

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following tables present the unaudited pro forma condensed combined statements of profit or loss for the PT Merdeka Battery Materials (the "Company" or "Issuer"), PT Merdeka Industri Mineral ("MIN"), PT Bukit Smelter Indonesia ("BSI"), PT Cahaya Smelter Indonesia ("CSI") and PT Zhao Hui Nickel ("ZHN") (the "Relevant Entities") based on the standalone financial statements of the Issuer, adjusted to give pro forma effect to the Significant Acquisitions, as if they occurred as of January 1, 2021, for the purpose of the unaudited pro forma condensed combined statements of profit or loss of the Relevant Entities for the year ended December 31, 2021 and the eleven-month period ended November 30, 2022. The unaudited pro forma condensed combined financial information does not reflect the impact of the Offering,

This unaudited pro forma condensed combined financial information should be read in conjunction with the MBM Audited Consolidated Financial Statements, MIN Audited Consolidated Financial Statements, BSI Audited Standalone Financial Statements, CSI Audited Standalone Financial Statements and ZHN Audited Standalone Financial Statements and the notes thereto as attached in the relevant Registration Document and/or Prospectus and/or Offering Circular. The unaudited pro forma condensed combined statement of profit or loss of the Relevant Entities for the year ended December 31, 2021 and the eleven-month period ended November 30, 2022 was derived from the audited standalone financial statements of the Issuer, the MIN Consolidated Financial Statements, the BSI Standalone Financial Statements, the CSI Standalone Financial Statements and the ZHN Standalone Financial Statements, each prepared in compliance with IFAS.

The unaudited pro forma condensed combined statements of profit or loss have not been prepared in accordance with the requirements of Article 11 of Regulation S-X under the U.S. Exchange Act.

The pro forma adjustments are based upon available information and certain assumptions that MBM believes are reasonable under the circumstances. The unaudited pro forma condensed combined financial information does not purport to represent what the results of operations and financial position of the Relevant Entities would actually have been had the Significant Acquisitions, in fact occurred as of January 1, 2021, and they do not purport to project the results of operations of the Relevant Entities for any future period or date.

NOTES TO PT MERDEKA BATTERY MATERIALS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS

(Expressed in US Dollars, unless otherwise stated)

Note 1: Basis of Presentation

The following unaudited pro forma condensed combined statement of profit or loss gives effect to the acquisition of the following entities by PT Merdeka Battery Materials Tbk (the “**Company**” or “**Issuer**”):

1. PT Merdeka Industri Mineral (formerly PT J&P Indonesia) and subsidiaries (“**MIN**”);
2. PT Bukit Smelter Indonesia (“**BSI**”);
3. PT Cahaya Smelter Indonesia (“**CSI**”); and
4. PT Zhao Hui Nickel (“**ZHN**”). Collectively, they are referred to as “**Acquired Entities**”.

The unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 gives pro forma effect to the acquisition of Acquired Entities by the Company as if the transactions were consummated on January 1, 2021. The information included in the unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 includes the condensed consolidated statements of profit or loss of the Company and MIN for the year ended December 31, 2021, which were derived from their respective audited consolidated statements of profit or loss for the year ended December 31, 2021. The information included in the unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 includes the condensed statements of profit or loss of BSI, CSI and ZHN for the year ended December 31, 2021, which were derived from their respective audited statements of profit or loss for the year ended December 31, 2021.

The unaudited pro forma condensed combined statement of profit or loss for the eleven-month period ended November 30, 2022 gives pro forma effect to the acquisition of Acquired Entities by the Company as if the transactions were consummated on January 1, 2021. The information included in the unaudited pro forma condensed combined statement of profit or loss for the eleven-month period ended November 30, 2022 includes the consolidated statements of profit or loss of the Company for the eleven-month period ended November 30, 2022, which were derived from the unaudited consolidated statements of profit or loss for the eleven-month period ended November 30, 2022.

The business combinations were accounted for under the acquisition method of accounting in accordance with Statement of Financial Accounting Standards (“**SFAS**”) 22, Business Combinations. The Issuer has therefore estimated the fair values of the Acquired Entities’ assets acquired and liabilities assumed.

