



## ASX ANNOUNCEMENT

25 August 2021

### SunRice Group 2021 Annual General Meeting – Chairman and Group CEO addresses and presentations

Please find **attached** the following documents to be presented at the SunRice Group's 2021 Annual General Meeting, both of which are being held virtually today:

1. Chairman's address
2. Group CEO's address
3. Annual General Meeting presentation slides.

Information on how Shareholders can attend and participate in the 2021 AGM (due to commence at 10.30am) is available on the SunRice website: <http://www.sunrice.com.au/agm>

If Shareholders require any support, they can contact Link Market Services (which provides share registry services for the SunRice Group) on 1800 237 764.

The results of the 2021 AGM will be communicated to the ASX following the conclusion of the meeting, along with a separate ASX Announcement from the SunRice Group.

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

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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 the 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 the 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/>.*



# 1. GROUP CHAIRMAN'S ADDRESS – LAURIE ARTHUR

After a difficult period for the business with consecutive years of low rice production in the Riverina driven by drought, low water availability, high water prices and the impacts of water reform – it is good to be here today able to focus on recovery.

Despite the challenges in our Australian rice business, it is pleasing that we have been able to leverage our strong balance sheet to pursue our Growth Strategy without yet needing to access capital via the ASX following our listing in 2019.

Our unique business structure has meant that we have been able to weather the dual challenges of COVID-19 and low Australian production, while ensuring we maintained a sustainable company still controlled by growers.

As we stand here today, with a close to tenfold recovery in Riverina rice production in the last crop just harvested, and positive conditions coupled with strong interest from our growers as we look ahead to planting for the 2022 crop, there is cause for optimism.

There is no escaping the impact the low production in the Riverina has had on our business.

In 2019 and 2020 we harvested crops of 54,000 and 45,000 tonnes respectively, meaning that in the last Financial Year just 5% of our global rice needs were able to be met with supply from Australia.

When we drop back to a minimal crop in Australia due to drought and the increasing vagaries of water reform, it is not without cost in these international markets.

The fact is that the Australian water reform process has turned all Murray-Darling Basin irrigators into high-cost producers.

The early indications are that the impacts of climate change will be focused on annual croppers despite guarantees from government that this would not be the case.

We could just accept this as the new normal – but that is not the SunRice way.

So what are we doing about it?

Firstly, Management has developed a multiple supply chain strategy to ensure we could continue to meet demand despite the extremely low Australian production. This has proved effective, and allowed the company to still deliver a profit and declare a fully franked dividend to

our B Class Investors while paying record high rice prices of \$750 to our Riverina growers in Financial Year 2021.

While profitability was impacted, it is a credit to the Management team that they have been able to navigate the challenges of the agricultural production cycle, foreign exchange fluctuations and the multitude of COVID-19 related issues, including disruption to global shipping.

It also speaks to the success of our diversified and complementary business structure.

The company is also actively pursuing strategies to reduce the impacts of future drought in Australia, including:

- Seeking new market opportunities and establishing new supply chains;
- Continually pursuing efficiencies in our Riverina manufacturing operations;
- Partnering with our growers, Government and other organisations to invest heavily into research & development to increase the amount of tonnes of rice that can be produced for each megalitre of water used;
- Advocating the severe and unintended consequences of water reform on Australian rice growers and other annual irrigators to Government, in close partnership with the Ricegrowers' Association of Australia; and
- Developing programs like GrowRice, that facilitate rice production.

Of course, the Riverina rice industry is already the most water efficient rice industry in the world, but we need to continue improving on this front to cope with the seemingly increasing volatility of water availability.

But as we look towards planting for the 2022 crop in October of this year, it is pleasing that the company is able to respond to the strong desire out there to grow rice.

Conditions are favourable for a 2022 crop that exceeds the 417,000 tonne crop harvested last year, with improving water availability, lower water pricing and a positive outlook for the next few months of increased rainfall and inflows.

The increased production from 2021 and positive outlook for 2022 has allowed us to move out of 'band-aid' mode and focus on getting back to what we do best – selling high-quality branded Australian rice products to customers and consumers in our most premium markets.

The company was pleased to announce recently that we will again offer fixed price contracts to our Riverina growers, and also open a pool.

There was a strong response from growers to the contract offer, which closed on 23 August, and we look forward to opening seed orders in coming weeks for the 2022 pool.

We have been working closely with our partners to chart a future direction for research, development and extension in the Australian rice industry to coordinate our efforts for maximum effect. Growers will learn more about this over the coming year.

It is particularly pleasing that we will be in a position to offer a new variety for the 2022 season – a new bold medium grain called V071 at this point which has been under development for many years.

The development of this variety is an outcome of the commercialisation of our ongoing investment in research & development, which as I outlined earlier is of fundamental importance to the future of the Australian rice industry.

Keeping a strong connection with our growers and A Class Shareholders, while ensuring that we continue to maintain alignment with and create value for our B Class Shareholders, is fundamental to the ongoing success of SunRice.

That is why we are putting forward a resolution today to make amendments to the A Class Share criteria, which the Board believes will achieve the following important objectives:

- Encourage more consistent Riverina supply to maximize benefits to the company;
- Reduce the Board's discretion in managing the A Class Share register; and
- Stabilise the A Class Share register.

The recent droughts and emerging impacts of water reform have demonstrated that the current criteria are no longer fit for purpose, with the Board required to exercise its discretion to not redeem A Class Shares in three of the past five years.

We are also seeking support of A Class Shareholders to fully implement a key recommendation from the 2019 review of the Board, to reduce the number of Directors from 10 to 9. At the 2020 AGM A Class Shareholders voted overwhelmingly in favour of a resolution to reduce the size of the SunRice Board from 11 to 10 Directors.

The resolution at this year's AGM will fully implement the recommendation from the 2019 review.

The Board remains strongly of the view that there should always be a majority of Grower Directors and welcomes support from A Class Shareholders for this change.

Lastly, I note that Dr Andrew Crane is seeking re-election as an Independent Non-Executive Director for a further three-year term.

As the former Chief Executive Officer of the CBH Group and as a senior executive with more than 30 years' experience, Andy is a strong contributor to the SunRice Board and I welcome his intention to continue as one of our Directors.

As we look forward, COVID is clearly back with a vengeance, not only here in Australia but also in many of the countries around the world where we have operations and sell products.

The pleasing thing is that we have demonstrated the capacity to manage these impacts through the past couple of years, and I am confident in the company's ability to continue doing so.

One of the unique features of the Australian rice industry which allows it to successfully navigate highly complex international rice markets are the NSW Government's vesting or single desk marketing arrangements.

These arrangements ensure a coordinated approach to market access, and allow SunRice as the sole exporter of rice grown in NSW to deliver significant export price premiums and freight scale advantages to growers through higher farm-gate prices.

The NSW Government is currently reviewing these vesting arrangements with a view to making a decision about whether they continue or not into the future.

SunRice has been working closely with Government to highlight that the vesting arrangements remain the most effective and appropriate way for the Riverina rice industry to compete in world markets, and we welcome the strong support for the continuation of these arrangements from

the Ricegrowers' Association on behalf of their grower members.

