SunRice Group

Annual Report 2022

Creating value in uncertain times

About This Report

The SunRice Group seeks to continuously improve the way we communicate long-term sustainable value to A and B Class shareholders and other important stakeholders. We integrate our financial and non-financial reporting to provide information on all aspects of our performance in one report, the Annual Report, supported where required by supplementary information (see 2022 Reports Portfolio).

Reporting boundary and period

SunRice's Annual Report covers Ricegrowers Limited ABN 55 007 481 156 and its controlled entities. Unless otherwise stated, all disclosures in the Annual Report relate to the Financial Year ended 30 April 2022 (FY2022). In this report, 'the year', 'this year', 'crop year 2021' and 'CY21' all refer to FY2022. The '2022 harvest', 'crop year 2022' and 'CY22' all refer to the rice crop harvested in 2022, which will be processed and marketed in the Financial Year ending 30 April 2023 (FY2023). 'SunRice', 'SunRice Group', 'Group', 'we' and 'our' refer to Ricegrowers Limited and its controlled entities, as defined in this report.

Reporting frameworks

The FY2022 Financial Report (on pages 89–140) and Directors' Report (on pages 70–87) have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Operating and Financial Review, which is a required element of the Directors' Report, can be found on pages 14–57 and includes the Our Strategy in Action, Our Financial Performance and Position, Our Outlook, Our Approach to Sustainability, Our Growers, Our People, Our Approach to Risk and Adapting and Responding to Climate Change sections. The content of the Our Approach to Sustainability section of this report and supporting sustainability information, has been prepared in accordance with the GRI Standards (2016): Core option. The GRI Index (see 2022 Reports Portfolio) highlights where the required FY2022 GRI Core disclosures can be found. The sustainability disclosures in this report, the 2022 Reports Portfolio and the information on SunRice's sustainability website www.sunrice.com.au/sustainability serve as our Communication on Progress for the United Nations (UN) Global Compact.

Report assurance

The Remuneration Report on pages 72–86 and the Financial Report on pages 89–140 have been audited. All disclosures in the Annual Report have been subject to SunRice's internal review and approval processes by management, the executive and the Board, as appropriate.

Stakeholder engagement and materiality

SunRice undertakes both a formal materiality process to identify the issues that are significant to the business and to key stakeholders, as well as informal engagement throughout the year, through a variety of channels in order to respond to our stakeholders' insights. In FY2022, SunRice commenced a refresh of its stakeholder engagement framework. An update of this process is provided on page 9. SunRice's material topics are discussed in the SunRice Stakeholder Engagement Statement at www.sunrice.com.au/sustainability-reports and the six sustainability priorities that address these material topics and provide a framework for the Group's response, are described in Our Approach to Sustainability on pages 30–47.

2022 Reports Portfolio

- **Annual Report** – provides information on SunRice, including governance, strategy, key risks, financial and non-financial performance and outlook, and includes the Annual Directors' Report and Annual Financial Report. www.sunrice.com.au/annual-reports
- **Interim Financial Report** – provides information on SunRice's half-yearly financial and non-financial performance and outlook. www.sunrice.com.au/financial-reports
- **Corporate Governance Statement** – provides an overview of our policies, procedures and practices to ensure application of the ASX Corporate Governance Principles and Recommendations (4th Edition). www.sunrice.com.au/corporate-governance

Other reports and information

- **Sustainability information** – provides further information on SunRice's sustainability strategy, performance and future plans, including Task Force for Climate-related Financial Disclosures and our commitment to the Science Based Targets Initiative. www.sunrice.com.au/sustainability-reports
- **GRI Index** – is a summary of how SunRice has addressed each of the GRI reporting core standards, with references to where the detailed information can be located across the 2022 Reports Portfolio. www.sunrice.com.au/sustainability-reports
- **Tax Transparency Disclosures** – SunRice is a signatory to the Board of Taxation's Tax Transparency Code. This report (issued annually) complements the Group's tax disclosures and enhances our stakeholders' understanding of the Group's compliance with Australian tax laws. www.sunrice.com.au/financial-reports
- **Other information** – presentations and announcements made to stakeholders during the year. See the Results and Reports section of the SunRice investor website. investors.sunrice.com.au

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.

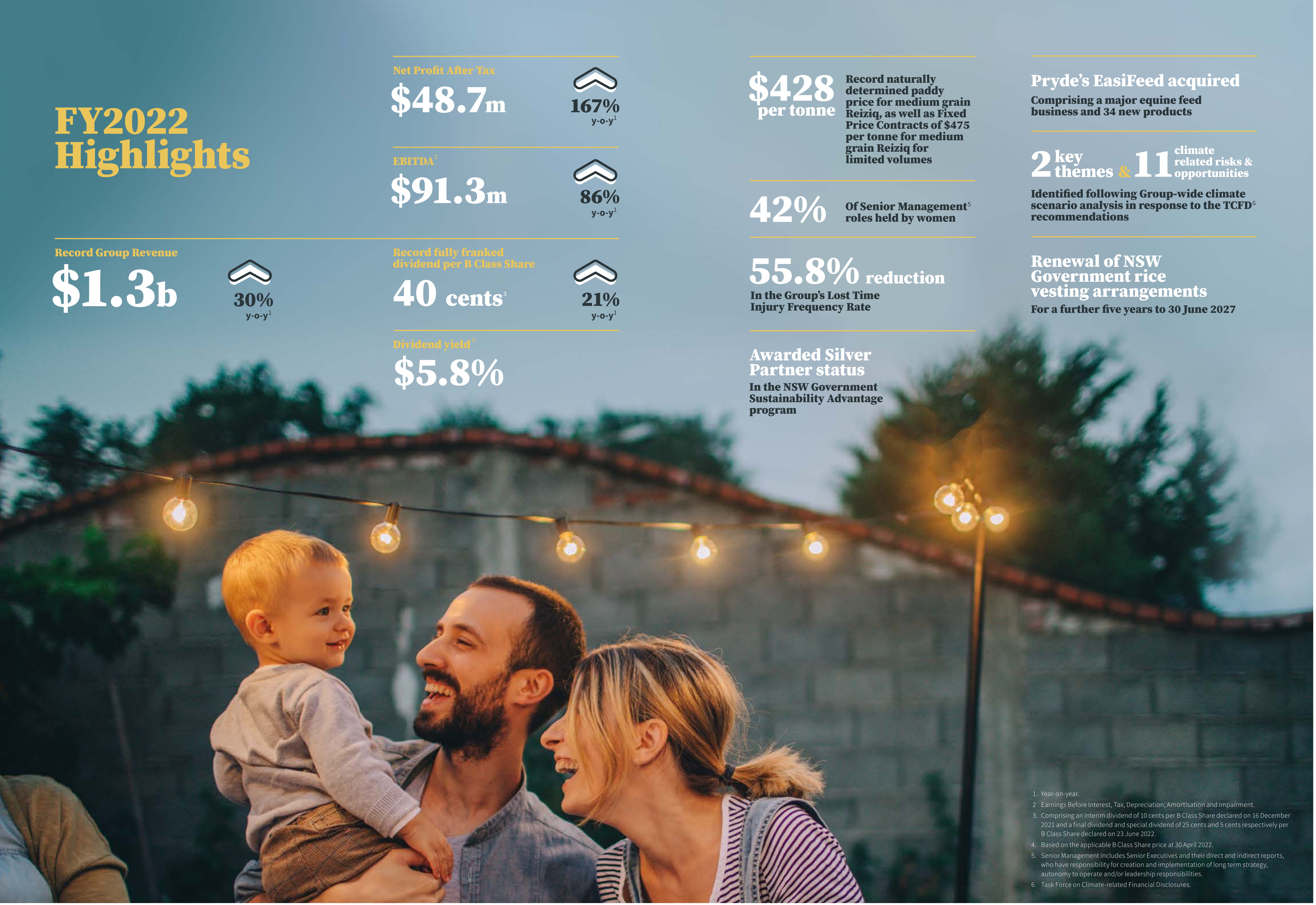
A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on the ASX and may only be held by rice growers who meet the production quotas prescribed by the SunRice Constitution. No person may hold more than five A Class Shares. 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 generally have the right to vote at general meetings of SunRice. This means that 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 investors.sunrice.com.au.

Scan this QR code or visit www.sunrice.com/AR2022 for links and more information.

Contents



FY2022 Highlights

Net Profit After Tax
$48.7m
167% y-o-y[1]

EBITDA[2]
$91.3m
86% y-o-y[1]

Record Group Revenue
$1.3b
30% y-o-y[1]

Record fully franked dividend per B Class Share
40 cents[3]
21% y-o-y[1]

Dividend yield[4]
$5.8%

$428 per tonne
Record naturally determined paddy price for medium grain Reiziq, as well as Fixed Price Contracts of $475 per tonne for medium grain Reiziq for limited volumes

42%
Of Senior Management[5] roles held by women

55.8% reduction
In the Group's Lost Time Injury Frequency Rate

Awarded Silver Partner status
In the NSW Government Sustainability Advantage program

Pryde's EasiFeed acquired
Comprising a major equine feed business and 34 new products

2 key themes & 11 climate related risks & opportunities
Identified following Group-wide climate scenario analysis in response to the TCFD[6] recommendations

Renewal of NSW Government rice vesting arrangements
For a further five years to 30 June 2027

1. Year-on-year.
2. Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment.
3. Comprising an interim dividend of 10 cents per B Class Share declared on 16 December 2021 and a final dividend and special dividend of 25 cents and 5 cents respectively per B Class Share declared on 23 June 2022.
4. Based on the applicable B Class Share price at 30 April 2022.
5. Senior Management includes Senior Executives and their direct and indirect reports, who have responsibility for creation and implementation of long term strategy, autonomy to operate and/or leadership responsibilities.
6. Task Force on Climate-related Financial Disclosures.

