

# PRESS RELEASE

## For immediate release



30<sup>th</sup> September 2024

## Financial Results for 1H 2024

Jakarta, Indonesia – PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBMA” or the “Company”) is pleased to announce its financial performance for the six months ending 30 June 2024 (“1H 2024”).

### Key Highlights for 1H 2024

- Revenue and EBITDA of \$922 million and \$83 million, representing YoY growth of 163% and 413%, respectively.
- Revenue growth is underpinned by record production of 42,782 tonnes of nickel in nickel pig iron (“NPI”) and 25,443 tonnes of nickel in high-grade nickel matte (“HGNM”), following the successful ramp-up of additional RKEF plant capacity and the acquisition of a HGNM conversion facility in mid-2023.
- MBMA achieved the following performance during the first half of 2024:

	Production	Sales	Sales Price	Cash Cost	AISC
Ni in NPI	42,782 tonnes <sup>1</sup>	42,467 tonnes	\$11,291/t	\$10,198/t	\$10,298
Ni in HGNM	25,443 tonnes	27,209 tonnes	\$14,212/t	\$13,050/t	\$13,085
Limonite	3.0m wmt	3.5m wmt	\$16/wmt	\$9.0/wmt	n.a.
Saprolite	0.9m wmt	2.4m wmt	\$30/wmt	\$9.3/wmt	n.a.

- Internal sales of saprolite ore during 1H 2024 was 2.4 million wet metric tonnes (“wmt”) at an average selling price (“ASP”) of \$30/wmt.
- Limonite ore sales to PT Huayue Nickel Cobalt (“HNC”) during 1H 2024 was 3.5 million wmt at an ASP of \$16/wmt.
- MBMA continues to advance its HPAL processing growth initiatives. MBMA increased its ownership in PT ESG New Energy Material (“PT ESG”) from 55% to 60% during 1H 2024. MBMA’s interest in PT ESG is held via PT Merdeka Industri Anantha (“PT MIA”). At the end of 1H 2024, PT ESG shareholders had invested a total of \$330 million in project construction, comprising \$180 million in equity and \$150 million in financing. PT ESG construction is advancing with commissioning activities expected to commence in late 2024 with it achieving 81.4% overall project completion at the end of August 2024.
- During 1H 2024, MBMA completed its first bond issuance of IDR1.5 trillion comprising 367 days and three-year tenor bonds. The proceeds were used for early repayment of the \$80 million PT Bank UOB Indonesia facility (“UOBI”), and the balance will be used for MBMA working capital.
- At the end of 1H 2024, cash and cash equivalents were \$247 million, with total outstanding bank debt and IDR bonds of \$286 million and \$92 million, respectively.
- After 1H 2024, MBMA completed its second IDR bond issuance, raising proceeds of IDR2.0 trillion, comprising 367 days and three-year tenor bonds.

<sup>1</sup> Includes low grade nickel matte production

*Table 1. Highlights of Consolidated Statements of Profit or Loss and Other Comprehensive Income*

In \$ million	1H 2024	1H 2023
<b>Revenue</b>	<b>921.6</b>	<b>351.0</b>
Cost of Revenue (exclusive of D&A)	(825.3)	(317.9)
Mining Cost	(61.6)	(12.0)
Processing Cost	(710.3)	(369.1)
Inventory	(44.8)	63.2
Royalties	(8.6)	-
Depreciation and Amortisation	(33.1)	(14.7)
<b>Gross Profit</b>	<b>63.1</b>	<b>18.4</b>
<i>Gross Profit Margin</i>	<i>6.8%</i>	<i>5.2%</i>
G&A Expenses	(13.7)	(17.5)
<b>Operating Profit</b>	<b>49.4</b>	<b>0.9</b>
<i>Operating Profit Margin</i>	<i>5.4%</i>	<i>0.3%</i>
Finance Costs, net	(0.1)	(16.3)
Other Income, net	1.0	(1.2)
<b>Profit/(Loss) Before Tax</b>	<b>50.3</b>	<b>(14.1)</b>
Tax (Expense)/Benefit	(4.0)	0.2
<b>Net Profit/(Loss)</b>	<b>46.3</b>	<b>(13.9)</b>
<i>Net Profit Margin</i>	<i>5.0%</i>	<i>(4.0%)</i>
<b>EBITDA</b>	<b>83.0</b>	<b>12.4</b>
<i>EBITDA Margin</i>	<i>9.0%</i>	<i>3.5%</i>

