

BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Company Registration Number: 200516741R)

CLARIFICATION ANNOUNCEMENT IN RESPONSE TO BUSINESS TIMES ARTICLE DATED 23 FEBRUARY 2021

The Board of Directors ("**Board**") of Bumitama Agri Ltd. ("**Company**") refers to the Business Times article dated 23 February 2021 and titled, "Brokers' take: RHB downgrades Bumitama Agri to 'sell' on lower-priced forward sales ("**Article**")".

The Article stated, *inter alia* that:-

"...the Indonesian palm oil producer's management said during an analyst briefing that H1 2021 forward sales contracts were locked in at prices 20-25 per cent lower than current prices, excluding taxes and levies."

The Board wishes to inform:-

- 1) that the Company has entered into a forward sales agreement for the first half of 2021 for 201,000 metric tonne ("**MT**") of crude palm oil ("**CPO**") which is less than 20% of 2020 production volume. As disclosed on Page 5 of the 2H and Full Year 2020 presentation, the production volume would expect to be higher in 2021 when compared to 2020;
- 2) that the forward sales agreement is locked at an average CPO price of IDR 8,364 per kilogramme, mainly on CIF basis (nett of assumed CPO levy and export tax of USD55/MT). The forward sales price is 0.4% higher than the average sales price for 2020. The contracted average sales price is about 15% lower from current local market price of IDR9,961 per kilogramme (FOB Kumai) on 25 February 2021. This agreement will be subjected to the newly revised CPO levy and existing export tax. If the CPO levy and export tax increased more than the assumed contracted value of USD55/MT, the Company will have to absorb for discrepancies and *vice versa*;
- 3) as CPO price improved significantly, the Indonesian Government increased the CPO levy to boost biodiesel programme in Indonesia recently. The total export tax and CPO levy will increase or decrease in accordance to the movement of the CPO price as can be seen from the appendix 1 attached; and
- 4) that the forward sales agreement will affect margins of the hedged volume accordingly. The impact on the forward sales to our profitability for FY 2021 is dependent on the CPO price movement. Up to the date of this announcement, the Company is still able to book positive profit margin on the delivery of this forward sales.

By Order of the Board

Lim Gunawan Hariyanto
Executive Chairman and CEO

26 February 2021

Appendix 1

Palm Oil Export Tax System Indonesia

Export Benchmark Price Range	New System USD per tonne
< \$750	0
\$750 - \$800	3
\$801 - \$850	18
\$851 - \$900	33
\$901 - \$950	52
\$951 - \$1,000	74
\$1,001 - \$1,050	93
\$1,051 - \$1,100	116
\$1,101 - \$1,150	144
\$1,151 - \$1,200	166
\$1,201 - \$1,250	183
> \$1,250	200

Levy

CPO Benchmark Price Range	Levy (USD) CPO
\$0 - \$670	55
\$671 - \$695	60
\$696 - \$720	75
\$721 - \$745	90
\$746 - \$770	105
\$771 - \$795	120
\$796 - \$820	135
\$821 - \$845	150
\$846 - \$870	165
\$871 - \$895	180
\$896 - \$920	195
\$921 - \$945	210
\$946 - \$970	225
\$971 - \$995	240
> \$995	255

Source: Indonesian Finance Ministry