Chairman's Report

The Board was delighted to see a return to strong financial performance for the year ended 30 April 2022 (FY2022).

Your company delivered a record naturally determined paddy price to our A Class shareholders and Riverina rice growers in FY2022, as well as record dividends[7] to our B Class shareholders.

FY2022 saw a strong recovery in production and performance in the Australian Rice Pool Business for the benefit of our A Class shareholders, with improved seasonal conditions and water availability driving a close-to tenfold increase in the CY21 crop to 417,000 paddy tonnes.

This increased volume has allowed SunRice to return Australian rice to its most premium international markets, and ensured the full recovery of overheads, delivering a record naturally determined pool price of $428 per paddy tonne for medium grain Reiziq. The previous high was $411 per tonne delivered in the CY18 pool. Delivering high prices to our rice growers is something that the Board and Management remain focused on despite the headwinds the business faced in FY2022.

Of particular note was the continued escalation in freight and other manufacturing input costs, due to ongoing disruption to the global shipping industry caused primarily by COVID-19. The company incurred approximately $34 million in unplanned and additional freight costs at a Group level during FY2022, approximately $17.5 million of which was borne by the Rice Pool Business – which impacted the final paddy price by approximately $50 per tonne. Despite efforts across our markets to recover at least part of the additional costs in the form of sales prices, supply chain constraints prevented a higher pool price being realised in CY21.

When I reflect on the past 10 years, it is evident how much SunRice has evolved over that time.

It almost appeared that after the devastating Millennium Drought, Riverina rice production would rebound to our old planning base of a little over 1 million tonnes. While the 2013 crop was 1.16 million tonnes; three of the nine crops that followed were severely impacted by reduced water availability. Fortunately tough lessons from the drought had not been forgotten and SunRice had already embarked on our multi-origin sourcing strategy and this continues apace today, with our Californian and Vietnamese mills as stand out examples.

This flexibility has held our growers and our shareholders in good stead. International markets require long-term investment and consistent supply of high-quality product. Short-term exit from these markets is not possible without a serious loss of market share. For our Australian growers and A Class shareholders, SunRice's strategy has enabled them to weather production downturns and when conditions allow – do what they do best and grow some of the finest paddy in the world.

For our B Class shareholders, this combined with other strategic initiatives has enabled SunRice to reward them with consistent dividends, including the record fully franked 40 cent per B Class Share total dividend distribution[7] for FY2022.

Going forward SunRice will need a suite of initiatives to further de-risk the business from the agricultural cycle; but we don't have all the answers yet. In my address in last year's Annual Report, I flagged the release of VO71, an exciting new medium grain variety. Early indications from the recently harvested CY22 Riverina crop are that it has delivered a significant yield advantage over our existing medium grain varieties. This should help to enhance the profitability of rice growing in tougher years.

This leads me to the prominence of Sustainability in this year's Annual Report.

When I travel the Riverina I see the pride our growers take in passing their land onto future generations, in a better state than when they started to farm it. Our growers do not see this as a chore; but as a responsibility they embrace.

The SunRice Sustainability Strategy has strong foundations. Throughout the year the Board adopted new targets under our six sustainability priority areas, and the company released a detailed report outlining how we will respond to the recommendations of the Task Force on Climate-related Financial Disclosures.

We have just concluded harvesting the CY22 crop of approximately 675,000 paddy tonnes, which is the largest in five years. CY23 also looks promising with the southern connected water storages at their highest season-ending levels in more than 20 years. However, this is not the time to ignore serious equity issues around annual cropping industries' access to water. In fact, in conjunction with the Ricegrowers' Association of Australia (RGA) we are ramping up our advocacy.

Significantly, towards the end of FY2022 the NSW Government announced its decision to continue the structured marketing – or rice vesting – arrangements for a further five-year period through to 30 June 2027.

I believe this decision acknowledges the freight scale advantages and export price premiums SunRice has been able to generate as a consequence of the arrangements, with these benefits passed through to Riverina growers in the form of higher paddy prices thanks to the unique structure of our industry and company.

I thank our growers and the RGA for their efforts in highlighting the wishes of the majority of participants in the industry, and the businesses and communities of the Riverina that rely on rice production, to the NSW Government.

The Board retained a strong focus on engagement with our A and B Class shareholders throughout the year. A significant program of grower consultation and engagement occurred around proposed changes to the company's A Class Share criteria, which were approved at the 2021 Annual General Meeting (AGM). Also approved at the 2021 AGM was a further reduction in the size of the Board, to better align the Board size with best practice. The Board also oversaw an external review of Board skills and composition, and a refresh of the skills matrix; realignment of the role and responsibility of the Board's committees; and a review and refresh of the risk management framework.

I acknowledge Mrs Gillian Kirkup, who stepped down as a Grower Director of the SunRice Board In December 2021 as part of the reduction in the size of the Board of Directors approved by A Class shareholders at the 2020 and 2021 AGMs. Gillian had served as a Grower Director on the Board since 2005, and made an immense contribution not only to SunRice, but the broader Australian rice industry.

I extend my thanks to the Chair of the Rice Marketing Board of NSW (RMB), John Culleton, and other RMB Directors, the President of of the RGA, Rob Massina, and the RGA more broadly.

I also thank SunRice's strong Management team, and my fellow Board members, and look forward to working collaboratively to ensure SunRice's continuing success in the coming year and into the future.

Laurie Arthur
SunRice Chairman

"For our A Class shareholders and growers, our strategy has enabled them to weather production downturns and when conditions allow – do what they do best and grow some of the finest paddy in the world. For our B Class shareholders, this combined with other strategic initiatives has enabled SunRice to reward them with consistent dividends."

7. The Group's total fully franked dividend of 40 cents per B Class Share included an interim dividend of 10 cents per B Class Share declared on 16 December 2021, a final dividend of 25 cents per B Class Share and a special dividend of 5 cents per B Class Share, which were both declared on 23 June 2022.

Group CEO's Report

Financial Year 2022 (FY2022) saw outstanding performance, with revenue, naturally determined paddy price and dividend[8] all at the highest levels in the Group's history, and with Net Profit After Tax (NPAT) more than doubled compared with the prior year.

This financial performance was delivered despite the ongoing disruption to global supply chains and uncertainty caused by the COVID-19 pandemic, the impacts of the Ukraine conflict as FY2022 closed, and as the company recovered from two consecutive years of low Australian rice production.

Group revenue was $1.3 billion for the year ended 30 April 2022, up 30% on FY2021. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $91.3 million, up 86% on the prior year and NPAT was $48.7m, up 167%. A naturally determined pool paddy price of $428 per tonne for medium grain Reiziq was also achieved, while fixed price contracts of $475 per tonne for medium grain Reiziq (and up to $625 per tonne for specialty varieties) were also paid for limited volumes.

This is a pleasing result which followed two years of near record-low Australian rice production, a period in which the company diverted resources to maintaining supply of key markets with rice from other origins, while still progressing investments in new acquisitions and other organic growth initiatives. This improved FY2022 result was the consequence of the return of Australian rice to key markets, the accretive contribution of recent acquisitions, and the Group's multi-origin, multi-price point international rice supply capability.

Key contributors to the improved FY2022 financial performance included:

- The increase in Riverina rice production, which allowed the Rice Pool Business to absorb its share of overhead costs after two years of losses hampering Group profit, which in turn improved the cost base of the Rice Food segment;
- Accretive full-year contribution of the KJ&Co Brands business, acquired in FY2021, to the Riviana Foods segment. This transformative acquisition drove a material uplift in revenue and profitability for Riviana Foods which, when combined with other existing brands, is now providing SunRice with a significant source of consistent earnings, which are decoupled from the Australian agricultural cycle;
- The Group's international sourcing expertise, which allowed demand of in excess of 1.1 million paddy tonnes to continue to be met at different price points through our multi-origin supply capability that included 11 countries in FY2022;
- Continued cost containment discipline and volume growth, which supported improved profitability in key Pacific markets; and
- Market share gains in microwave products, supported by organic initiatives such as the re-launch of the "Our Best Yet" microwave rice pouch range, underpinned by investment in manufacturing capability and in-house innovation.

> **"We've acquired value-accretive businesses, which are supporting growth and diversification of earnings, and our capability in international rice supply – together with the return of Australian rice – has the Group well positioned for FY2023 and beyond."**

However, it was a challenging, uncertain, and complex year. COVID-19 remained at the forefront, and there has been an uneven recovery across our markets and the food service sector. We retained a strong focus on our people in FY2022, who continued to demonstrate extraordinary resilience two years into the COVID-19 pandemic. Management focused on initiatives to maintain and build culture through lockdowns and other restrictions on movement, including continued adoption of flexible working arrangements where possible, support for our manufacturing and operational workforce, and enhanced employee communications and engagement strategies.

