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28 November 2023

PT HARUM ENERGY Tbk
9M 2023 Summary and Highlights

Important Note: The results provided below reflect the unaudited consolidated results of PT Harum Energy Tbk. ("the Company") for the 9-month period ending 30 September 2023 ("9M 2023"), which include the results of PT Mahakam Sumber Jaya ("MSJ"), PT Layar Lintas Jaya ("LLJ"), PT Santan Batubara ("SB"), PT Karya Usaha Pertiwi ("KUP"), PT Bumi Karunia Pertiwi ("BKP"), PT Harum Nickel Perkasa ("HNP"), PT Tanito Harum Nickel ("THN"), PT Harum Nickel Industry ("HNI"), PT Infei Metal Industry ("IMI"), PT Position ("POS"), Harum Energy Australia Ltd and Harum Asia Capital Pte Ltd. The report below is prepared by the management and unaudited.

- **Coal sales volume in 3Q 2023 totaled 1.7 million tonnes (Mt), or 5.0% lower quarter-on-quarter (q-o-q). However, for 9M 2023, coal sales volume totaled 5.3Mt, or 37.5% higher year-on-year (y-o-y);**
- **Total revenues generated in 9M 2023 is USD 642.4 million, or 8.6% lower y-o-y with EBITDA of USD 278.4 million or 24.6% lower y-o-y**
- **The Company's Average Coal Sales Price (ASP) in 3Q 2023 is USD 87.2/t, or 20.6% lower q-o-q. The overall ASP achieved in 9M 2023 decreased to USD 120.1/t or by 33.2% y-o-y from USD 179.9/t in the same period last year;**
- **The Company's nickel division contributed USD 26.2million of net profit in 9M 2023**;
- **Total net profit attributable to owners of the parent in 9M 2023 decreased by 54.8% y-o-y to USD 107.3 million, primarily due to the adjustment to the fair value of investments in 3Q 2023. Excluding such adjustment, the net profit attributable to owners of the parent in 9M 2023 would have been approximately USD 176.9 million or 25.5% lower y-o-y.**

		2Q 2023	3Q 2023	Q-o-Q change	9M 2022	9M 2023	Y-o-Y change
Sales volume	(million tonne)	1.8	1.7	-5.0%	3.9	5.3	**37.5%**
Average Sales Price	(USD/tonne)	109.8	87.2	-20.6%	179.9	120.1	**-33.2%**
Revenues	(USD million)	197.7	150.2	-24.0%	702.8	642.4	**-8.6%**
EBITDA	(USD million)	82.9	36.3	-56.2%	369.4	278.4	**-24.6%**
Net profit attributable to the owners of the parent	(USD million)	47.6	-43.3	-191.1%	237.4	107.3	**-54.8%**

Coal Production and Sales

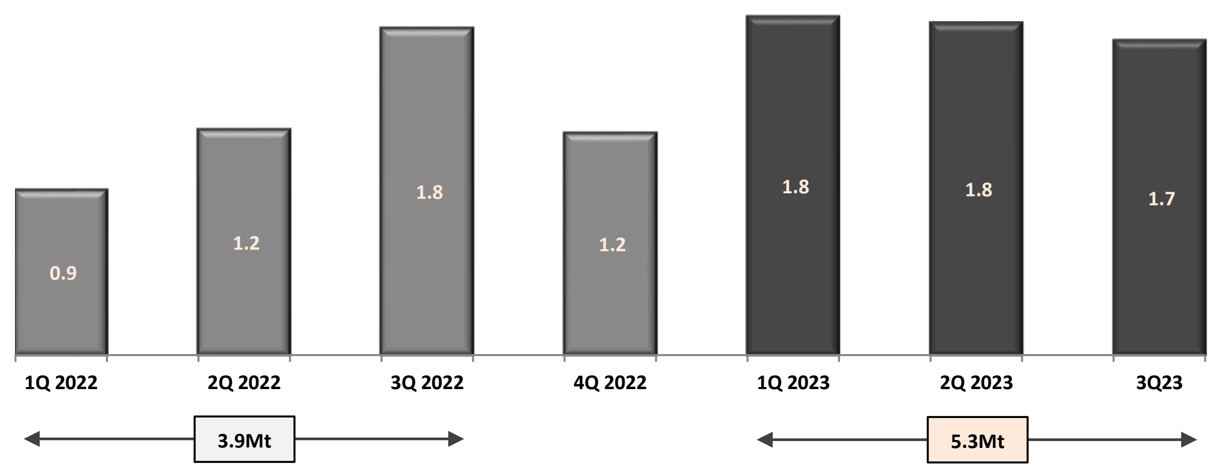
The Company was able to considerably increase its coal production in 3Q 2023 assisted by favorable weather. The Company produced 2.0Mt of coal in 3Q 2023, which brings the total coal produced in the first 9 months of this year to 5.4Mt or 43.0% higher than the 3.8Mt produced during same period of last year. Meanwhile, total coal sales volume in 3Q 2023 is 1.7Mt or 5.0% lower than the previous quarter. The

