

Financial Results for 1Q 2024

Jakarta, Indonesia, 3rd June 2024 – PT Merdeka Battery Materials Tbk (IDX: MBMA) (“MBMA” or the “Company”) is pleased to announce its financial performance for the three months ending 31 March 2024 (“1Q 2024”).

Key Highlights for 1Q 2024

- Revenue and EBITDA of US\$444 million and US\$27 million, representing YoY growth of 211% and 102%, respectively. This growth is underpinned by record production of 20,900 tonnes of nickel in nickel pig iron (“NPI”) and 12,041 tonnes of nickel in nickel matte, following the successful ramp-up of additional RKEF plant capacity and the acquisition of a high-grade nickel matte conversion facility in mid-2023.
- MBMA achieved the following milestones during the quarter:

| | Production | Sales | Sales Price | Cash Cost |
|--------------------|---------------|---------------|--------------|--------------|
| Ni in NPI | 20,900 tonnes | 21,621 tonnes | US\$11,055/t | US\$10,107/t |
| Ni in Matte | 12,041 tonnes | 14,404 tonnes | US\$13,673/t | US\$13,120/t |
| Limonite | 1,191,696 wmt | 623,307 wt. | US\$13/wmt | US\$10/wmt |
| Saprolite | 457,042 wmt | 144,931 wmt | US\$28/wmt | US\$10/wmt |

- Saprolite ore delivery to MBMA RKEF smelters during the quarter was 1.1 million wmt with total internal sales of 0.1 million wmt at an average selling price of US\$28/wmt. Limonite ore delivery to PT Huayue Nickel Cobalt (“HNC”) during the quarter was 1.1 million wmt with total sales of 0.6 million wmt at an average sales price (“ASP”) of US\$13/wmt.
- Production guidance of saprolite and limonite for 2024 is 4.0 to 5.0 and 10.0 to 11.0 million wmt, respectively. The SCM mine production profile will increase as the PT ESG New Energy Material (“PT ESG”) feed preparation plant (“FPP”) at IKIP is commissioned by mid-2025. Limonite ore sales to PT ESG are expected to be approximately 5.0 million wmt per annum.
- PT ESG entered a financing arrangement for up to US\$490 million to fund the construction of the HPAL project. MBMA’s interest in PT ESG is held via its subsidiary, PT Merdeka Industri Anantha (“MIA”). As a part of the overall financing of PT ESG, MIA has obtained a funding proposal from Arniko Materials Pte Ltd (“Arniko”), a regional financial investor based in Singapore. Under the funding proposal, Arniko will subscribe for new shares in MIA, resulting in a 55% shareholding, with MBMA holding the remaining 45%. MBMA retains a call option to re-acquire the 55% stake. As a result, the debt financing will not be consolidated in the financial statements of MBMA and MIA is fully funded for its construction funding obligations. PT ESG’s shareholders have invested approximately US\$160 million as of the end of May 2024.
- MBMA has fully drawn a \$80 million Single Currency Term Facility with PT Bank UOB Indonesia (“UOBI”).
- As of 31 March 2024, cash and cash equivalents was US\$286 million, with total outstanding bank debt of US\$367 million.

Table 1. Highlights of Consolidated Income

| In US\$ million | 1Q 2024 | 1Q 2023 |
|---------------------------------|-------------|--------------|
| Revenue | 444.2 | 142.7 |
| Cost of Revenue | (426.4) | (130.9) |
| Gross Profit | 17.9 | 11.8 |
| <i>Gross Profit Margin</i> | 4.0% | 8.3% |
| Operating Expenses | (7.4) | (5.9) |
| Operating Profit | 10.5 | 5.9 |
| <i>Operating Profit Margin</i> | 2.4% | 4.1% |
| Finance Costs, net | (0.2) | (11.6) |
| Other Income, net | 2.6 | 0.6 |
| Profit/(Loss) Before Tax | 12.9 | (5.1) |
| Tax (Expense)/Benefit | (2.7) | 0.9 |
| Net Profit/(Loss) | 10.1 | (4.2) |
| <i>Net Profit Margin</i> | 2.3% | (3.0%) |
| EBITDA | 26.6 | 13.1 |
| <i>EBITDA Margin</i> | 6.0% | 9.2% |

1Q 2024 Financial Results

- **Revenue**

The significant increase in revenue is attributable to:

- A 67% YoY increase in NPI sales of 21,621 tonnes, generating a revenue of US\$239 million at an ASP of US\$11,055/t (8,170 tonnes sold at an ASP of US\$17,470/t in 1Q 2023). The significant revenue increase is attributable to higher production volume following the successful commissioning and ramp-up of the PT Zhao Hui Nickel (“ZHN”) RKEF plant in June 2023.
- Additional revenue of US\$197 million generated from the sale of 14,404 tonnes of nickel in nickel matte at an ASP of US\$13,673/t, following the acquisition of a high-grade nickel matte conversion facility in mid-2023.
- During the quarter, MBMA sold 0.6 million wmt of limonite ore of at an ASP of US\$13/wmt, adding a revenue of US\$8 million.

- **Cost of Revenue**

- The total cost of revenue attributable to NPI was US\$229 million. This represents a total cash cost of US\$10,107/t, which is significantly lower, on a unit cost basis, compared to 1Q 2023 cash cost of US\$15,405/t. The significant cost decrease is attributable to the lower cost of nickel ore, reductant agents and electricity.
- The total cost of revenue attributable to nickel matte was US\$191 million at a cash cost of US\$13,120/t. More than 90% of the costs are associated with purchasing low-grade nickel matte (“LGNM”), one of the primary raw materials to produce high-grade nickel matte (“HGNM”).
- The remaining cost of revenue is attributable to nickel ore production costs of approximately US\$10/wmt for both saprolite ore and limonite ore. Unit costs are expected to decrease during

2024 as mining volumes increase and SCM continues its ongoing efforts to optimise operations.