A core principle for our company is to continue supplying growth and returns to our investors, while at the same time providing a strong paddy price for our Australian growers.

I am confident as I reflect on the past few years and look ahead at the future that the strong international business that we have built, underpinned by the qualities of Australian rice, will continue to achieve these goals. There remains strong synergies and alignment between our Australian rice growers and investors, which continues to ensure our company is robust.

I thank my fellow Directors, our growers, shareholders, the Ricegrowers' Association of Australia, Rice Marketing Board and our dedicated employees for ensuring the company's continued success.

I look forward to working with you all in the coming year.

Thank you for your time today.



## 2. GROUP CEO'S ADDRESS – ROB GORDON, GROUP CEO

Thank you Laurie and good morning to everyone who has joined us today.

When we held our AGM virtually last year for the first time ever due to the impact of the COVID-19 pandemic, I did not believe that in 12 months' time we would be here again.

And yet here we are, with even worse restrictions than we had last year.

The COVID-19 pandemic continues to impact our lives not only here in Australia, but in all of the markets where we operate, and has presented a range of challenges for your company which I will outline today.

Of course, SunRice was not only impacted by COVID-19 in Financial Year 2021, but also the second consecutive year of drought, low water availability and high water prices in the Riverina, which led to our second-smallest crop on record.

Throughout the management of these dual crises our focus has been on a number of important priorities:

1. Firstly, keeping our people safe and our operations running so that we can continue to supply our essential food products to our customers and consumers around the world;
2. Managing the increased volatility and risk associated with COVID-19;
3. Leveraging our strong balance sheet to continue pursuing our growth strategy, albeit with that pursuit slowed in some cases or having to come up with new ways of delivering our goals;
4. Continuing to build our international rice supply capability, and utilising that capability to meet growing demand for our global rice products of in excess of 1 million paddy tonnes while keeping markets open for our Australian rice products given the low production in the Riverina;
5. Closely managing costs while maintaining key skills, particularly in our Australian Rice Pool Business, while positioning that segment for a recovery in production.

I will use this address today to address the key factors underpinning performance in Financial Year 2021, including:

- Exploring in more detail some of the impacts of COVID-19 on the business;
- Providing an update on delivery of our Growth Strategy, including key developments in the execution of our sustainability strategy;

- Highlighting the recovery in Riverina rice production, and our plans for the Australian Rice Pool Business; and
- Commenting on our outlook for Financial Year 2022 and beyond.

### **FY2021 results**

Our focus over the past year allowed us to continue creating value for both classes of shareholders, and has positioned your company for improved performance in Financial Year 2022 and strong growth into the future.

Despite the challenges of the last Financial Year, we still launched new products, maintained core skills in the Riverina and executed an ambitious acquisition agenda.

This effort led to a credible Net Profit After Tax, which allowed us to pay a fully franked dividend in line with the prior year while maintaining the strength of our balance sheet. We also paid record high rice prices in the Riverina of between \$750 and \$1500 per tonne.

These results demonstrate true resilience, delivered in a year when in contrast many other companies were forced to reduce their headcount, cancel dividends or fall into loss-making territory.

This slide shows some of the key numbers:

- Topline revenue was 1.03 billion, down 9 per cent on the prior corresponding period;
- Net Profit After Tax of \$18.3 million was delivered, down 19 per cent, with EBITDA of \$49.1 million, down 25 per cent;
- A fully franked dividend of 33 cents per share was declared, the sixth consecutive year at this level, equivalent to a 5 per cent dividend yield; and
- \$66 million was invested in strategic acquisitions, the highest in recent history.

### **Segment performance**

This slide briefly shows the results of each of our segments. If Shareholders would like more detail on individual segment performance – this presentation, and our more detailed Financial Year 2021 Results Presentation, are both available on the ASX and our website.

### **International sourcing capability**

We have spent the past 10 years executing a deliberate strategy to build out our international rice supply chain capability to prepare for the exact scenario we faced during the past two years of near-record low production in Australia.

This included:

- Establishing our successful Ricegrowers Singapore trading business;
- Stepping out into Vietnam with the acquisition of our mill in 2018;
- Increasing capability in our SunFoods facility in California; and
- Entering into significant supply arrangements from countries including China and India.

In fact, as this slide shows, we sourced rice from 12 countries in the last financial year.

This strategy was effective, allowing us to continue to meet growing global demand for our rice products despite only 5% of total supply being available from Australia.

This capability enabled us to maintain supply to key markets, so that we could return them to Australian rice when supply improved.

And, pleasingly, we have now started processing the 2021 Australian rice crop of 417,000 paddy tonnes into branded products for sale into our most premium markets.

While we are now returning Australian rice to our key markets, we won't just switch off our international supply capability. In fact, we are continuing to build it out further.

The variety of high-quality origins of rice across our international supply network now provides an opportunity to not only maintain positions in premium markets for Australian rice, but to meet demand in the future for bulk and branded products targeted at different price points for different markets.

We will continue to maintain our capability in multi-origin, multi-price international rice sourcing as this improved capability makes our business model stronger.

### **COVID-19 disruption**

COVID-19 continued to present a myriad of challenges for the business, many of which are still present as we work through Financial Year 2022.

These included:

- Incredible disruption to global shipping lines, in a year when as discussed we were leveraging our significant international sourcing capability to move rice products from 12 different source countries and complex supply chains to meet demand in approximately 50 markets;
- Unprecedented challenges for our people, with differing regulatory requirements, restrictions on movement, and other complexities across the countries where we have operations around the world;
- Continuing limits on travel, which made it difficult for our teams to maintain relationships and build new partnerships face to face, although they have done an admirable job of this through virtual means;
- Economies and sales channels in key markets, particularly those reliant on tourism, being decimated by the impacts of COVID-19;
- And of course the personal challenges faced by our employees; many of whom have spent months in lockdowns; or have continued working in our facilities to manufacture essential products; or have found new ways of working and communicating from afar while juggling home schooling and countless other challenges.

I appreciate that the ongoing impacts of the pandemic have been immensely challenging for our people, and I appreciate all of their ongoing efforts.

### **Pacific tourism**

I have presented this data on a number of occasions but I think it is still an incredibly powerful illustration of the impact on our Pacific markets of a lack of tourism.

I am using Hawaii as the reference point given it has good data, and indeed as this shows there has been a stunning drop-off in international arrivals to that market, which is the largest for our SunFoods business in California.

While pleasingly in recent months visitation numbers have started to recover in Hawaii, very recently the trend has slumped again, and the rest of the Pacific has yet to recover. The economies of some of our key Pacific markets which rely on tourism therefore remain severely impacted.



## **Shipping slide**

I mentioned the impact on shipping lines earlier, but I wanted to delve a little deeper as this is a significant impact on our business.

We are in the midst of what I believe are unprecedented sector-wide impacts to global shipping lines, with COVID-related demand increases and supply constraints. These impacts include:

- Significant upward pressure on prices, with spot freight rates increasing by circa 500% year-on-year;
- Productivity of key ports impacted by COVID and associated labour issues, and congestion at ports resulting in major delays and slow recoveries; and
- Global shortage of shipping containers – especially for the specific 20-foot food-grade containers we require to move rice products.

