

Press Release



Higher production and deliveries in 1Q24 compared to the same quarter last year

Jakarta, June 28th, 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 production and audited financial results for the first quarter of 2024 (“1Q24”). The Company recorded production of 18,199 metric tons (“t”) of nickel in matte and deliveries of 18,175 t of nickel matte in the quarter, resulting in total Revenue of US\$229.9 million.

Production Highlights

	<u>1Q24</u>	<u>4Q23</u>	<u>1Q23</u>
Nickel in matte production (t)	18,199	19,084	16,769

As part of the Company’s maintenance strategy, there were no major shutdowns in 1Q24, leading to a 9% increase in the production of nickel in matte compared to the same period last year. However, this production level was 5% lower than the previous quarter, primarily due to the lower nickel grade.

The Group achieved a Revenue of US\$229.9 million, reflecting a 22% and 37% decline compared to Revenue in 4Q23 and 1Q23, primarily due to a lower average realized price. The average realized price adjusted from US\$14,239/t in 4Q23 and US\$21,672/t in 1Q23 to US\$12,651/t in 1Q24, reflecting an 11% and 42% change. Despite the fluctuations in nickel price, the Company successfully maintain its Cost of Revenue. On a year-on-year basis, the Company’s Cost of Revenue fell by 8%, from US\$228.2 million in 1Q23 to US\$209.8 million in 1Q24, and it is also 10% lower than the previous quarter. In addition to benefiting from lower commodity prices, the Company remains focused on improving efficiencies and reducing costs while continuously enhancing our discipline on good mining practices.

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

	<u>1Q24</u>	<u>4Q23</u>	<u>1Q23</u>
HSFO volume (barrels)	425,301	396,234	557,543
HSFO average price per barrel	US\$85.63	US\$90.93	US\$77.59
Diesel volume (kilolitres)	18,473	19,435	15,241
Diesel average price per litre	US\$0.84	US\$0.90	US\$1.02
Coal volume (t)	117,115	100,789	56,268
Coal average price per t (*)	US\$176.85	US\$198.01	US\$421.94

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

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In line with the Financial Statements as of December 31, 2023, the Group recognized a derivative asset arising from the additional participating right in its investment in PT Kolaka Nickel Indonesia in the Financial Statements for the three-month period ended March 31, 2024. As of March 31, 2024, the Company recorded a decline in the fair value of this derivative asset amounting US\$12.88 million from its value as of December 31, 2023, resulting a recognition of a loss in the fair value of the derivative asset. This decline is primarily due to the decrease in nickel prices, which is a key component in valuing the derivative asset.

Considering the Group has not yet recognized the derivative asset and the corresponding gain on recognition of fair value of derivative asset in the Financial Statements for the period ended March 31, 2023, the Group restated the Financial Statements to include the derivative asset in the Balance Sheet and the corresponding gain on recognition of fair value of derivative asset in the Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income.

PT Vale disbursed approximately US\$57.4 million in capital expenditures this quarter, a 13% increase compared to the same period last year of US\$50.7 million due to higher spending on sustaining and growth projects. However, this was 45% lower compared the previous quarter.

The Company's Cash and cash equivalents as of March 31, 2024 was US\$730.8 million, an increase of 5% and 2% compared to US\$698.8 million as of December 31, 2023 and US\$717.3 million as of March 31, 2023, respectively. PT Vale will continue to exercise prudent control of its spending to preserve cash.

In 2024, PT Vale plans to produce approximately 70,800 t of nickel in matte. At the same time, the Company will continue to improve productivity and cost efficiency of the operation without compromising its 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>1Q24</u>	<u>4Q23</u>	<u>1Q23</u>
Nickel in matte production ¹	18,199	19,084	16,769
Nickel matte deliveries ¹	18,175	20,673	16,758
Average realized price ²	12,651	14,239	21,672
EBITDA ³	52.4	98.5	173.58
Revenue ³	229.9	294.4	363.2
Profit ³	6.2	53.2	168.7
Earnings per share ⁴	0.0006	0.0054	0.0170

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

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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>1Q24</u>	<u>4Q23</u>	<u>1Q23*</u>
Revenue	229,937	294,367	363,180
Cost of revenue	(209,843)	(234,249)	(228,244)
Gross profit	20,094	60,118	134,936
Operating expenses	(6,302)	(6,240)	(11,741)
Other income	1,559	490	117
Other expenses	(635)	(10,220)	(9,236)
Operating profit	14,716	44,148	114,076
Share in net profit from associate	63	3	-
(Loss)/gain on recognition of fair value of derivative asset	(12,880)	24,690	96,180
Finance income	9,194	10,064	7,535
Finance costs	(2,256)	(6,138)	(1,254)
Profit before income tax	8,837	72,767	216,537
Income tax expense	(2,643)	(19,519)	(47,820)
Profit for the period	6,194	53,248	168,717
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)	(5,701)	(4,588)
– Income tax on other comprehensive income	780	1,254	1,009
	(2,764)	(4,447)	(3,579)
Items that will be reclassified to profit or loss:			
- Currency differences from translation of associate entity's financial statements	(346)	-	-
Total other comprehensive loss	(3,110)	(4,447)	(3,579)
Total comprehensive income for the period	3,084	48,801	165,138
Profit for the period attributable to:			
Owners of the parent entity	6,194	53,248	168,717
Total comprehensive income for the period attributable to:			
Owners of the parent entity	3,084	48,801	165,138
Earnings per share			
- Basic and diluted (in full amount of US Dollars)	0.0006	0.0054	0.0170