FY2022 also saw unprecedented and escalating increases in freight and other manufacturing input costs (worsened by the Ukraine conflict), as well as supply chain complexity and COVID-19 related absenteeism and labour shortages. The disruption to shipping also led to situations where demand was at times unable to be fulfilled in some markets throughout the year. The CopRice animal feeds segment also continued to experience difficult trading conditions and wetter than normal seasonal conditions, hampering recovery in performance. Our team's ability to manage these factors and to limit their impact on profitability is a wonderful reflection of the incredible efforts and dynamism of our people. We engaged with employees across the Group in FY2022 to refresh our purpose, vision, mission, values and behaviours; and are implementing a range of key initiatives to attract and retain key talent. We also created a new Global Rice division and made strategic leadership appointments to drive future growth.

Our people continued the pursuit of our Growth Strategy, with a highlight being the completion of the acquisition of Pryde's EasiFeed in January 2022 for $38 million. Pryde's is a leading supplier of branded feeds for the Australian equine market and will scale CopRice while supporting its diversification into new geographic regions and increasing its presence in the high-value equine market. We have built significant capability in mergers and acquisitions in recent years and maintain a pipeline of strategic and organic growth opportunities that continue to be actively assessed against our financial investment criteria. Our balance sheet remains strong, and we remain committed to leveraging it to invest in further growth initiatives aligned with our Growth Strategy.

Sustainability is at the heart of SunRice's business and remains integral to how we create value for our stakeholders. We continued making significant progress in FY2022 against our Sustainability Strategy, including the finalisation and adoption of specific targets underneath each of our six priority areas – water productivity; climate resilience; waste reduction; resilient communities; respecting human rights; and food security and quality. It was pleasing to see SunRice recognised for its efforts in the *Australian Financial Review* 2022 Sustainability Leaders finalists list and being awarded Silver Partner status in the NSW Government's Sustainability Advantage Program.

We've acquired value-accretive businesses which are supporting growth and diversification of earnings, and our capability in international rice supply – together with the return of Australian rice – has the Group well positioned for FY2023 and beyond. This is particularly the case given the tightening global grains situation due to the Ukraine conflict and drought emerging in key production areas around the globe.

I thank the Board for its support and the Management team and our employees for delivering this result. I look forward to working with our people, growers, investors, Board and other important stakeholders to continue to execute our Growth Strategy throughout FY2023 and beyond.

Rob Gordon
SunRice Group CEO

8. The Group's total fully franked dividend of 40 cents per B Class Share included an interim dividend of 10 cents per B Class Share declared on 16 December 2021, a final dividend of 25 cents per B Class Share and a special dividend of 5 cents per B Class Share, which were both declared on 23 June 2022.

About the SunRice Group

The SunRice Group is a global food group and one of Australia's leading branded food exporters.

We were formed in 1950 when a group of rice growers pooled their resources in the Riverina region of New South Wales to build a single rice mill. Today, we are listed on the ASX and have grown into one of the largest rice food companies in the world, comprising multiple businesses, assets and operations across Australia, New Zealand, the Middle East, the United States, the Pacific Islands and Asia.

Jacqueline Alwill, Accredited Nutritionist and SunRice Ambassador

Diversified portfolio of complementary businesses, with operations in
10 countries

1,500+ products
from gourmet and free-from consumer foods to food service and animal nutrition

~35 major brands in ~50 global markets,
with leading brand positions in
14 countries

2,000+ global workforce with 42%
of Senior Management roles held by women

420 A Class[9]
grower shareholders and
3,424 B Class[9]
investor shareholders via a complementary capital structure

11 countries
in our multi-origin, multi-price point rice sourcing supply chain

9 key stakeholder groups
that we seek to create value for and engage with on
12 material topics

6 sustainability priorities and ambitions
aligned with how we create value for our stakeholders

9. As at 30 April 2022.

Our values

- Integrity
- Dynamic
- Collaborative
- Innovative
- Community

Our values represent what SunRice stands for and form the foundation on which we build our culture. They guide what we do and how we do it, as we strive to achieve our mission and vision.

Our behaviours

- Customer focused
- Intellectually curious
- Decisive
- Good communicators

SunRice's behaviours bring our values to life and shape how we work together and with our stakeholders.

New materials and activities to deepen employees' connection with these aspects of our unique culture will be rolled out across all SunRice businesses in FY2023.

In FY2022, we engaged with employees across the Group to refresh our purpose, vision, mission, values and behaviours.

Our purpose

To make a difference to places and lives everywhere through nourishing and delicious products.

At the heart of who we are as a global food group, our purpose outlines why SunRice exists and why the work our people do, every day, matters.

Our vision

With roots in Australia's food bowl, we transform nature's goodness into healthy, enjoyable and nutritious foods that meet the needs of discerning consumers around the world.

Our vision is shaped by our purpose and the positive impact we want to make as a business.

Our mission

Our mission outlines our roadmap to deliver on our vision and is articulated through SunRice's Growth Strategy (see Our Strategy on page 12).

We seek to create value for

Our shareholders

Sunrice's structure protects the interests of our B Class shareholders or investors, who have the right to receive dividends declared through our **Profit Businesses**; and our A Class shareholders, who meet the production quotas prescribed by the SunRice Constitution, and who are paid for their paddy through the **Rice Pool Business** and have control of the company.

While separate, the two business groups have mutually beneficial links and purposes. They complement each other, strengthening the alignment between our investors and growers.

For more information about our business model see pages 20–25.

Our objective is to optimise returns for both classes of shareholders.

A

A Class shareholders
Growers

Rice Pool Business
Receival, milling & selling of Riverina Rice

Revenue – Expenses = Paddy Price

Payments for paddy rice to A Class shareholders and growers

B

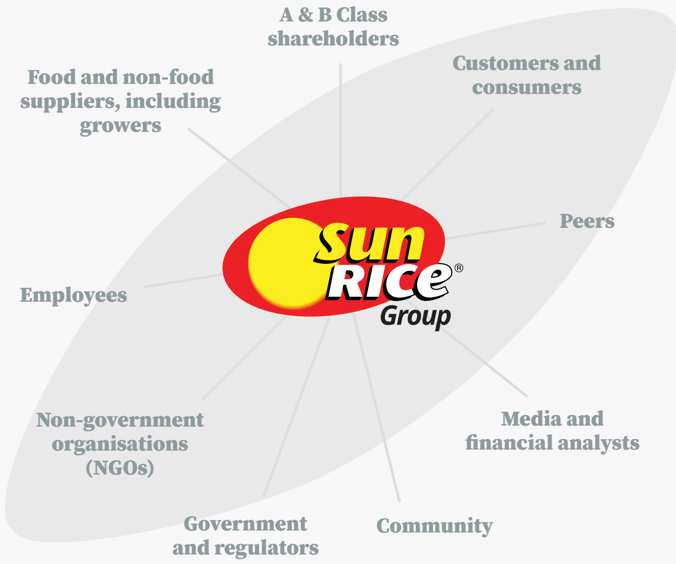
B Class shareholders
Investors

Profit Businesses
International Rice, Rice Food, Riviana Foods, CopRice & Corporate

Revenue – Expenses = Profit

Dividends to B Class shareholders

Shared costs
Asset Financing Charge
Brand Use Charges



Our stakeholders

We are committed to providing our stakeholders with credible, transparent and timely information. We engage with them on the topics that matter most through a variety of channels and respond to their insights, both directly and as a Group.

In FY2022 we commenced a process to refresh our Stakeholder Engagement Framework, which will continue throughout FY2023 and is focused on ensuring our stakeholder engagement processes reflect best practice.

SunRice's Stakeholder Engagement Statement, which outlines the material topics identified by our key stakeholders and our business, and how SunRice engages with each stakeholder and responds to these issues, can be found at: www.sunrice.com.au/sustainability-reports.

Our Brands and Products

SunRice Group products help to nourish families and support food service industries in ~50 countries around the world.

With ~35 major brands, as well as leading positions in 14 countries, we continue to grow in key markets.

In FY2022, we acquired Pryde's EasiFeed, expanding our product offering and customer reach and further diversifying the Group's portfolio and earnings.

Our business segments, product mix and markets are directly aligned to our Growth Strategy.

RICE POOL BUSINESS

Australian Rice Pool

Supplying premium branded Australian rice, built on provenance and our heritage.

#1 rice brand in Australian and New Zealand grocery

#1 rice brand in Australian food service channels

PROFIT BUSINESSES

International Rice

A growing global supply chain and distribution network, delivering quality and sustainability.

#1 or #2 medium grain rice brand in five Middle Eastern markets

#1 rice brand across PNG and the Solomon Islands

#1 rice brand across six other Pacific Island markets

#1 rice brand in Hawaii, USA

Rice Food

Innovation in healthy snacking and food ingredients aligned to global food trends.

#1 rice cakes brand in Australia and New Zealand

#1 microwave rice brand in Australia

Riviana Foods

Brand-led gourmet food business building on "special occasions" and key consumer trends.

