

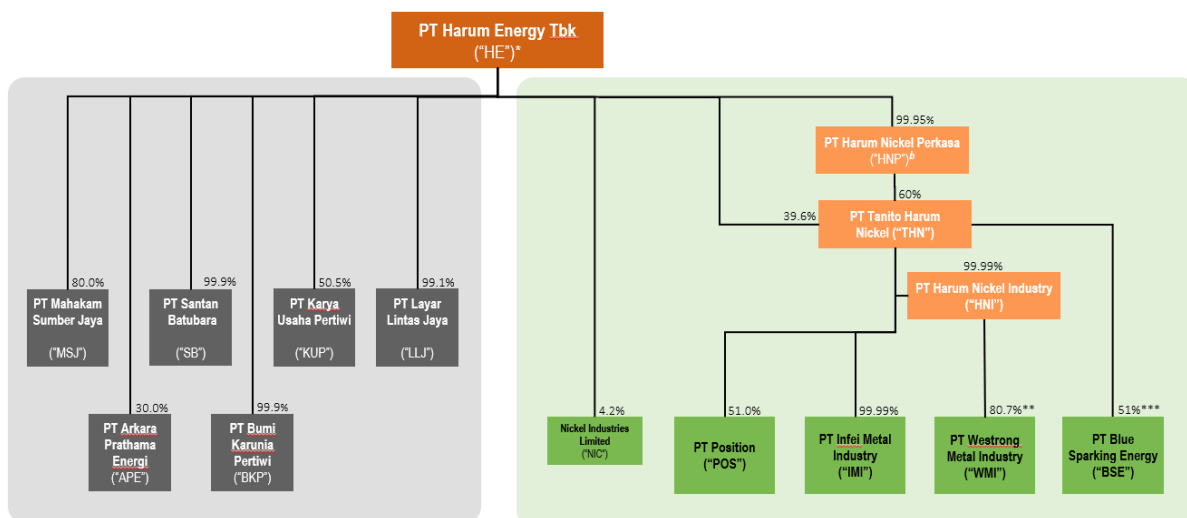
3 April 2024

## PT HARUM ENERGY Tbk FY 2023 Summary and Highlights

*Important Note: The results provided below reflect the unaudited consolidated results of PT Harum Energy Tbk. ("the Company") for the full year ending 31 December 2023 ("FY 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"), and PT Position ("POS"). The report below is prepared by the management and unaudited.*

- Coal sales volume in 4Q 2023 totaled 1.8 million tonnes (Mt), or 7.9% higher quarter-on-quarter (q-o-q). For FY 2023, coal sales volume totaled 7.1Mt, or 41.2% higher year-on-year (y-o-y);
- Total consolidated revenues generated in FY 2023 is USD 925.5 million, or 2.3% higher y-o-y with EBITDA of USD 342.9 million or 27.4% lower y-o-y
- The Company's Average Coal Sales Price (ACSP) in 4Q 2023 is USD 97.8/t, or 12.2% higher q-o-q. The overall ASP achieved in FY 2023 decreased to USD 114.4/t or by 35.2% y-o-y from USD 176.6/t in the same period last year;
- The Company's Average Nickel Sales Price (ANSP) in 4Q 2023 is USD 12,770/t;
- Total net profit attributable to owners of the parent in FY 2023 amounts to USD 151.0 million or 49.9% lower y-o-y, which includes one-off adjustment to the fair value of investments in FY 2023. Excluding such adjustment, the adjusted net profit attributable to owners of the parent in FY 2023 would have been approximately USD 220.0 million or 27.1% lower y-o-y.