Note 2: MIN acquisition

Based on Conditional Shares Sale and Purchase Agreement between PT Jcorp Cahaya Semesta (“**JCS**”) (the seller), PT Sumber Anugerah Internasional (“**SAI**”) (the seller), Teguh Boentoro (the seller), PT Prima Cahaya Bersama (the buyer), PT Merdeka Energi Industri (formerly PT JCorps Industri Mineral) (“**MED**”) and MIN dated December 28, 2021 which has been amended and novated with Amendment and Novation Agreement between the parties and the Company (the buyer) dated March 17, 2022, the Company acquired: i) 95.30% interests in MIN, which at that time owned 28.40% interests in BSI and 49% interests in CSI; and ii) 100% interests in MED with total transaction value totalling to Rp.9,562,787.9 million (equivalent to US\$667.9 million). The transaction price is partially paid through cash amounting to Rp.8,880,378.2 million (equivalent to US\$620.2 million) and the remaining of Rp.682,409.8 million (equivalent to US\$47.6 million) is retention amount, less 50% of the amounts of all non-disputed claims under the indemnity as at March 24, 2023 is due to JCS and SAI on May 31, 2023. Based on Notarial Deeds No. 61 and 62 of Humberg Lie, S.H., S.E., M.Kn., Notary in North Jakarta, dated March 24, 2022, the acquisitions have been accepted by Minister of Law and Human Rights of the Republic of Indonesia in Notification Receipt of Amendment of Company Data No. AHU-AH.01.03-0200140 and No. AHU-AH.01.03-0200160, both dated March 24, 2022. Thus, the Company effectively controlled MIN and MED and consolidated MIN and MED in the Company’s consolidated financial statements since that date.

Based on Shares Sales and Purchase Agreements dated June 29, 2022 between the Company with MEN and the Company with PT Integra Prime Energy, former shareholder of MIN, the Company further purchased 67,431,664 shares of MIN, representing 4.70% interest in MIN, with total transaction price of Rp.499,227.8 million (equivalent to US\$33.6 million). These sales and purchase agreements have been notarised by Notarial Deeds No. 92 and 93 of Darmawan Tjoa, S.H., S.E., Notary in Jakarta, dated June 30, 2022. The Statement of Circular Decision of Shareholders in lieu of the Extraordinary General Meeting of Shareholders has been notarised by Notarial Deed No. 91 of Darmawan Tjoa, S.H., S.E., Notary in Jakarta, dated June 29, 2022, which has been notified to and accepted by Minister of Law and Human Rights of the Republic of Indonesia in Notification Receipt of Amendment of Company Data No. AHU-AH.01.09-0027657 dated June 30, 2022. Thus, the Company effectively owned 100% interest in MIN.

MED is not considered as a significant subsidiary and therefore the Group does not present the pro forma statement of profit or loss for MED as if the acquisition of MED was consummated on January 1, 2021. The statement of profit or loss of MED from the date of acquisition until November 30, 2022 has been included in the condensed consolidated statement of profit or loss of the Company for the eleven-month period ended November 30, 2022.

NOTES TO PT MERDEKA BATTERY MATERIALS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS

(Expressed in US Dollars, unless otherwise stated)

Note 3: BSI and CSI acquisition

Based on Notarial Deeds No. 95 and No. 96 of Humberg Lie, S.H., S.E., M.Kn., Notary in North Jakarta, dated April 28, 2022, BSI and CSI increased its authorised, issued and paid-up capital each 10,872 shares with a total amount of US\$10.9 million and each 551 shares with a total amount of US\$0.6 million, respectively. All new shares have been fully paid by MIN in cash with the transaction value of US\$41.3 million and US\$2.1 million, resulting in the increase of the MIN’s ownership in each of BSI and CSI to 50.10%, and MIN obtain controls over BSI and CSI. Thus, since that date, BSI and CSI were consolidated into the Company’s consolidated financial statements.

On that date, the investments in BSI and CSI are amounting to US\$103.4 million and US\$86.5 million, respectively.