## Revenue

- MBMA generated consolidated revenue of \$921.6 million in 1H 2024, reflecting an increase of \$571 million (163% YoY) from full year contribution of NPI sales from the third RKEF smelter, PT Zhao Hui Nickel (“ZHN”), HGNM sales from PT Huaneng Metal Industry (“HNMI”) nickel matte converter and limonite ore sales.

## Cost of Revenue

- Total cost of revenue attributable to NPI from three RKEF plants and HGNM was \$455 million and \$358 million.
- The total cash cost for NPI has decreased to \$10,198/t, compared to 1H 2023 cash cost of \$14,059/t, driven by lower cost of nickel ore, reductant agents and electricity.
- The total cash cost for nickel matte is \$13,050/t, with over 90% of the costs are associated with purchasing low-grade nickel matte (“LGNM”), one of the primary raw materials to produce HGNM.

- Cash cost of nickel ore production cost in 1H 2024 is approximately \$9/wmt for both saprolite ore and limonite ore. Unit costs are expected to decrease as mining volumes increase and ongoing efforts to optimise operations are realised.

### Profitability

- MBMA generated an EBITDA of \$83 million, representing a YoY increase of 572%. This is attributable to the increased production and sales of nickel in HGNM and NPI.
- EBITDA attributable to NPI is \$44 million, \$30 million for HGNM and \$17 million for limonite ore sales, offset by corporate cost of \$8 million.
- Increase in gross profit margin is attributable to the decrease in cash cost of HGNM and NPI of \$13,050/t and \$10,198/t, respectively, compared to a cash cost of \$15,513 for HGNM and \$14,059 for NPI, respectively, in 1H 2023.

### Cash Flow

- Net cash inflow from operations of \$89 million which is inclusive of \$85 million of working capital spending.
- Net cash outflow for investing of \$142 million is mainly attributable to the development of the MBMA growth projects amounting to \$151 million, netted of with net cash inflow from disposal of PT MIA (shareholder of PT ESG's interest) of \$14 million.
- Net cash inflow from financing of \$100 million is mainly from proceeds of IDR bond issuance.

### Liquidity and Capital Resources

#### Cash

- At the end of 1H 2024, cash and cash equivalents were \$247 million with total outstanding bank debt and IDR bonds of \$286 million and \$92 million, respectively.

#### Debt Transactions in 1H 2024

- During 1H 2024, MBMA repaid \$51 million to MDKA shareholder loan facility. The outstanding balance of this facility is \$130 million as of 30 June 2024.
- On 3 April 2024, MBMA successfully completed its inaugural bond issuance of IDR1.5 trillion, offered in two series:
  - Series A (367 days tenor): Bond principal amounting to IDR525 billion at a coupon rate of 7.50% per annum swapped to \$33 million at a coupon rate of 3.42% per annum;
  - Series B (three-year tenor): Bond principal amounting to IDR975 billion at a coupon rate of 9.25% per annum. IDR238 billion has been swapped to \$15 million at a coupon rate of 6.95% per annum. The remaining portion is expected to be swapped into USD during 2H 2024.
  - The proceeds were used for early repayment of the \$80 million UOBI facility and the remaining will be used for MBMA working capital. The outstanding balance of IDR bonds as of 30 June 2024 was equivalent to \$92 million.
- After 1H 2024, MBMA completed its second IDR bond issuance, raising proceeds of IDR2.0 trillion, comprising 367 days and three-year tenor bonds. In addition, PT Merdeka Tsingshan Indonesia ("PT MTI") made an early

repayment of its IDR430 billion (approximately ~\$26 million) VAT Loan Facility using internal cash of PT MTI from VAT refund on project.