Consolidated		3Q 2023	4Q 2023	Q-o-Q change	FY 2022	FY 2023	Y-o-Y change
<b>Coal Sales Volume</b>	(million tonne)	1.7	1.8	7.9%	5.0	<b>7.1</b>	<b>+41.2%</b>
<b>Average Coal Sales Price</b>	(USD/tonne)	87.2	97.8	12.2%	176.6	<b>114.4</b>	<b>-35.2%</b>
<b>Nickel Sales Volume</b>	(tonne)	-	7,842	-	-	<b>7,842</b>	-
<b>Average Nickel Sales Price</b>	(USD/tonne)	-	12,770	-	-	<b>12,770</b>	-
<b>Revenues</b>	(USD million)	150.2	283.1	88.5%	904.4	<b>925.5</b>	<b>+2.3%</b>
<b>EBITDA</b>	(USD million)	36.3	64.5	77.5%	472.4	<b>342.9</b>	<b>-27.4%</b>
<b>Net Profit attributable to the Owners of the Parent</b>	(USD million)	-43.3	43.8	201.0%	301.8	<b>151.0</b>	<b>-49.9%</b>



\* As of 31 December 2023

\*\* The Company through its subsidiary, HNI, increased the Company's effective ownership in WMI to 80.7% on 26 January 2024.

\*\*\* The Company through its subsidiary, THN, subscribed for 51% shares in BSE on 27 March 2024

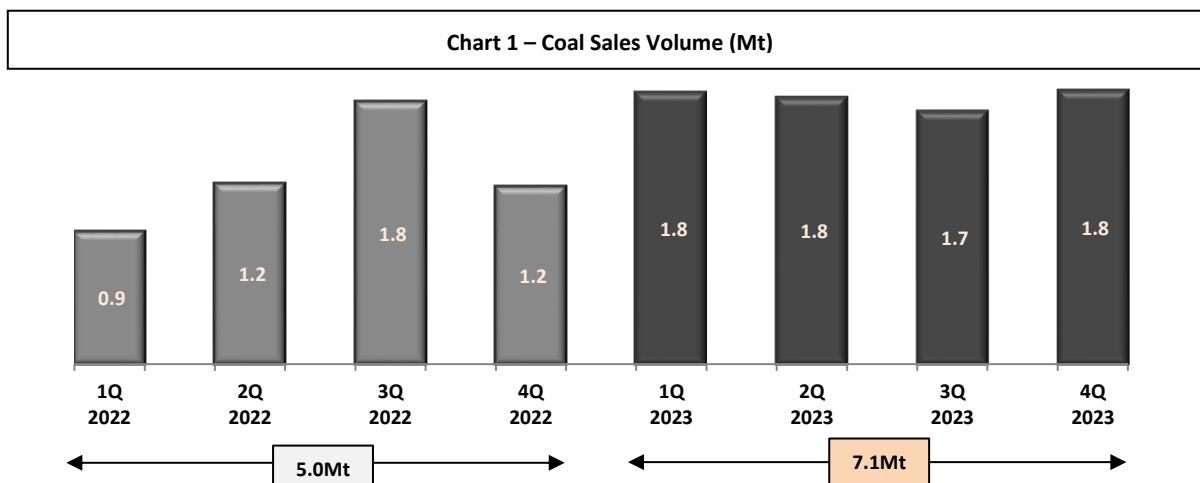
## Coal Division

### Production and Sales

The Company produced 1.5Mt of coal in 4Q 2023, which brings the total coal produced in FY 2023 to 7.0Mt or 28.9% higher than the 5.4Mt produced during same period of last year. Meanwhile, total coal sales volume in 4Q 2023 is 1.8Mt or 7.9% higher than the previous quarter. The Company's combined sales volume in FY 2023 is 7.1Mt, reflecting a significant 41.2% increase from the 5.0Mt of coal sold in the same period a year ago.

In 4Q 2023, the Company recorded an ACSP of USD 97.8/t, or 12.2% higher compared to the ACSP achieved in the previous quarter. The increase in the ACSP is in line with the trend in global coal prices during the period. For the full FY2023, the Company's ACSP reached USD 114.4/t, or 35.2% lower y-o-y from USD 176.6/t.

With the combination of higher sales volume and lower ACSP during the last quarter, the Company recorded USD 182.9 million of coal revenue in 4Q 2023, or 21.8% higher than the USD 150.2 million revenues recorded in 3Q 2023. For FY 2023, the Company's coal revenues was USD 825.4 million, which reflects a 8.7% decline from USD 904.4 million recorded in FY 2022 which was mostly driven by lower ACSP but partially compensated by higher coal sales volume.



## Coal Production Cost

In 4Q 2023, the coal production cash cost per tonne (/t) increased by 10.0% from the previous quarter mostly due to higher overburden removal costs resulting from higher overall Stripping Ratio (SR) and higher average fuel price.