#1 pickled vegetables brand in Australia

#1 olives brand in Australia

#1 pizza base brand in Australia

#1 waffle brand in Australia

CopRice

Innovative animal nutrition that leverages SunRice's Riverina rice by-products.

#1 equine sports lifestyle brand in Australia

#1 equine breeding brand in Australia

Our Strategy

Our 2024 Growth Strategy[10] is designed to cement the SunRice Group's position as one of the world's largest rice food companies, and as a truly global, multi-origin, multi-market food business.

Our business is designed to benefit our investors, growers, customers, consumers, employees and the communities in which we operate, and our strategy reflects this. The plan and its targets remain responsive to and appropriate for the external macro factors and specific business challenges that influence SunRice as we strive for further success.

See 'Our Strategy in Action' on pages 14–15 for a review of progress to date.

Our objectives

To optimise returns for both classes of 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

The external macro factors[11] that influence us are:

Macroeconomic considerations

- Growing demand for health, wellness and nutrition.
- Trust, traceability and transparency.
- The rise of the Asian consumer.
- Supply chain stress.
- Government policy and regulatory changes.
- Food security.
- Demographic shifts.
- Escapism via luxury food experiences post COVID-19.

Sustainability considerations

- Climate change.
- Water scarcity.
- Habitat and biodiversity loss.
- Poverty, slavery and inequality.
- Population growth.
- A global waste crisis.
- Chemicals and pesticides.

How we're responding:

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 **Utilising our capabilities and deep insights with consumers to meet evolving global food trends while leveraging our brands, especially in healthy eating and snacking:**

- **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.
- **Assuring 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 Riviana Foods, CopRice and other segments.**

Challenges:[12]

- Increasing global competition.
- Market impacts of COVID-19, including disruptions to the shipping industry.
- Inflationary pressures directly impacting our operations (cost of freight, labour, raw material and other inputs) and more broadly reducing the purchasing power of consumers, particularly those located in developing economies.
- Employee health and wellbeing as we enter our third year of COVID-19 conditions.
- Volatility of Australian rice supply.
- Alternative crops competing for limited water and land.
- Market diversification and access.
- Foreign exchange volatility.
- Economic conditions, including geopolitical instability.
- Climate change.
- Competition for talent, resources and capabilities.
- Profitability pressures on key Australian farming sectors.
- Global impacts of the Ukraine conflict.

What success looks like:

Strong financials

An aspirational revenue target of $2bn,[13] which may take longer to achieve than by 2024, and to maintain double digit returns on capital employed.

Premium branded player

Leverage our reputation for quality and innovation in premium varieties, healthy eating and snacking.

Asian presence

Expand sales in high-growth Asian consumer markets.

Diversified earnings

Expand our CopRice and Riviana Foods segments through strategic growth opportunities.

Food ingredients expansion

Build our tailored food ingredients offering to service commercial customers.

Resilient global supply chain

Secure a multi-varietal and resilient global supply chain with Australian growers at its centre.

Be recognised for our high-performance teams

Build a positive, inclusive and accountable culture where everyone makes a difference.

Be recognised as leaders in environmental, social and ethical business performance

Leverage our credentials to build agility, trust and resilience in our supply chain, consumers and communities.

10. In FY2021, the SunRice Board extended the Growth Strategy's timeline by two years to 2024, noting the plan and its targets remain responsive to and appropriate for the external macro factors and specific business challenges that influence SunRice.
11. See pages 11–12 in our FY2020 Annual Report for further information on our global context.
12. See Our Approach to Sustainability on pages 30–47, Our Approach to Risk on pages 48–53 and Adapting and Responding to Climate Change on pages 54–57 for further detail about our approach to external macro factors and challenges.
13. This is an aspirational target, not a budget or forecast and assumes reasonable macro conditions.

Our Strategy in Action

In FY2017 SunRice developed a new global strategy designed to achieve growth and deliver grower and shareholder returns.

Despite challenging operating conditions over the past six years, including lack of Australian rice and the impacts of COVID-19, the results to date demonstrate SunRice's track record.

We have expanded our operations and markets and maintained profitability despite drought. Coupled with strategic acquisitions and investments, we have strengthened business resilience, reduced our dependence on the Australian agricultural cycle and diversified into new streams of sustainable growth. And we have continued to execute against our strategic priorities despite headwinds, delivering record dividends and paddy prices, creating new jobs, and investing back into the communities in which we operate.

Through our ongoing focus on strategic and organic growth, the Group is well positioned to continue to grow towards our ambition to reach $2 billion[14] in revenue, with a strong balance sheet to take advantage of further expansion opportunities when they arise. For more detail, see Our Outlook on page 28.


Griffith rice grower, **Phil Atkinson**.

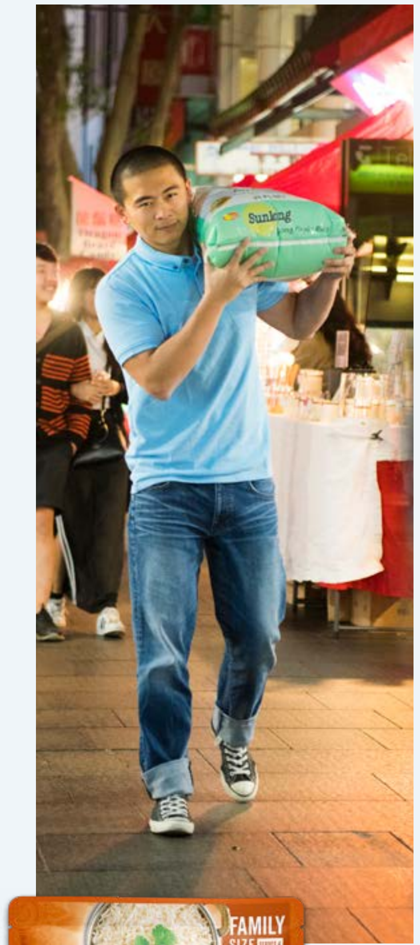
Building organic growth

Driving product innovation

Using our capabilities and deep insights with consumers, we've met evolving global food trends while leveraging our brands over the past six years. From launching healthier rice-based snacks, Brown Rice Chips and Cracker Chips across Asia and the Middle East, to expanding our Microwave range and developing new offerings in Food Service, our brands now hold market leading positions in 14 countries. We've also expanded into new product categories through our acquisitions, particularly across the CopRice and Riviana Foods segments.

Expertise in sourcing rice to match pricing and preferences

Our growing global supply chain and multi-origin, multi-price point strategy are key elements in ensuring that Australian rice is reserved only for premium markets, ensuring the highest possible returns for our growers. Having grown demand for rice products to in excess of 1.1 million paddy tonnes per year, the SunRice Group not only sources rice to keep branded markets open when the Riverina is in drought but matches rice to consumer preferences and purchasing ability in other world markets. With 11 supply sources now in our network, including Australia, our supply arrangements mean we are well placed to pursue further growth in FY2023, particularly given sourcing challenges in other markets.



Integrating sustainability into our supply chain

SunRice's Sustainability Strategy directly relates to our Growth Strategy. It addresses the topics that are material to our business, how we create value for our stakeholders and outlines our contributions to the United Nations Sustainable Development Goals. Since its implementation, we've embedded sustainability across our global business, including developing clear ambitions, priorities and targets, supported by action plans.

Delivering gains through capital expenditure

We've invested $151 million in capital expenditure since FY2017, from upgrading plants and assets, to installing new technology to support the onshoring of products previously manufactured overseas. The recent $4.5 million investment in Leeton's Microwave Rice Plant is an example of our strategy in action, with improvements not only delivering better operational efficiency, but delivering quality gains that underpinned Microwave Rice sales growth in the Rice Foods segment in FY2022.

14. This is an aspirational target, not a budget forecast and assumes reasonable macro conditions.
15. FY2017–FY2022 inclusive.
16. Paddy payments made or to be made (all varieties, all Riverina regions) from CY16 to CY21 inclusive.
17. Dividends declared on B Class Shares from FY2017 to FY2022 inclusive.
18. Investment period from 1/05/2016 until 29/04/2022. TSR considers movement in B Class Share price and dividends paid. It assumes all dividends are reinvested on the dividend payment date and compounded.
19. ASX 300 accumulation index data extracted from Bloomberg (AS52T Index).

Pursuing strategic growth

Further penetrating high value segments

Pryde's EasiFeed was acquired by CopRice in FY2022 to provide increased presence in the high value branded equine market. In addition to supplying Australia and New Zealand, the company exports to key international markets. The Pryde's acquisition, along with the FY2020 acquisition of Feedrite's extrusion assets in Wangaratta, provide diversification of earnings to help decouple CopRice from the agricultural cycle and build earnings resilience from a retail portfolio.

Delivering transformative earnings for Riviana

The acquisition of KJ&Co Brands in FY2021 offered transformative scale for Riviana Foods and further diversification of earnings via the 'Special Occasions' sector. The company's major brands include Toscano, Hart & Soul and Bare Bakers, with the acquisition becoming earnings per share accretive in less than 12 months.

