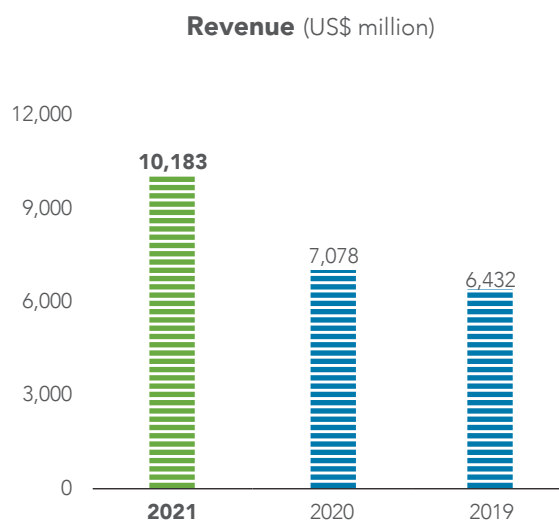


FINANCIAL REVIEW

Golden Agri-Resources Ltd and its subsidiaries (GAR) achieved an all-time high revenue of approximately US\$10.18 billion for financial year 2021 (FY2021), growing by 44 percent compared to the prior year. Current year's excellent performance was also demonstrated by record achievements in EBITDA² and underlying profit³ to US\$1.21 billion and US\$603 million, respectively. Net profit attributable to owners of the Company rebounded strongly to US\$476 million from US\$32 million recorded last year. This remarkable performance was underpinned by sustained high crude palm oil (CPO) prices, increase in production and robust downstream margin.



- 2 Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss and exceptional items
- 3 Net profit attributable to owners of the Company excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items, foreign exchange gain or loss and deferred tax income or expense

GAR's financial position as at 31 December 2021 further strengthened under the Company's prudent management. Total consolidated assets grew to US\$9.61 billion and net gearing ratio (net debt to equity ratio⁴) improved to 0.20 times.

SEGMENTAL PERFORMANCE

Plantations and Palm Oil Mills

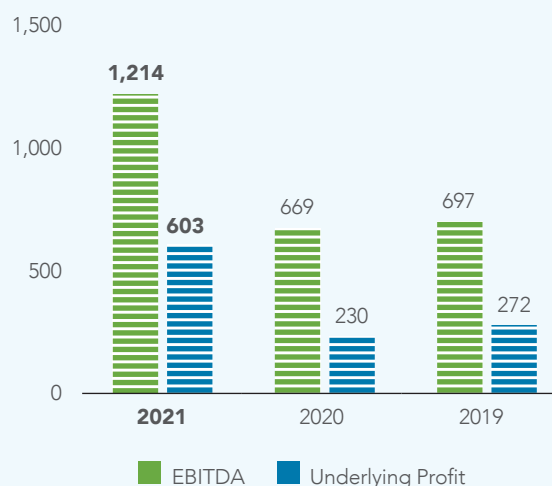
The plantation and palm oil mills segment posted a notable growth of 48 percent in revenue to US\$2.19 billion, driven by the strengthening of CPO market prices and higher palm product output during the year. The segment delivered EBITDA of US\$779 million, significantly higher by 87 percent compared to the previous year, with an expanded EBITDA margin of 36 percent.

Palm, Laurics and Others

The palm, laurics and others segment refers to all processing and merchandising of palm and oilseed-based products, comprising of bulk, customised and branded products, biodiesel, oleochemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia.