Overall, the Company's production cash cost/t in FY 2023 declined by 18.2% y-o-y compared with that in FY 2022, which resulted from a combination of:

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

## Nickel Division

### PT Infei Metal Industry

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 is consolidated into the consolidated financial statement of the Company as the parent company. IMI's 4Q 2023 financial results is already consolidated into the Company's consolidated financial statement, but its results prior to that date is reflected as share in profits of associates.

A summary of IMI's quarterly performance in FY2023 is shown in the table below:

IMI (100% basis)		2Q 2023	3Q 2023	4Q 2023**	Q-o-Q change	FY 2022*	FY 2023	Y-o-Y change
<b>Nickel Metal Production</b>	(tonne)	6,286	8,804	7,763	-11.8%	23,932	28,789	20.3%
<b>Nickel Sales Volume</b>	(tonne)	4,920	8,672	7,842	-9.6%	25,014	27,326	9.2%
<b>Revenue</b>	(USD million)	68.7	112.2	100.1	-10.8%	427.3	380.8	-10.9%
<b>EBITDA</b>	(USD million)	10.1	14.9	12.8	-13.8%	71.3	57.7	-19.1%
<b>Net Profit After Tax**</b>	(USD million)	8.3	12.6	10.4	-17.3%	59.0	49.2	-16.7%

\*) FY2022 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. Commencing from 26 September 2023, IMI is treated as a subsidiary and its financial results is consolidated into the consolidated financial statement of the Company as the parent company going forward.

During FY 2023, IMI's RKEF operations produced 28,789 ton and sold 27,326 ton of nickel metal equivalent (in the form of nickel pig iron). IMI recorded annual revenue of USD 380.8 million from an ANSP of USD 13,936/t, and generated EBITDA of USD 57.7 million and net profit after tax of USD 49.2 million in FY 2023.

### PT Westrong Metal Industry

The Company also owns a second smelter through its associate company, PT Westrong Metal Industry (WMI). WMI was initially constructed in June 2022, and as of 31 December 2023, the construction activities at WMI had already entered its final stage, and it was scheduled to commence commercial production in stages starting from 1Q 2024. The RKEF smelter at WMI is designed to produce up to 56,000 ton of nickel metal equivalent annually (in the form of high-grade nickel matte).

At the time this report is released, the Company through its subsidiary HNI had already acquired additional 60.7% shares in WMI on 26 January 2024, which increased the Company’s effective ownership in WMI to 80.7% (please refer to announcement on 29 January 2024).

**WMI development progress (as of December 2023)**



**Corporate Profitability**

In 4Q 2023, the Company generated consolidated quarterly gross profit of USD 83.0 million compared with USD 46.1 million in 3Q 2023. For FY 2023, the Company’s gross profit stood at USD 382.4 million compared with USD 541.5 million in FY 2022. The decline in the annual gross profit is primarily due to lower ACSP in FY 2023.

In 4Q 2023, the Company managed to generate an EBITDA of USD 64.5 million which was 77.5% higher q-o-q than USD 36.3 million generated in 3Q 2023. The increase in 4Q 2023 EBITDA was partly a result of higher sales revenue contributed from the nickel subsidiary, IMI. Overall for FY 2023, the Company generated a consolidated EBITDA of USD 342.9 million, reflecting an EBITDA margin of 37.0% compared with 52.8% in FY 2022.

**Fair Value Adjustments due to Acquisition**

In 2023, the Company’s subsidiaries, THN and HNP, acquired additional 50.99% shares in IMI at an 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 was remeasured and reflected as an accounting adjustment of business combination. The negative adjustment resulting from the remeasurement was USD 69.0 million which was charged in FY 2023.

