



## ASX ANNOUNCEMENT

1 October 2021

### **Letter to A Class Shareholders and Riverina rice growers – update on the CY22 Riverina rice season and CY21 pool range**

We attach a copy of a letter being sent to A Class Shareholders and other Riverina rice growers, regarding an update on the 2022 (CY22) Riverina rice season, and the estimated range for the 2021 (CY21) pool.

**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. 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 October 2021

Dear fellow rice growers,

I am writing to provide an update on the 2022 (CY22) Riverina rice season and on the estimated range for the 2021 (CY21) pool.

### **CY22 Riverina rice season**

Planting has now officially started for the 2022 (CY22) Riverina rice season. SunRice has offered both fixed price contracts and a pool for CY22, and we are pleased that there has been very strong support from growers. As a consequence we are now confident that the CY22 crop should exceed the CY21 crop of 417,000 paddy tonnes.

There continues to be a gradual improvement in General Security water allocations in both the Murray and Murrumbidgee – but I know many of you will share my deep disappointment with the level and timing of these allocations given the abundance of water in the system.

The Ricegrowers' Association of Australia has been doing a significant amount of work to investigate and highlight these issues to the NSW and Commonwealth Governments and SunRice is continuing to provide its support to these important efforts.

That being said, the strong response from growers despite the relatively slow allocation build demonstrates that with improved water availability and lower water prices there is a strong desire from growers to plant rice in the Riverina.

SunRice is once again offering our GrowRice facility to assist approved growers with finance of up to \$1500 per hectare (or up to \$2000 per hectare for Critical Year growers) to help cover the costs of inputs like fertiliser and water, and I encourage you to take up this offer.

As always, if you have any questions or would like to apply for GrowRice, please contact the Grower Services team on 1800 654 557 or via email at [growerservices@sunrice.com.au](mailto:growerservices@sunrice.com.au).

### **Estimated range for the CY21 pool**

As I committed to doing when I wrote to you last month, I also provide an update on the estimated range for the CY21 pool.

SunRice announced an estimated range for the CY21 pool on 27 August 2020 of between \$390 to \$450 per metric tonne for medium grain Reiziq.

As you all know, there are a number of factors which can adversely impact pool performance and one of these, shipping, has moved adversely and rapidly in recent months. The COVID-19 pandemic and other issues have led to significant disruption to global shipping, which has had two major implications for SunRice – lack of availability of food-grade containers and massive price inflation.

An example of this is that spot prices for shipments from Australia to the Middle East have risen by approximately USD \$260 per tonne within the last six months and while we have a significant volume contracted we are not immune from these rises. This week media reports have suggested

there may be further disruption due to industrial action at Australian ports which would exacerbate the challenges we are facing.

With this level of uncertainty the Board has determined not to lift the estimated pool range at this juncture and indeed, we are now of the view that the upper end of \$450 per tonne is unlikely to be reached.

Accordingly, SunRice is revising the estimated range for the CY21 pool to \$390 to \$435 per tonne for medium grade Reiziq.

You can be assured that SunRice Management is taking all appropriate steps to deliver the highest price it can through other levers in the Group's control, however the significant increase in shipping costs will have an impact, hence the necessary reduction in the upper end of the estimated range.

SunRice will always seek to keep growers accurately informed regarding the performance of the pool, and we remain confident that the final CY21 payment will be within the revised range.

In relation to the estimated pool range for the CY22 crop currently being planted, given the ongoing volatility of shipping and other factors that influence pool performance, the Group remains unable at this stage to provide an estimated price range for the CY22 pool.

While the shipping issues are continuing to negatively impact on the Group, we hope that these challenges will ease as the world recovers from the global COVID-19 pandemic.

Now that we are returning Australian rice to customers in our global markets following the two drought-affected crops from 2019 and 2020, it is pleasing to see that there is still strong demand for our branded Australian-provenance rice products.

I look forward to working with you all over the coming months as we plant the CY22 crop, and we will of course provide further updates as information comes to hand regarding the estimated ranges for both the CY21 and CY22 pools.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laurie', with a stylized flourish at the end.

Laurie Arthur  
**Chairman**  
**SunRice Group**