

PT Vale Indonesia Tbk reports third quarter 2023 Earnings of US\$52.6 million and marking another significant milestone for Pomalaa project

Jakarta, October 26th, 2023 – PT Vale Indonesia Tbk ("PT Vale" or the "Company", IDX Ticker: INCO) and its subsidiaries (referred to as the "Group") have announced their unaudited results for the third quarter of 2023 ("3Q23").

During 3Q23, PT Vale showcased a strong performance in terms of production, achieving a total of 17,953 metric tons ("t"). This commendable achievement can be attributed to the implementation of an effective maintenance strategy coupled with exceptional operational performance.

In 3Q23 and the nine-month period of 2023 ("9M23"), PT Vale's average realized price stood at US\$16,204 and US\$18,596 per t, respectively, representing a 10% and 6% decline compared to the average realized price in 2Q23 and 9M22.

Despite the decline in price, the Company achieved a notable 7% increase in sales during 9M23 compared to the same period in the previous year. This growth was primarily driven by higher volume deliveries of nickel in matte. Consequently, PT Vale's Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled US\$401.1 million in 9M23, surpassing the US\$382.6 million recorded in 9M22.

The Group's Cost of Revenue throughout the first nine months of 2023 amounted to US\$650.9 million, marking a 6% increase when compared to the same period in 2022. The rise in cost can be primarily attributed to fuel consumption and associated expenses.

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

	3Q23	2Q23	9M23	9M22
HSFO volume (barrels)	337,351	363,865	1,258,759	880,724
HSFO average price per barrel	US\$85.60	US\$80.29	US\$80.52	US\$89.61
Diesel volume (kilolitres)	17,109	16,244	48,594	44,796
Diesel average price per litre	US\$0.86	US\$0.92	US\$0.93	US\$0.83
Coal volume (t)	121,464	107,186	284,918	289,311
Coal average price per t (*)	US\$223.48	US\$288.42	US\$287.10	US\$308.94

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

As part of our ongoing efficiency initiatives, PT Vale maintained coal as the primary energy source for the burner throughout 3Q23. This decision resulted in a 13% increase in coal consumption, which was partially offset by a 7% reduction in HSFO consumption compared to the previous quarter. The rise in diesel consumption by 5% was primarily driven by increased mining support activities during 3Q23.

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In terms of financial performance, the Company recorded earnings of US\$52.6 million in 3Q23, representing a decrease compared to the US\$70.4 million achieved in 2Q23 due to lower average realized nickel price.

Furthermore, during 3Q23, PT Vale invested US\$65.7 million in capital expenditures, an increase from the US\$60.8 million spent in 2Q23. This increase was primarily allocated to sustaining and growth spending. Despite the higher spending, the Company maintained prudent cash management and reported a cash and cash equivalent balance of US\$768.4 million as of September 30, 2023, up from US\$719.9 million as of June 30, 2023.

The Company's commitment to implementing good mining practices has earned significant recognition. In September 2023, PT Vale received three "Best of the Best" trophies at the Good Mining Practice ("GMP") Award 2023. These awards include the Aditama Certificate and "Best" Trophy for achievements in Mineral and Coal Mining Technical Management Aspects, Mineral and Coal Conservation Management Aspects, and Environmental Management Aspects of Mineral and Coal Mining. Additionally, PT Vale received the "Primary" award for Management of Standardization and Mining Services Business. Febriany Eddy, CEO and President Director of the Company, expressed gratitude to employees, contractors, and other stakeholders for their commitment to prioritizing good mining practices.

Following the signature of Definitive Agreement with Huayou and Ford on March 30th, 2023, PT Vale is pleased to announce completion of the evaluation and approval by its board of the Pomalaa mine, a US\$925 million investment that will supply ore to the Pomalaa HPAL to further support Indonesia's EV supply chain.

The Company will continue to maintain its focus on improving productivity and cost efficiency to sustain competitiveness in the long term 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>3Q23</u>	<u>2Q23</u>	<u>9M23</u>	<u>9M22</u>
Nickel in matte production ¹	17,953	16,922	51,644	43,907
Nickel matte deliveries ¹	17,214	16,463	50,435	44,347
Average realized price ²	16,204	17,967	18,596	19,703
EBITDA ³	104.5	123.0	401.1	382.6
Revenue ³	278.9	295.8	937.9	873.8
Profit ³	52.6	70.4	221.1	168.4
Earnings per share ⁴	0.0053	0.0071	0.0223	0.0169

