

Press Release



PT Vale reports strong Net Profit in 1Q23

Jakarta, April 26, 2023 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly the “Group”) today announced unaudited results for the first quarter of 2023 (“1Q23”). As reported last week, the Company’s nickel in matte production in 1Q23 was 21% higher than the same period last year on the back of successful completion of the Furnace 4 rebuild last year.

“In the 1Q23, we saw further favourable nickel prices that contributed to a strong Net Profit of US\$98.1 million, a 207% increase compared to the previous quarter. Lower energy commodity prices added to tailwinds but have not diminished our resolve to find further improvements in all aspects of the business,” said Febriany Eddy, CEO and President Director of the Company.

The Group average realized price in 1Q23 was 18% higher than last quarter, resulting in 19% higher Revenue in 1Q23 compared to the last quarter. The Group Cost of Revenue fell 9% from US\$251.2 million in 4Q22 to US\$228.2 million in 1Q23. In addition to the positive contribution from lower commodity prices, the lower cost was also driven by disciplined cost management and continuous productivity improvements.

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

	<u>1Q23</u>	<u>4Q22</u>	<u>1Q22</u>
HSFO volume (barrels)	557,543	587,057	221,779
HSFO average price per barrel	US\$77.44	US\$82.04	US\$73.06
Diesel volume (kilolitres)	15,241	13,449	14,787
Diesel average price per litre	US\$1.02	US\$1.01	US\$0.67
Coal volume (t)	50,923	41,936	91,793
Coal average price per t (*)	US\$466.22	US\$491.71	US\$258.97

(*) Price in DMT (Dry Metric Ton) and CFR (Cost & Freight) basis

The table above shows lower HSFO and coal prices in 1Q23 compared to the previous quarter and reflects operational efficiency improvements. Since September 2022, responding to the significant increase of coal price in 2022, the Company still used HSFO as the main energy source for the burner in 1Q23.

PT Vale delivered EBITDA of US\$173.58 million and disbursed approximately US\$58.2 million in capital expenditures in 1Q23. Following the ground-breaking of Morowali Project in February 2023, the Company and partners continued to execute the works on the ground, both in mining and at the processing plant location. As part of the social program and manpower strategy, the Company provided skill training to communities in Morowali and Pomalaa District, to empower and prepare

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them for the upcoming employment opportunities with the projects. PT Vale forecasts to spend US\$132.2 million for sustaining capital expenditures, and US\$585 million for growth projects (both for mining and capital injection) for the whole year of 2023.

The Company's cash and cash equivalents as of March 31, 2023 was US\$717.3 million, an increase of 13% compared to US\$634.0 million as of December 31, 2022. PT Vale has been, and will continue to, prudently control its spending to preserve cash.

The Company will also continue to optimize the production in the following quarters of the year, while at the same time striving 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 Group's results. Operational achievements as well as unaudited financial results are summarized on the following pages.

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PT Vale Indonesia Tbk Production and Financial Highlights

	<u>1Q23</u>	<u>4Q22</u>	<u>1Q22</u>
Nickel in matte production ¹	16,769	16,183	13,827
Nickel matte deliveries ¹	16,758	16,613	13,486
Average realized price ²	21,672	18,400	17,432
EBITDA ³	173.58	94.3	116.2
Revenue ³	363.2	305.7	235.1
Profit ³	98.1	32.0	67.6
Earnings per share ⁴	0.0099	0.0032	0.0068

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

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

	<u>1Q23</u>	<u>4Q22</u>	<u>1Q22</u>
Revenue	363,180	305,675	235,085
Cost of revenue	<u>(228,244)</u>	<u>(251,194)</u>	<u>(142,356)</u>
Gross profit	134,936	54,481	92,729
Operating expenses	(6,142)	(6,897)	(4,325)
Other income	117	504	249
Other expenses	<u>(9,236)</u>	<u>(12,903)</u>	<u>(1,544)</u>
Operating profit	119,675	35,185	87,109
Finance income	7,535	5,027	734
Finance costs	<u>(1,254)</u>	<u>(2,973)</u>	<u>(1,104)</u>
Net finance income/(costs)	6,281	2,054	(370)
Profit before income tax	125,956	37,239	86,739
Income tax expense	<u>(27,803)</u>	<u>(5,223)</u>	<u>(19,091)</u>
Profit for the period	98,153	32,016	67,648
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss:			
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	-	(105)	-
– Income tax on other comprehensive income	-	23	-
Total other comprehensive (loss)/income	-	(82)	-
Total comprehensive income for the period	98,153	31,934	67,648
Profit for the period attributable to:			
Owners of the parent entity	98,153	32,016	67,648
Non-controlling interest	-	-	-
	<u>98,153</u>	<u>32,016</u>	<u>67,648</u>
Total comprehensive income for the period attributable to:			
Owners of the parent entity	98,153	31,934	67,648
Non-controlling interest	-	-	-
	<u>98,153</u>	<u>31,934</u>	<u>67,648</u>
Earnings per share			
- Basic and diluted (in full amount of US Dollars)	0.0099	0.0032	0.0068

