

**31<sup>st</sup> March 2022**

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

**2021 Full Year Earnings Results Release**

**KEY HIGHLIGHTS**

- Ore processed reached 3.64 mn tons, 6% higher compared to 3.44 mn tons in the previous year. Average gold head grade, however, lower from 2.12 g/t to 1.93 g/t. Consequently, gold production was 6% lower at 194.4 koz compared to 206.8 koz in previous year.
- Consolidated revenue from contracts with customers was 12% lower at US\$345.9mn, compared to US\$393.3mn in the previous year, mainly driven by lower gold sold volume from 213.8 koz to 188.1 koz.
- EBITDA was 32% lower at US\$163.7mn while profit for the year also recorded 39% lower at US\$75.1mn compared to the previous year. The decrease in profitability was mainly due to higher stripping ratio from the early stage of mining ore in Araren pit stage 5 and opening new Alaskar pit.
- Exploration activities were focused on increasing the potential additional discoveries of the current open pit operations in the Eastern Corridor area and gold resource drillings in Western Corridor area.
- Total net debt was lower from US\$389.7mn at the end of 2020 to US\$296.9mn at the end of 2021, reflecting a significant improvement of debt to equity (“DER”) ratio from 4.1x to 1.3x, respectively.
- Capex realized amounted to US\$118.6mn, mainly for mine development activities in Araren pit stage 5, increased mill capacity and exploration activities.
- The Company has successfully listed its shares in Indonesia Stock Exchange (“IDX”) on 28<sup>th</sup> June 2021.
- An occurrence in one of the PT TTN’s pits that happened in the beginning of 2022 is expected to impact gold production as well as financial performances for this year.

**PRESIDENT DIRECTOR’S STATEMENT**

*“Altogether, we have managed some positive steps during 2021, where we were successfully opened up the new Alaskar pit, developed Araren pit stage 5 as well as increased our mill capacity to 4.0 Mtpa. In addition, the Company has also achieved a new milestone by completed Initial Public Offering (“IPO”) and officially become a public listed company.*

*Those achievements were not without challenges, in which during the first nine months, we had to endure higher stripping ratio due to higher waste removal from transitioning Araren pit stage 3 into stage 5 and the opening of Alaskar pit, experienced minor delay in full utilization of the new scats crusher, as well as ramping up production for the new mining contractors as additional equipment arrived.*

*These one-offs operational improvements have been completed and yielded positive catalysts for our operation, as we saw much better production volume of 62 koz during the fourth quarter, an increase of 42% from the average quarterly production of 44 koz in prior quarters of the year, with highest gold*

poured in December reached more than 29 koz, which represents 98% higher compared to average monthly production of 15 koz during the first nine months.

The full year results were still lower compared to previous year; nevertheless, we believe that all the strategic steps we did throughout 2021 will definitely support the sustainable growth of our business in the upcoming years.”

## **CONSOLIDATED RESULTS**

Figures in US\$ mn, unless stated otherwise	Financial Results for the year ended:		
	31 <sup>st</sup> Dec 2021	31 <sup>st</sup> Dec 2020	Change (%)
Revenue from contracts with customers	345.9	393.3	(12)
EBITDA <sup>(1)</sup>	163.7	240.4	(32)
Profit for the year	75.1	123.3	(39)
	Financial Position as at:		
	31 <sup>st</sup> Dec 2021	31 <sup>st</sup> Dec 2020	Change (%)
Cash and cash equivalents <sup>(2)</sup>	12.3	40.2	(69)
Fixed assets	149.2	143.1	4
Mine properties	273.1	196.7	39
Exploration and evaluation assets	57.7	48.9	18
Total assets	689.7	600.2	15
Net debt <sup>(3)</sup>	296.9	389.7	(24)
Total equity	232.6	94.3	147

Financial results for the full year ended 31<sup>st</sup> December 2021 and 2020 as well as the financial position as at 31<sup>st</sup> December 2021 and 2020 have 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 from contracts with customers for the year was 12% lower at US\$345.9mn compared with US\$393.3mn in the previous year. The decrease was mainly driven by lower gold sold volume from 213.8 koz to 188.1 koz.

- *Profitability*

Archi's EBITDA for the year was at US\$163.7mn, 32% lower compared with US\$240.4mn in the previous year. The decrease was mainly driven by higher mining costs due to higher total material mined and increase in stripping ratio as a result of early stage of mining ore in Araren pit stage 5 and opening new Alaskar pit, as well as higher processing costs in line with higher total ore processed during the year. However, during 2021, our mining rate was 11% lower to US\$2.90 per ton. Overall, profit for the year decreased by 39% from US\$123.3mn to US\$75.1mn.

- *Cash Flows*

Net cash flows provided from operating activities was US\$124.2mn for the year, primarily comprising cash receipts from customers of US\$353.4mn, partly offset by cash paid to contractors and suppliers of US\$137.7mn and corporate income tax payment amounted US\$44.8mn. Net cash flows used for investing activities was US\$118.2mn for the year, primarily used for capex spending amounted to US\$118.6mn, much higher compared to average capex spent in the last 3 years of US\$71mn. This is in line with the Company's strategy to accelerate the pits development works, increase mill capacity and exploration activities during the year. Net cash flows used for financing activities was US\$33.9mn for the year, primarily represents repayment of long-term bank loans amounted to US\$127.3mn, partially offset with net proceeds from IPO amounted US\$62.6mn. The Company also utilized working capital facility amounted to US\$32.0mn during the year.