Taking into account the above adjustment to fair value of investment, the Company recorded a net profit attributable to the owners of the parent of **USD 151.0 million**, reflecting a 49.9% y-o-y decline from USD 301.8 million recorded in FY 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 FY 2023 financial results is provided in the following table:

(million USD)

	FY 2022	FY 2023	change (%)
Operating profit / (loss)	440.2	286.9	-34.8%
Share in profit of an associate	39.1	24.9	
Other Income/(Expenses) including adjustments	-1.7	-48.8	
Profit Before Income Tax – as reported	477.5	263.0	-44.9%
Reversal of one-time adjustments to Other Income/Loss related to investment in associate before obtaining control	-	69.0	
<b>Normalized Profit Before Income Tax</b>	<b>477.5</b>	<b>332.0</b>	<b>-30.5%</b>
Income Tax Expense	-97.8	-67.3	
<b>Normalized Net Profit After Tax</b>	<b>379.8</b>	<b>264.6</b>	<b>-30.3%</b>
<b>Normalized Net Profit After Tax Attributable to Owners of the Parent</b>	<b>301.8</b>	<b>220.0</b>	<b>-27.1%</b>

Excluding the adjustments in the fair value of investments in the respective periods, the Company's normalized net profit attributable to parents in FY 2023 and FY 2022 would have been approximately USD 220.0 million and USD 301.8 million, respectively.

## Balance Sheet

The Company continued to maintain a strong and liquid financial position throughout 2023. As of 31 December 2023, the Company had total assets of USD 1,663.1 million compared with total liabilities of only USD 458.4 million.

The Company's current assets stood at USD 432.3 million as of 31 December 2023, or lower than USD 519.3 million recorded as of 31 December 2022, mainly due to the decrease of cash and cash equivalents which was partially offset by the increase in trade receivables, prepaid taxes, and inventories.

As at 31 December 2023, the Company had a cash and cash equivalents balance of USD 157.2 million which is 57.6% lower from the balance on 31 December 2022. At the end of 2023, the Company's bank loan outstanding stood at USD 139.0 million, hence its net cash position (cash and cash equivalents minus bank loans and finance lease obligations) was USD 18.2 million as at 31 December 2023.

The Company's non-current assets was USD 1,200.8 million as at 31 December 2023, which is an increase of 58.1% from USD 759.5 million as at 31 December 2022. The net movement of non-current assets mainly came from the increase in fixed assets and other receivables which was partially offset with the decrease in investment in associate and mine properties. The addition of fixed assets was mostly from the addition of the Company's equity investment. The other receivables came from the Company's investment advance (through THN) to PT Blue Sparking Energy ("BSE"), which is constructing a High-Pressure-Acid-Leaching project in Indonesia Weda Bay Industrial Park.

Total capital expenditure in FY 2023 was USD 29.2 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 and vehicles.

The Company's total liabilities increased to USD 458.4 million as of 31 December 2023, from USD 286.5 million as of 31 December 2022. The increase is attributable to increases in bank loans, trade payables and notes payables which was partially offset with the decrease in tax payables, accrued expenses and dividend payables.

The equity attributable to owners of the parent as at 31 December 2023 was USD 885.8 million, or 20.6% higher than as at 31 December 2022 due to the additional profit generated during the period.

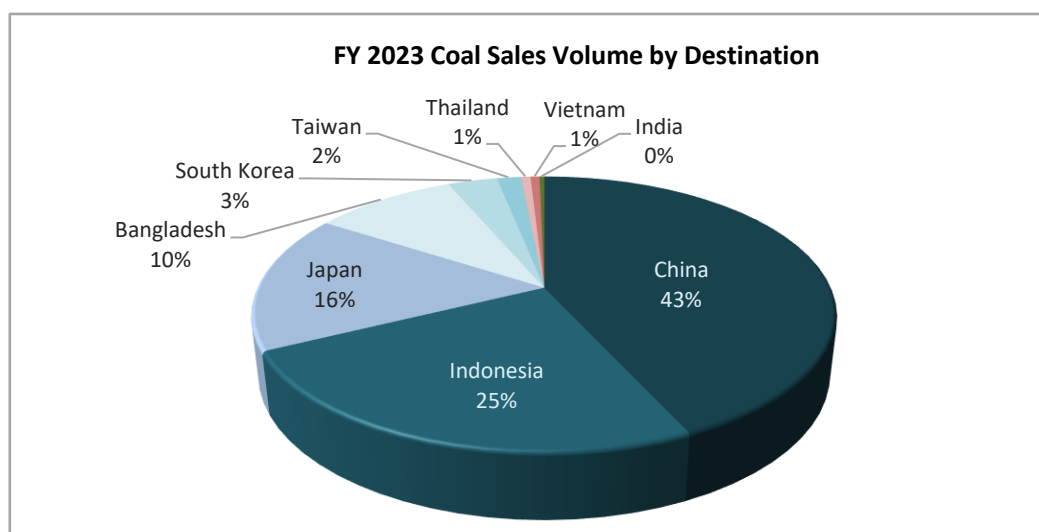
The Current Ratio (defined as the ratio of Current Assets to Current Liabilities) as at 31 December 2023 stood at 1.7x.

