

Press Release

A remarkable year for PT Vale

Jakarta, February 10th, 2024 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly referred to as the “Group”) today announced its audited results for 2023. The Company’s earnings for the year were US\$274.3 million, marking a 37% from the earnings recorded in 2022.

“2023 was a remarkable year for PT Vale on many fronts,” said Febriany Eddy, CEO and President Director of the Company. “We continued to deliver our promises, recording an 18% increase in production and strong EBITDA of US\$499.6 million. Despite facing an unfavourable market situation, our operational and financial discipline led to strong financial outcomes. We also recorded an unrestricted cash balance to US\$698.8 million at the end of the year. We are investing. Our strong cash balance will allow us to continue to make good progress on our growth projects. These strong results are supported by improvements in our safety performance, our Total Recordable Injury Frequency Rate (TRIFR) decreased from 0.64 last year to 0.31, and we received a Green PROPER (**beyond compliance**) environmental rating from the Government, for the fourth time.”

“2023 was also a historic year. In late March, President Joko Widodo graced Sorowako with his presence to inaugurate our Sawerigading Wallacea Biodiversity Park – the last Presidential visit took place 45 years ago. In his remarks, the President praised our operation as a benchmark for other nickel mining companies to follow. During this visit, the President also witnessed the signing of definitive cooperation agreements between PT Vale, Huayou Zhejiang Cobalt (“Huayou”), and Ford Motor Company (“Ford”). In mid-November, PT Vale, together with its major shareholders, which were Vale Canada Limited (“VCL”), PT Mineral Industri Indonesia (Persero) (“MIND ID”), and Sumitomo Metal Mining Co., Ltd (“SMM”), accomplished a significant milestone with the signing of a Heads of Agreement, a crucial step towards fulfilling the Company’s divestment obligations under Indonesian mining law, which also a prerequisite in getting the extension of our license to operate.”

PT Vale’s production in 2023 reached 70,728 metric tons (“t”) of nickel in matte, an 18% increase from 2022 production, as a result of the successful execution of its maintenance strategy throughout the year. The production in the fourth quarter of 2023 (“4Q23”) was 19,084 t, the highest since 4Q21.

Sales volume in 2023 increased by 17% compared to 2022 and by 20% quarter over quarter (4Q23 vs 3Q23). Despite a lower average realized price in 2023, the Company managed to maintain production costs at US\$10,089 per t in 2023, resulting in an 11% increase in gross profit for the year.

This production cost has decreased by 12% to US\$10,089 per t, compared to the previous year at US\$11,444 per t. This reduction is attributed to lower energy cost and various productivity improvement initiatives.

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

	4Q23	3Q23	2023	2022
HSFO volume (barrels)	396,234	337,351	1,654,993	1,467,781
HSFO average price per barrel	US\$90.93	US\$85.60	US\$83.01	US\$85.72
Diesel volume (kilolitres)	19,435	17,109	68,029	58,245
Diesel average price per litre	US\$0.90	US\$0.86	US\$0.92	US\$0.87
Coal volume (t)	100,789	121,464	385,707	292,341
Coal average price per t (*)	US\$198.01	US\$223.48	US\$263.82	US\$328.11

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

In 4Q23, HSFO consumption increased by 17% compared to the previous quarter, counterbalancing the 17% decrease in coal consumption as the Company transitioned from coal to HSFO as the energy sources from November to December 2023 due to maintenance activities at our coal mill. Except for coal, the average price of HSFO and diesel in 4Q23 increased by 6% and 5% respectively compared to the previous quarter.

The Company's cash and cash equivalent as of December 31, 2023 and December 31, 2022 were US\$698.8 million and US\$634.0 million respectively. During the year, the Company disbursed approximately US\$286.3 million in capital expenditures, a 31% increased from 2022, primarily due to growth capital.

The Future of PT Vale

PT Vale has made meaningful progress in its growth projects in Bahodopi and Sambalagi (known as Morowali project), Pomalaa, and Sorowako.