Underpinning new category and geographical reach

In FY2019 Roza's Gourmet delivered new reach and markets to Riviana Foods via access to the specialist chilled sauces and dips categories across Australia. Riviana has successfully integrated and scaled Roza's since its acquisition, driving further revenue growth and profitability. In FY2021, CopRice's acquisitions of Ingham's dairy nutrition business in New Zealand, and Riverbank Stockfeeds' dairy assets in Australia also underpinned new geographical reach, securing coverage across key dairying regions in New Zealand and Victoria respectively.

Securing a global supply chain

Our FY2019 acquisition of a rice processing mill in Dong Thap Province, Vietnam represented the Group's first direct financial investment in Vietnam, which was an important step towards establishing a fully vertically integrated and sustainable supply chain in the country Agreements were also established with two Mekong Delta provincial governments to grow sustainably sourced Vietnamese rice, adding additional sourcing capabilities and market opportunities, as have the Group's strategic agreements with supply sources in the U.S. and China.

Diversified portfolio, with

$113m

invested across multiple strategic acquisitions[15]

$151m

invested in capital expenditure[15]

$915m

in paddy price payments[16] to A Class shareholders and growers

$121m

in dividends declared[17] to B Class shareholders

150%[18]

Total Shareholder Return (TSR), compared to ASX 300 accumulation index TSR of 81%[19]

FY2022 acquisition
Pryde's EasiFeed, Australia

FY2021 acquisition
KJ&Co Brands, Australia

FY2021 acquisition
Dairy nutrition business, New Zealand

FY2021 acquisition
Riverbank Stockfeeds' dairy and beef assets, Australia

FY2020 acquisition
Feedrite's extrusion assets, Australia

FY2019 acquisition
Roza's Gourmet, Australia

FY2019 acquisition
Lap Vo rice processing mill, Vietnam

FY2017 acquisition
Fehlbergs, Australia

FY2017 SunFoods
35% minority buy out, U.S.

Our Financial Performance and Position

Pryde's EasiFeed sponsored rider **Jeremy Janjic** and his horse, Django of Cacharel.

Consolidated Group Revenue

FY2022

$1.33bn

FY2021 **$1.03bn** ▲ **30%**

	FY2022	FY2021	Change
Rice Pool Business Revenue	$246.1m	$114.8m	▲ 114%
Profit Businesses Revenue	$1084.9m	$907.4m	▲ 20%
EBITDA	$91.3m	$49.1m	▲ 86%
Group Net Profit Before Tax	$59.7m	$19.0m	▲ 213%
Group Net Profit After Tax	$48.7m	$18.3m	▲ 167%

Australian Rice Pool Business

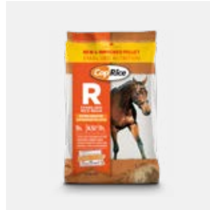
$246.1m
Rice Pool

Profit Businesses

$620.9m
International Rice

$106.4m
Rice Food

$196.5m
Riviana Foods



$161.1m
CopRice

$3.3m
Other revenue

SunRice Group Overview

As we continue to successfully navigate one of the most difficult periods in the Group's history, the return of Australian rice and the ongoing execution of SunRice's Growth Strategy underpinned an outstanding performance in FY2022, with revenue, naturally determined paddy price and dividend all at the highest levels in the Group's history, and profitability tripled (before tax) compared to FY2021.

Revenue for FY2022 was $1.33bn, up 30% on FY2021. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $91.3m, up 86% and Net Profit After Tax (NPAT) was $48.7m, up 167%.

Making the result even more impressive is the fact it was delivered despite extraordinarily challenging trading conditions, with the Group continuing to face a range of headwinds during the year. These included the ongoing impact of COVID-19 on key international markets and the food service sector; unprecedented escalation in freight rates and systemic supply chain disruption both domestically and internationally; inflationary pressure on key manufacturing inputs which were further worsened by the conflict in Ukraine; labour shortages and absenteeism; and the ongoing effects of favourable pasture conditions in eastern Australia, which created challenges for CopRice.

Against this backdrop, the strong improvement in performance in FY2022 validates the agility and strength of the SunRice business model and our Growth Strategy. Together they have seen the company contain the impact of drought on the Riverina rice supply, capitalise on opportunities to acquire and integrate value-accretive businesses, make ongoing capital investment in manufacturing facilities, secure new international supply sources and maintain a strong innovation pipeline over the past six years.

FY2022 also saw SunRice acquire the specialist branded equine feed manufacturer Pryde's EasiFeed, make significant progress against our Sustainability Strategy, refresh the Group's purpose and vision, create a new Global Rice division and make strategic leadership appointments to drive further growth.

These factors (see Our Strategy in Action on page 14 and segment commentary on pages 20–25) positively position the company for the future and, together with the momentum achieved under SunRice's Growth Strategy, are expected to continue to support positive returns for both our A and B Class shareholders in FY2023. This is discussed further in Our Outlook on page 28.

The return of Riverina rice

With improved seasonal conditions across eastern Australia, a corresponding increase in water allocations at more affordable prices and increased levels of operational activity, the Australian Rice Pool Business was once again able to absorb all its overheads and deliver a naturally determined paddy price in FY2022. This contrasts with the Rice Pool Business's loss-making position in both FY2021 and FY2020, which impacted overall Group profitability in those years.

The return of Riverina rice also resulted in a change in business dynamics for several of the Group's segments in FY2022. Notably:

- Australian branded rice exports progressively returned to key premium markets, which were serviced by the Group's International Rice segment in the prior periods of low Australian rice production. Given the larger CY21 crop volume represents only around a third of the Group's overall demand, the International Rice segment continued to source rice from 10 countries outside of Australia in FY2022.
- The increased availability of Riverina rice also delivered operational and cost benefits to the CopRice and Rice Food segments in FY2022, whose results in part rely on inputs and by-products from the Rice Pool Business.
- The return of a stronger Australian Rice Pool Business further benefited the Corporate segment, which received greater Asset Financing and Brand Charges in FY2022 compared to FY2021. Notwithstanding this, overall profitability in this segment was down year-on-year, due to non-recurring items recorded in FY2021.

These factors continue to demonstrate that a strong Australian Rice Pool Business remains the foundation of SunRice's business model and is beneficial to both A and B Class shareholders.

Responding to the continued impacts of COVID-19

The ongoing impacts of the COVID-19 pandemic continued to drive significant and rapidly escalating disruption to local and global supply chains in FY2022.

Operationally, the Group faced a number of global challenges, including a major shortage of pallets and food-grade container space due to demand outstripping supply, vessels being booked to capacity well ahead of sailing, prioritisation of lighter cargo by shipping companies and lengthy delays due to scheduling issues, labour shortages and congestion at ports. These factors were exacerbated by the aftermath of the Suez Canal incident and industrial action at some of Australia's ports.

The Group's Australian operations were also affected as labour shortages and high rates of absenteeism due to COVID-19 isolation rules and border closures impacted production outputs at our factories, and the lack of availability of trucks, drivers and supermarket staff to distribute product domestically resulted in product outages on shelf at major retail outlets.

Unprecedented increases in freight rates – more than 1000% in some cases – and a number of other manufacturing input costs also placed significant pressure on margins for both the Australian Rice Pool Business and some of the Group's Profit Businesses in FY2022. Notably, SunRice incurred approximately $34 million in additional and unplanned freight costs at a Group level, comprising $17.5 million across the Rice Pool Business and $16.5 million across the Profit Businesses. Despite efforts across our markets to recover at least part of the additional costs in the form of increased sales prices, supply chain constraints prevented greater levels of Group profitability being realised in FY2022.

There were varying impacts of COVID-19 on our Australian-based sales. Strong consumer demand for the Group's retail products continued across multiple categories in FY2022, which supported the Group's performance and helped to offset the effects of a once again subdued food service sector due to lengthy lockdowns in NSW and Victoria. As we exited FY2022, food service sales had not yet returned to pre-COVID levels.

In terms of global sales, while some markets such as Hawaii commenced recovery, tourism remained largely subdued in other key markets, including the Pacific and Asia, with flow on effects felt broadly across the economies of these nations.

Other challenging global conditions

A range of other global conditions affected the SunRice Group in FY2022.

While SunRice benefited from its strategy of contracting and securing large volumes of rice supply on competitive terms, the Group was negatively impacted by the rising inflation on energy, raw materials and other manufacturing inputs, which further escalated with the conflict in Ukraine.

Although the relatively stronger AUD throughout FY2022 (compared with FY2021) was generally favourable overall for SunRice's import-focused businesses (such as Rice Food and Riviana Foods), it put some pressure on the Australian Rice Pool Business given its export focus.

The International Rice segment also continued to face depressed economic conditions, political instability and competitive pressures in key Pacific markets. Notably, civil unrest across the Solomon Islands affected SunRice operations in Honiara, and the PNG Kina, for which no hedging opportunities currently exist, was generally weaker than in FY2021 (although its devaluation has significantly slowed since November 2020).

The Group was able to successfully mitigate their impact in FY2022 through ongoing and proactive management actions such as cost containment initiatives and sales price increases with customers to deliver an outstanding full year result, despite these factors weighing on profitability.

CopRice performance

While the improved seasonal conditions benefited the Group as a whole, these conditions and a range of other factors contributed to a slow recovery of CopRice's Australian operations in FY2022.

