

**31 May 2022**

**PT Archi Indonesia Tbk (“Archi” or the “Company”)**

**2022 First Quarter Earnings Results Release**

**KEY HIGHLIGHTS**

- Ore processed was slightly higher during the period at 0.93 Mt compared to 0.87 Mt in the comparable period last year, resulting in higher gold production by 2% from 33.8 koz to 34.5 koz, despite slightly lower average gold grade from 1.4 g/t to 1.2 g/t. Total material mined was lower during the period at 4.1 Mt compared to 9.3 Mt in the comparable period last year.
- Consolidated revenue was 37% higher at US\$80.1 million, compared to US\$58.5 million in the comparable period last year, mainly driven by higher gold sold volume from 30.7 koz to 42.2 koz and higher average gold selling price.
- EBITDA was 10% higher at US\$29.1 million while profit for the period also recorded 13% higher at US\$9.5 million compared to comparable period last year. The increase in profitability was mainly due to higher revenue and lower mining costs.
- Total net debt was lower from US\$296.9 million at 31 December 2021 to US\$285.9 million at 31 March 2022, resulting a slight improvement of debt to equity (“DER”) ratio from 1.3x to 1.2x, respectively.
- Capex realized amounted to US\$14.1 million during the period, mainly for mining development activities, including mining infrastructure, waste capitalized and pit remediation.
- Remediation process at the impacted pit is ongoing and according to the Company’s plan, and is expected to operate again by fourth quarter of 2022.

**PRESIDENT DIRECTOR’S STATEMENT**

*In 2022, the Company’s primary focus is to re-open Araren pit which was impacted by a natural disaster (it happened at the beginning of the year). Our three-month results were generally better than the same period last year. The gold production was 2% higher compared to the same period last year while for the gold sold, it was 37% higher which also aligns with the increase in the Company’s revenues.*

*For the Araren pit remediation, currently all activities are in accordance with our plan and the Company has started to remediate the pit wall. During the remediation process, the Company will optimize mining activities in the other 3 (three) mining pits (Toka, Kopra and Alaskar) and processing ore already in stockpiles at the processing plant.*

*Based on the above results and progress, we believe that the Company can achieve our targets in 2022.*

## **CONSOLIDATED RESULTS**

<i>Figures in US\$ million, unless stated otherwise</i>	<b>Financial Results for the period ended:</b>		
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>	<b>Change (%)</b>
Revenue from contracts with customers	80.1	58.5	37
EBITDA <sup>(1)</sup>	29.1	26.4	10
Profit for the period	9.5	8.3	13
	<b>Financial Position as at:</b>		
	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>	<b>Change (%)</b>
Cash and cash equivalents <sup>(2)</sup>	23.1	12.3	88
Fixed assets	156.7	149.2	5
Mine properties	269.1	273.1	(1)
Exploration and evaluation assets	59.0	57.7	2
Total assets	694.7	689.7	1
Net debt <sup>(3)</sup>	285.9	296.9	(4)
Total equity	242.2	232.6	4

The financial results for the three-month period ended 31 March 2022 and 2021 as well as the financial position as at 31 March 2022 have been prepared in accordance with Indonesian Financial Accounting Standards and are unaudited. The financial position as at 31 December 2021 has been prepared in accordance with Indonesian Financial Accounting Standards and audited in accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants.

Note: (1) EBITDA refers to profit for the year before finance costs, finance income, income tax expense, depreciation and amortization.

(2) Cash and cash equivalents excluding restricted cash in relation to Debt Service.

(3) Net Debt is calculated as the total balance of interest bearing debt deducted by current restricted cash in relation to Debt Service.

## **FINANCIAL RESULTS PERFORMANCE**

- *Revenue*

Archi's consolidated revenue for the period was 37% higher at US\$80.1 million compared to US\$58.5 million in the comparable period last year. The increase was mainly driven by higher gold sold volume from 30.7 koz to 42.2 koz, as well as higher average gold selling price by 6%.

- *Profitability*

Archi's EBITDA for the period was at US\$29.1 million, 10% higher compared to US\$26.4 million in the comparable period last year. The increase was mainly driven by higher revenue and lower mining costs due to lower total material mined and decrease in stripping ratio. Overall, profit for the period was 13% higher from US\$8.3 million to US\$9.5 million.

- *Cash Flows*

Net cash flows provided from operating activities was US\$36.4 million for the period, primarily comprising cash receipts from customers of US\$81.1 million, partly offset by cash paid to contractors and suppliers of US\$26.2 million. Net cash flows used for investing activities was US\$14.1 million for the period. Total capex spending during the period was at US\$14.1 million, much lower compared to US\$36.3 million in the comparable period last year, in line the Company's strategy to reschedule some of the development projects to following year, and more focusing on the remediation of the pit impacted by the natural disaster at the beginning of 2022. Net cash flows used for financing activities was US\$11.4 million for the period, primarily

represents repayment of long-term bank loans amounted to US\$17.0 million, partially offset with decrease in restricted cash amounted to US\$5.7 million.