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>3Q23</u>	<u>2Q23</u>	<u>9M23</u>	<u>9M22</u>
Revenue	278,929	295,787	937,896	873,777
Cost of revenue	<u>(212,499)</u>	<u>(210,248)</u>	<u>(650,991)</u>	<u>(614,691)</u>
Gross profit	66,430	85,539	286,905	259,086
Operating expenses	(5,001)	(4,772)	(15,915)	(12,837)
Other income	108	108	333	785
Other expenses	<u>(2,117)</u>	<u>(1,960)</u>	<u>(13,313)</u>	<u>(10,190)</u>
Operating profit	59,420	78,915	258,010	236,844
Share in net profit from associates	18	-	18	-
Finance income	9,414	8,740	25,689	5,664
Finance costs	<u>(1,326)</u>	<u>(1,381)</u>	<u>(3,961)</u>	<u>(3,928)</u>
Profit before income tax	67,526	86,274	279,756	238,580
Income tax expense	<u>(14,956)</u>	<u>(15,911)</u>	<u>(58,670)</u>	<u>(70,195)</u>
Profit for the period	52,570	70,363	221,086	168,385
Other comprehensive (loss)/income				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	-	-	-	-
– Income tax on other comprehensive income	-	-	-	-
Total other comprehensive (loss)/income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	52,570	70,363	221,086	168,385
Profit for the period attributable to:				
Owners of the parent entity	52,570	70,363	221,086	168,385
Non-controlling interest	-	-	-	-
	<u>52,570</u>	<u>70,363</u>	<u>221,086</u>	<u>168,385</u>
Total comprehensive income for the period attributable to:				
Owners of the parent entity	52,570	70,363	221,086	168,385
Non-controlling interest	-	-	-	-
	<u>52,570</u>	<u>70,363</u>	<u>221,086</u>	<u>168,385</u>
Earnings per share				
- Basic and diluted (in full amount of US Dollars)	<u>0.0053</u>	<u>0.0071</u>	<u>0.0223</u>	<u>0.0169</u>

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

	September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
Cash and cash equivalents	768,371	719,881	634,042
Trade receivables - Related parties	100,840	92,079	141,377
Inventories	172,381	168,647	155,753
Prepaid taxes – Other taxes	47,639	80,745	48,723
Prepayments and advances	4,332	1,814	4,444
Other current financial assets	6,379	6,240	5,463
Total current assets	1,099,942	1,069,406	989,802
Restricted cash	103,088	103,088	73,044
Prepaid taxes - Corporate income tax	11,084	11,084	10,933
- Other taxes	28,045	29,809	30,869
Investments in associates	12,378	12,724	-
Fixed assets	1,605,203	1,579,185	1,549,857
Other non-current financial assets	2,897	3,646	3,611
Total non-current assets	1,762,695	1,739,536	1,668,314
Total assets	2,862,637	2,808,942	2,658,116
Liabilities and Equity			
Trade payables - Related parties	80	69	298
- Third parties	133,451	129,634	115,296
Accruals	35,528	29,375	27,772
Short-term employee benefit liabilities	19,735	12,823	26,244
Taxes payable - Corporate income tax	20,347	22,072	-
- Other taxes	1,605	2,231	2,407
Lease liabilities	5,963	1,883	1,816
Share-based payment liabilities	51	29	467
Other current financial liabilities	4,261	4,045	739
Total current liabilities	221,021	202,161	175,039
Long-term post-employment benefit liabilities	30,704	30,894	28,457
Deferred tax liabilities	17,625	22,776	24,891
Lease liabilities	3,173	3,239	3,918
Provision for asset retirement	74,454	86,782	71,031
Total non-current liabilities	125,956	143,691	128,297
Total liabilities	346,977	345,852	303,336
Equity	2,515,660	2,463,090	2,354,780
Total liabilities and equity	2,862,637	2,808,942	2,658,116

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

	<u>3Q23</u>	<u>2Q23</u>	<u>9M23</u>	<u>9M22</u>
Cash flows from operating activities				
Receipts from customers	270,167	324,307	978,433	853,424
Payments to suppliers	(142,074)	(144,237)	(442,066)	(386,830)
Payments of corporate income tax	(21,834)	(17,341)	(51,059)	(55,167)
Payments of other taxes	(15,330)	(15,315)	(45,757)	(37,440)
Receipts of tax refunds	48,320	21,883	70,203	20,739
Payments to employees	(20,814)	(29,421)	(81,178)	(84,182)
Placement of financial guarantee	-	(11,529)	(30,044)	(23,174)
Receipts of finance income	9,414	8,741	25,689	5,664
Payments of royalties and levies	(14,146)	(15,751)	(49,671)	(46,513)
Net cash flows provided by operating activities	113,703	121,337	374,550	246,521
Cash flows from investing activities				
Payments for acquisition of fixed assets	(65,736)	(60,761)	(182,657)	(127,666)
Proceeds from disposal of fixed assets	2,672	-	2,672	1,500
Net cash flows used in investing activities	(63,064)	(60,761)	(179,985)	(126,166)
Cash flows from financing activities				
Payment of dividends	-	(59,304)	(59,304)	-
Payment of lease liabilities	(455)	(767)	(1,411)	(978)
Payments of finance costs	(162)	(68)	(230)	(82)
Net cash flows used in financing activities	(617)	(60,139)	(60,945)	(1,060)
Net increase in cash and cash equivalents	50,022	437	133,620	119,295
Cash and cash equivalents at the beginning of the period	719,881	717,267	634,042	508,327
Effect of exchange rate changes on cash and cash equivalents	(1,532)	2,177	874	(3,281)
Cash and cash equivalents of deconsolidated subsidiaries	-	-	(165)	-
Cash and cash equivalents at the end of the period	768,371	719,881	768,371	624,341