CopRice's companion animal business continued to grow during the year, however, demand for bulk agricultural feed (in particular sheep and beef) remained hampered by La Nina and a wetter than normal season which delivered favourable pasture conditions, in turn driving underutilisation of some of CopRice's operating plants. This, together with operational challenges associated with the growing complexity of CopRice's product portfolio, made for a slower than anticipated recovery of CopRice's Australian operations during FY2022, despite the benefits of greater availability of by-products from the Australian Rice Pool Business and strong milk solid prices.

The integration of recently acquired businesses, including the feed mills in Leongatha (VIC) and Hamilton (NZ) also presented some operational challenges during FY2022, which is delaying the realisation of the full potential of these investments and weighed against the segment's profitability in FY2022. This was further exacerbated comparatively to FY2021 by the Hamilton business only being acquired as the FY2021 year closed and results at that time including the one-off $1.6 million gain realised on acquisition.

In line with the Group's Growth Strategy, CopRice acquired Pryde's EasiFeed, a leading supplier of branded feeds for the Australian equine market and exporter to key markets for $38 million during FY2022. Pryde's will scale CopRice and support its diversification into new geographic regions and increase its presence in the high-value branded equine market. It is expected to be earnings per share accretive in the first full financial year of ownership and has already contributed positively to the FY2022 results (see page 24 for further details).

Other non-recurring items

There were no significant non-recurring items impacting the Group's results in FY2022. This further highlights the significant improvement in the quality of the Group's earnings in FY2022 compared to FY2021, when a number of non-recurring items had generally contributed positively to the results. These included the reversal of some COVID-19 risk provisions that had been recognised in FY2020; profits realised on the CopRice acquisition of the Hamilton operations in New Zealand; and the sale of certain non-core Riverina assets.

Other operating expenses

The ramp up of the Group's operational activity levels in Australia resulting from the larger CY21 crop drove increases in several expense categories in the Group's consolidated income statement compared to FY2021, including employee benefits expenses, energy, contracted services, equipment rentals and repairs and maintenance costs.

The increase in freight and distribution expenses was further exacerbated by the disruptions to local and global supply chains and the resulting significant cost escalation, which together with inflationary pressures on other manufacturing inputs, also impacted the raw materials and consumables line of the Group's consolidated income statement.

Increased expenses were also recorded as SunRice competed for talent in a dynamic and contracted job market, expanded promotional activities in FY2022, including sponsorship and advertising campaigns focused on product launches, and progressively resumed travel activities to support branded sales across the Group's various segments.

Effective tax rate

The Group's effective tax rate for FY2022 was 18%, compared to 4% for FY2021. This result reflects a re-balancing of profitability achieved in the different geographies in which the Group operated globally in FY2022 and, in particular, the greater proportion of Australian generated profits compared to FY2021. This was supported primarily by the larger CY21 crop and KJ&Co Brands' contribution to the Riviana Foods segment.

Dividend declared

A combined fully franked dividend of 40 cents per B Class Share was declared for FY2022, comprising:

- An interim dividend of 10 cents per B Class Share declared on 16 December 2021;
- A final dividend of 25 cents per B Class Share declared on 23 June 2022; and
- A special dividend of 5 cents per B Class Share declared on 23 June 2022.

This combined FY2022 dividend is the largest dividend declared in the Group's history and delivered a yield of 5.8% for investor shareholders based on the B Class Share price as at 30 April 2022.

These dividend payments recognise the significant turnaround in performance achieved in FY2022 via the ongoing execution of SunRice's Growth Strategy, which has seen the Group deliver through the drought cycle, continue to diversify its earnings portfolio and progressively build a more robust earnings base, less dependent on fluctuations in Australian rice production.

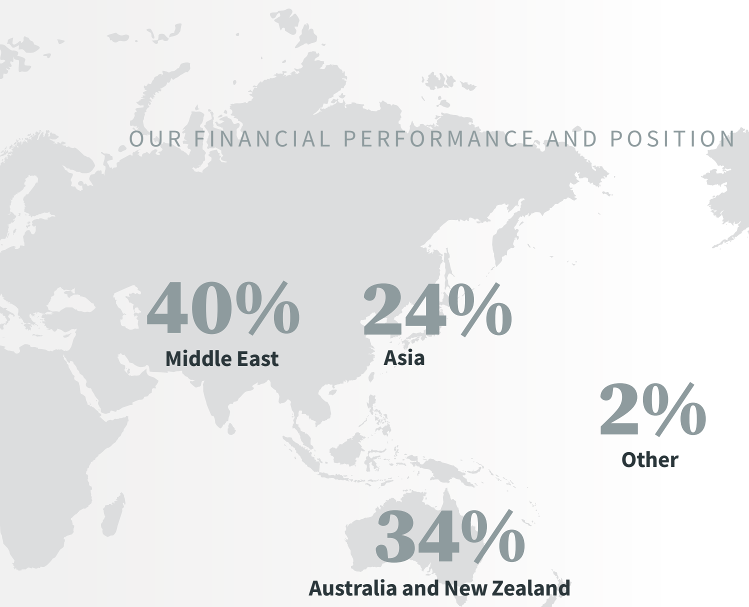
Segment performance

Revenue	FY2022 $000's	FY2021 $000's	Variance $000's	%
Rice Pool	246,101	114,800	131,301	114%
International Rice	620,918	548,530	72,388	13%
Rice Food	106,431	96,064	10,367	11%
Riviana	196,505	148,384	48,121	32%
CopRice	161,095	114,453	46,642	41%
Other Revenue	3,343	3,988	(645)	-16%
Total	**1,334,393**	**1,026,219**	**308,174**	**30%**

EBITDA	FY2022 $000's	FY2021 $000's	Variance $000's	%
Rice Pool	–	(22,146)	22,146	–[20]
International Rice	43,590	33,694	9,896	29%
Rice Food	7,900	906	6,994	772%
Riviana	14,003	10,362	3,641	35%
CopRice	(510)	(791)	281	–
Corporate	26,360	26,024	336	1%
Intersegment eliminations	–	1,091	(1,091)	–
Total	**91,343**	**49,140**	**42,203**	**86%**

Net Profit Before Tax	FY2022 $000's	FY2021 $000's	Variance $000's	%
Rice Pool	–	(22,146)	22,146	–[20]
International Rice	34,217	22,578	11,639	52%
Rice Food	5,896	(1,880)	7,776	–
Riviana	12,467	9,230	3,237	35%
CopRice	(5,512)	(4,453)	(1,059)	24%
Corporate	12,600	14,622	(2,022)	-14%
Intersegment eliminations	–	1,091	(1,091)	–
Total	**59,668**	**19,042**	**40,626**	**213%**

20. The Australian Rice Pool Business was able to absorb all its overheads and deliver a naturally determined paddy price in FY2022. This contrasts with the Pool's loss-making position in FY2021, which impacted overall Group profitability.



Where FY2022 Rice Pool Business revenue was generated

CY21 Paddy Price (Reiziq)

$428 per tonne

In addition, CY21 fixed price contracts of $475 per tonne were offered for limited volumes of Reiziq

Revenue		Net Loss Before Tax	
FY2022	$246.1m	FY2022	–
FY2021	$114.8m	FY2021	($22.1m)
	114%		

Australian Rice Pool Business

Revenue from external customers attributable to the Australian Rice Pool Business for FY2022 was $246.1 million, up $131.3 million or 114% on FY2021. Following two years of losses, the Rice Pool Business was able to absorb all of its overheads in FY2022 and deliver a naturally determined paddy price of $428 per tonne for Reiziq for the CY21 crop – the highest in SunRice's history. This compares with $411 per tonne in CY18 and $379 per tonne in CY17 (representing an increase of 4% and 13% respectively), being the last two years that a Pool was opened and the paddy price naturally determined. In contrast, fixed price contracts of $500 per tonne and $750 per tonne were offered for the entire crop in CY19 and CY20 respectively to secure minimum quantities of rice during drought and enable SunRice facilities to remain open to service key markets. In addition, SunRice continued to offer fixed price contracts of up to $625 per tonne for limited volumes of key varieties in CY21.

The improved water availability and pricing in 2021 resulted in a resurgence of Riverina rice in FY2022. Approximately 417,000 paddy tonnes were harvested in CY21, almost 10 times the size of the prior year's 45,000 tonne crop. With this increased crop availability, Riverina rice mills resumed 24/7 operation in FY2022 from their previously reduced shift bases. This ramp up in activity generated significant direct and indirect positive economic effects across the Riverina region, including the recruitment of more than 70 staff across our various operations and a more substantial engagement with a wide range of third-party partners and suppliers.