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	March 31, 2022 (Unaudited)
Assets			
Cash and cash equivalents	717,267	634,042	518,022
Trade receivables - Related parties	120,598	141,377	88,113
Inventories	168,102	155,753	202,793
Prepaid taxes - Corporate income tax	-	-	2,342
- Other taxes	71,723	48,723	67,015
Prepayments and advances	4,002	4,444	3,477
Other current financial assets	5,412	5,463	2,523
Total current assets	1,087,104	989,802	884,285
Restricted cash	91,559	73,044	73,044
Prepaid taxes - Corporate income tax	10,933	10,933	8,742
- Other taxes	31,636	30,869	52,855
Investments in associates	12,709	-	-
Fixed assets	1,556,198	1,549,857	1,520,203
Other non-current financial assets	3,430	3,611	4,783
Total non-current assets	1,706,465	1,668,314	1,659,627
Total assets	2,793,569	2,658,116	2,543,912
Liabilities and Equity			
Trade payables - Related parties	190	298	195
- Third parties	123,847	115,296	122,536
Accruals	37,677	27,772	27,026
Short-term employee benefit liabilities	15,729	26,244	14,067
Taxes payable - Corporate income tax	18,764	-	-
- Other taxes	4,474	2,407	3,822
Lease liabilities	1,874	1,816	1,413
Share-based payment liabilities	141	467	39
Other current financial liabilities	2,685	739	1,447
Total current liabilities	205,381	175,039	170,545
Long-term post-employment benefit liabilities	30,197	28,457	26,738
Deferred tax liabilities	22,050	24,891	44,284
Lease liabilities	3,671	3,918	3,041
Provision for asset retirement	79,423	71,031	77,195
Total non-current liabilities	135,341	128,297	151,258
Total liabilities	340,722	303,336	321,803
Equity	2,452,847	2,354,780	2,222,109
Total liabilities and equity	2,793,569	2,658,116	2,543,912

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

	1Q23	4Q22	1Q22
Cash flows from operating activities			
Receipts from customers	383,959	286,638	248,959
Payments to suppliers	(155,755)	(167,134)	(106,656)
Payments of corporate income tax	(11,884)	(25,014)	(20,000)
Payments of other taxes	(15,112)	(29,416)	(10,962)
Receipts of tax refunds	-	62,563	7,580
Payments to employees	(30,943)	(4,247)	(31,958)
Placement of financial guarantee	(18,515)	-	(23,174)
Receipts of finance income	7,534	5,027	735
Payments of royalties and levies	(19,774)	(26,780)	(11,632)
Net cash flows provided by operating activities	139,510	101,637	52,892
Cash flows from investing activities			
Payments for acquisition of fixed assets	(56,160)	(91,901)	(42,260)
Net cash flows used in investing activities	(56,160)	(91,901)	(42,260)
Cash flows from financing activities			
Stock subscription from non-controlling interest	-	-	-
Payments of lease liabilities	(189)	(384)	(297)
Payments of finance costs	-	(34)	(23)
Net cash flows used in financing activities	(189)	(418)	(320)
Net increase/(decrease) in cash and cash equivalents	83,161	9,318	10,312
Cash and cash equivalents at the beginning of the period	634,042	624,341	508,327
Effect of exchange rate changes on cash and cash equivalents	229	383	(617)
Cash and cash equivalents of deconsolidated subsidiaries	(165)	-	-
Cash and cash equivalents at the end of the period	717,267	634,042	518,022