Company's combined sales volume in 9M 2023 is 5.3Mt, reflecting a significant 37.5% increase from the 3.9Mt of coal sold in the same period a year ago.

In 3Q 2023, the Company recorded an ASP of USD 87.2/t, or 20.6% lower compared to the ASP achieved in the previous quarter. The decline in the ASP is in line with the trend in global coal prices during the period. With the lower ASP in 3Q 2023, the Company's ASP for the first 9 months of the year decreased to USD 120.1/t, or 33.2% lower y-o-y from USD 179.9/t.

As a result of the lower sales volume and ASP during the quarter, the Company recorded USD 150.2 million of revenue in 3Q 2023, or 24.0% lower than the USD 197.7 million revenues recorded in 2Q 2023. For 9M 2023, the Company's revenues was USD 642.4 million, which reflects a 8.6% decline from USD 702.8 million recorded in 9M 2022 which was mostly driven by lower ASP but partially compensated by higher coal sales volume.

Chart 1 – Coal Sales Volume (Mt)



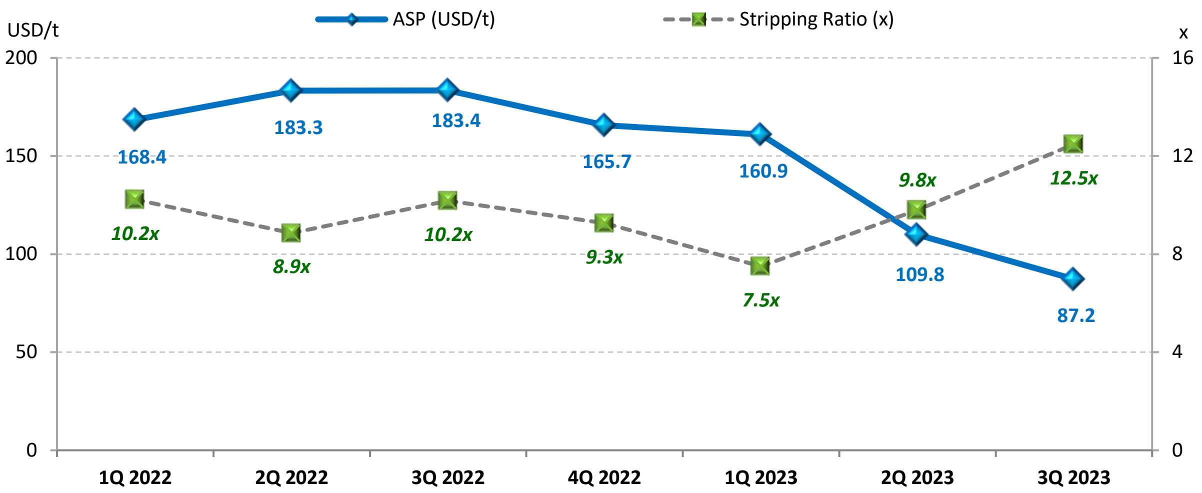
Coal Production Cost

In 3Q 2023, the coal production cash cost per tonne (/t) slightly increased by 4.4% from the previous quarter due to higher overburden removal costs resulting from higher Stripping Ratio (SR) and higher average fuel price.

