



ASX ANNOUNCEMENT

28 August 2020

SunRice Group 2020 Annual General Meeting and B Class Meeting:

- All resolutions approved by shareholders
- Group facing a number of challenges in FY2021 which have the potential to impact revenue and margins in the short-term
- 2022 Growth Strategy progressing despite challenges
- With the ongoing volatility due to COVID-19, Group considering if it is able to provide reliable guidance to the market when the FY2021 Half Year Financial Results are released in December 2020
- Improved outlook for 2021 Riverina crop, with strong response to initial offer of fixed price contracts, and announcement of a pool
- The small Riverina crops of 2019 and 2020, currently being processed, are expected to lead to significant under-recovery of the Australian Rice Pool segment in FY2021
- It is anticipated this will lead to a Paddy Price Supplement being required in FY2021, which would be similar in size to that applied in FY2017.

SunRice today held its 2020 Annual General Meeting (AGM) and B Class Meeting virtually, given ongoing COVID-19 restrictions.

Shareholders approve all resolutions at the AGM and B Class Meeting

A Class Shareholders approved all resolutions put to today's AGM. This included adoption of the Remuneration Report for the year ended 30 April 2020, approval of changes to the Constitution to reduce the size of the Board while maintaining a majority of Grower Directors, and the re-election of Independent Non-Executive Directors Ian Glasson and Luisa Catanzaro for terms of three and two years respectively. B Class Shareholders also approved a new Long Term Incentive Plan for the CEO, with the new three-year plan commencing on 1 May 2021.

FY2020 Full-Year Financial Results

SunRice also presented its FY2020 Full-Year Financial Results, which demonstrated the resilience of the company and continued delivery of value for both A and B Class Shareholders. In FY2020 the Group delivered revenue of \$1.13 billion and Net Profit After Tax of \$22.7 million, down 5% and 31% year-on-year respectively, and declared a fully franked dividend of 33 cents per B Class Share. These results were delivered despite only 5% of global demand of more than 1 million tonnes being met with Riverina supplied rice, with production dropping 91% in the Riverina between 2018 and 2019 due to factors including drought, low water availability and high water prices. The Group activated its international sourcing capability to continue to meet demand despite the low Australian production, sourcing rice from 11 countries.

The Group faced a number of challenges in FY2020, including deteriorating economic conditions in key markets across the Pacific, impacts of the Australian bushfires in the 2019-20 summer, continued devaluation of foreign exchange impacting profitability of a number of segments, and the impact of COVID-19 towards the end of the year.

Looking ahead at FY2021

SunRice remains focused on leveraging its strong balance sheet to pursue strategic value-accretive merger and acquisition opportunities across the Group. In the Rice Food, Riviana Foods, CopRice and International Rice segments in particular, the innovation pipeline remains strong, with the launch

of several initiatives in FY2021 aligned with the Group's 2022 Growth Strategy expected to deliver benefits across the coming year.

The Group is continuing to monitor a range of factors that have the potential to impact Group revenue and margins in the short-term, including:

- International rice prices
- Significant foreign exchange headwinds, impacting a number of the Group's segments
- Ongoing deteriorating economic conditions in key Pacific markets
- Aggressive pricing strategies from competitors
- Global uncertainty due to the COVID-19 pandemic
- 'Out of home' dining channels remaining subdued, impacting Riviana's food service business.

Despite SunRice offering rice growers record prices of between \$750 to \$1500 per tonne ahead of the October 2019 planting window, the 2020 Riverina rice crop was the second-smallest on record at 45,000 paddy tonnes. The small Riverina crops harvested in 2019 and 2020, which are currently being processed, are expected to lead to a significant under-recovery of the Australian Rice Pool segment in FY2021. It is anticipated that this will lead to a Paddy Price Supplement being required in FY2021 which would be similar in size to that applied in FY2017.

With the ongoing volatility due to COVID-19, the Group is considering if it is able to provide reliable guidance to the market when the FY2021 Half Year Financial Results are released in December 2020.

2021 Riverina rice production

On 24 July 2020 the SunRice Group announced an initial offer of fixed price contracts for limited volumes of key varieties for the 2021 Riverina crop year, with planting to commence in October 2020. The pricing for the contracts was \$475 per tonne for medium grain Reiziq, \$525 per tonne for Doongara and \$625 per tonne for Koshihikari. The contract offers opened on 29 July and were strongly supported by growers, with the volume being fully subscribed on 3 August 2020 and subsequently closed that day.

Despite the 2019 and 2020 crop sizes, which at 54,000 paddy tonnes and 45,000 paddy tonnes were the third and second-smallest on record, the SunRice Group is optimistic of significantly increased production in the Riverina in 2021. There has been increased rainfall and inflows into key storages in recent months, which has improved water availability, and the weather outlook remains positive ahead of the October 2020 planting window. The Group also this week announced the opening of a pool for the 2021 Riverina rice season, with an estimated range of \$390 to \$450 per metric tonne for medium grain Reiziq. The announcement included a number of other varieties with premiums or discounts to base grade Reiziq.

Commenting at the Annual General Meeting, SunRice CEO, Mr Rob Gordon, said:

"While the Group is continuing to face significant challenges and headwinds, we are focused on utilising our strong balance sheet to pursue key initiatives in our 2022 Growth Strategy and to drive increased value for both A and B Class Shareholders," Mr Gordon said.

"To deliver our FY2020 results in the context of a 91% reduction in production in the Riverina between 2018 and 2019, as well as a range of challenges including negative foreign exchange impacts, deteriorating conditions in key markets and COVID-19, highlights the strength and resilience of the SunRice Group's business model.

"Looking forwards to FY2021, we continue to monitor a range of factors that may impact revenue and margins in the short-term, including continuing deterioration of economic conditions in Pacific markets and ongoing uncertainty due to the global COVID-19 pandemic.

“However, we are optimistic of significantly increased plantings in the Riverina later this year, following the extremely small crops harvested in 2019 and 2020, with seasonal conditions, water availability and water pricing continuing to improve.

“We were pleased with the strong response from growers to our initial offer of fixed price contracts, and we are also pleased to have been able to announce the availability of a pool this week for the 2021 Riverina rice season.

“We also paid tribute at today’s AGM to the fact that 2020 is the 70th anniversary of the SunRice Group. From a group of growers pooling their resources to build a single Riverina mill in 1950, the SunRice Group is now a truly international ASX-listed company, but with our heritage still very much at our core.

“From those humble beginnings in 1950, the Group is now a global FMCG business and one of the world’s largest rice food companies, selling value-added branded products to approximately 50 markets, with operations in some 9 countries.”

Authorised by Kate Cooper, Company Secretary, SunRice Group.

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About SunRice’s structure

The structure of Riceworkers Limited (SunRice) contains non-standard elements including its dual class share structure comprising A Class Shares and B Class Shares.

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice’s constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

For more details of the non-standard elements of SunRice’s structure see <https://corporate.sunrice.com.au/investors/>