Net cash position, excluding restricted cash in relation to Debt Service, was at US\$23.1 million as at 31 March 2022, higher compared to US\$12.3 million as at 31 December 2021.

- *Debt Position*

The Company's total net debt position was at US\$285.9 million as at 31 March 2022, calculated as total interest bearing debts of US\$287.2 million reduced by the restricted cash in relation to Debt Service of US\$1.3 million. Therefore, Archi's debt to equity ratio ("DER") as at 31 March 2022 was at 1.2x, slightly improved compared to 1.3x at the end of 2021.

### **EXPLORATION PROGRESS**

During the period, the Company had undertaken a total of 11 Drill holes, this represents almost 2,883 drilling meters, with the total cost for exploration activities carried out amounted to US\$1.3 million.

In 2022, the Company is focusing on advancing its opportunities to commence underground mining in both the Eastern and Western Corridors; exploration drilling and feasibility work is ongoing to support these potential underground developments.

### **MINING & PROCESSING UPDATES**

Below is the summary of mining and processing activities at Toka Tindung Gold Mine during the period:

	<b>Q1 2022</b>	<b>Q1 2021</b>
Ore mined (Mt)	0.8	0.9
Waste mined (Mt)	3.3	8.4
Material mined (Mt)	4.1	9.3
Stripping ratio (x)	4.13	9.86
Ore processed (Mt)	0.93	0.87
Avg. gold head grade (g/t)	1.2	1.4
Gold recovery rate (%)	86.1	86.0
Gold produced (koz)	34.5	33.8
Gold sold (koz)	42.2	30.7

*Source: Company Information*

In first quarter of 2021, the Company had commenced pit development of Araren pit and opening new pit (Alaskar) which resulted in higher total material mined and high stripping ratios. Due to the natural disaster in Araren pit that happened at the beginning of the year 2022, the Company has optimized mining activities for the other 3 (three) pits, and is also processing previously mined ore stockpiles already at the gold processing plant which resulted higher production in the first quarter of 2022.

### **DOWNSTREAM BUSINESS**

As part of Archi's vision to become one of the largest integrated gold mining business in Indonesia and Southeast Asia, the Company has taken some strategic steps to consolidate its business operations, in which the Company has entered downstream sectors in gold minting bar business.

The Company's subsidiary in the downstream sectors is PT Elang Mulia Abadi Sempurna ("PT EMAS") with 51% share ownership. PT EMAS produces and sells gold minted bar under brand name "Lotus Archi/Emas Merah Putih".

In the first quarter of 2022, PT EMAS recorded revenue of US\$1.2mn, which reflects approximately 2% of the total consolidated revenue for the period.

Furthermore, in the beginning of the year of 2022, PT EMAS launched new sizes of gold minted bar 0.1 gram and 0.2 gram; and new series products (the Batman, Chinese New Year Edition and Valentine Edition in collaboration with Warner Bros). The Company believes that the variety of PT EMAS's products can provide many options for public to invest in gold minted bars.

### **FULL YEAR 2022 PROSPECT**

Considering the natural disaster incident which affected Araren pit, the Company expects that gold production for this year will be reduced by approximately 25% compared to 2021, and impacting financial performance accordingly. Currently, the remediation process in Araren pit is progressing well and in accordance to the Company's plan. It is expected Araren pit can start to operate normally again by fourth quarter of 2022.

Furthermore, the Company is currently studying underground mining development opportunities, which currently are in feasibility study. The Company believes that underground mining can boost gold production and improve profitability margin due to higher gold grades in the upcoming years.

- End -

### **About Us**

Archi Indonesia ("Archi") is one of the largest pure-play gold mining companies in Indonesia and Southeast Asia, with more than 10 years' experience and an uninterrupted operational track record at the Toka Tindung Gold Mine, which is located in North Sulawesi.

Since its establishment in 2010, Archi through its wholly owned subsidiaries, PT Meares Sopotan Mining ("PT MSM") and PT Tambang Tondano Nusajaya ("PT TTN"), has been able to produce more than 200 kilo ounces (equivalent to 6,2 tons) of gold per year and possess 3.9 mn ounces of Ore Reserves as at the end of December 2020. In running its business, Archi always upholds its commitment to ESG best practice values and provides supports in developing and improving socio-economic aspects of the near-mine surrounding community.

Behind Archi's success story is a solid management team and a team of technical experts with extensive experience in the mining, exploration, and production of the gold and minerals industry. Archi is supported by Rajawali Group ("Rajawali") as the controlling shareholder, an investment holding company in Indonesia that has a portfolio of various businesses in different industries and has a proven track record in building world-class operations and creating value to shareholders.

For more information, please visit [www.archiindonesia.com](http://www.archiindonesia.com).

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