In spite of the higher production costs in 3Q 2023, the Company still managed to lower its overall production cash cost/t for the first nine months of 2023 by 20.6% y-o-y, which came from a combination of:

- lower royalty expense/t;
- lower DMO provision/t; and
- lower average fuel price

Chart 2 – Average Sales Price and Stripping Ratio



Nickel Division

In September 2023, the Company through its subsidiary, THN, acquired additional shares in its first smelter, PT Infei Metal Industry (IMI), which increased THN's ownership in IMI to 99.99% with a transaction value of USD 70.4 million. With THN owning a majority stake in IMI, commencing from 26 September 2023, IMI is treated as a subsidiary and its financial results will be consolidated into the consolidated financial statement of the Company as the parent company going forward. Therefore, the consolidated financial statement of the Company in the future is expected to better reflect the contribution of IMI's financial performance as a result of both the increase of the Company's share ownership in IMI through THN, and the consolidation of IMI's financial performance.

For the first nine months of 2023, IMI successfully produced 21,025 ton of nickel metal equivalent (in the form of nickel pig iron), while generating an EBITDA of USD 44.9 million and net profit of USD 38.8 million.

IMI (100% basis)		1Q 2023	2Q 2023	3Q 2023	Q-o-Q change	9M 2022*	9M 2023	Y-o-Y change
Nickel Metal Production	(tonne)	5,935	6,286	8,804	40.1%	17,001	21,025	23.7%
Nickel Sales Volume	(tonne)	5,869	4,920	8,672	76.3%	17,657	19,460	10.2%
EBITDA	(USD million)	19.9	10.1	14.9	46.6%	54.7	44.9	-17.9%
Net Profit After Tax**	(USD million)	17.9	8.3	12.6	51.9%	45.8	38.8	-15.3%

**) 9M2022 data is shown for information purposes but it is not comparable since commercial production only started in April 2022.*
***) Net Profit After Tax prior to 26 September 2023 was attributed and recorded as the share of profit of associate on the Company's consolidated financial statements.*

During 9M 2023, IMI's RKEF operations recorded sales of USD 280.7 million from sales of 19,460 tonnes of nickel at an ASP of USD 14,423/t. The operating cash cost for producing NPI in 9M 2023 was USD 12,115/t or 16.9% lower y-o-y. The decline in IMI's cash costs was driven by cost reductions in nickel ore, smelting coal and electricity.

The Company's second smelter at its associate company, PT Westrong Metal Industry (WMI), is currently still under construction. As of 30 September 2023, the construction activities at WMI has already entered its final stage, and it is expected to commence commercial production in stages starting from 1Q 2024. The smelter at WMI is designed to produce up to 56,000 ton of nickel metal annually (in the form of high-grade nickel matte) which will support the continued growth of the Company's overall nickel production.

WMI development progress (as of September 2023)

The Company's nickel mining subsidiary, PT Position (POS), continued to progress with the various permitting process which is required prior to construction of the mining infrastructure and other pre-operating activities. Presently, the Company is targeting for POS to commence nickel ore production in 2024.