This slide is particularly telling – showing the incredible surge in spot freight rates. While this is for 40-foot containers, it is indicative of the similar upward pressure on rates for all containers worldwide. The 20-foot food-grade containers used by SunRice are in even more scarce supply.

As you can see, since August 2019 rates have increased from around \$1500 US Dollars per 40-foot container to over \$9000 US Dollars last month. If we were to ship rice at these rates, it would mean a more than \$200 US Dollars per tonne cost just for the shipping.

These are not past-tense impacts. Just six days ago the *Sydney Morning Herald* reported a terminal at one of China's main container ports, and the world's third-largest cargo port, was shut down after a worker tested positive and remains closed, causing congestion across China's other ports and impacting flow of goods across the Pacific.

We have been harnessing our strong relationships with global shipping lines, and developing a number of mitigation strategies to minimise these impacts on the business, and on our financial performance.

## **Growth Strategy**

Despite managing the dual challenges of COVID-19 and drought in the last year, we did not take our eye off executing our Growth Strategy, leveraging the strength of our balance sheet to deliver a number of strategic projects, investments and acquisitions.

While delivery of the strategy has been slowed due to the low Australian production and more recently COVID-19, the Board confirmed that the core fundamentals remain appropriate, and has extended the timeframe for delivery from 2022 to 2024.

## **Corporate Management Team**

Given that we once again have a decent Australian crop to be marketed this year, and the outlook for next year is extremely positive, there is a need to make up lost ground implementing our rice strategy.

As a consequence we have increased resourcing and I am delighted to welcome Bel Tumbers, who has joined the Corporate Management Team as Chief Executive Officer of a new business unit, Global Rice.

All facets of our rice business globally will be reporting into Bel, with the exception of our Trukai business in Papua New Guinea.

Bel joins the business from her former role as Managing Director Asia, Middle East and Africa

Snacks with Kellogg's. Prior to this, she was Managing Director of Kellogg's in Australia and New Zealand, and has lived and worked in Australia, the United States, New Zealand and Singapore.

And as we move from strategy to execution in CopRice, we are also delighted to have attracted the services of Ganesh Kashyap who will make the most of our recent acquisitions and prepare the business for the next phase of growth.

Ganesh started his career in strategy consulting and spent close to 10 years working for Mondelez, leading the roll-out of its e-commerce strategy across the Asia Pacific region and more recently heading up its Japan business as Managing Director.

These important steps ensure the company has the correct organisational structure and leadership to take us into the future and as we seek to deliver on our 2024 Growth Strategy.

### **Growth Strategy (continued)**

While COVID-19 and drought have slowed our pursuit of some strategic initiatives in the rice business, I am proud of the significant progress we have made in other parts of our business.

As this slide shows, in recent years we have been leveraging our strong balance sheet to acquire value-accretive businesses and make strategic capital investments aligned to our Growth Strategy. This included:

- Acquiring the Fehlbergs pickled vegetable and Roza's Gourmet businesses in our Riviana Foods segment;
- Purchasing and upgrading our Lap Vo rice processing mill in southern Vietnam, and building a bran stabilisation facility in Leeton; and
- Acquiring Feedrite's facility in Wangaratta for our CopRice segment.

And in the last year we invested \$66 million in acquiring three businesses focused on building scale, diversification and consistency of earnings, particularly in our Riviana Foods and CopRice segments.

Our largest single investment was in acquiring the branded food importer KJ&Co Brands for \$51 million in December 2020, which is a transformative and scale-building addition to our Riviana Foods segment.

This acquisition is already delivering benefits in the current financial year and is expected to be earnings per share accretive in the first full year of ownership.

We have also extended CopRice's footprint into strategically important dairy regions of Victoria and New Zealand.

In September 2020 we purchased the beef and dairy business of Riverbank Stockfeeds in Gippsland for \$5 million, while in March this year we acquired a dairy nutrition business in New Zealand for \$11 million.

This marked the operational expansion of CopRice into its first overseas market.

While CopRice is currently at the low point of its cycle due to good pasture conditions, we have deliberately used our strong balance sheet to make these acquisitions in preparation for an upturn in this sector.

During the year we continued to progress a range of other strategic and organic growth initiatives, including continued investment in our facilities, like the \$4.5 million upgrade of our microwave rice facility in Leeton, and the signing of a significant agreement to guarantee a three-year supply of high-quality medium grain rice for our SunFoods business in California, representing a three-fold increase in the pool size for that business.

We also launched:

- The Riviana Basmati microwave rice range;
- Brown Rice Chips and Rice Cracker Chips in multiple international markets; and
- A new more affordable Asian-sourced rice brand, SunGold, into the Australian food service market.

## **Sustainability**

Another key focus during the year was on sustainability initiatives, including defining the six priority issues and ambitions that support our sustainability framework and contribute to the United Nations Sustainable Development Goals.

This work was about defining those areas where we have strong capabilities and can make a difference, like water efficiency of rice, climate resilience and food safety, security and quality.

Our team are now working in this Financial Year to develop the milestones and goals for these priority areas. We also undertook further work in Financial Year 2021 to respond to the Taskforce on Climate-related Financial Disclosures recommendations and release our inaugural Modern Slavery Statement.

## **Riverina rice production**

In 2019 and 2020 rice production in the Riverina was severely impacted by drought, low water availability and incredibly high water prices – exacerbated by water reform – resulting in crops of just 54,000 tonnes and 45,000 tonnes respectively.

With rainfall and conditions improving in late 2020, our growers responded – planting a crop that ended up being 417,000 tonnes despite increased water allocations coming late in the planting window, and yield impacts from one of the coldest summers in many years.

And as we look forward to the October 2021 planting window for the 2022 Riverina rice crop, rice growing conditions are continuing to improve with promising water availability, lower water prices and a positive weather outlook for further inflows in coming months.

We recently offered fixed price contracts and have been delighted with the overwhelming demand, with a substantial volume taken up by growers. What this shows is that with improved water availability and lower water prices, growers were keen to take contract volume early to underpin their summer program.

Based on the strong uptake we are confident that production for the next crop should be higher again than the last harvested earlier in the year, and we look forward to welcoming growers to the 2022 pool when seed orders open in coming weeks.

Given ongoing volatility in the factors that influence the pool, we are unable at this stage to provide an estimated price range for the 2022 pool that will be planted in October, harvested in April next year and then processed from that point until early 2023.

Those factors are:

- Foreign exchange rates;

- World rice prices;
- Conditions in end markets;
- Ongoing disruption and volatility in global shipping supply chains;
- Overhead recovery in the Riverina;
- Milling yields; and
- On-farm production yields and crop size.

However, we will provide an update to growers on the estimated range for the 2021 pool currently being marketed at the time of the planting window opening in October 2021.

### **Riverina operations**

We've taken the opportunity during the last two years to examine our cost base and identify the most cost efficient milling footprint for our Riverina operations as they're ramped up to process larger crops.

