

30 June 2022

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

2022 First Semester Earning Results

KEY HIGHLIGHTS

- Ore processed reached 1.82 Mt, 4% higher compared to 1.75 Mt in the same period last year. While the average gold head grade of ore processed was 1.10 g/t, 35% lower compared to the same period last year of 1.70 g/t. As a result, gold production was 29% lower at 58.3 koz compared to 81.6 koz in the same period last year.
- The Company’s consolidated revenue reached US\$119.6 million, 16% lower compared to the same period last year of US\$142.4 million. This was mainly due to the 18% lower gold sold volume to 62.5 koz compared to 76.1 koz in the same period last year.
- The Company’s profit for the year before finance costs and income, income tax expense, depreciation and amortization (“EBITDA”) reached US\$49.3 million, 35% lower than the same period last year of US\$75.5 million. Furthermore, the Company’s net profit reached US\$14.1 million, 57% lower compared to the same period last year of US\$32.6 million.
- Total net debt was at US\$313.7 million at 30 June 2022, thus, the Company’s debt to equity ratio (“DER”) as of 30 June 2022 was 1.3x.
- Capex realized amounted to US\$32.2 million during the period, mainly for development activities of mining infrastructure, tailing storage facility and pit remediation post natural disasters.
- Remediation process for pit affected by natural disasters is still on progress align with the Company’s plan/targets, and is expected to start the production by fourth quarter of 2022.

CONSOLIDATED RESULTS

<i>Figures expressed in US\$ million, unless stated otherwise</i>	Financial Results for the period ended:		
	30 Jun 2022	30 Jun 2021	Change (%)
Revenue from contracts with customers	119.6	142.4	(16)
EBITDA ⁽¹⁾	49.3	75.5	(35)
Profit for the period	14.1	32.6	(57)
	Financial Position as at:		
	30 Jun 2022	31 Dec 2021	Change (%)
Cash and cash equivalents ⁽²⁾	12.4	12.3	1
Fixed assets	161.9	149.2	5
Mine properties	276.5	273.1	1
Exploration and evaluation assets	56.5	57.7	(2)
Total assets	710.7	689.7	3
Net debt ⁽³⁾	313.7	296.9	6
Total equity	246.9	232.6	6

The financial results for the 'six-month' period ended 30 June 2022 and 2021 as well as the financial position as at 30 June 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 period before finance costs and 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*

The Company's consolidated revenue reached US\$119.6 million, 16% lower compared to the same period in the last year of US\$142.4 million. This decrease was mainly due to a decrease in gold sold volume from 76.1 koz to 62.5 koz.

- *Profitability*

The Company's EBITDA reached US\$49.3 million, 35% lower compared to the same period last year of US\$75.5 million. This decrease was mainly due to a decrease in gold sold volume as well as addition remediation expenses of pit post natural disaster incident. Overall, the Company's net profit was US\$14.1 million, 57% lower compared to the same period last year of US\$32.6 million.

- *Cash Flows*

Net cash flows provided from operating activities was US\$16.6 million for the period, primarily represents cash receipts from customers of US\$123.2 million and payment to contractors, suppliers and others of US\$71.0 million. Net cash flows used for investing activities was US\$32.2 million, represents capex spending during the period. Net cash flows received from financing activities was US\$16.1 million for the period, primarily represents additional working capital loans of US\$28.5 million and repayment of long-term bank loans amounted to US\$17.5 million.

Cash and cash equivalent position, excluding restricted cash in relation to Debt Service, was at US\$12.4 million as at 30 June 2022, slightly higher compared to US\$12.3 million as at 31 December 2021.

- *Debt Position*

The Company's total net debt position was at US\$313.7 million as at 30 June 2022, calculated as total interest bearing debts of US\$315.1 million deducted by the restricted cash in relation to Debt Service of US\$1.4 million. Therefore, Archi's debt to equity ratio ("DER") as at 30 June 2022 was at 1.3x, similar to DER as at 31 December 2021.

EXPLORATION PROGRESS

During the period, the Company had undertaken total 36 Drill holes resulting of 8,754 drilling meters, with the total exploration cost during the period of US\$2.5 million.

In 2022, the Company sustainably conducting feasibility study and exploration drilling in relation with the development of the underground mining potential for Eastern and Western Corridors which expected to increase the gold production in the future.

Furthermore, in relation with the exploration drilling program for geothermal projects (Archi in collaboration with PT Ormat Geothermal Indonesia), the initial drilling has been carried out in July 2022.

MINING AND PROCESSING UPDATES

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

	H1 2022	H1 2021	Change %
Ore mined (Mt)	2.5	1.9	32
Waste mined (Mt)	7.9	19.5	(59)
Material mined (Mt)	10.3	21.4	(52)
Stripping ratio (x)	3.2	10.2	(69)
Ore processed (Mt)	1.82	1.75	4
Avg. gold head grade (g/t)	1.1	1.7	(35)
Gold recovery rate (%)	86.2	87.2	(1)
Gold produced (koz)	58.3	81.6	(29)
Gold sold (koz)	62.5	76.1	(18)

Source: Company Information

Due to the natural disaster in Araren pit happened at the beginning of the year 2022, the Company has optimized mining activities for the other 3 (three) pits, and has also processed stockpiles which is already in the gold processing plant to maintain the Company's operational performances.

DOWNSTREAM 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 semester of 2022, PT EMAS recorded revenue of US\$2.8 million, which reflects approximately 2% of the total consolidated revenue for the period.

Furthermore, during half year of 2022, PT EMAS launched new sizes of gold minted bar 0.1 gram and 0.2 gram; “paper gold” product of Eid Mubarak Edition; and new series products in collaboration with Warner Bros (the Batman and Game of Throne series). Furthermore, in April 2022 PT EMAS in collaboration with Tokopedia and Yayasan Pita Kuning Anak Indonesia implemented the Golden Hearted Heroes program to invite consumers/corporations to donate and invest, where certain percentage of each sale through the Lotus Archi official store at Tokopedia was donated to the Yayasan Pita Kuning Anak Indonesia. The Company believes that PT EMAS’ products variety can provide many alternatives 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 impacted 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 the 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 furthermore improve profitability margin for years to come.

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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 190 kilo ounces (equivalent to 5.9 tons) of gold per year. 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.

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