Corporate Profitability

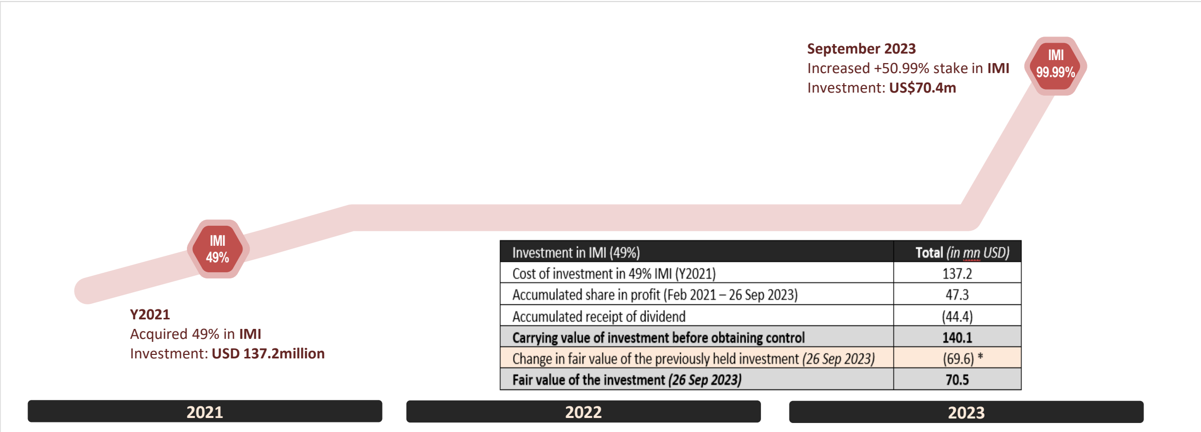
In 3Q 2023, the Company recorded gross profit of USD 46.1 million compared with USD 90.6 million in 2Q 2023. For 9M 2023, the Company's gross profit stood at USD 299.4 million compared with USD 437.2 million in 9M 2022, which is primarily due to the decline in its ASP.

In 3Q 2023, the Company managed to generate an EBITDA of USD 36.3 million which was 56.2% lower than USD 82.9 million generated in 2Q 2023. The decrease in EBITDA follows the lower sales revenue in the third quarter, which is only partially compensated by the decrease in production costs. Year-on-year, the EBITDA generated in 9M 2023 was USD 278.4 million, reflecting an EBITDA margin of 43.3% in 9M 2023 compared with 52.6% in 9M 2022.

From its nickel division, the Company recorded a positive contribution of USD 26.2 million through its share of profit from associates for 9M 2023, which mainly came from its equity investment in IMI and Nickel Industries Limited (NIC). As previously mentioned, starting from 4Q 2023, the financial results from IMI will be consolidated into the Company's consolidated financial statement due to the Company's effective majority ownership in IMI.

Fair Value Adjustments due to Acquisition

On September 26, 2023, the Company's subsidiaries, THN and HNP, acquired additional 50.99% shares in IMI at acquisition cost of USD 70.4 million and increased the share ownership in IMI from 49.0% to 99.99%. With the completion of the above transaction, the fair value of the identifiable assets and liabilities of IMI before the transaction date must be remeasured and reflected as an accounting adjustment of business combination. The negative adjustment resulting from the remeasurement was USD 69.6 million which was charged in 3Q 2023.



Investment in IMI (49%)	Total *(in mn USD)*
Cost of investment in 49% IMI (Y2021)	137.2
Accumulated share in profit (Feb 2021 – 26 Sep 2023)	47.3
Accumulated receipt of dividend	(44.4)
Carrying value of investment before obtaining control	**140.1**
Change in fair value of the previously held investment *(26 Sep 2023)*	(69.6) *
Fair value of the investment *(26 Sep 2023)*	**70.5**

**Change in fair value of the previously held investment was due to the remeasurement of the investment cost in IMI made during the year 2021 (49%) compared to the valuation basis of the additional investment in September 2023. Up to November 28, 2023, the fair value assessment was incomplete and still being assessed by the independent appraiser, hence, the fair value presented is still provisional. The revision of the fair value will be completed within 12 months from the acquisition date.*

From the combination of the above factors and taking into account the adjustment to fair value of investment, the Company reported a net loss attributable to the owners of the parent in 3Q 2023 of USD 43.3 million. While for 9M 2023, the Company recorded a net profit attributable to the owners of the parent of **USD 107.3 million**, reflecting a **54.8%** y-o-y decline from USD 237.4 million recorded in 9M 2022.

