



## ASX ANNOUNCEMENT

18 February 2021

### SunRice Group COVID-19 trading update

- The Group continues to experience difficult market conditions primarily due to the global COVID-19 pandemic, including increased disruptions to the global shipping industry
- These disruptions have the potential to delay or prevent planned sales, impacting revenue and financial performance in 2H FY2021
- This is an evolving situation, and the Group continues to develop and implement strategies across its global operations to best mitigate the potential impact on financial performance
- Outlook for FY2022 remains positive, with the Riverina crop still estimated to exceed 450,000 paddy tonnes, and other recently executed 2022 Growth Strategy initiatives expected to deliver benefits

### Increased global shipping industry disruptions and continued difficult market conditions

The SunRice Group today provided a trading update, highlighting that while economic conditions in key markets remain depressed primarily due to the global COVID-19 pandemic, there have also been a range of increased disruptions due to the latest shipping industry dynamics. These disruptions have the potential to delay or prevent planned sales, which could impact revenue and financial performance in the second half of Financial Year 2021 (2H FY2021).

The SunRice Group has relied on its international rice supply chains to meet demand in key global markets, due to the small CY20 Australian crop.

However, due to the global COVID-19 pandemic, there have been a range of disruptions to the shipping industry which have the potential to impact these supply chains. These disruptions include material increases to spot freight rates, demand for space and containers continuing to outstrip supply, scheduling issues, and port productivity impacts. The Group is now observing potential impacts as a result of these disruptions on its ability to deliver product to satisfy orders in international markets, particularly in the lead-up to the key Ramadan trading period.

This is an evolving situation and while the Group continues to develop and implement strategies across its global operations to best mitigate impacts, they may weigh on financial performance for the remainder of FY2021.

### Update on Australian operations and the CY21 Riverina crop

Despite unseasonably cool conditions in the Riverina, the Group is still estimating an Australian Riverina crop in excess of 450,000 paddy tonnes when harvesting commences in March 2021. This is more than 10 times the size of the CY20 crop of 45,000 paddy tonnes.

While the Group is pleased to have sufficient levels of inventory to maintain supply to domestic customers, there will be a short period of ceased production at some of its facilities in the Riverina until the CY21 crop is harvested and ready to be processed. The Group has managed to reduce the duration of this period of ceased production, which at the peak of COVID-19 demand was anticipated to occur prior to the end of 2020 due to the exhaustion of the small CY20 crop.

## Outlook

With the improvement in the Riverina crop size for CY21, continued execution of 2022 Growth Strategy initiatives and anticipation of the easing of current constraints caused by the global shipping disruptions, the Group remains well positioned for FY2022.

**Authorised by Kate Cooper, Group General Counsel and Company Secretary, SunRice Group.**

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### **About SunRice's structure**

*The structure of Ricegrowers 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/>*