Note 4: ZHN acquisition

Effective on May 18, 2022, the Company acquired ZHN with total transaction price of US\$200.7 million comprising of: i) subscription for 50.10% of new issued shares of ZHN in consideration of US\$101.0 million; and ii) advance of investments of US\$99.6 million.

ZHN is currently in the process construction of the Rotary Kiln Electric Furnace (“RKEF”) Plant.

Note 5: Unaudited pro forma adjustments

The unaudited pro forma adjustments are necessary to adjust the profit or loss of the Acquired Entities that have been included in the condensed consolidated statement of profit or loss of the Company for the eleven-month period ended November 30, 2022, to adjust the share of net profit or loss from associates based on equity accounting and to adjust the material non-recurring charges or credits which result directly from the transaction.

There were no inter-company balances or transactions between the Company and the Acquired Entities, and among the Acquired Entities prior to the date of the acquisition.

The pro forma combined income taxes do not reflect the amounts that would have resulted had the Company and the Acquired Entities filed consolidated income tax returns during the periods presented.

There were no amortization or depreciation from identified assets acquired through business combinations. The identified assets acquired through business combinations includes mining properties acquired from the Company’s acquisition of MIN. The amortisation of mining properties is recognized as part of the inventories costs since the mining company has not started the commercial operation yet.

The unaudited pro forma adjustments included in the unaudited pro forma condensed combined statement of profit or loss are as follows:

5.a Adjustment to include the profit or loss of the Acquired Entities that have not been included in the consolidated statement of profit or loss of the Company. This adjustment added the profit or loss of the subsidiaries in the consolidated statement of profit or loss of the Company that was not recognized up to the date of acquisition. Therefore, the unaudited pro forma condensed combined statement of profit or loss for the eleven-month period ended November 30, 2022 will be equivalent to the unaudited combined statement of profit or loss of the stand-alone profit or loss of the Company for the eleven-month period ended November 30, 2022, the condensed consolidated statements of profit or loss of MIN for the eleven-month period ended November 30, 2022 and the condensed statement of profit or loss for BSI, CSI and ZHN for the eleven-month period ended November 30, 2022, shown as follows:

5.a.1 MIN

Line item	September 30, 2022 Historical MIN	Profit or loss from acquisition date of MIN to September 30, 2022	Profit or loss of MIN from January 1, 2022 to acquisition date
Revenue	289,446,714	(289,446,714)	-
Cost of revenue	(258,140,347)	258,140,347	-
Gross profit	31,306,367	(31,306,367)	-
Operating expenses:			
Selling and marketing expenses	(89,527)	89,527	-
General and administrative expenses	(6,684,103)	5,752,144	(931,959)
Operating profit	24,532,737	(25,464,696)	(931,959)
Finance income	102,990	(97,912)	5,078
Finance costs	(2,177,542)	1,933,060	(244,482)

NOTES TO PT MERDEKA BATTERY MATERIALS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS

(Expressed in US Dollars, unless otherwise stated)

Share in net profit of associates	16,765,207	(856,392)	15,908,815
Other income/(expenses) – net	15,642,350	(15,773,056)	(130,706)
Profit before income tax	54,865,742	(40,258,996)	14,606,746
Income tax benefit	105,285	105,285	-
Profit for the period	54,971,027	40,364,281	14,606,746

5.a.2 BSI

<u>Line item</u>	<u>September 30, 2022 Historical BSI</u>	<u>Profit or loss from acquisition date of BSI to September 30, 2022</u>	<u>Profit or loss of BSI from January 1, 2022 to acquisition date</u>
Revenue	236,138,258	(134,005,873)	102,132,385
Cost of revenue	(193,507,266)	119,261,873	(74,245,393)
Gross profit	42,630,992	(14,744,000)	27,886,992
Operating expenses:			
Selling and marketing expenses	(63,885)	42,236	(21,649)
General and administrative expenses	(375,127)	268,533	(106,594)
Operating profit	42,191,980	(14,433,231)	27,758,749
Finance income	21,277	(14,683)	6,594
Finance costs	(3,681,497)	641	(3,680,856)
Other expenses – net	(3,650,370)	2,448,954	(1,201,416)
Profit before income tax	34,881,390	(11,998,319)	22,883,071
Income tax benefit	27,408	(27,408)	-
Profit for the period	34,908,798	(12,025,727)	22,883,071