In order to properly assess the Company's operating performance without the effect of such one-time adjustments and other non-cash items, a normalized summary of the Company's 9M 2023 financial results is provided in the following table:

(million USD)

	9M 2022	9M 2023	*change (%)*
Operating profit / (loss)	350.3	233.5	*-33.3%*
Share in profit of an associate	28.5	26.2	
Other Income/(Expenses) including adjustments	-0.1	-61.6	
Profit Before Income Tax – as reported	378.7	198.1	*-47.7%*
Reversal of one-time adjustments to Other Income/Loss related to investment in associate before obtaining control	-	69.6	
Normalized Profit Before Income Tax	**378.7**	**267.7**	***-29.3%***
Income Tax Expense	-77.3	-53.2	
Normalized Net Profit After Tax	**301.3**	**214.6**	***-28.8%***
Normalized Net Profit After Tax Attributable to Owners of the Parent	**237.4**	**176.9**	***-25.5%***

Excluding the adjustments in the fair value of investments in the respective periods, the Company's normalized net profit attributable to parents in 9M 2023 and 9M 2022 would have been approximately USD 176.9 million and USD 237.4 million respectively.

Balance Sheet

The Company's balance sheet continues to grow stronger throughout 2023. As of 30 September 2023, the Company had total assets of USD 1,475.4 million compared with total liabilities of only USD 347.4 million.

The Company's current assets stood at USD 595.7 million as of 30 September 2023, or higher than USD 519.3 million recorded as of 31 December 2022, mainly due to the increase of prepaid taxes, inventories, and receivables which was partially offset by the decrease in cash and cash equivalents.

As at 30 September 2023, the Company had a cash and cash equivalents balance of USD 286.3 million which is 22.7% lower from 31 December 2022. At the end of 3Q 2023, the Company had no bank loan outstanding with a net cash position (cash and cash equivalents minus bank loans and finance lease obligations) of USD 286.3 million as at 30 September 2023.

The Company's non-current assets was USD 879.8 million as at 30 September 2023, which is an increase of 15.8% from USD 759.5 million as at 31 December 2022. The net movement of non-current assets mainly came from the increase in advance for investment and fixed assets which was partially offset with the decrease in investment in associate and mine properties. The advance was to fund the investment made through the Company's subsidiary in PT Blue Sparking Energy ("**BSE**"), a limited liability company engaging in the nickel processing and refinery business.

Total capital expenditure in 9M 2023 was USD 17.6 million mainly in relation to (i) addition of mine properties in MSJ, KUP and THN; (ii) maintenance expenditure for the barging fleet owned by LLJ; (iii) purchase of heavy equipment; as well as (iv) purchase of vehicles.

The Company's total liabilities increased to USD 347.4 million as of 30 September 2023, from USD 286.5 million as of 31 December 2022. The increase in trade payables and notes payables were partially offset with the decrease in tax payables and dividend payables.

The equity attributable to owners of the parent as at 30 September 2023 was USD 841.7 million, or 14.6% higher than as at 31 December 2022 due to the additional profit generated during the period.