Net cash position, excluding restricted cash in relation to Debt Service, was at US\$12.3mn as at 31<sup>st</sup> December 2021, lower compared to US\$40.2mn as at 31<sup>st</sup> December 2020. The Company expects to continue fully support its capital expenditure requirements from cash funded by operating activities while still maintaining a healthy level of cash position

- *Debt Position*

The Company's total net debt position was at US\$296.9mn as at 31<sup>st</sup> December 2021, calculated as total interest bearing debts of US\$303.9mn reduced by the restricted cash in relation to Debt Service of US\$6.9mn. Therefore, Archi's debt to equity ratio ("DER") as end of the year was at 1.3x, a significant improvement compared to 4.1x at the end of previous year.

## **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.

Exploration activities carried out by the Company, through its subsidiaries PT MSM and PT TTN, for the year were focused on increasing the potential additional discoveries of the current open pit operations in the Eastern Corridor area and gold resource drillings in Western Corridor area. The later includes Bima and Arjuna deposits, with some high-grade intercepts running parallel between the two deposits.

Throughout 2021, the Company had undertaken a total of 143 Diamond Drill ("DD") holes and 59 Reverse Circulation ("RC") holes, represents of more than 51,000 drilling meters, with the total cost for exploration activities carried out amounted to US\$13.1mn during the year.

In 2022, the Company is committed to ensure the sustainability of its exploration programs by maintaining drilling programs in the Western Corridor area, especially of the two deposits of Bima and Arjuna, to further increase our mineral resources, delineating resources surrounding the previously unknown mineralized veins of Kresna and Surya deposits, as well as focus on the surface mapping to find new indications of Brownfield and Greenfields targets.

## **MINING & PROCESSING UPDATES**

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

	<b>FY 2021</b>	<b>FY 2020</b>
Ore mined (mn tons)	4.6	5.0
Waste mined (mn tons)	41.1	18.6
Material mined (mn tons)	45.7	23.6
Stripping ratio (x)	9.0	3.7
Ore processed (mn tons)	3.64	3.44
Avg. gold head grade (g/t)	1.93	2.12
Gold recovery rate (%)	87.0	87.7
Gold produced (koz)	194.4	206.8
Gold sold (koz)	188.1	213.8

Source: Company Information

Total material mined during the year increased significantly due to the opening of new Alaskar pit as well as higher waste removal from the early stage of mining ore in Araren Pit stage 5, which the later was completed in August and has been fully in operation in the fourth quarter. Consequently, stripping ratio was significantly higher at 9.0x compared to 3.7x in the previous year, led to lower total ore mined during the year to 4.6 mn tons from 5.0 mn tons in the previous year.

The Company, however, was able to process higher volume of ore at 3.64 mn tons supported by the completion of increased mill capacity, but at lower average gold head grade at 1.93 g/t, resulting in lower gold produced of 194.4 koz compared to 206.8 koz in previous year.

## **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 the mining contractor services as well as gold minting bar business.

Mining contractor services business was established in 2019, through 99.9%-owned holding company PT Jasa Pertambangan Perkasa ("PT JPP"), which owns 25% stakes in PT Geopersada Mulia Abadi ("PT GMA"). As at the end of 2021, PT GMA is supported with mining fleets consisting of 4 units of 20-tons excavators, 3 units of 40-tons excavators, 4 units of 120-tons excavators, 6 units of 40-tons articulated dump trucks, and 29 units of 100-tons rigid dump trucks. PT GMA has been appointed as one of the contractors to carry out gold mining activities in Toka Tindung Gold Mine.

The gold minting bar business under brand name "Lotus Archi" was established in 2019, operated by 51%-owned JV Company, PT Elang Mulia Abadi Sempurna ("PT EMAS"). In 2021, PT EMAS recorded 17% higher revenue from US\$6.9mn to US\$8.1mn, which reflects c.2% of the total consolidated revenue from contracts with customers for the year. Throughout 2021, PT EMAS has launched various themed products edition of gold minted bar, including Justice League and Harry Potter collectors editions, partnering with Warner Bros Consumer Product Inc., as well as carried out several other strategic collaborations of products development aimed for the millennials.

## **SUBSEQUENT EVENT(S)**

On 2<sup>nd</sup> January, 2022, there was a natural disaster incident that affected in one of TTN's pits. The disaster had resulted damage in pit wall. Currently, the Company is in the process of recovering the pit affected by the incident and will optimize mining activities for another 3 (three) pits. Furthermore, the Company has coordinated with related parties to overcome the impact of the natural disaster and has sufficient comprehensive insurance policies in relation to damage and Business Interruption.

## **2022 PROSPECT**

Build upon the current situation of natural disaster happened in January this year, the Company expects gold production for this year will be dampened by approximately around 25% compared to 2021, and further to impact financial performances.

Therefore, in 2022 the Company is keen to focus on:

- To fully optimized mining activity in Toka, Kopra and the new Alaskar pits;
- To ensure the affected pit can regain its operation activities on schedule;
- To continue implementing strategic steps on cost efficiency, especially costs in mining and processing activities;
- To ensure the sustainability of exploration programs in the Western Corridor area and identify other Brownfield and Greenfield targets in order to increase Mineral Resources and Ore Reserves; and
- To pursue refinery business as part of the Company's vision to become an integrated gold mining company.

- 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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