

R.E.A. Holdings plc: Correction - Further re selling prices

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R.E.A. Holdings plc ("REA" or the "company")

Further re selling prices

Further to the company's announcement in March 2022 regarding selling prices for crude palm oil ("CPO") and crude palm kernel oil ("CPKO"), the Indonesian government has published a change to the export duty structure with effect from 10 June 2022. There has been no change to the export levy structure.

REA sells CPO into the local Indonesian market which is not subject to export levy or export duty. However, arbitrage between the Indonesian and international CPO markets normally results in a local price that is broadly in line with prevailing international prices after adjustment of the latter for delivery costs and export tariffs and restrictions. Changes to export tariffs and restrictions therefore have an indirect effect on the prices that REA achieves on sales of its CPO

Export tariffs comprise export duty and export levy. Both are calculated on a sliding scale by reference to a CPO reference price that is set periodically by the Indonesian government on the basis of CIF Rotterdam and other recognised benchmark CPO prices. The export tariffs applicable from 10 June 2022 are set out below. The incremental export duty for CPO and CPKO have not changed up to a reference price of less than \$1,000 per tonne but have increased from a reference price of more than \$1,000 per tonne from the previous rules.

The CPO reference price is \$1,700 per tonne for June and is expected to be \$1,646 per tonne from July 2022 which, being above \$1,500 per tonne, will result in total export tariffs of \$663 per tonne. This represents an increase of \$88 per tonne from the total export tariffs that were payable under the previous rules.

The domestic market obligation ("DMO") was re-introduced in June at a factor of 1:5 local to export. In order to obtain an export permit exporters are required to prove, through online government systems, that their DMO has been complied with. These processes have been slower than anticipated which has led to high domestic stocks of palm oil and its derivatives. The government has subsequently introduced an export mechanism for the acceleration of distribution to optimise and stabilise the production of palm oil that involves paying an additional duty of \$200 per tonne which waives the DMO rules for exporters. This waiver program is valid until the 31 July 2022.

Combined export levy and export duty (before DMO waiver duty) applicable from 10 June 2022

CPO reference price

From	To	Levy	Duty	Total	Net price*
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\$	\$	\$	\$	\$	\$
-	750	55	-	55	695
751	800	75	3	78	722
801	850	95	18	113	737
851	900	115	33	148	752
901	950	135	52	187	763
951	1,000	155	74	229	771
1,001	1,050	175	124	299	751
1,051	1,100	195	148	343	757
1,101	1,150	215	178	393	757
1,151	1,200	235	201	436	764
1,201	1,250	255	220	475	775
1,251	1,300	275	240	515	785
1,301	1,350	295	250	545	805
1,351	1,400	315	260	575	825
1,401	1,450	335	270	605	845
1,451	1,500	355	280	635	865
1,501	1,550	375	288	663	887

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