**Environment, Health and Safety**

During 4Q 2023, no lost-time accidents or environmental incidents occurred at the Company's mines.

**Marketing**

The Company's coal sales during the year of 2023 was sold to China (43%), followed by Indonesia (25%), Japan (16%), Bangladesh (10%), South Korea (3%), Taiwan (2%), Thailand (<1%), Vietnam (<1%) and India (<1%).



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## 1H 2024 Outlook

### Coal Mining Operations

The Company plans to produce up to 6MT of coal this year, slightly lower than in 2023. This production target will be re-evaluated around mid-year taking into account prevailing market conditions and outlook.

The production forecast for 1H 2024 is expected to match 2H 2023 at 3.1MT. However, the planned overburden removal quantities will drop by almost 10Mbcm from January to June 2024, resulting in potentially lower costs through lower strip ratios. The strip ratio is targeted to be around 11X on average for the current six-month period.

The Company is confident that its annual targets will be achieved this year primarily due to the contractor's overcapacity in earth-moving equipment. The operational focus in 1H 2024 will be keeping the overburden removal hauling distances as short as possible as new pits are developed. The Company continues to work closely with its main mining contractors to optimise and deliver the most cost-efficient mine plan from our multi-block, multi-pit operations.

### Coal Markets and Sales

Indonesian thermal coal export volume in 2023 ended at 516Mt, up 12% or 54Mt higher than 2022. This was a result of increased production driven by favourable pricing throughout the year. China was the largest incremental buyer, purchasing an additional 45Mt to take a total of 220Mt from Indonesia alone.

The global coal market remains well balanced, with ample supply to meet buyer demand. Domestic production in both India and China have reached record levels, putting pressure on the pricing for imported volumes. As a result, and following a significant sell off in 1H 2023, pricing has remained relatively flat since August 2023, reflected by the Indonesian indices showing no significant movements since.

There have however been temporary short-term shocks to the demand side, which have resulted in opportunistic buying for quality-specific coal. Bangladesh industrial demand saw strong import demand for higher sulphur coal. Meanwhile, Newcastle price jumped to over USD130/t due to additional sanctions imposed on several Russian high-cv thermal producers with South Korea being the most impacted in the short term. Additionally, Chinese winter restocking and post-Lunar new year activity saw more activity after a short period of reduced domestic production. China also re-imposed coal import tariffs from January 2024 for coal imports other than Indonesia, Australia and Philippines, making other origins relatively less competitive.

In 1Q 2024, the Company was able to achieve similar average sale prices to the previous quarter as the market was relatively stable during the period. Going into 2Q 2024, demand from India, Bangladesh and Vietnam are all expected to remain strong in 2024 with coal-fired power generation reaching record highs. Any temporary bullishness from these countries however is likely to be offset by potentially weaker China demand as we move out of heating season. Chinese authorities are continuing to impose safety checks on domestic miners given a spate of several mining accidents; however, domestic policy continues to oscillate between boosting and curtailing production.

Overall, with global production remaining strong, we expect to see limited movements on Indonesian prices as we progress into 2H 2024.

### Nickel Markets and Sales

Due to continued imbalance in the supply and demand, NPI prices remained weak in early 2024. Stainless steel consumption in China remained subdued, which kept NPI prices in check. Nevertheless, recent data shows that

current low nickel prices have finally begun to affect marginal suppliers, which has or plan to cut production and thus will lessen the excess supply in the market. The same reason has also caused many future projects to be re-evaluated or delayed, as their economic viability become questionable. Meanwhile, a recent uptick in the Chinese industrial activity has led to increased demand for stainless steel and nickel alloys production. These factors suggest that the nickel market might be closer to an equilibrium and ease concerns over future market oversupply.

