

**30<sup>th</sup> July 2021**

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

**2021 First Semester Earnings Results Release**

**KEY HIGHLIGHTS**

- Consolidated revenue was 9% higher at US\$142.4mn, compared to US\$130.1mn in the same period last year, supported by higher average gold selling price of US\$1,802 per oz compared to US\$1,656 per oz.
- EBITDA was 5% higher at US\$75.5mn, while net profit recorded 24% higher at US\$32.6mn compared to same period last year.
- Ore processed reached 1.75mn tons, 3% higher compared to 1.70mn tons in the same period last year. Average gold head grade of ore processed lower from 1.81 g/t to 1.66 g/t. Consequently, gold production was 6% lower at 81.6 koz compared to 86.4 koz in the same period last year.
- Promising results from the ongoing exploration program at the high grade Bima gold deposit in Western Corridor.
- Total net debt was at US\$314.2mn, reflecting debt to equity (“DER”) ratio of 1.7x, a significant improvement compared to 4.1x as at 31<sup>st</sup> December 2020.
- Capex during first semester of 2021 amounted to US\$76.2mn. All capex spending was funded from internal cash.
- Company is expected to achieve gold production of 220 koz – 230 koz for full year 2021, reflecting 5% – 10% growth in the gold produced YoY.
- Company listed its shares on Indonesia Stock Exchange (“IDX”) main trading board on the 28<sup>th</sup> June 2021.

**PRESIDENT DIRECTOR’S STATEMENT**

*“Archi’s earnings results in first semester of 2021 benefitted from higher gold price compared to the same period last year. Our operations during this period completed the development of mining activities and waste removal for the next stage of our higher gold grade Araren Pit, which successfully completed our transition from stage 3 to the new stage 5.*

*We are positioned for an excellent second semester of the year as Araren stage 5 will supply most of our gold ore for the rest of the year.*

*We expect 2022 will be even better as our expanded gold processing plant achieves full efficiency and will directly result in higher gold production. Our exploration team is making excellent progress in the Western and Eastern Corridors and we anticipate further success with encouraging early stage results recently coming through. We are also very pleased with the high grade results from our exploration drilling in the Bima gold deposit at Western Corridor, which will provide Archi’s additional new potential reserves in the future.”*

## **CONSOLIDATED RESULTS**

Figures in US\$ mn, unless stated otherwise	For the period ended 30 <sup>th</sup> June		
	2021	2020	Change %
Revenue	142.4	130.1	9
EBITDA	75.5	71.7	5
Net Profit	32.6	26.2	24
	As at 30 <sup>th</sup> Jun 2021	As at 31 <sup>st</sup> Dec 2020	Change %
Cash and cash equivalents <sup>(1)</sup>	16.1	40.2	(60)
Fixed assets	174.6	143.1	22
Mine properties	222.0	196.7	13
Exploration and evaluation assets	55.4	48.9	13
Total assets	713.7	600.2	19
Net debt <sup>(2)</sup>	314.2	389.7	(19)
Total equity	189.2	94.3	101

The financial results for the six months' period ended 30th June 2021 and 2020 as well as the financial position as at 30th June 2021 have been prepared in accordance with Indonesian Financial Accounting Standards and are unaudited. The financial position as at 31st December 2020 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) Cash and cash equivalents excluding restricted cash in relation to Debt Service amounted to US\$66.7mn.

(2) 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 first semester of 2021 was at US\$142.4mn, an increase of 9% compared with US\$130.1mn in the first semester of 2020. The increase was mainly driven by higher average gold selling price of US\$1,802 per oz compared to US\$1,656 per oz.
- Profitability**  
 Archi's EBITDA for the first semester of 2021 was at US\$75.5mn, an increase of 5% compared with US\$71.7mn in the first semester of 2020. Meanwhile, net profit increased by 24% to US\$32.6mn. The increase was mainly driven from 9% higher average gold selling price and 16% lower mining costs from US\$3.35 per ton to US\$2.83 per ton, despite higher total absolute mining costs due to short term increase in stripping ratio due to opening Araren stage 5 Pit.
- Cash Flows**  
 Cash flows provided from operating activities was US\$64.4mn for the first semester 2021, primarily comprising cash receipts from customers of US\$146.6mn, partly offset by cash paid to contractors and suppliers of US\$35.0mn and corporate income tax payment amounted US\$18.8mn. Cash flows used for investing activities was US\$75.7mn for the first semester 2021, mainly used for capex spending for mine development activities on the Araren stage 5 Pit, plant expansions, as well as land acquisitions in the Western Corridor area. Cash flows used in financing activities was US\$12.7mn for the first semester 2021, primarily for repayment of bank loans amounted to US\$34.1mn, partially offset with additional working capital loan of US\$17.5mn.

Overall, as at 30<sup>th</sup> June 2021, the Company's cash and cash equivalents was at US\$16.1mn. This cash balance excluded restricted cash in relation to Debt Service amounted US\$66.7mn, which include Initial Public Offering ("IPO") proceeds, of which US\$59.3mn has been used in early July for reduction of long term debt.