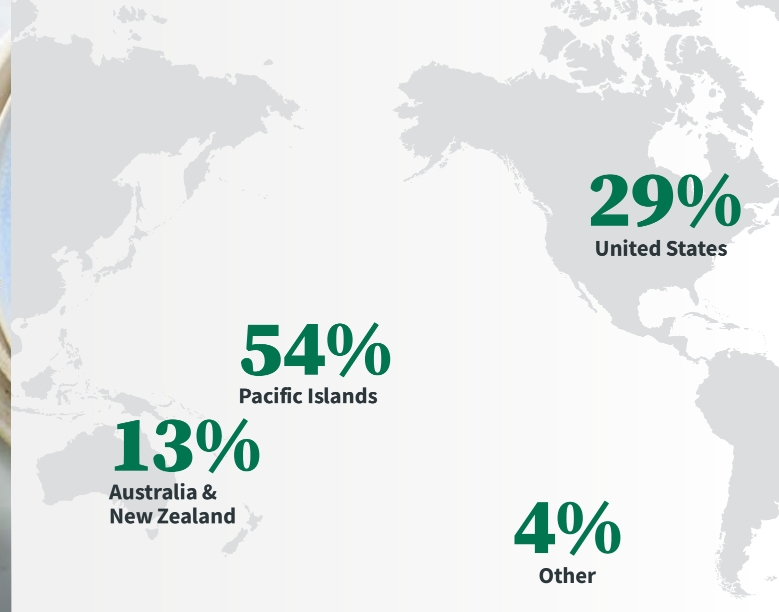
The CY21 harvest also underpinned the return of larger volumes of Australian rice to premium export markets and via participation in World Trade Organisation tenders in FY2022, in contrast with the past two years, in which these markets were primarily supplied from the International Rice segment.

Volumes in the Middle East were particularly encouraging as the region embraced the return of Australian rice and the Sunwhite brand traded at premium prices in the Gulf States despite the market competition shifting to value brands. This provided a significant boost to the Rice Pool's revenue in FY2022, even though margins were affected by the unfavourable AUD, previously mentioned supply chain disruption and escalating freight costs, as well as a significant overhang of previous year inventory in some of these markets due to COVID-19 related shipping delays in late FY2021. At year end, the Rice Pool Business had incurred approximately $17.5 million in additional and unplanned freight costs, which impacted the final paddy price by approximately $50 per tonne. Despite efforts across our markets to recover at least part of the additional costs in the form of sales prices, supply chain constraints prevented a higher pool price being realised in CY21.

Domestically, COVID-19 restrictions continued to contribute to strong retail sales volumes for the Australian Rice Pool Business. While new national contracts to service sushi and in-home meal kit customers were secured in the Food Service sector as FY2022 closed, overall Food Service sales remained depressed and have not yet returned to pre-COVID-19 levels, given the ongoing impacts to restaurants, catering and other corporate customers affected by the lengthy Australian lockdowns.

Significantly, as FY2022 closed, SunRice welcomed the NSW Government's decision to renew the rice vesting arrangements for a five-year period ending 30 June 2027.

The pending Australia-United Kingdom Free Trade Agreement has opened future trading opportunities and the Rice Pool Business continued to engage with potential partners and distributors in FY2022 to ensure the business is well positioned to supply these markets when the agreement commences.



Where FY2022 International Rice revenue was generated

Revenue		Net Profit Before Tax	
FY2022	$620.9m	FY2022	$34.2m
FY2021	$548.5m	FY2021	$22.6m
	13%		52%

Profit Businesses

International Rice

International Rice recorded revenues from external customers of $620.9 million in FY2022, up $72.4 million or 13% on FY2021. A Net Profit Before Tax of $34.2 million was recorded for the year, up 52% on FY2021.

After two consecutive years of sourcing rice to maintain key markets for the Australian Rice Pool Business during drought, the switch back to Australian rice in premium markets in FY2022 demonstrated the complementary nature of the SunRice business model in action. Despite losing volume as Australian rice progressively returned to international markets in FY2022, the International Rice segment renewed strategic sourcing contracts and used this to more extensively return to international tender markets. The segment also expanded volumes in the Pacific and drove sales price increases to recover an increasing cost base, delivering outstanding year-on-year revenue and profit growth.

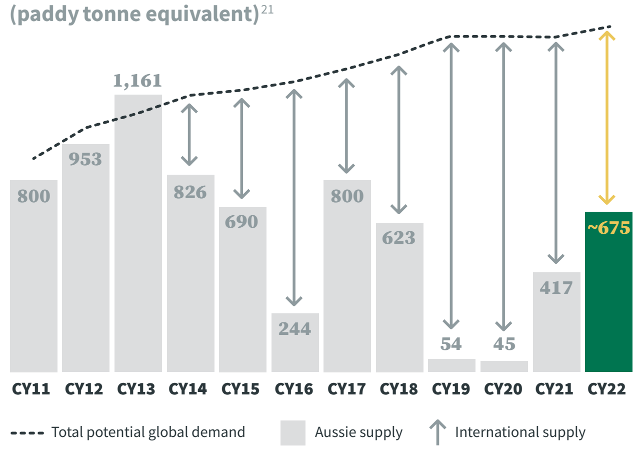
Building on its multi-origin, multi-market focus and capability, the segment continued to service more than 40 international markets in FY2022. In the Middle East, the launch of Sunwhite family rice capitalised on a new medium grain variety from Asia, with encouraging early sales results. New markets were also developed in of Europe leveraging SunRice's Asian short grain supply chains.

In the U.S., the commencement of a supply agreement with the Central Valley Rice Growers Association underpinned SunFoods transition into a more independent business in FY2022. Where previously SunFoods has largely operated as a hedge for the Australian drought, the rice volumes secured have allowed it to refocus on global tenders and its domestic markets, including a reopened Hawaiian market. Increased sales and marketing efforts, coupled with the recent deployment of strategic initiatives such as the development of stabilised bran processing capabilities at the SunFoods Mill, supported the ongoing strong performance of the business in FY2022.

Increasing sales volumes and margins in key Pacific markets delivered an improvement in profitability in FY2022, due in part to the continued performance of the 'SolRais Famili' range in the Solomon Islands and a range of successful initiatives to grow sales and contain costs undertaken by Trukai Industries in PNG. The improved results were delivered despite volatility in local markets, aggressive competition and at times, civil unrest, which along with unfavourable foreign exchange movements hampered further gains.

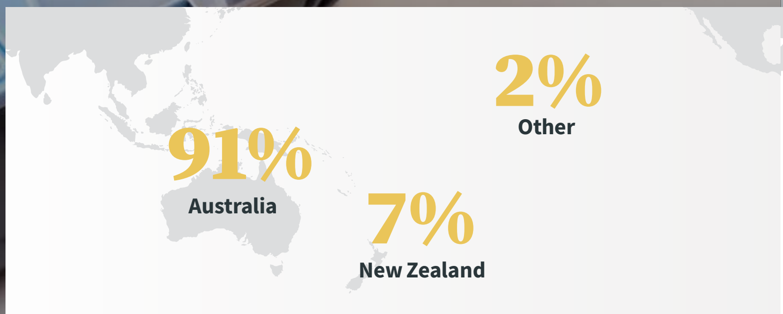
COVID-19's significant and uneven impact on global economies, including those in the tourism-reliant Pacific Islands, as well as increasing inflationary pressures across a range of inputs due to disruption to global shipping and the Ukraine conflict put further pressure on margins. The International Rice segment's various business units worked closely with distribution partners to recover at least part of these additional costs in the form of increased sales prices in FY2022 and deliver growth against this difficult backdrop.

Fig I – Riverina supply vs. global demand for SunRice products (paddy tonne equivalent)[21]

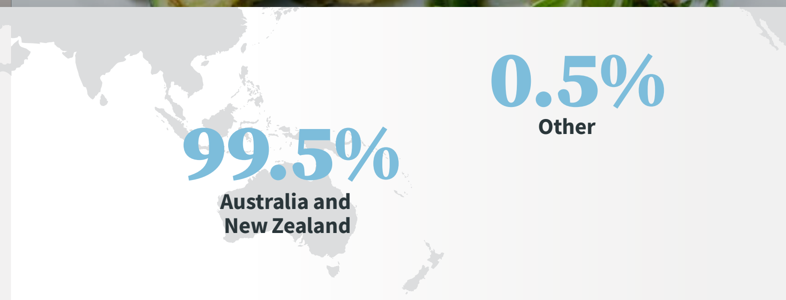


21. Paddy tonnes equivalent assuming average milling yields based on source country. This figure represents total demand based on current supply sources and existing market conditions, and potential opportunities given global rice market dynamics.

Revenue		Net Profit/Loss Before Tax	
FY2022	$106.4m	FY2022	$5.9m
FY2021	$96.1m	FY2021	($1.9m)
	11%		



Where FY2022 Rice Food revenue was generated



Where FY2022 Riviana Foods revenue was generated

Note: Riviana's exports are carried out by Australian-based distributors.

Revenue		Net Profit Before Tax	
FY2022	$196.5m	FY2022	$12.5m
FY2021	$148.4m	FY2021	$9.2m
	32%		35%

Rice Food

Rice Food recorded revenues from external customers of $106.4 million in FY2022, up $10.4 million or 11% on FY2021. A Net Profit Before Tax of $5.9 million was recorded for the year, compared to a Net Loss Before Tax of ($1.9) million in FY2021.

The Rice Food segment's performance improved markedly in FY2022.

The greater availability of Australian rice used as an input in a number of the segment's products played a key role in the performance uplift. This was however felt only part way through the period due to the time required to process the CY21 crop (after stocks were fully depleted in late FY2021) and was hampered by the use of a more expensive head rice in flour manufacturing, given cheaper brokens were not readily available, in part due to good milling yields produced by the Australian Rice Pool Business.