- **Profitability**

- MBMA generated an EBITDA of US\$27 million, representing a YoY increase of 102%, attributable to the additional production of nickel matte and NPI.
- A reduction in the gross profit margin is attributable to the YoY fall in the ASP of NPI to US\$11,055/t from US\$17,470/t in 1Q 2023.
- During the quarter, EBITDA attributable to NPI was US\$18 million, nickel matte of US\$6 million and nickel ore sales of US\$2 million.

- **Cash Flow**

- Cash flow from operations of US\$38 million represents a YoY increase of 241%, attributable to the enlarged NPI and nickel matte production volumes.
- Cash flow from investing of US\$91 million is mainly attributable to the development of the AIM plant, SCM mine and construction of the PT ESG HPAL project.
- Cash flow from financing of US\$54 million is mainly from UOBI facility proceeds, offset by MBMA's repayment of a US\$28 million loan facility with parent company PT Merdeka Copper Gold Tbk (IDX: MDKA).

Liquidity and Capital Resources

- **Cash**

- As of 31 March 2024, cash and cash equivalents was US\$286 million with total outstanding bank debt of US\$367 million.

- **Debt Transactions in 1Q 2024**

- MBMA has fully drawn a US\$80 million Single Currency Term Facility with UOBI.
- During the quarter, MBMA repaid US\$28 million of the MDKA shareholder loan facilities. The outstanding balance of MDKA shareholder loan facilities is US\$100 million as of 31 March 2024.
- Subsequent to the quarter, MBMA issued its inaugural IDR bond raising total proceeds of IDR1.5 trillion, comprising 367-day and three-year tenor bonds. The proceeds were used for early repayment of the US\$80 million UOBI facility, with the remaining balance for MBMA working capital.
- PT ESG entered a financing arrangement for up to US\$490 million to fund the HPAL project construction. MBMA's interest in PT ESG is held via its subsidiary, MIA. As a part of the overall financing of PT ESG, MIA has obtained a funding proposal from Arniko, a regional financial investor based in Singapore. Under the funding proposal, Arniko will subscribe for new shares in MIA, resulting in a 55% shareholding, with MBMA holding the remaining 45%. MBMA retains a call option to re-acquire the 55% stake. As a result, the debt financing will not be consolidated in the financial statements of MBMA and MIA is fully funded for its construction funding obligations. PT ESG's shareholders have invested approximately US\$160 million as of the end of May 2024.

- **Capital Investments**

- During the quarter, in accordance with the development and commissioning plans, MBMA invested an additional US\$45 million in the AIM plant.

1Q 2024 Developments

- **SCM Mine**

- At the SCM mine, work is underway to widen the main haul road connecting the mine to IMIP with preliminary clearing, grubbing, earthworks culvert installation, temporary camp and workshop construction. A new 22km section of the haul road is also being constructed to replace the use of a third-party road. This road is a more direct route and will reduce haulage costs. In addition, this infrastructure will provide a pipeline and power transmission line corridor.
- MBMA continues to improve site infrastructure to support mining operations, including developing several mine site roads.

- **AIM Plant**

- Commissioning activities at the AIM acid plant are continuing. First acid was produced from train 1 and delivered to the customer in April 2024. Commissioning of acid plant train 2 and the chloride plant is expected to commence in 3Q 2024. Construction of the copper cathode plant is progressing, with commissioning expected in 4Q 2024.
- MBMA continues to receive scheduled supplies of pyrite ore from the Wetar copper-pyrite mine. The pyrite ore is processed to produce a concentrate suitable for roaster feed. The pyrite concentrator performance is improving as the circuit approaches design recovery and concentrate grade.

- **HPAL Partnerships**

- MBMA is partnering with GEM Co., Ltd. ("GEM") to develop the PT ESG HPAL plant with a nameplate capacity of 30,000 tonnes per annum of nickel in MHP. At the end of the quarter, detailed engineering design and long lead item purchase were substantially complete. FPP land clearing is continuing and HPAL foundation works are ongoing with overall project progress of 34.8% as of the end of May 2024. Construction of the PT ESG HPAL plant is advancing as planned. Project commissioning is targeted for late 2024, with the first production of nickel in mixed hydroxide precipitate ("MHP") following shortly after.
- 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. Feasibility study work continued during the quarter with China ENFI Engineering Technology Co., Ltd. ("ENFI"). Detailed engineering and construction can commence after the completion of the feasibility work. ENFI has guided commissioning can be expected within 24 months from the commencement of construction.

Outlook for FY2024

SCM Mine

Sapolite and limonite ore sales of 4.0 to 5.0 million wmt and 10.0 to 11.0 million wmt, respectively. Production increases are planned for 2025 to correspond with the development of PT ESG HPAL processing capabilities.

NPI

Nickel in NPI guidance is 85,000 to 92,000 tonnes at an average cash cost of US\$10,000 to 12,000/t.

Nickel Matte

Nickel in nickel matte guidance is 50,000 to 55,000 tonnes at an average cash cost of US\$13,000 to 15,000/t.

MHP

Project commissioning of PT ESG is expected in 4Q 2024 followed by limited initial production of nickel in MHP.

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