For the **Morowali** project, we have recently secured new AMDAL for both the mine di Bahodopi and Sambalagi industrial park. The pace of land acquisition for the mining area has notably accelerated, enabling us to make meaningful progress in mining construction, and we are now advancing into the construction of the port for ore transportation. Similarly, the early works for the construction of the plant in Sambalagi have been progressing adequately, and we are progressing with EPC contracting for the construction of the plant and its supporting infrastructure.

For the **Pomalaa** Project, we are progressing with the early construction works of the mine, while we are finalizing the EPC tender for the construction of the Pomalaa mine. Subsequent to the signing of the three-party agreements between PT Vale, Huayou, and Ford, which was directly witnessed by President Joko Widodo earlier last year, we are delighted to share that Ford has officially joined as a shareholder of PT Kolaka Nickel Indonesia ("PT KNI"), the joint venture company established to construct and operate the HPAL plant in Pomalaa.

The third investment program in our growth agenda is the **Sorowako** Project. We have signed a definitive cooperation agreement with Huayou for the construction of the HPAL facility in East Luwu. Currently, Huayou is working on obtaining all the necessary permits.

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PT Vale Indonesia Tbk

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The Company is committed to enhancing the participation of local workers in surrounding our operations and business activities, including our growth projects. As of December 31, 2023, our growth projects employ 98.6% Indonesian and 67.6% local workers. In overall, PT Vale employs 99.9% Indonesian and 85.6% local workers, with 10.2% of them being female workers – the highest gender participation in our workforce that we have ever achieved.

We have accomplished a lot in 2023, and we have even more to accomplish in 2024. Our focus remains on delivering our growth projects on schedule, within budget, and in line with the approved scope. With the increase in growth projects activities, the role of Sorowako operation as the backbone of the Company will become increasingly important and visible. We will continue to improve our operational discipline in Sorowako operation to deliver stronger results. We believe ESG as integral part of who we are, and in everything we do, we will strive to deliver better ESG performance. We always remind ourselves of our foremost values: *Life Matters Most, Respect Our Planet and Communities*.

Readers are encouraged to review the Company's results. Operational achievements and audited financial results are summarized on 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>4Q23</u>	<u>3Q23</u>	<u>2023</u>	<u>2022</u>
Nickel in matte production ¹	19,084	17,953	70,728	60,090
Nickel matte deliveries ¹	20,673	17,214	71,108	60,960
Average realized price ²	14,239	16,204	17,329	19,348
EBITDA ³	98.5	104.5	499.6	477.0
Revenue ³	294.4	278.9	1,232.3	1,179.4
Profit ³	53.2	52.6	274.3	200.4
Earnings per share ⁴	0.0054	0.0053	0.0276	0.0202

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

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

	<u>4Q23</u>	<u>3Q23</u>	<u>2023</u>	<u>2022</u>
Revenue	294,367	278,929	1,232,263	1,179,452
Cost of revenue	<u>(234,249)</u>	<u>(212,499)</u>	<u>(885,240)</u>	<u>(865,885)</u>
Gross profit	60,118	66,430	347,023	313,567
Operating expenses	(6,240)	(5,001)	(22,155)	(19,734)
Other income	490	108	823	1,289
Other expenses	(10,220)	<u>(2,117)</u>	(23,533)	<u>(23,093)</u>
Operating profit	44,148	59,420	302,158	272,029
Share in net profit from associate	3	18	21	-
Gain on recognition of fair value of derivative asset	24,690	-	24,690	-
Finance income	10,064	9,414	35,753	10,691
Finance costs	(6,138)	<u>(1,326)</u>	(10,099)	<u>(6,901)</u>
Profit before income tax	72,767	67,526	352,523	275,819
Income tax expense	(19,519)	<u>(14,956)</u>	(78,189)	<u>(75,418)</u>
Profit for the period	53,248	52,570	274,334	200,401
Other comprehensive loss				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	(5,701)	-	(5,701)	(105)
– Income tax on other comprehensive income	1,254	-	1,254	23
Total other comprehensive loss	(4,447)	-	(4,447)	(82)
Total comprehensive income for the period	48,801	52,570	269,887	200,319
Profit for the period attributable to:				
Owners of the parent entity	53,248	52,570	274,334	200,401
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	53,248	52,570	274,334	200,401
Total comprehensive income for the period attributable to:				
Owners of the parent entity	48,801	52,570	269,887	200,319
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	48,801	52,570	269,887	200,319
Earnings per share				
- Basic and diluted (in full amount of US Dollars)	0.0054	0.0053	0.0276	0.0202