## **LIQUIDITY & CAPITAL STRUCTURE**

- *Cash Position*

Net cash position, excluding restricted cash, was at US\$16.1mn as at 30<sup>th</sup> June 2021, lower compared to US\$40.2mn as at 31<sup>st</sup> December 2020, primarily due to significant increase in cash outflows for investing activities, mainly for addition of fixed assets and mine properties. The Company expects to fully support its capital expenditure requirements going forward from cash inflows from operating activities.

- *Debt and Capital Structure*

The Company's total net debt positions was at US\$314.2mn as at 30<sup>th</sup> June 2021, calculated as total interest bearing debts of US\$380.9mn reduced by the restricted cash in relation to Debt Service of US\$66.7mn. In early July 2021, the Company had paid a portion of the long term bank loan amounted to US\$59.3 mn from the IPO proceeds. Therefore, Archi's debt to equity ("DER") ratio is now at 1.7x, a significant improvement compared to 4.1x as at 31<sup>st</sup> December 2020.

## **EXPLORATION PROGRESS**

Toka Tindung Gold Mine, which is operated under Archi's wholly-owned Subsidiaries, PT Meares Soputan Mining ("PT MSM") and PT Tambang Tondano Nusajaya ("PT TTN"), possessed 5.5 mn ounces of Mineral Resources and 3.9 mn ounces of Ore Reserves as at the end of 2020. PT MSM and PT TTN works under two Contract of Works ("CoWs") which expire in 2041, and are extendable for another 2x10 years.

During first semester of 2021, the Company continued to intensify its exploration activities, both in the Eastern Corridor and Western Corridor, in order to accelerate the finding of new Mineral Resources and Ore Reserves. Excitement came with the continuing success from the exploration drilling in the Bima gold deposit at Western Corridor, which is located approximately 15km west of the Toka pit. Five diamond drill rigs have been in operation there since September 2020 and at the time of this announcement, they have completed 80 diamond drill holes for 22,800 metres. These drillings have returned 33 intersections above a nominal cut-off of 20 gram metres, which represents a nominal minimum width of 4 metres at grade of 5 g/t gold.

As of December 2020, the deposit in Western Corridor contained an Indicated and Inferred Mineral Resource of 2.2 Mt at 7 g/t of gold, for a potential of 493 koz of gold produced. These latest results, and additional drilling underway, are expected to significantly increase Mineral Resource in Toka Tindung Gold Mine for 2021.

## **MINING & PROCESSING UPDATES**

Below are the summary of mining and processing activities at Toka Tindung Gold Mine during the first semester of 2021:

	YTD Jun 2021	YTD Jun 2020
Ore mined (mn tons)	1.9	2.3
Waste mined (mn tons)	19.5	7.6
Material mined (mn tons)	21.4	9.9
Strip ratio (x)	10.2	3.3
Ore processed (mn tons)	1.75	1.70
Avg. gold head grade (g/t)	1.66	1.81
Gold recovery rate (%)	87.2	87.2
Gold production (koz)	81.6	86.4

Source: Company Information

Total material mined during first semester 2021 increased significantly, due to higher waste removal from a higher grade Araren Pit transitioning from stage 3 to the new stage 5, therefore total ore mined decreased from 2.3 mn tons to 1.9 mn tons. This resulted in an increase of stripping ratio from 3.3x to 10.2x. Strip ratio is expected to normalize as Araren stage 5 Pit moves into production in second semester 2021.

The Company was able to process higher volume of ore at lower average gold head grade at 1.66 g/t, resulting in lower gold produced of 81.6 koz compared to 86.4 koz in the same period last year. In second semester 2021, the Company expects to start mining ores from Araren stage 5 Pit, which contains higher grades of ores.

### **DOWNSTREAM BUSINESS**

In 2019, Archi has started to penetrate downstream business by establishing a 51%-owned JV company, PT Elang Mulia Abadi Sempurna (“PT EMAS”), which its main business to produce and sell gold minted bars under brand name “Lotus Archi” directly to domestic retailer market. During the first semester of 2021, PT EMAS recorded US\$5.3mn of revenue, 288% higher compared to the same period last year, which reflects c.4% of the total consolidated revenue for the period.

### **SUBSEQUENT EVENT(S)**

In early July 2021, the Company had used some proceeds from IPO to repay in part of long term bank loans, which will due in 2025. Therefore, balances of total debts as per date of this release published are US\$321.6mn.

### **FULL YEAR 2021 PROSPECT**

With 81.6 koz gold produced in the first semester, the Company expects to achieve gold production of 138 koz – 148 koz in the second semester of this year (gold production in second semester of 2020 was 120 koz), bringing total gold production to 220 koz – 230 koz for the full year 2021, based on Archi’s current mine plan, or reflecting 5% – 10% growth over last year gold produced.

The increased gold production in the second semester will be driven by the access of higher grade Araren stage 5 which will be the major source of Archi’s ore processed, the increased processing plant

capacity to 4.0 Mtpa, as well as mobilization of additional mining fleet (including 18 new 100-ton trucks and 2 new units of 120-ton excavators).

In addition, the Company is committed to maintain its strong balance sheets position, with a priority to preserve cash as well as to reduce its debt.

Lastly, with the ongoing Covid-19 pandemic, the Company has implemented anti-pandemic restrictive measures across all of its operations to maintain the health and safety of our employees as well as to ensure the business continuity.

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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 Soputan 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 for the last five years 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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