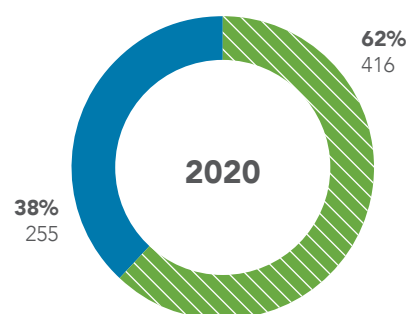
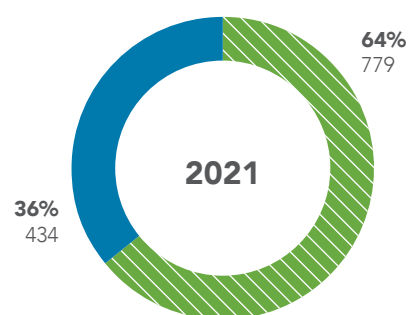
Revenue from this segment increased by 44 percent to US\$10.15 billion largely attributable to higher average selling prices. The positive market development and our strategy towards more value-added products has resulted in the increase in EBITDA margin from 3.6% to 4.3% in FY2021, translating into 70 percent higher EBITDA of US\$434 million for the current year.

EBITDA and Underlying profit (US\$ million)



Note:
EBITDA and underlying profit include fair value gain or loss on financial assets in accordance with IFRS 9

EBITDA by segment (US\$ million)



■ Plantations and palm oil mills segment
■ Palm, laurics and others segment

⁴ Net debt (total borrowings less cash and cash equivalents, short-term investments and liquid working capital) divided by total equity

FINANCIAL REVIEW

OPERATING EXPENSES

Operating expenses were 93 percent higher than in the prior year at US\$1.63 billion largely attributable to higher selling expenses. Selling expenses saw a 132 percent increase to US\$1.27 billion due to higher export tax and levy tariff in Indonesia effective December 2020 and also in line with the strengthening of CPO market prices. Meanwhile, general and administrative expenses were 20 percent higher at US\$354 million primarily attributable to higher salaries and employee benefit expenses.

FINANCIAL EXPENSES, NET

As compared to the prior year, net financial expenses increased from US\$126 million to US\$142 million mainly due to higher cost of fund during the year in line with larger portion of IDR denominated borrowings.

SHARE OF RESULTS OF JOINT VENTURES, NET

GAR recorded share of profit in joint ventures of US\$34 million in the current year as compared to US\$619 thousand in the previous year. This was mainly attributable to the improved operating performance in a joint venture during FY2021.

FOREIGN EXCHANGE GAIN OR LOSS, NET

GAR recorded a net foreign exchange gain of US\$32 million in FY2021 as compared to a net foreign exchange loss of US\$32 million in the previous year. The current year's gain was mainly attributable to translation foreign exchange gain arising from Indonesian Rupiah denominated monetary balances and fair value gain on forward foreign currency contracts entered to hedge the currency exposure.

OTHER OPERATING INCOME, NET

Net other operating income increased to US\$69 million in FY2021 from US\$32 million in the previous year, primarily attributable to fair value gain from changes in fair value of financial assets recorded in accordance with IFRS 9 during the current year as compared to fair

value loss recorded in the previous year, partially offset by lower fair value gain on biological assets.

EXCEPTIONAL ITEMS

Current year's exceptional loss of US\$941 thousand was related to impairment loss made on certain fixed assets in China.

INCOME TAX

Net income tax expense increased to US\$199 million in FY2021 compared to US\$117 million in the previous year mainly due to higher taxable profit in certain subsidiaries during the year.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

GAR recorded US\$603 million of underlying profit in FY2021, 162 percent higher than in the previous year. After including net gain from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange gain, and deferred tax expense, GAR posted a net profit attributable to owners of the Company of US\$476 million for the current year, compared to US\$32 million recorded in the prior year.

ASSETS

Total assets increased by US\$482 million to US\$9.61 billion as at end 2021 as compared to US\$9.13 billion as at end 2020.

Total current assets increased by US\$74 million as at 31 December 2021 primarily due to increase in inventory in line with the commodity price trends as well as higher cash and cash equivalents, partially offset by lower short-term investments.

Total non-current assets also increased by US\$407 million mainly due to higher long-term investments resulting from reclassification of certain investment from short-term investments and fair value gain of the investments recorded during the year.

