

**BUMITAMA AGRI LTD.**  
(Incorporated in Singapore)  
(Co. Reg. No: 200516741R)  
(the “Company”)

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**RESPONSE TO THE SUBSTANTIAL AND RELEVANT QUESTIONS SUBMITTED BY A SHAREHOLDER IN ADVANCE OF THE ANNUAL GENERAL MEETING TO BE HELD ON 20 APRIL 2023**

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Bumitama Agri Ltd (the “**Company**”) has received substantial and relevant questions from a shareholder in advance of the Annual General Meeting (“**AGM**”) to be held on 20 April 2023 and the Board of Directors of the Company wishes to announce the Company’s response to the questions as follow:-

**Questions**

1. CPO prices have been volatile in recent times. How can the company navigate through these volatile prices?

The Company’s response is:

By exercising agile and adaptive business strategy, under the supervision of experienced board of directors that are fully attuned to the evolving market dynamics, Bumitama has successfully dealt with various challenges such as triple-dip La Nina, policy changes, global fertiliser shortage and roller-coaster prices of palm oil and fertiliser in the palm oil industry throughout FY2022.

Excessive volatility characterised the global market for palm oil throughout FY2022. Palm oil futures reached a record high of over MYR 8,100 per MT in March 2022, and then bottomed at nearly MYR 3,100 per MT by September 2022.

Within the year, the triple-dip La Nina had also brought in 24% more rainy days than the 10-year average recorded in the estates managed by the Group.

2. What can the company do to overcome/mitigate the rate of inflation versus profit margin?

The Company’s response is:

Management is committed to attain sustainable business growth and mitigate against industry dynamics through yield intensification, precision agronomy practices, mechanisation, and early replanting activities. The Company remains opportunistic towards inorganic growth when the opportunity arises.

During the year, Bumitama has successfully delivered optimal operational performance.

- Production growth at 15%, close to 16-18% targeted guidance.
- Record high level of CPO yield of 4.8 tons per hectare.
- Leverage our selling price amidst swing in the palm oil price to offset spiking production costs and record all-time high revenue and profit. Both gross and EBITDA margins reached 8-year high levels.

The year 2022 saw fresh new high levels in both operational and financial performance despite adverse weather condition in addition to the global economic uncertainties shaped by the pandemic, supply shocks that followed, persistently high inflation, tightening policy by central bankers in most countries, escalation in geopolitical tension, and policy changes by the Indonesian government.

Amidst the challenges, we remain committed in maximising shareholders value by implementing best agronomy practices by not skimping on fertiliser application in order to sustain optimum production in the years ahead. It is made possible by establishing close relationship and diversifying fertiliser vendors to ensure supply continuity and the ongoing water management initiatives

implemented in the past years which proved instrumental in mitigating the triple dip La Nina effects. Management of Bumitama is also proposing record high dividend payout to shareholders at the upcoming AGM.

3. Current CPO average prices has been high compared to say 2015-2019. Does management foresee risk in a big retreat of CPO price which has been seen in cases like shipping freight rates?

The Company's response is:

The elevated level of palm oil futures prevail in the past 3 years despite the global economic slowdown and pandemic related shocks, was attributable to structurally changed supply demand dynamics compared to the long downtrend in the decade leading to 2020.

Indonesia as a major producer of palm oil, had reported three successive years of decline in CPO output since 2019's peak due to extreme weather condition, aging plantations, and absence of new plantings for the past eight years. Bumitama, on the other hand, recorded 6% increase per year (Compound Annual Growth Rate) in FFB production from internal sources (nucleus and plasma estates).

In the absence of significant new planting and replanting activities in the palm oil industry for the past eight years, the prospect of further tightening in the supply of palm oil, has been intensifying with the ever-growing demand for edible oil over the past decade. In 2022, palm oil accounts for 54% of world exports of oil and fats.

In the past decade, we have also seen (and experienced) real effects of climate change. There have been a couple of historic most extreme weather conditions: El Nino (2014-16) and La Nina (2020-22). These adverse weather conditions are occurring at higher frequency, with greater intensity. Combined with limited source of arable land, considerable pressure for more environmental friendly practices, and rising costs, future growth supply is looking unlikely to re-accelerate to levels seen in the past decade.

In accordance with the Notice of AGM dated 5 April 2023, shareholders will also be able to ask questions at the forthcoming AGM physically. Please refer to the aforesaid Notice for detailed information.

By Order of the Board

Lim Gunawan Hariyanto  
Executive Chairman & CEO

14 April 2023