(3,579)
Total comprehensive income for the period	14,795	30,698	48,577	234,691

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**Profit for the period
attributable to:**

Owners of the parent entity

13,822	31,092	51,108	238,270
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**Total comprehensive income for
the period attributable to:**

Owners of the parent entity

14,795	30,698	48,577	234,691
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Earnings per share

- Basic and diluted

(in full amount of US Dollars)

0.0013	0.0030	0.0049	0.0240
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Restated refer to Note 42)

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PT Vale Indonesia Tbk and its subsidiary Interim Consolidated Statements of Financial Position (In thousands of US\$)

	September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets			
Cash and cash equivalents	771,215	832,149	698,795
Trade receivables - Related parties	79,983	107,653	101,813
Inventories	162,601	154,629	155,946
Prepaid taxes – Corporate Income Tax	-	2,942	-
– Other taxes	72,970	45,762	64,599
Prepayments and advances	5,160	1,568	6,056
Other current financial assets	6,326	5,228	5,910
Total current assets	1,098,255	1,149,931	1,033,119
Restricted cash	75,777	75,777	103,857
Prepaid taxes - Corporate income tax	48,360	31,532	15,015
- Other taxes	22,868	25,088	36,498
Investments in associate	12,726	11,726	12,410
Derivative asset	14,900	5,690	24,690
Fixed assets	1,834,686	1,761,928	1,695,531
Other non-current financial assets	5,338	4,488	4,879
Total non-current assets	2,014,655	1,916,229	1,892,880
Total assets	3,112,910	3,066,160	2,925,999
Liabilities and Equity			
Trade payables - Related parties	-	720	312
- Third parties	137,676	142,911	140,515
Accruals	52,872	45,949	33,843
Short-term employee benefit liabilities	21,008	17,337	25,070
Taxes payable – Other taxes	2,719	2,446	2,821
Lease liabilities	4,685	4,898	5,543
Share-based payment liabilities	287	52	110
Provision for asset retirement	1,055	4,804	6,422
Other current financial liabilities	1,972	1,516	2,091
Total current liabilities	222,274	220,633	216,727
Long-term post-employment benefit liabilities	46,703	41,888	39,695
Deferred tax liabilities	9,674	9,971	19,603
Lease liabilities	3,679	3,406	3,078
Provision for asset retirement	99,455	84,902	77,482
Other non-current financial liabilities	6,604	6,096	4,877
Total non-current liabilities	166,115	146,263	144,735
Total liabilities	388,389	366,896	361,462
Equity	2,724,521	2,699,264	2,564,537
Total liabilities and equity	3,112,910	3,066,160	2,925,999

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PT Vale Indonesia Tbk

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PT Vale Indonesia Tbk and its subsidiary Interim Consolidated Statements of Cash Flows (In thousands of US\$)

	<u>3Q24</u>	<u>2Q24</u>	<u>9M24</u>	<u>9M23</u>
Cash flows from operating activities				
Receipts from customers	257,488	227,578	730,398	978,433
Payments to suppliers	(172,968)	(115,155)	(444,853)	(442,066)
Payments of corporate income tax	(19,919)	(24,703)	(65,291)	(51,059)
Payments of other taxes	(20,366)	(21,172)	(52,717)	(45,757)
Receipts of tax refunds	6,427	15,784	72,329	70,203
Payments to employees	(25,262)	(26,025)	(88,631)	(81,178)
Withdrawal of financial guarantee	-	(769)	27,311	-
Placement of financial guarantee	-	-	-	(30,044)
Receipts of finance income	9,093	9,078	27,365	25,689
Payments of royalties and levies	(17,409)	(14,220)	(45,668)	(49,671)
Net cash flows provided by operating activities	17,084	50,396	160,243	374,550
Cash flows from investing activities				
Payments for acquisition of fixed assets	(82,429)	(61,021)	(200,902)	(182,657)
Proceeds from disposal of fixed assets	(6)	228	372	2,672
Net cash flows decrease from loss of control of a subsidiary	-	-	-	(165)
Net cash flows used in investing activities	(82,435)	(60,793)	(200,530)	(180,150)
Cash flows from financing activities				
Issuance of new shares	3,509	108,743	112,252	-
Payment of dividends	-	-	-	(59,304)
Payment of lease liabilities	(467)	1,470	(1,376)	(1,411)
Payments of finance costs	(121)	(108)	(352)	(230)
Net cash flows used in financing activities	2,921	110,105	110,524	(60,945)
Net increase in cash and cash equivalents	(62,430)	99,708	70,237	133,455
Cash and cash equivalents at the beginning of the period	832,149	730,852	698,795	634,042
Effect of exchange rate changes on cash and cash equivalents	1,496	1,589	2,183	874
Cash and cash equivalents at the end of the period	771,215	832,149	771,215	768,371