This will see us invest further in our Deniliquin site to reduce conversion costs, as well as our value-added rice processing assets in Leeton.

It is imperative that every aspect of our supply chain is optimised so that we can return the highest possible returns to our Riverina growers.

This slide shows the importance of that work, as there are now a number of good-quality and affordable medium grains from other origins now competing with Australian rice. There is also a limit on the amount of Australian rice that can be sold at a premium, and those markets are changing.

A number of the countries that used to be able to afford the premiums required for Australian rice are now no longer able to given the significant deterioration in their economies.

The resulting reduction in conversion costs and improved overhead recovery due to the extra volume will help us offset the lower market return as we extend into less premium markets.

### **Outlook**

With the increased Riverina production, and realisation of benefits from other strategic and organic growth initiatives, we are expecting earnings to improve across most segments in FY2022.

The Australian Rice Pool Business will therefore not record a loss, and will recover its fair share of overheads while supporting earnings improvement across other segments that use Riverina rice as an input in their production cycle.

Notwithstanding the improved production in Australia, our Ricegrowers Singapore trading business is expected to remain a strong contributor to Group financial results, continuing to leverage its capability in multi-origin, multi-price international rice sourcing.

The variety of high-quality rice from a range of origins across SunRice's international supply network should allow demand to be met for bulk and branded products targeted at different price points for different markets.

Our recent acquisitions continue to be integrated and are contributing positively to earnings.

SunRice will focus on accelerating delivery of its 2024 Growth Strategy throughout FY2022, and is looking to continue leveraging its strong balance sheet to explore value-accretive acquisition opportunities.

However, there are a number of factors weighing on this improved earnings performance, including:

- COVID-19 related lockdowns and restrictions, overhang of inventory in markets (due to delay in delivery of FY2021 sales) and increasing sea freight costs; and
- Strong pasture conditions in eastern Australia, placing downward pressure on demand for particular livestock products.

As I look ahead to the next year, I'm reminded of the extraordinary efforts of our staff around the world in weathering the dual storms of the past couple of years of drought in Australia and the COVID-19 pandemic.

The flexibility, innovation and sheer resilience of our people has been remarkable, and it is in large part why our company has been so successful in managing these challenges.

While we are still battling the headwinds of COVID, it is incredibly pleasing to be out of drought in Australia and to be focusing on accelerating growth as we look forward to improved conditions ahead.

I look forward to working with all of our important stakeholders to continue delivering value in the year ahead.

Thank you all for your time today, and back to you Laurie.



# Annual General Meeting

25 August 2021

SunRice (ASX:SGL/SGLLV)

# Important notice and disclaimer

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This presentation is for information purposes only. This information is given in summary form and does not purport to be complete. It should be read in conjunction with the most recent financial report and the Information Memorandum. The content of this presentation is provided as at the date of this presentation (unless otherwise stated). Reliance should not be placed on information or opinions contained in this presentation as advice to investors or potential investors and, subject to any legal obligation to do so Ricegrowers Limited (trading as SunRice) does not have any obligation to correct or update content.

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Any investment decision should be made solely on the basis of your own enquiries. Before making an investment in SunRice, you should consider whether such an investment is appropriate to your particular investment objectives, financial situation or needs and obtain independent advice from a qualified financial adviser.

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All amounts are in Australian Dollars, unless otherwise stated. Certain statements in this presentation (including those that contain terms such as "believe", "estimate", "plan", "project", "target", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should") relate to the future, including forward looking statements relating to SunRice's financial position and strategy. Whilst the forward-looking statements are based on current views, expectations and beliefs as at the date they are expressed, these forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of SunRice to be materially different from the future results, performance or achievements expressed or implied by such statements. No representation or warranty, express or implied, is made as to the fairness, accuracy, reliability, completeness or correctness of information contained in this presentation, including the accuracy, likelihood of achievement or reasonableness, fairness, accuracy, reliability, completeness or correctness of any forward-looking statements. There can be no assurance or guarantee that these forward-looking statements will be realised.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of SunRice is available on our website:  
<https://investors.sunrice.com.au/investors/>.

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# Chairman's Welcome

**Laurie Arthur**

25 August 2021





## **Directors**

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### **joining via video**



**Dr. Andrew Crane**



**Mr. Ian Glasson**

## **Directors joining online**

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**Mr. John Bradford**



**Ms. Luisa Catanzaro**



**Mrs. Gillian Kirkup**



**Mr. Ian Mason**



**Mr. Jeremy Morton**



**Dr. Leigh Vial**



**Mr. Julian Zanatta**

# Joining by phone

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**Mark Dow, Partner**  
**PricewaterhouseCoopers**



**Quentin Digby, Partner**  
**Herbert Smith Freehills**



# Agenda

A smiling woman with blonde hair and a young girl with brown hair are shown from the chest up. The woman is on the right, wearing a red lace-trimmed top, and the girl is on the left, wearing a yellow top. They are both looking towards the right. The background is a soft-focus outdoor scene with green trees and a red fire hydrant visible in the lower left.

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**Procedural matters**

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**Chairman's address**

---

**CEO's presentation**

---

**Questions and answers**

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**AGM resolutions**

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**General business**

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**Meeting close**



HELP NUMBER

**1800 990 363**

## **Procedural matters**



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Voting will be by way of poll

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Ordinary resolutions require a 50% majority of votes cast to proceed

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Special resolutions require a 75% majority of votes cast to proceed

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Proxy and direct voting results already received will be displayed for each resolution

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Voting will close five minutes after the meeting ends

# Lodging your votes

Click **“Get a Voting Card”**  
(top and bottom of platform)

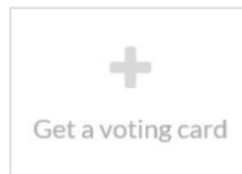
Enter your SRN/HIN  
or Proxy Number and  
postcode

Click **“Submit Details and  
Vote”**

Fill out your voting card for  
each item of business

Click **“Submit Vote”**

Get Voting Card



Voting Card

Please provide your Shareholder or Proxy details

SHAREHOLDER DETAILS

Shareholder Number

Post Code

Submit Details and Vote

OR

PROXY DETAILS

Proxy Number

Submit Details and Vote

HELP NUMBER

1800 990 363

Voting Card

Please complete your vote by selecting the required voting instruction (For, Against or Abstain) for each resolution. Proxy holder votes will only be applied to discretionary (undirected) votes. Directed votes will be applied as per the the shareholder's voting instructions.

Vote

Resolution 1

For

Against

Abstain

REMUNERATION REPORT

Resolution 2

For

Against

Abstain

RE-ELECTION OF DR ANDREW CRANE

Resolution 3

For

Against

Abstain

CHANGES TO THE CONSTITUTION - BOARD SIZE

Resolution 4

For

Against

Abstain

CHANGES TO THE CONSTITUTION - A CLASS SHARE CRITERIA

Submit Vote



# Asking questions online

Only A and B Class Shareholders are able to ask questions

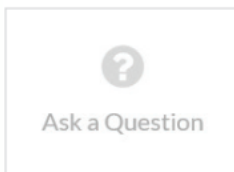
Click on **“Ask a Question”**

Select **“General Business”** or a specific resolution

Type in your question and click **“Submit”**

**Comments** on resolutions can also be submitted through ‘Ask a Question’

Ask a Question



### Ask a Question

We welcome any questions that you may have and will endeavour to answer all questions during the AGM. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.