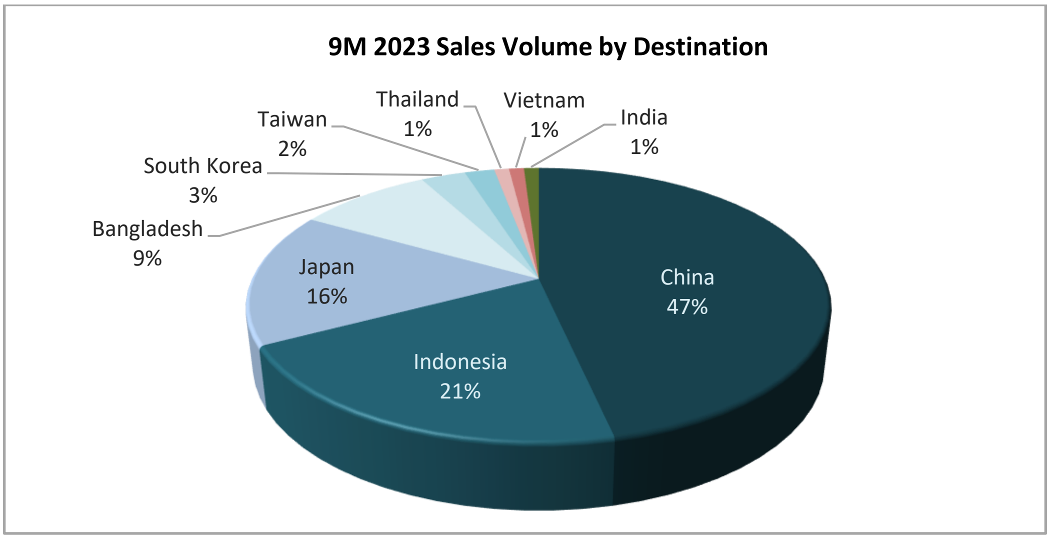
The Current Ratio (defined as the ratio of Current Assets to Current Liabilities) as at 30 September 2023 stood at 2.8x.

Environment, Health and Safety

There were no lost time accidents or environmental incidents during 3Q 2023.

Marketing

The Company's sales during the first nine months of 2023 was sold to China (47%), followed by Indonesia (21%), Japan (16%), Bangladesh (9%), South Korea (3%), Taiwan (2%), Thailand (1%), Vietnam (1%) and India (1%).



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4Q 2023 Outlook

Coal Mining Operations

The operations outlook at the company's largest mine, MSJ, in the year's final quarter, will be marginally down on 3Q 2023 volume. This lower volume in 4Q 2023 is anticipated because of a potential increase in lost time due to the returning wet season. That said, MSJ will still finish the year matching the RKAB-approved annual production level of 6.2MT.

Thus, the mine plan for 4Q 2023 will result in the overburden volumes dropping by around 15% and coal production by 20% versus the preceding quarter. The average strip ratio for the year is expected to come in on the plan at just under 11:1. The 4Q 2023 mine plan, combined with an impressive 3Q 2023 performance, means MSJ will report a significant uplift in overburden volumes in 2H 2023 compared to 1H 2023. The annual coal tonnage will remain evenly split between each semester at 3.1MT.

The company's sister mine, SB, plans to continue operations in 4Q 2023 at run rates similar to 3Q 2023. In 2024, the focus at SB will be on completing the most extensive coal exploration program at the company in over ten years. This program will consist of almost 400 drill holes with a total meterage of 37,000 metres and depths ranging from shallow outcrop drilling at 30 metres to deeper stratigraphic holes at over 150 metres. JORC classified resources and reserve estimates is targeted to be published in early 2H 2024.

Coal Markets and Sales

Heading into 4Q 2023, the market has seen some unexpected short-term supply shocks resulting in a temporary imbalanced market. The quarter started extremely strong with bullish sentiments overshadowing the Bali CoalTrans conference held at the end of September, driven mainly by constraints on the supply side. Concerns around Indonesian throughput tonnage being disrupted by several factors, including issues with the government integrated monitoring systems (Minerba One Monitoring System) resulted in a cessation of barging actitivies in certain jurisdictions leading to a build up in vessel queues.

With strong demand continuing from India, Malaysia and Vietnam, pricing spiked considerably when China returned from their Golden Week holidays in early October on the back of limited availability. Together with ongoing uncertainty around RKAB quota increases, miners were unable to offer against the ongoing demand, resulting in widespread aggressive buying and a period of rapid price increases.

At the same time, Chinese safety inspections tightened as more accidents were reported in Shaanxi and Shanxi regions, curtailing domestic output and threatening availability from domestic sources. In an effort to boost domestic production, the Chinese government has since instructed producers to increase output to ensure security of supply into the winter months. As a result, we expect demand for imported coal to ease as we go into December, as well as a warmer start to the winter forecast which may reduce expected daily coal burn.