5.a.3 CSI

<u>Line item</u>	<u>September 30, 2022 Historical CSI</u>	<u>Profit or loss from acquisition date of CSI to September 30, 2022</u>	<u>Profit or loss of CSI from January 1, 2022 to acquisition date</u>
Revenue	251,586,071	(155,440,841)	96,145,230
Cost of revenue	(207,479,987)	137,937,930	(69,542,057)
Gross profit	44,106,084	(17,502,911)	26,603,173
Operating expenses:			
Selling and marketing expenses	(63,936)	47,291	(16,645)
General and administrative expenses	(484,408)	413,350	(71,058)
Operating profit	43,557,740	(17,042,270)	26,515,470
Finance income	31,132	(15,302)	15,830
Finance costs	(3,226,829)	481	(3,226,348)
Other expenses – net	(5,779,928)	3,428,853	(2,351,075)
Profit before income tax	34,582,115	(13,628,238)	20,953,877
Income tax benefit	32,891	(32,891)	-
Profit for the period	34,615,006	(13,661,129)	20,953,877

5.a.4 ZHN

<u>Line item</u>	<u>September 30, 2022 Historical ZHN</u>	<u>Profit or loss from acquisition date of ZHN to September 30, 2022</u>	<u>Profit or loss of ZHN from January 1, 2022 to acquisition date</u>
Operating expenses:			
General and administrative expenses	(1,009,597)	984,645	(24,952)
Operating loss	(1,009,597)	984,645	(24,952)
Finance income	6,281	(3,230)	3,051

NOTES TO PT MERDEKA BATTERY MATERIALS UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS

(Expressed in US Dollars, unless otherwise stated)

Other (expenses)/income – net	(186,860)	229,288	42,428
(Loss)/profit before income tax	(1,190,176)	1,210,703	20,527
Income tax expense	-	-	-
(Loss)/profit for the period	(1,190,176)	1,210,703	20,527

The unaudited pro forma condensed combined statement of profit or loss for the year ended December 31, 2021 will be equivalent to the unaudited combined statement of profit or loss of the stand-alone profit or loss of the Company for the year ended December 31, 2021, the condensed consolidated statements of profit or loss of MIN for the year ended December 31, 2021 and the condensed statement of profit or loss for BSI, CSI and ZHN for the year ended December 31, 2021.

- 5.b Adjustment to eliminate the share of net profit recognized by MIN from its investments in BSI and CSI before MIN obtains control and consolidates BSI and CSI in MIN consolidated financial statements. For the year ended December 31, 2021, MIN recognised share in net profit of BSI and CSI totalling to US\$73.9 million. For the eleven-month period ended November 30, 2022, MIN recognised share in net profit of BSI, CSI and other associates (which controlled by MED, the Company’s subsidiary) totalling US\$16.8 million.
- 5.c Adjustment to eliminate gain on the remeasurement of fair value of MIN’s previously held investments in BSI and CSI in the eleven-month period ended November 30, 2022 and recognise the gain on this fair value change in 2021 as if the acquisition transactions were consummated on January 1, 2021. MIN initially accounted for its investments in BSI and CSI using the equity accounting method. In April 2022, MIN increased its ownership in BSI and CSI by means of acquiring new shares and credited US\$19.0 million that resulted from the remeasurement of MIN’s previously held investments in BSI and CSI and presented as part of “Other income/(expenses) – net”.
- 5.d Adjustment to eliminate the gain on acquisition of BSI and CSI in the eleven-month period ended November 30, 2022 and recognise this gain on acquisition in 2021 as if the acquisition transactions were consummated on January 1, 2021. The Group has recognised a gain on acquisition of BSI and CSI amounting to US\$0.4 million and presented as part of “Other income/(expenses) – net”.