You can view questions submitted prior to this meeting [here](#).

Regarding General Business

Question

Type your question here...

**Submit Question**

HELP NUMBER

**1800 990 363**

# Asking questions by phone

A and B Shareholders must **“register for a unique PIN”** to ask live questions during the AGM

If you don't have a PIN call **Link's 1800 990 363 Help Line now**

Only questions or comments pertaining to the AGM and the specific resolution being considered at the time will be addressed



Call 'Questions Line' on  
**1800 416 511**

Enter your **unique PIN**

\*\*\*\*\*



on your keypad to ask a question

A teleconference moderator will introduce you **at the right time**



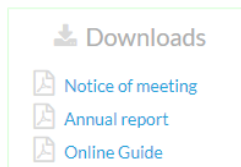
When your line is **unmuted**  
**ask your question or make a comment**



# Additional documents

Click on **“Downloads”** to access the Notice of Meeting, SunRice Annual Report or Online Meeting Guide

Link Market Services support staff are on standby to provide assistance



HELP NUMBER

**1800 990 363**



# Chairman's Address —

**Laurie Arthur**

25 August 2021



# CEO's Presentation

**Rob Gordon**

25 August 2021



# FY2021\* results snapshot



In a year marked by continuing critically low Riverina production and COVID-19, SunRice remained focused on optimising returns for our shareholders.

## \$1.03 billion

**Group revenue**  
Down 9% on FY2020

## \$49.1 million

EBITDA

Down 25% on FY2020

## \$18.3 million

Group NPAT

Down 19% on FY2020



**33 cents**

**Fully franked dividend per B Class Share**  
In line with FY2020

**5%**

**Dividend yield**  
Down from 6.4% in FY2020

**\$66 million**

**Capital investment in acquisitions**

**24%**

**Gearing**  
Up from 15% in FY2020

**\$6.62 per share**

**Net tangible assets**  
Down 15% on FY2020

**\$750 per tonne\*\***

**CY20\*\*\* Riverina paddy price**  
Up 50% on FY2020

\* 'FY2021' refers to the financial year ended 30 April 2021.

\*\* For medium grain Reiziq.

\*\*\* In this presentation, 'Crop Year 2020' or 'CY20' refers to the rice crop harvested in 2020, but processed and marketed in FY2021.

# SunRice Group Segment Performance

|                | <b>Businesses</b>  | <b>FY21<br/>Revenue<br/>(\$M)</b> | <b>FY20<br/>Revenue<br/>(\$M)</b> | <b>FY21<br/>NPBT*<br/>(\$M)</b> | <b>FY20<br/>NPBT<br/>(\$M)</b> |
|----------------|--------------------|-----------------------------------|-----------------------------------|---------------------------------|--------------------------------|
| <b>A Class</b> | Rice Pool          | 114.8                             | 223.2                             | (22.1)                          | (4.1)                          |
| <b>B Class</b> | International Rice | 548.5                             | 531.4                             | 22.6                            | (1.4)                          |
|                | Rice Food          | 96.1                              | 99.6                              | (1.9)                           | 4.6                            |
|                | Riviana Foods      | 148.4                             | 136.6                             | 9.2                             | 8.1                            |
|                | CopRice            | 114.5                             | 139.9                             | (4.5)                           | 3.6                            |
|                | Corporate          | -                                 | -                                 | 14.6                            | 18.3                           |

\* 'NPBT' refers to Net Profit Before Tax in this presentation.

# Supply source countries of origin

In Financial Year 2021 we sourced rice from 12 countries including Australia to meet global demand of more than 1 million paddy tonnes.

This strategy has maintained positions for Australian rice to return to our most premium markets, which is now occurring in Financial Year 2022 with the increase in production.

Financial Year 2021

# 1 million+ paddy tonnes

Source countries



Australia



Cambodia



China



Vietnam



Myanmar



India



Pakistan



Taiwan



Thailand



Uruguay



USA



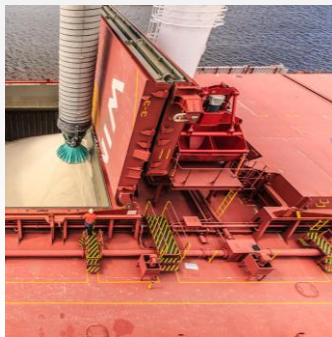
Italy

# Impacts of COVID-19

COVID-19 continued to present a myriad of challenges for the business, many of which are still present as we work through Financial Year 2022.



## Key COVID-19 impacts



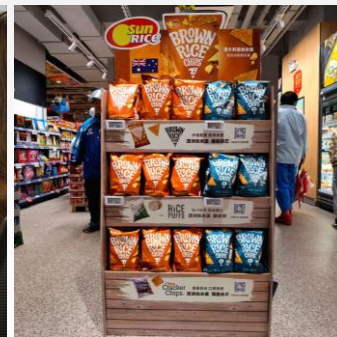
**Incredible disruption to global shipping lines**, including increasing freight rates, shortages in containers and port congestion.



**Unprecedented challenges for people**, with differing regulatory requirements and restrictions on movement.



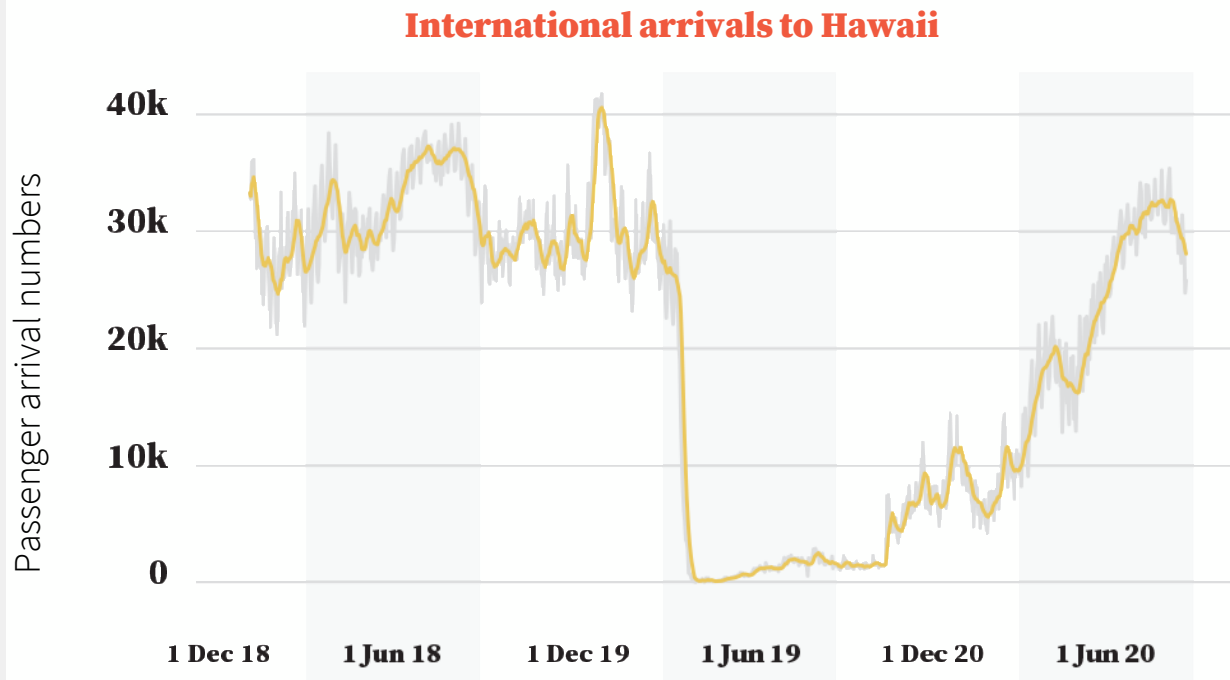
**Continuing limits on travel** made it difficult for teams to maintain relationships and build new partnerships.