LIABILITIES

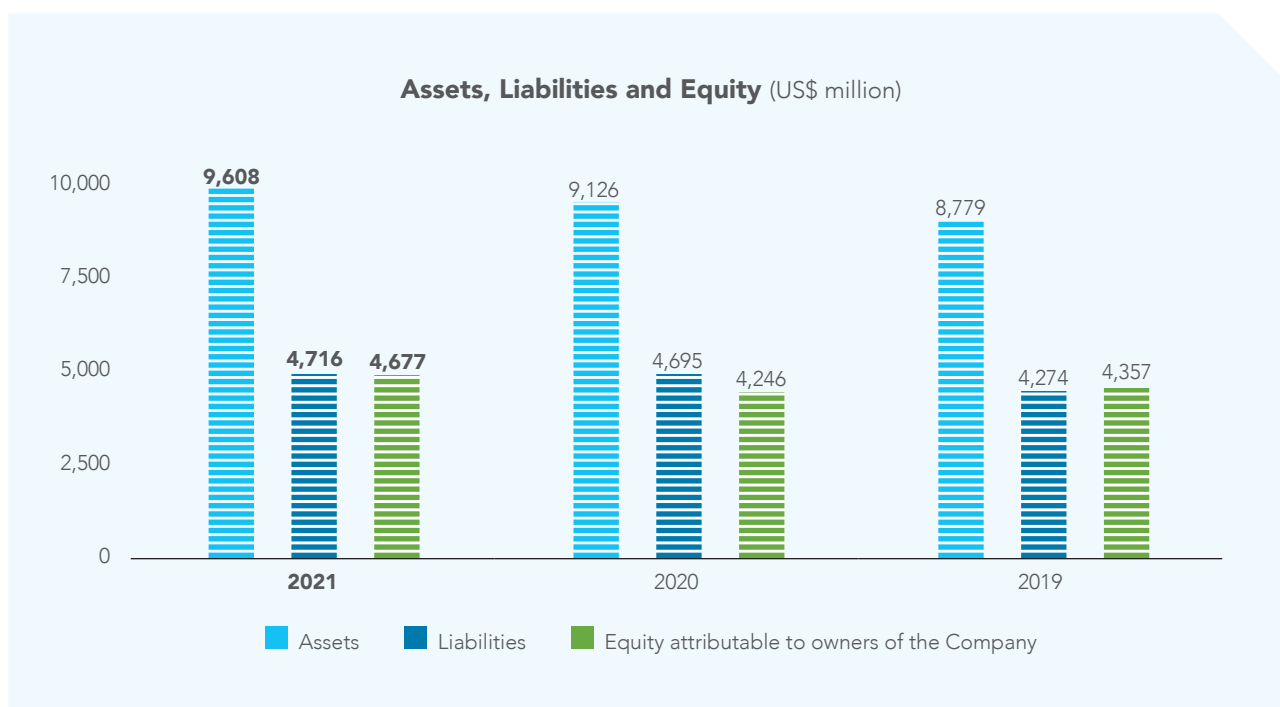
As at 31 December 2021, total liabilities increased marginally to US\$4.72 billion from US\$4.69 billion in the prior year. The increase in total liabilities was mainly attributable to increases in bonds and notes payables as well as other payables, partly offset by lower short-term loans, long-term payables and liabilities resulting from settlements made during the year.

Total borrowings at the end of 2021 (including bond and notes payable) was slightly lower at almost US\$3.0 billion. With total cash and cash equivalents, short-term investments, and liquid working capital of US\$2.0 million, the net gearing ratio (net debt to equity⁵) further strengthened to 0.20 times from 0.25 times in the previous year.

During the current year, GAR complied with all borrowing covenants such as certain financial ratios; not to sell and/or transfer collateral to other parties; not to change general nature of business; and other administrative requirements. Payments for interest and principal were made according to schedule during FY2021.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Total equity attributable to owners of the Company at the end of 2021 was US\$4.68 billion, ten percent higher than as at end of 2020. The increase primarily resulted from the current year's net profit and the increase in fair value reserve coming from the net fair value gain on financial assets in accordance with IFRS 9, partially offset by cash dividends paid during FY2021.



⁵ Net debt (total borrowings less cash and cash equivalents, short-term investments and liquid working capital) divided by total equity