Note 6: Earnings/(loss) per share

The unaudited pro forma adjustments included in the unaudited pro forma condensed combined statement of profit or loss are affecting the calculation of earnings per share with the following calculations:

	<u>November 30, 2022</u>	<u>December 31, 2021</u>
Historical consolidated profit for the period/year attributable to owners of the parent entity	22,967,153	16,074
Weighted average number of ordinary shares outstanding – agree to notes to the audited consolidated financial statements	50,342,283,788	25,000,000
Historical basic and diluted earnings per share attributable to owners of the parent entity	0.0005	0.0000
	<u>November 30, 2022</u>	<u>December 31, 2021</u>
Pro forma consolidated profit for the period/year attributable to owners of the parent entity	23,869,395	111,532,874
Weighted average number of ordinary shares outstanding – agree to notes to the audited consolidated financial statements	50,342,283,788	50,342,283,788
Pro forma basic and diluted earnings per share attributable to owners of the parent entity	0.0005	0.0022

Unaudited Pro Forma Supplementary Financial Data

The following table is the summary of our historical and pro forma profit/(loss) for the period/year, historical and pro forma EBITDA and historical and pro forma Adjusted EBITDA for the year ended December 31, 2021 and for the eleven-month period ended November 30, 2022:

	Historical		Pro forma	
	Eleven-month period ended November 30, 2022	Year ended December 31, 2021	Eleven-month period ended November 30, 2022	Year ended December 31, 2021
Profit/(loss) for the period/year	36,772,743	16,074	59,141,784	205,268,633
EBITDA (unaudited)⁽¹⁾	65,714,472	15,925	103,111,894	228,991,379
Adjusted EBITDA (unaudited)⁽¹⁾	46,385,483	15,925	103,111,894	209,662,390

- (1) EBITDA is calculated as profit/(loss) for the period/year minus income tax benefit, finance income, plus income tax expense, finance costs and depreciation expense for the periods/years presented. Adjusted EBITDA is calculated as EBITDA adjusted for certain non-cash items such as gain on fair value changes on equity interest and gain on acquisition of subsidiaries. The adjustments from EBITDA to Adjusted EBITDA take account of the impact of such certain non-cash items that we do not consider in our evaluation of ongoing operating performance.

The following table is a reconciliation between our historical and pro forma profit/(loss) for the period/year to our historical and pro forma EBITDA and historical and pro forma Adjusted EBITDA for the year ended December 31, 2021 and for the eleven-month period ended November 30, 2022:

	Historical		Pro forma	
	Eleven-month period ended November 30, 2022	Year ended December 31, 2021	Eleven-month period ended November 30, 2022	Year ended December 31, 2021
Profit/(loss) for the period/year	36,772,743	16,074	59,141,784	205,268,633
Income tax (benefit)/expense.....	(105,285)	-	(105,285)	12,943
Depreciation expense.....	13,674,315	-	21,581,563	22,696,603
Finance income.....	(181,376)	(149)	(211,929)	(79,816)
Finance costs.....	15,554,075	-	22,705,761	1,093,016
EBITDA (unaudited)⁽¹⁾	65,714,472	15,925	103,111,894	228,991,379
Gain on fair value changes on equity interest.....	(18,978,777)	-	-	(18,978,777)
Gain on acquisition of subsidiaries.....	(350,212)	-	-	(350,212)
Adjusted EBITDA (unaudited)⁽¹⁾	46,385,483	15,925	103,111,894	209,662,390

- (1) EBITDA is calculated as profit/(loss) for the period/year minus income tax benefit, finance income, plus income tax expense, finance costs and depreciation expense for the periods/years presented. Adjusted EBITDA is calculated as EBITDA adjusted for certain non-cash items such as gain on fair value changes on equity interest and gain on acquisition of subsidiaries. The adjustments from EBITDA to Adjusted EBITDA take into account the impact of such certain non-cash and items that we do not consider in our evaluation of ongoing operating performance. Because there are various EBITDA calculation methods, our presentation of EBITDA and/or Adjusted EBITDA may not be comparable to similarly titled measures by other companies.