**Economies and sales channels in key markets**, particularly those reliant on tourism, impacted by COVID-19.

# Impacts of COVID-19

Visitation to Hawaii, and across other key Pacific markets, has continued to be severely impacted by COVID-19.



01/01/2019 to 18/08/2021

Source: State of Hawaii Department of Business, Economic Development and Tourism

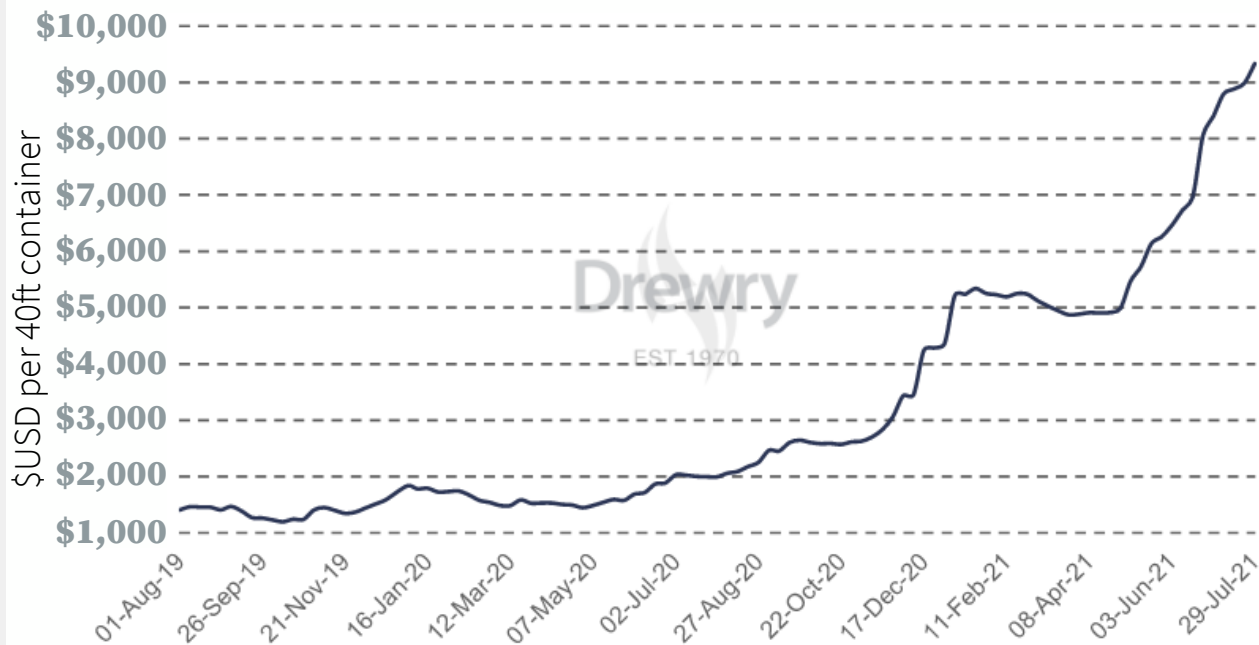


# Impacts of COVID-19

COVID-19 has led to unprecedented sector-wide impacts to global shipping.

Shipping rates have increased from \$1500 USD per 40-foot container to more than \$9000.

## World Container Index



Source: Drewry composite World Container Index

Note: This graph is representative only, as SunRice predominantly uses 20-foot food-grade containers, for which there is no comparable global index

# Our strategy

Our 2024 Growth Strategy is designed to cement the SunRice Group's position as a truly global, multi-origin, multi-market FMCG business. Importantly, we are proudly Australian-owned and our business is designed to benefit our investors, our growers, our employees and the communities in which we operate.



## Improve the price we pay our growers and increase returns for our shareholders by...



### Increasing

profits and reducing earnings volatility



### Adapting

our product range to take advantage of changing food trends



### Securing

a sustainable and reliable global supply chain

1

Cementing a global supply chain in response to increased demand in branded products, ensuring quality and sustainability.

2

Repositioning Australia as the supply source of choice for premium branded rice markets.

3

Using our capabilities to meet evolving global food trends, especially in healthy eating and snacking, in particular through:

- **Diversifying into new markets** to offer high-quality and convenient packaged rice of trusted provenance.
- **Playing a pioneering role** in addressing the obesity and diabetes epidemics with our unique Low GI rice.
- **Leveraging our unique position** to take advantage of the global fascination with sushi.
- **Being recognised as a leader in healthy snacking** through a range of innovative snacks.
- **Operating a strong food ingredients business** with diversified, high-value rice derivatives servicing global food companies.
- **Assurance of quality and sustainability** with traceability, no matter where we grow our rice.

4

Being recognised for our high performance, delivered by a positive, inclusive and accountable culture.

5

Accelerating the growth and diversity of our strong, cash-generative portfolio, including through further investment in our subsidiaries.



# New Corporate Management Team

Changes have recently been made to the Group organisational and leadership structure to deliver the 2024 Growth Strategy.

A new business unit has been created, Global Rice, which encompasses all facets of our global rice business excluding Trukai.



**Dimitri Courtelis**

Chief Financial Officer



**Kate Cooper**

General Counsel & Company Secretary



**Ganesh Kashyap**

General Manager  
CopRice



**Rob Gordon**

Group CEO



**Belinda Tumbers**

CEO  
Global Rice



**Stephen Forde**

CEO  
Riviana Foods



**Paul T. Parker**

General Manager  
People and Culture



**Alan Preston**

CEO  
Trukai Industries Limited

# SunRice has continued to execute against its 2024 Growth Strategy

A core focus of the strategy has been leveraging the Group's strong balance sheet to make strategic investments that grow and diversify earnings, particularly in the CopRice and Riviana Foods segments.

FY17

FY19

FY20

FY21



35% minority buy out



Acquisition – Roza's Gourmet



Acquisition – Feedrite



Acquisition – KJ&Co Brands



Strategic supply agreement



Acquisition - Fehlbergs



Acquisition – Lap Vo Mill in Vietnam



Investment – Leeton Bran Stabilisation facility



Acquisition – Ingham's NZ dairy business



Acquisition – Riverbank Stockfeeds



# Our strategy in action

SunRice invested \$66 million in FY2021 in acquisitions – the highest in recent history.