In 2024, the Company's nickel production is expected to increase significantly from last year, due to the start of commercial production of the Company's second smelter, WMI, in late March 2024, which produces high-grade nickel matte.

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**SUMMARY FINANCIAL STATEMENTS**  
**Consolidated Statement of Profit or Loss**  
**For The Years Ended 31 December 2022 and 2023**

Consolidated Statement of Profit or Loss				(in USD millions)		
Description	Unaudited	Unaudited	% chg	Audited	Audited	% chg
	3Q23	4Q23		2022	2023	
<b>Revenues</b>	<b>150.2</b>	<b>283.1</b>	<b>88.5%</b>	<b>904.4</b>	<b>925.5</b>	<b>2.3%</b>
Cost of revenues & direct costs	(104.1)	(200.1)	92.2%	(362.9)	(543.1)	49.6%
<b>Gross profit</b>	<b>46.1</b>	<b>83.0</b>	<b>80.1%</b>	<b>541.5</b>	<b>382.4</b>	<b>-29.4%</b>
Operating expenses	(23.2)	(29.6)	27.6%	(101.3)	(95.5)	-5.7%
<b>Operating profit</b>	<b>22.9</b>	<b>53.4</b>	<b>133.2%</b>	<b>440.2</b>	<b>286.9</b>	<b>-34.8%</b>
Depreciation and amortization	13.5	11.1	-17.2%	32.3	56.0	73.7%
<b>EBITDA</b>	<b>36.3</b>	<b>64.5</b>	<b>77.5%</b>	<b>472.4</b>	<b>342.9</b>	<b>-27.4%</b>
Share of profit of associates	5.1	(1.3)	-125.7%	39.1	24.9	-36.3%
Other income (expense)	(63.5)	12.8	120.2%	(1.7)	(48.8)	2716.9%
<b>Profit before income tax</b>	<b>(35.5)</b>	<b>64.9</b>	<b>282.6%</b>	<b>477.5</b>	<b>263.0</b>	<b>-44.9%</b>
Income tax expense	(6.0)	(14.1)	134.8%	(97.8)	(67.3)	-31.1%
<b>Profit for the period</b>	<b>(41.5)</b>	<b>50.7</b>	<b>222.1%</b>	<b>379.8</b>	<b>195.7</b>	<b>-48.5%</b>
Attributable to:						
<b>Owners of the parent</b>	<b>(43.3)</b>	<b>43.8</b>	<b>201.0%</b>	<b>301.8</b>	<b>151.0</b>	<b>-49.9%</b>
Non-controlling interests	1.8	6.9	287.4%	78.0	44.6	-42.8%
Gross profit margin	30.7%	29.3%		59.9%	41.3%	
Operating profit margin	15.2%	18.9%		48.7%	31.0%	
EBITDA margin	24.2%	22.8%		52.2%	37.0%	
Net profit margin	-28.9%	15.5%		33.4%	16.3%	
Coal sales volume (million tonne)	1.7	1.8	7.9%	5.0	7.1	41.2%
Coal production volume (million tonne)	2.0	1.5	-21.1%	5.4	7.0	28.9%
Monthly coal production run rate (million tonne)	0.7	0.5	-21.1%	0.4	0.6	28.9%
Average coal sales price (US\$/tonne)	87.2	97.8	12.2%	176.6	114.4	-35.2%
Stripping ratio (times)	12.5	15.5		9.6	11.2	
Overburden volume (million bcm)	24.4	23.9	-1.9%	51.8	78.2	51.0%
Nickel sales volume (tonne)	-	7,842	n/a	-	7,842	n/a
Nickel production volume (tonne)	-	7,763	n/a	-	7,763	n/a
Average nickel sales price (US\$/tonne)	-	12,770	n/a	-	12,770	n/a