With the Indonesian supply constraints likely to ease, we expect overall pricing to soften from the peaks as we move through 4Q 2023, but remain at levels higher than 3Q 2023.

Nickel Markets and Sales

Due to continued imbalance in the supply and demand, NPI prices were generally weaker in 3Q 2023. In addition, stainless steel consumption in China remained subdued, which kept NPI prices in check. The Chinese government has recently introduced a number of stimulus to support the domestic property industry, but the resulting impact to the stainless steel sector might still not be felt for some time. On the cost side, concerns on nickel ore supply has somewhat eased as we entered 4Q 2023, which provided some relief on nickel ore prices. Heading towards the end of the year, macro and fundamental headwinds are expected to dominate and continue placing nickel prices under pressure.

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SUMMARY FINANCIAL STATEMENTS
Consolidated Statement of Profit or Loss
For the nine-month periods ended 30 September 2022 and 2023

Consolidated Statement of Profit or Loss							(in USD millions)
		Unaudited	Unaudited		Unaudited	Unaudited	
Description		**2Q23**	**3Q23**	***% chg***	**9M22**	**9M23**	***% chg***
Revenues		**197.7**	**150.2**	**-24.0%**	**702.8**	**642.4**	**-8.6%**
Cost of revenues & direct costs		(107.2)	(104.1)	-2.9%	(265.6)	(343.0)	29.2%
Gross profit		**90.6**	**46.1**	**-49.1%**	**437.2**	**299.4**	**-31.5%**
Operating expenses		(24.1)	(23.2)	-3.9%	(87.0)	(65.9)	-24.2%
Operating profit		**66.4**	**22.9**	**-65.5%**	**350.3**	**233.5**	**-33.3%**
Depreciation and amortization		16.5	13.5	-18.3%	19.1	44.9	134.8%
EBITDA		**82.9**	**36.3**	**-56.2%**	**369.4**	**278.4**	**-24.6%**
Share of profit of associates		6.4	5.1	-19.1%	28.5	26.2	-8.1%
Other income (expense)		1.1	(63.5)	-5727.0%	(0.1)	(61.6)	49610.8%
Profit before income tax		**73.9**	**(35.5)**	**-148.0%**	**378.7**	**198.1**	**-47.7%**
Income tax expense		(15.0)	(6.0)	-59.9%	(77.3)	(53.2)	-31.2%
Profit for the period		**58.9**	**(41.5)**	**-170.6%**	**301.3**	**145.0**	**-51.9%**
Attributable to:							
Owners of the parent		**47.6**	**(43.3)**	**-191.1%**	**237.4**	**107.3**	**-54.8%**
Non-controlling interests		11.3	1.8	-84.1%	63.9	37.7	-41.0%
Gross profit margin		45.8%	30.7%		62.2%	46.6%	
Operating profit margin		33.6%	15.2%		49.8%	36.3%	
EBITDA margin		41.9%	24.2%		52.6%	43.3%	
Net profit margin		24.1%	-28.9%		33.8%	16.7%	
Coal sales volume	(million tonne)	1.8	1.7	-5.0%	3.9	5.3	37.5%
Coal production volume	(million tonne)	1.7	2.0	14.4%	3.8	5.4	43.0%
Monthly coal production run rate	(million tonne)	0.6	0.7	14.4%	0.4	0.6	43.0%
Average coal sales price	(US$/tonne)	109.8	87.2	-20.6%	179.9	120.1	-33.2%
Stripping ratio	(times)	9.8	12.5		9.7	10.0	
Overburden volume	(million bcm)	16.7	24.4	45.9%	36.8	54.3	47.2%

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SUMMARY FINANCIAL STATEMENTS
Consolidated Statement of Financial Position
As of 31 December 2022 and 30 September 2023