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

	December 31, 2023 (Audited)	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
Cash and cash equivalents	698,795	768,371	634,042
Trade receivables - Related parties	101,813	100,840	141,377
Inventories	155,946	172,381	155,753
Prepaid taxes – Other taxes	64,599	47,639	48,723
Prepayments and advances	6,056	4,332	4,444
Other current financial assets	5,910	6,379	5,463
Total current assets	1,033,119	1,099,942	989,802
Restricted cash	103,857	103,088	73,044
Prepaid taxes - Corporate income tax	15,015	11,084	10,933
- Other taxes	36,498	28,045	30,869
Investments in associate	12,410	12,378	-
Derivative assets	24,690	-	-
Fixed assets	1,695,531	1,605,203	1,549,857
Other non-current financial assets	4,879	2,897	3,611
Total non-current assets	1,892,880	1,762,695	1,668,314
Total assets	2,925,999	2,862,637	2,658,116
Liabilities and Equity			
Trade payables - Related parties	312	80	298
- Third parties	140,515	133,451	115,296
Accruals	33,843	35,528	27,772
Short-term employee benefit liabilities	25,070	19,735	26,244
Taxes payable – Corporate income tax	-	20,347	-
- Other taxes	2,821	1,605	2,407
Lease liabilities	5,543	5,963	1,816
Share-based payment liabilities	110	51	467
Provision for asset retirement	6,422	-	-
Other current financial liabilities	2,091	4,261	739
Total current liabilities	216,727	221,021	175,039
Long-term post-employment benefit liabilities	39,695	30,704	28,457
Deferred tax liabilities	19,603	17,625	24,891
Lease liabilities	3,078	3,173	3,918
Provision for asset retirement	77,482	74,454	71,031
Other non-current financial liabilities	4,877	-	-
Total non-current liabilities	144,735	125,956	128,297
Total liabilities	361,462	346,977	303,336
Equity	2,564,537	2,515,660	2,354,780
Total liabilities and equity	2,925,999	2,862,637	2,658,116

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

	<u>4Q23</u>	<u>3Q23</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities				
Receipts from customers	293,394	270,167	1,271,827	1,140,062
Payments to suppliers	(152,786)	(142,074)	(594,852)	(553,963)
Payments of corporate income tax	(40,559)	(21,834)	(91,618)	(80,181)
Payments of other taxes	(38,852)	(15,330)	(84,609)	(66,856)
Receipts of tax refunds	(1,125)	48,320	69,078	83,302
Payments to employees	(4,091)	(20,814)	(85,269)	(88,429)
Placement of financial guarantee	(769)	-	(30,813)	(23,175)
Receipts of finance income	10,064	9,414	35,753	10,691
Payments of royalties and levies	(18,668)	(14,146)	(68,339)	(73,293)
Net cash flows provided by operating activities	46,608	113,703	421,158	348,158
Cash flows from investing activities				
Payments for acquisition of fixed assets	(103,605)	(65,736)	(286,262)	(218,782)
Proceeds from disposal of fixed assets	(2,062)	2,672	610	715
Net cash flow decrease from loss of control of a subsidiary	(165)	-	(165)	-
Net cash flows used in investing activities	(105,832)	(63,064)	(285,817)	(218,067)
Cash flows from financing activities				
Payments of dividends	(789)	-	(60,093)	-
Payments of lease liabilities	(3,592)	(455)	(5,003)	(1,362)
Payments of finance costs	(115)	(162)	(345)	(116)
Net cash flows used in financing activities	(4,496)	(617)	(65,441)	(1,478)
Net increase in cash and cash equivalents	(63,720)	50,022	69,900	128,613
Cash and cash equivalents at the beginning of the period	768,371	719,881	634,042	508,327
Effect of exchange rate changes on cash and cash equivalents	(5,856)	(1,532)	(5,147)	(2,898)
Cash and cash equivalents at the end of the period	698,795	768,371	698,795	634,042

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