*) Unaudited and unreviewed. Restated, refer to FS note 42

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

	March 31, 2024 (Audited)	December 31, 2023 (Audited)	March 31, 2023*) (Unaudited)
Assets			
Cash and cash equivalents	730,852	698,795	717,267
Trade receivables - Related parties	86,418	101,813	120,598
Inventories	143,022	155,946	168,102
Prepaid taxes – Corporate Income Tax	10,145	-	-
– Other taxes	59,513	64,599	71,723
Prepayments and advances	4,902	6,056	4,002
Other current financial assets	5,861	5,910	5,412
Total current assets	1,040,713	1,033,119	1,087,104
Restricted cash	75,777	103,857	91,559
Prepaid taxes - Corporate income tax	18,726	15,015	10,933
- Other taxes	7,149	36,498	31,636
Investments in associate	12,127	12,410	12,709
Derivative asset	11,810	24,690	-
Fixed assets	1,721,920	1,695,531	1,567,276
Other non-current financial assets	4,841	4,879	3,430
Total non-current assets	1,852,350	1,892,880	1,813,723
Total assets	2,893,063	2,925,999	2,900,827
Liabilities and Equity			
Trade payables - Related parties	114	312	190
- Third parties	104,285	140,515	123,847
Accruals	42,381	33,843	37,677
Short-term employee benefit liabilities	11,903	25,070	15,729
Taxes payable – Corporate income tax	-	-	18,764
– Other taxes	7,325	2,821	4,474
Lease liabilities	5,916	5,543	1,874
Share-based payment liabilities	29	110	141
Provision for asset retirement	6,568	6,422	6,106
Other current financial liabilities	2,548	2,091	2,390
Total current liabilities	181,069	216,727	211,192
Long-term post-employment benefit liabilities	43,127	39,695	35,535
Deferred tax liabilities	14,653	19,603	41,150
Lease liabilities	3,960	3,078	3,671
Provision for asset retirement	76,331	77,482	84,395
Other non-current financial liabilities	6,302	4,877	5,068
Total non-current liabilities	144,373	144,735	169,819
Total liabilities	325,442	361,462	381,011
Equity	2,567,621	2,564,537	2,519,816
Total liabilities and equity	2,893,063	2,925,999	2,900,827

*) Unaudited and unreviewed. Restated, refer to FS note 42

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

	<u>1Q24</u>	<u>4Q23</u>	<u>1Q23</u>
Cash flows from operating activities			
Receipts from customers	245,332	293,394	383,959
Payments to suppliers	(156,730)	(152,786)	(154,647)
Payments of corporate income tax	(20,669)	(40,559)	(11,880)
Payments of other taxes	(11,179)	(38,852)	(21,700)
Receipts of tax refunds	50,118	(1,125)	-
Payments to employees	(37,344)	(4,091)	(32,177)
Withdrawal of financial guarantee	28,080	-	-
Placement of financial guarantee	-	(769)	(18,515)
Receipts of finance income	9,194	10,064	7,535
Payments of royalties and levies	(14,039)	(18,668)	(19,774)
Net cash flows provided by operating activities	<u>92,763</u>	<u>46,608</u>	<u>132,801</u>
Cash flows from investing activities			
Payments for acquisition of fixed assets	(57,452)	(103,605)	(50,687)
Proceeds from disposal of fixed assets	150	(2,062)	267
Net cash flow decrease from loss of control of a subsidiary	-	(165)	(165)
Net cash flows used in investing activities	<u>57,302</u>	<u>(105,832)</u>	<u>(50,585)</u>
Cash flows from financing activities			
Payments of dividends	-	(789)	-
Payments of lease liabilities	(2,379)	(3,592)	(465)
Payments of finance costs	(123)	(115)	(37)
Net cash flows used in financing activities	<u>(2,502)</u>	<u>(4,496)</u>	<u>(502)</u>
Net increase in cash and cash equivalents	32,959	(63,720)	81,714
Cash and cash equivalents at the beginning of the period	698,795	768,371	634,042
Effect of exchange rate changes on cash and cash equivalents	(902)	(5,856)	1,511
Cash and cash equivalents at the end of the period	<u>730,852</u>	<u>698,795</u>	<u>717,267</u>