## Capital Investments in 1H 2024

- During 1H 2024, MBMA invested an additional \$88 million on the AIM plant.
- MBMA entered into a definitive agreement to subscribe for a 12.5% interest in PT Meiming New Energy Material ("PT Meiming"), a 25,000 tonnes per annum HPAL plant being developed in partnership with GEM Co., Ltd. ("GEM") at IMIP. Construction of the plant expected to be completed in 1H 2025. The construction in PT Meiming will be funded from a mixture of debt (to be arranged by GEM) and equity.

## 1H 2024 Developments

### SCM Mine

- MBMA continues to improve site infrastructure to support mining operations ramp-up. Widening works on the primary haul road connecting the SCM Mine to Indonesia Morowali Industrial Park ("IMIP") are underway, including preliminary clearing, grubbing, earthworks culvert installation, and temporary camp and workshop construction.
- MBMA is constructing an extension to the existing haul road. Once complete, this road will be a dedicated route from the SCM Mine to IMIP, reducing haulage costs substantially, increasing saprolite haulage capacity and providing SCM Mine with a corridor for a transmission line and the pipeline required for MBMA's feed preparation plant ("FPP") and future HPAL plants being developed at IMIP.
- Additionally, additional mining contractors were mobilised in 1H 2024 for a ramp-up in mining activity to support the additional limonite demand in 2025. The new mining contractors are using articulated dump trucks to improve mining efficiency.

### AIM Plant

- Commissioning activities at the AIM acid plant are continuing. Commissioning of acid plant train 2 and the chloride plant is expected to commence in 2H 2024. Construction of the copper cathode plant is progressing, with commissioning expected in 4Q 2024. AIM is expected to be fully operational across all processing circuits by end of 2024.
- By the end of 1H 2024, the pyrite concentrator plant processed 85,699 tonnes of pyrite to produce 73,146 tonnes of concentrate suitable for roaster feed. The concentrator performance has continued to improve throughout the period and has produced the quantity and specification of feed required for the roasting plant.

### HPAL Partnerships

- Construction of the PT ESG HPAL plant was 51.8% complete at the end of 1H 2024 (81.4% overall project completion at the end of August 2024). Detailed engineering design and long lead item purchase were substantially complete. Land clearing and ground levelling for the FPP are continuing, and a geotechnical survey has been completed. Project commissioning for Train A is targeted for late 2024, with Train B and FPP expected to follow by mid-2025.
- MBMA is partnering with Brunp CATL (MBMA: 67%, Brunp CATL: 33%) regarding the development of an HPAL plant with a nameplate capacity of 60,000 tonnes per annum of nickel in MHP. China ENFI Engineering Technology Co., Ltd. ("ENFI") completed the draft feasibility study report during 2Q 2024. The draft feasibility study report has been reviewed by both CATL and MBMA, and a final feasibility study report will be issued in 2H 2024.

## Outlook for FY2024

### SCM Mine

MBMA is on track to meet saprolite ore sales of 4.0 to 5.0 million wmt.

Limonite ore sales revised to 9.5 to 10.5 million wmt. Production increases are planned for 2025 once the second feed preparation plant ("FPP") at SCM is commissioned by mid-2025. This FPP is expected to consume more than 9.0 million wmt of limonite per annum supplying both the PT ESG and PT Meiming HPAL plants.

### RKEF Smelters

MBMA commenced scheduled reline of the refractory on one of its two furnaces of the BSID smelter in September 2024. Therefore, the nickel in NPI sales guidance has been revised to 80,000 to 85,000 tonnes. No change to total cash cost of \$10,000 to 12,000/t and AISC of \$10,200 to 12,200/t.

### Nickel Matte

Nickel in HGNM guidance is 50,000 to 55,000 tonnes at an average cash cost of \$13,000 to 15,000/t and AISC of \$13,040 to 15,040/t.

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