## Growth through strategic M&A and capital investment



In December 2020, **Riviana Foods** made the transformative acquisition of branded food importer **KJ&Co Brands** for \$51 million.



In September 2020, **CopRice** acquired the dairy and beef business of **Victorian-based** producer of livestock products **Riverbank Stockfeeds** for \$5 million.



In March 2021, **CopRice** expanded into **New Zealand** following the acquisition of **Inghams'** dairy nutrition business for \$11 million.



# Our strategy in action

Despite challenging operating conditions, the Group retained a sharp focus on executing SunRice's 2024 Growth Strategy and pursuing strategic and organic growth opportunities.

## Ensuring reliable and quality supply

SunFoods' strategic agreement with the Central Valley Rice Growers Association to guarantee supply of high-quality medium grain rice through until at least January 2024.



Further expanding our supply sources, including Ricegrowers Singapore's negotiation of significant agreements with strategic commercial partners in China and India.

## A focus on product innovation and new launches

SolRice's launch of Solrais Famili, which underpinned the business's market leading position in the Solomon Islands in FY2021.



Increased product innovation and export opportunities, including the launch of Brown Rice Chips and Cracker Chips in China, Singapore, Hong Kong, United Arab Emirates, Kuwait and Qatar.

New product innovation in Australia, including the launch of the Riviana Basmati microwave range and SunRice's new Flavour Your Rice sachets.



The launch of a new more affordable Asian-sourced rice brand, SunGold, into the Australian food service market.



The launch of SunRice's new Australian Infant Rice Cereal. Entry into China via the daigou sales channel was impacted by COVID-19.

# Our Sustainability Strategy

Delivers on key drivers of the 2024 Growth Strategy.

Addresses the topics that are material to our business.

Creates value for all of our stakeholders and impact by contributing to the United Nations Sustainable Development Goals.

Our framework – articulates our three pillars of difference

Making a difference to the sustainability of places and lives by



**Making a Difference to Our Environment**

Minimise the environmental impact of our products from farm to table



**Making a Difference to Our Communities**

Partner with communities to enrich lives socially and economically, leveraging our expertise wherever we operate



**Making a Difference with Nourishing Products**

Create nutritious products to improve the lives of consumers

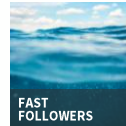
Our priorities and ambitions - provide focus and a destination



**WATER EFFICIENCY**  
Towards the most water-efficient rice products in the world



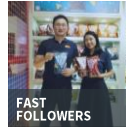
**CLIMATE RESILIENCE**  
Net zero emissions from our controlled operations  
Partner with growers to create a step change in reducing emissions



**WASTE REDUCTION AND SUSTAINABLE PACKAGING**  
Toward zero waste from our products and packaging



**PARTNERING FOR RESILIENT COMMUNITIES**  
Our communities consider SunRice a vital part of their ecosystem



**RESPECTING HUMAN RIGHTS**  
Equity and equality across our operations and supply chain



**FOOD SAFETY, SECURITY & QUALITY**  
Food security and quality products for our communities

Our milestones and goals - hold us accountable and leverage success

Building roadmaps to 2024 – the focus in Financial Year 2022

Our yearly sustainability operational plan – our path to delivery



We will understand what matters to our stakeholders



We will set clear ambitions and goals



We will develop programs with embedded practice and track progress across the Group



We will report and be accountable to the Board and all stakeholders

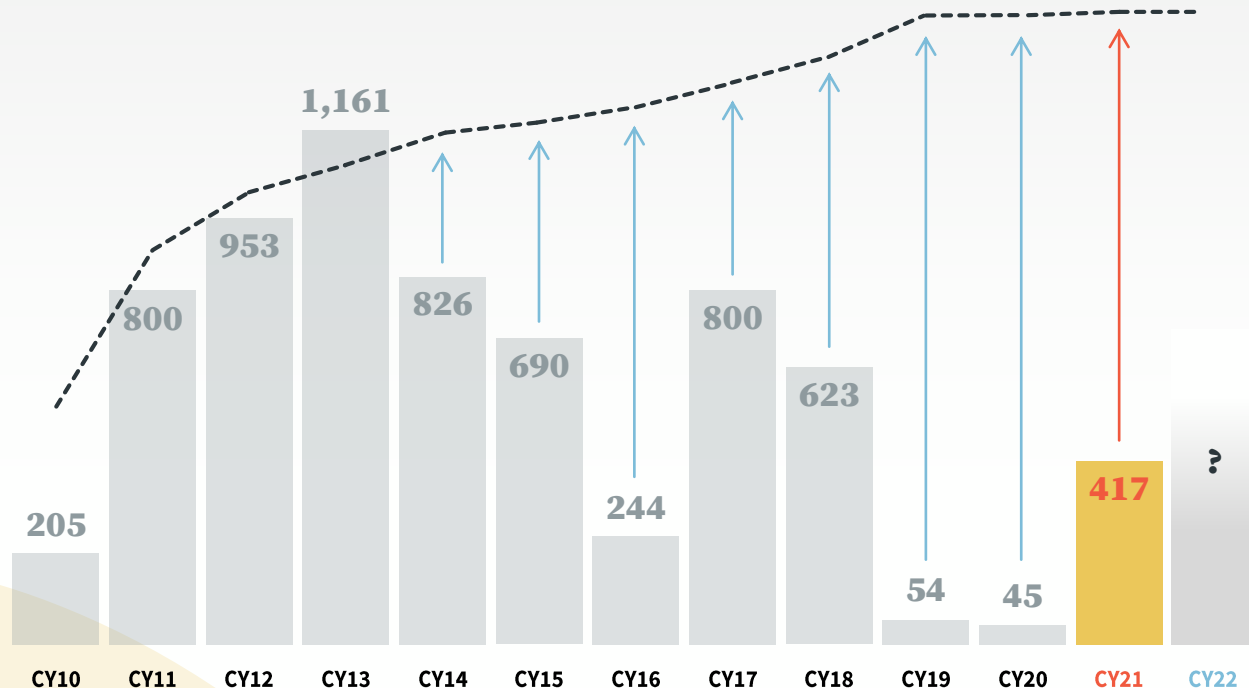
And make a meaningful contribution to the SunRice 2024 Growth Strategy and the Sustainable Development Goals (SDGs)



# Riverina rice resurgence

Conditions in the Riverina are continuing to improve as we look ahead to the October 2021 planting window.

**The Group has built its international supply capability to meet growing demand despite fluctuations in Australian production**










# Riverina rice resurgence

**SunRice had very strong uptake from growers to a fixed price contract offer for the 2022 season, and will operate a pool.**

**With improved conditions, we are confident that production should exceed the 2021 crop of 417,000 tonnes.**

- SunRice offered contracts to growers for the 2022 season on 18 August, which resulted in strong uptake and a substantial volume of rice being contracted.
- SunRice expects that strong demand to continue when seed orders open for the 2022 pool in coming weeks.
- Given ongoing volatility in the factors that influence pool performance, the Group is unable to provide an estimated price range for the 2022 pool.
- However, an update on the estimated range for the 2021 pool will be provided in October 2021.