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

Consolidated Statement of Financial Position		(in USD millions)	
Description	Audited	Audited	% change
	31-Dec-22	31-Dec-23	
Cash and cash equivalents	370.5	157.2	-57.6%
Trade receivables	69.3	111.2	60.5%
Inventories	43.2	77.8	80.1%
Prepaid Taxes	4.0	49.7	1133.3%
Prepaid Expenses	4.6	9.4	102.2%
Financial investments	-	17.6	n/a
Other receivables - related party	-	93.5	n/a
Other receivables - third party	-	400.0	n/a
Investments in an associate	389.4	226.1	-41.9%
Fixed assets	51.9	169.2	226.4%
Mine properties	273.3	252.6	-7.6%
Other assets	72.6	68.8	-5.2%
<b>Total Assets</b>	<b>1,278.8</b>	<b>1,633.1</b>	<b>27.7%</b>
Trade payables	20.9	79.7	281.8%
Taxes payable	75.2	12.8	-83.0%
Accrued expenses	62.2	39.3	-36.8%
Dividend payable	63.2	39.1	-38.2%
Notes payables	-	70.4	n/a
Bank loans	-	139.0	100.0%
Deferred tax liabilities	45.3	46.2	2.0%
Employee benefits liability	8.9	10.2	14.6%
Provision for environmental management	8.1	7.7	-4.9%
Other Liabilities	2.8	14.1	411.1%
<b>Total Liabilities</b>	<b>286.5</b>	<b>458.4</b>	<b>60.0%</b>
Equity attributable to the owners of the parent	734.3	885.8	20.6%
Non-controlling interests	257.9	288.9	12.0%
<b>Total Equity</b>	<b>992.3</b>	<b>1,174.7</b>	<b>18.4%</b>
Net debt/(net cash)*	(370.5)	(18.2)	
Net debt/(net cash) to equity (x)	(0.5)	(0.0)	
Current ratio (x)	2.3	1.7	
Trade receivables days	19	36	
Trade payables days	19	34	

Notes:

\*) Defined as total debt, which consist of bank loans and finance lease obligations, minus cash and cash equivalents

**SUMMARY FINANCIAL STATEMENTS**  
**Consolidated Statement of Cash Flows**  
**For The Years Ended 31 December 2022 and 2023**

Consolidated Statement of Cash Flows		(in USD millions)	
Description	Audited 2022	Audited 2023	% chg
<b>Cash Flows From Operating Activities</b>			
Cash generated from operations	857.8	932.9	8.8%
Cash paid related to operations	(459.4)	(722.5)	57.3%
<b>Net Cash Provided by Operating Activities</b>	<b>398.5</b>	<b>210.4</b>	<b>-47.2%</b>
<b>Cash Flows From Investing Activities</b>			
Additions to mine properties	(27.9)	(22.5)	-19.4%
Capital contribution to an associate	(81.5)	-	-100.0%
Additions to fixed assets	(3.3)	(6.7)	101.1%
Receipt of dividend	4.8	4.7	-2.7%
Placement of mine reclamation & closure guarantees	(0.8)	0.2	120.2%
Addition to investment in an associate	-	(15.0)	n/a
Capital contribution from NCI	2.7	3.2	18.4%
Others	2.9	45.3	1470.9%
<b>Net Cash Used in Investing Activities</b>	<b>(103.1)</b>	<b>9.1</b>	<b>108.9%</b>
<b>Cash Flows From Financing Activities</b>			
Reissuance of treasury shares	42.6	-	-100.0%
Receipt of long-term loan repayment from associate	2.7	-	-100.0%
Payment of cash dividend	(18.4)	(80.0)	335.0%
(Payment)/Proceeds from bank loan	(100.0)	139.0	239.0%
Additions to other receivables due from third party	-	(600.0)	100.0%
Repayment of other receivables due from third party	-	200.0	n/a
Repayment of other receivables due from related party	(0.0)	(90.7)	566462.1%
Others	(1.1)	(1.3)	14.4%
<b>Net Cash Used in Financing Activities</b>	<b>(74.2)</b>	<b>(433.0)</b>	<b>483.3%</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>221.2</b>	<b>(213.4)</b>	<b>-196.5%</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>149.4</b>	<b>370.5</b>	
<b>Cash and Cash Equivalents at End of the Period</b>	<b>370.5</b>	<b>157.2</b>	

For further information, investors and shareholders can contact:

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