Consolidated Statement of Financial Position			(in USD millions)
	Audited	Unaudited	
Description	**31-Dec-22**	**30-Sep-23**	***% change***
Cash and cash equivalents	370.5	286.3	*-22.7%*
Trade receivables	69.3	87.3	*26.0%*
Inventories	43.2	76.1	*76.1%*
Prepaid Taxes	4.0	53.5	*1227.5%*
Prepaid Expenses	4.6	13.4	*188.4%*
Advances for investment	-	200.0	*n/a*
Investments in an associate	389.4	227.4	*-41.6%*
Fixed assets	51.9	170.3	*228.3%*
Mine properties	273.3	249.2	*-8.8%*
Other assets	72.6	112.0	*54.4%*
Total Assets	**1,278.8**	**1,475.4**	***15.4%***
Trade payables	20.9	93.8	*349.5%*
Taxes payable	75.2	13.9	*-81.5%*
Accrued expenses	62.2	58.8	*-5.5%*
Dividend payable	63.2	41.6	*-34.1%*
Notes payables	-	70.4	*n/a*
Deferred tax liabilities	45.3	45.3	*0.0%*
Employee benefits liability	8.9	9.6	*7.9%*
Provision for environmental management	8.1	8.1	*0.1%*
Other Liabilities	2.8	5.9	*114.3%*
Total Liabilities	**286.5**	**347.4**	***21.2%***
Equity attributable to the owners of the parent	734.3	841.7	*14.6%*
Non-controlling interests	257.9	286.3	*11.0%*
Total Equity	**992.3**	**1,128.1**	***13.7%***
Net debt/(net cash)*	(370.5)	(286.3)	
Net debt/(net cash) to equity (x)	(0.5)	(0.3)	
Current ratio (x)	2.3	2.8	
Trade receivables days	19	33	
Trade payables days	19	46	

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SUMMARY FINANCIAL STATEMENTS
Consolidated Statement of Cash Flows
For the nine month periods ended 30 September 2022 and 2023

Consolidated Statement of Cash Flows			(in USD millions)
	Unaudited	Unaudited	
Description	**9M22**	**9M23**	***% chg***
Cash Flows From Operating Activities			
Cash generated from operations	635.9	624.5	*-1.8%*
Cash paid related to operations	(326.8)	(413.0)	*26.3%*
Net Cash Provided by Operating Activities	**309.0**	**211.5**	*-31.6%*
Cash Flows From Investing Activities			
Additions to mine properties	(11.4)	(13.2)	*16.0%*
Additions to fixed assets	(1.0)	(4.4)	*331.8%*
Payment of docking expense	(0.1)	(0.5)	*434.0%*
Receipt of dividend	4.8	4.7	*-1.2%*
Advance to third party	-	(200.0)	*100.0%*
Placement of mine reclamation & closure guarantees	(2.4)	0.2	*106.6%*
Acquisition of associate	(75.0)	-	*-100.0%*
Addition to investment in an associate	(4.1)	-	*-100.0%*
Capital contibution from NCI	0.9	3.2	*259.6%*
Others	1.7	9.0	*425.7%*
Net Cash Used in Investing Activities	**(86.6)**	**(201.0)**	*132.0%*
Cash Flows From Financing Activities			
Reissuance of treasury shares	42.6	-	*-100.0%*
Payment of cash dividend	(16.5)	(72.8)	*340.5%*
Receipt/(Addition) of other receivable to related party	-	(21.1)	*100.0%*
Others	(2.9)	(1.0)	*-66.7%*
Net Cash Used in Financing Activities	**(75.1)**	**(94.8)**	*26.3%*
Net Increase in Cash and Cash Equivalents	**147.4**	**(84.3)**	*-157.2%*
Cash and Cash Equivalents at Beginning of the Year	**149.4**	**370.5**	
Cash and Cash Equivalents at End of the Period	**296.7**	**286.3**	

For further information, investors and shareholders can contact:

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