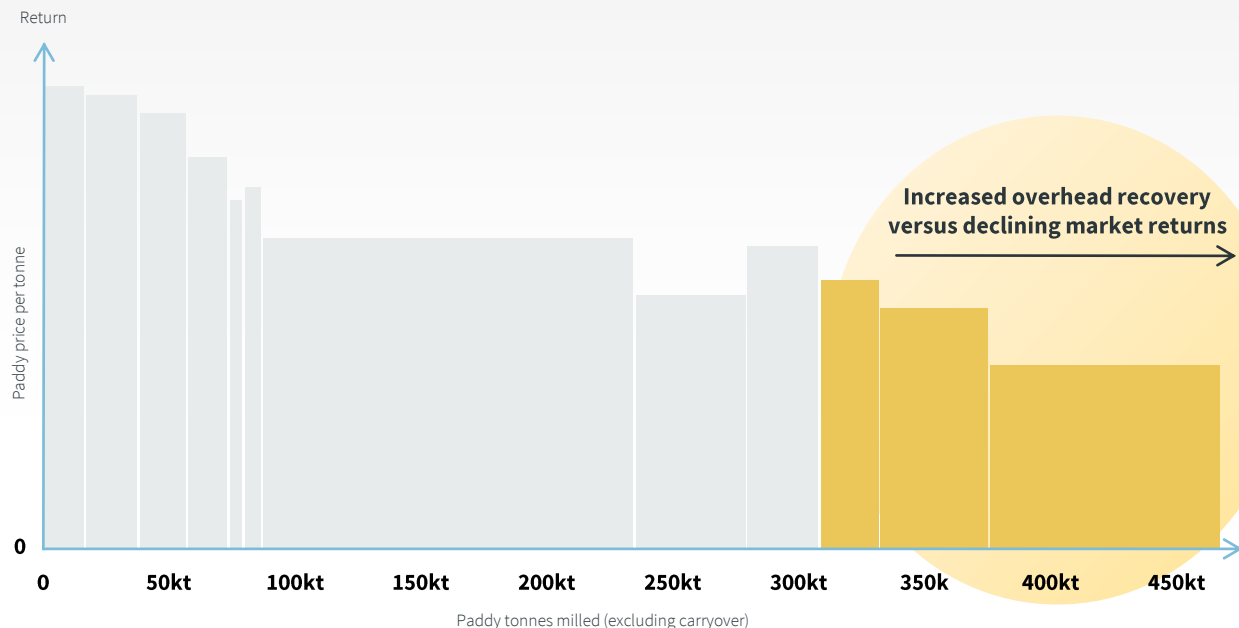
## Current status of key pool factors

| Factor                            | Current status  |
|-----------------------------------|---|
| COVID-19 related impacts          |  |
| Foreign exchange fluctuations     |  |
| World rice prices                 |  |
| Overhead recovery in the Riverina |  |
| Milling yields                    |  |

# Consistency of Riverina supply needed

We undertook work in planning to optimise our Australian Riverina production base for low-cost, efficient production in Financial Year 2021.

**There is a limit of the amount of Australian rice that can be sold at a premium**



# Outlook for FY2022 and beyond

**With improved Riverina production and delivery of other strategic and organic growth initiatives, the Group's earnings are expected to improve in FY2022.**

- The Australian Rice Pool Business will not record a loss, and will recover its fair share of overheads while supporting earnings improvement in FY2022 across other segments that use Riverina rice as an input in their production cycle.
- Notwithstanding the improved production in Australia, the Ricegrowers Singapore trading business is expected to remain a strong contributor to Group financial results, continuing to benefit from its capability in multi-origin, multi-price international rice sourcing.
- Recent acquisitions continue to be integrated and are contributing positively to earnings.
- SunRice will continue to focus on accelerating delivery of its 2024 Growth Strategy throughout FY2022, and is looking to continue leveraging its strong balance sheet to explore value-accretive acquisition opportunities.
- However, a number of factors are weighing on this improved earnings performance, including:
  - COVID-19 related lockdowns and restrictions, overhang of inventory in markets (due to delay in delivery of FY2021 sales) and increasing sea freight costs.
  - Strong pasture conditions in eastern Australia, placing downward pressure on demand for particular livestock products.

**Thank you\_\_\_\_\_**











# Annual General Meeting

25 August 2021

SunRice (ASX:SGL/SGLLV)



# Agenda Item 1



## Financial Reporting

Consideration of the Financial Report, Directors' Report and Independent Audit Report for the year ended 30 April 2021.



## Resolution 1



### Remuneration Report

“That the Remuneration Report for the year ended 30 April 2021 be adopted.”

## Resolution 1



### Remuneration Report

“That the Remuneration Report for the year ended 30 April 2021 be adopted.”

#### Votes Received

|         |     |
|---------|-----|
| For     | 116 |
| Against | 22  |
| Open    | 7   |
| Abstain | 3   |

## Resolution 2



### Re-election of Dr. Andrew Crane

“That Dr. Andrew Crane, being eligible, be re-elected as a director of the Company for a period of three years.”



## Resolution 2



### Re-election of Dr. Andrew Crane

“That Dr. Andrew Crane, being eligible, be re-elected as a director of the Company for a period of three years.”

#### Votes Received

|         |     |
|---------|-----|
| For     | 138 |
| Against | 9   |
| Open    | 7   |
| Abstain | 1   |

## Resolution 3



### Changes to the Constitution – Board structure

“That the changes to the Company’s constitution described in the Explanatory Note to this resolution be made with effect from the close of the Annual General Meeting.”



## Resolution 3



### Changes to the Constitution – Board structure

“That the changes to the Company’s constitution described in the Explanatory Note to this resolution be made with effect from the close of the Annual General Meeting.”

#### Votes Received

|         |     |
|---------|-----|
| For     | 129 |
| Against | 19  |
| Open    | 7   |
| Abstain | 1   |

## Resolution 4



### Changes to the Constitution – A Class Share Criteria

“That the changes to the Company’s constitution described in the Explanatory Note to this resolution and as tabled at the Annual General Meeting and signed by the Chairman of the Annual General Meeting for identification purposes be made with effect from the close of the Annual General Meeting.”

## Resolution 4



### Changes to the Constitution – A Class Share Criteria

“That the changes to the Company’s constitution described in the Explanatory Note to this resolution and as tabled at the Annual General Meeting and signed by the Chairman of the Annual General Meeting for identification purposes be made with effect from the close of the Annual General Meeting.”

#### Votes Received

|         |     |
|---------|-----|
| For     | 128 |
| Against | 20  |
| Open    | 7   |
| Abstain | 1   |



# Annual General Meeting

## General Business

SunRice (ASX:SGL/SGLLV)



# AGM Close

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AGM voting will close in five minutes

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AGM results will be  
posted on the ASX and SunRice website

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Thank you for your attendance

HELP NUMBER

**1800 990 363**