The Rice Food segment also benefited from strong growth in the convenience category, which supported both revenue and profitability in FY2022. Innovation and quality improvements resulting from the investment in new cooking technology in Leeton in FY2021 further underpinned both volume and sales uplifts in microwave rice. Complementing the SunRice product range, Riviana microwave rice – a premium offering – was also launched during the year, contributing to incremental market share gains for the category.

SunRice's local manufacturing capability also meant that it was not hampered by the FY2022 supply challenges faced by manufacturers of competing products that are sourced offshore.

Despite the impact of COVID-19 lockdowns in NSW and Victoria, including on school attendance, the Rice Food segment continued to experience strong demand for snacking products in Australia in FY2022. This included increasing market share of the "Kids Snacking" category, underpinned by product innovation and strong sales growth of Brown Rice Chips. Despite the gains made, operational challenges due to delays in raw material inputs and packaging, as well as labour shortages and absenteeism affected the manufacturing production of rice chips and resulted in supply shortages at some points during the year.

Internationally, Rice Cracker Chips continued to gain momentum in Singapore and Hong Kong in FY2022, further contributing to the segment's strong performance.

Riviana Foods

Riviana Foods recorded revenues from external customers of $196.5 million in FY2022, up $48.1 million or 32% on FY2021. Net Profit Before Tax (NPBT) was $12.5 million, up $3.2 million or 35% on FY2021.

The first full year of KJ&Co Brands ownership was a key driver in the significant uplift in Riviana's performance, contributing $68 million in revenue and $6 million in NPBT (compared to $21.4 million and $0.5 million respectively in FY2021). In addition to building scale, the acquisition diversified Riviana's presence across new categories in Australia and New Zealand, became earnings per share accretive and performed ahead of sales projections. The Toscano brand was the key contributor, performing strongly across all categories, including the newly developed single serve dessert category.

FY2022 also saw the ranging of Roza's Gourmet products for the first time in mainstream retail via Woolworths, which is expected to provide growth opportunities for the brand in the future. In other Australian retail, Always Fresh and Fehlbergs largely maintained sales and market share in key categories, despite significant supply shortages and reduced promotional programs.

A progressive recovery in Food Service, with sales growing by 6% on the prior year, was also achieved.

These positive factors partially offset a number of challenges that the business continued to face during the year and which included:

- Local and global supply chain disruptions, which periodically impacted the availability of some of Riviana's products on supermarket shelves and put pressure on margins through extraordinary freight cost escalation and unplanned demurrage costs for a number of imported products, despite mitigation measures (including sales prices increases) being implemented;
- Inflationary impacts across most European-sourced products and more acutely in both raw materials and finished products that rely on European-grown wheat and sunflower oil as the conflict between Russia and Ukraine intensified; and
- Internal one-off restructuring costs, which were incurred as part of streamlining some of the business's local manufacturing operations to drive future efficiencies.

The strong results achieved in the short time since the acquisition of both KJ&Co Brands and Roza's Gourmet demonstrates Riviana Foods' ability to successfully integrate and scale acquired businesses, while leveraging its brands, marketing expertise and supply chain partnerships. As discussed in Our Outlook on page 28, the Group intends to further build on this expertise as it continues to execute the Growth Strategy.

86% Australia

14% New Zealand

Where FY2022 CopRice revenue was generated

Revenue	
FY2022	$161.1m
FY2021	$114.5m
▲	41%

Net Loss Before Tax	
FY2022	($5.5m)
FY2021	($4.5m)

CopRice

CopRice recorded revenues from external customers of $161.1 million in FY2022, up $46.6 million or 41% on FY2021. A Net Loss Before Tax of ($5.5) million was however recorded for the year, compared to a Net Loss Before Tax of ($4.5) million in FY2021.

An increase in volumes in most of CopRice's product categories coupled with efforts to increase sales prices across the portfolio drove a sizeable revenue increase in FY2022. This was magnified by the Hamilton mill acquired in late FY2021, which contributed revenues of $15.8 million to the segment in FY2022, compared to only $1 million in FY2021, and the Pryde's EasiFeed acquisition in January 2022, which contributed an additional $7.4 million of revenue in FY2022. Despite these gains, some of which supported the start of an upturn in profitability of CopRice's Australian operations compared to FY2021, a range of factors continued to hamper overall profitability in the CopRice segment during the year.

With depleted herd sizes following drought, the more recent wetter than normal weather conditions introduced by La Nina continued to provide farmers in eastern Australia with an abundance of natural pasture to feed remaining stock. While livestock numbers are expected to rebuild in time, CopRice continued to experience a contracted supplementary feed market in FY2022, which drove more aggressive price competition and put additional pressure on margins.

COVID-19 related operational delays also weighed against CopRice's profitability in FY2022, with disruption in the supply chain of ingredients and containers for the segment's New Zealand mill. State border restrictions also impacted capital works at the Leongatha feed mill, delaying its commissioning. Commercial and operational challenges during the integration of the Hamilton, New Zealand feed mill acquired in FY2021 also weighed against the segment's profitability in FY2022. This was further exacerbated comparatively to FY2021 by the Hamilton mill having only been acquired as the FY2021 year closed and results at that time benefiting from the one-off $1.6 million gain realised on acquisition.

While other operational challenges, including production capacity constraints associated with the growing complexity and diversity of CopRice's product portfolio weighed against the segment's results, these were offset in part by the strong revenue growth mentioned previously.

Despite the contraction in the supplementary feed market, CopRice's Dairy volumes grew by 33% in FY2022 and under new leadership, the business focused on securing new business in regions where CopRice is freight advantaged. Companion animal volumes also increased by 16% during the year, due to growth in CopRice's private label petfood business and the reopening of the Feedrite facility in Wangaratta in late FY2021.

Greater availability of Australian rice by-products also supported the business and the performance of the Leeton Bran Stabilisation plant. These benefits were however not felt from the start of the year, due to the time required to process the freshly harvested CY21 crop (after stocks were fully depleted in late FY2021).

The FY2022 acquisition of Pryde's EasiFeed further supported CopRice and contributed $1.3 million in NPBT within the first three months of ownership (although the segment's results also include $0.8 million in acquisition-related costs, which largely offset that benefit). Pryde's is a leading supplier of branded extruded cubes, extruded sweet feeds, and pellet products for the equine market in Australia, New Zealand and key export markets.

The acquisition will support CopRice's diversification into new geographic regions, while increasing its presence in the high-value branded equine market and is expected to be earnings per share accretive in the first full financial year of ownership.

Overall, CopRice remains well positioned for the future. The segment has invested significantly in well-priced acquisitions and assets in recent years whilst at the bottom of the Australian agricultural cycle. While these investments are strategically important, that cycle has not turned around as quickly as anticipated, which is temporarily leading to excess manufacturing capacity in a contracted market and is in turn driving a slower than anticipated profitability recovery in this segment. CopRice expects these investments and the ongoing execution of the Growth Strategy will contribute to its growth in the future.

Net Profit Before Tax	
FY2022	$12.6m
FY2021	$14.6m
▼	14%

Corporate

The Corporate segment's Net Profit Before Tax was $12.6 million for FY2022, down $2 million or 14% on FY2021.

Net Profit Before Tax for this segment is primarily driven by a range of inter-segment charges, such as brand and asset financing charges, as well as items that are not allocated to other segments, such as costs or income items associated with various corporate activities.

With the return of Riverina rice in FY2022 and the corresponding increase in activity and branded sales levels in the Australian Rice Pool Business, higher levels of Brand and Asset Financing Charges were received from the Australian Rice Pool Business, although these were partly offset by a corresponding decrease in Brand Charges received from the International Rice segment.

In contrast with the previous two financial years, these amounts were fully absorbed by the Rice Pool Business, therefore providing a significant uplift in B Class shareholder returns in FY2022.

Despite these benefits, profitability in the Corporate Segment was lower in FY2022, in part due to an increase in overheads such as labour and recruitment costs as the Group implemented strategies to attract and retain talent to build further capability to execute our Growth Strategy. This was magnified by FY2021 benefiting from non-recurring items such as the reversal of COVID-19 risk provisions that had been recognised in FY2020 at the onset of the pandemic and the sale of a non-core site in Coleambally (although these were partly offset by transaction costs incurred on various acquisitions and foreign income tax credits that were lost due to the Australian Tax Consolidated Group being in a loss position).

Operating, investing and financing cash flows

The financial discipline exercised by the Group, in particular in managing its net working capital requirements, resulted in the generation of a net cash inflow from operating activities in FY2022 of $24 million, compared to $39 million in FY2021. While lower in FY2022 primarily due to the progressive rebuild of inventory following the return of rice in the Riverina in CY21, this inflow, together with the marked upturn in performance discussed earlier, has supported the Group's ability to distribute a final and special dividend of 25 cents and 5 cents per B Class Share respectively in FY2022 (to be paid in FY2023). This follows an interim dividend of 10 cents per B Class Share paid in January 2022 after the release of the 1H FY2022 financial report (see Capital Management on page 27).

Investing cash outflows in FY2022 were $54 million and were primarily driven by the acquisition of Pryde's EasiFeed in January 2022 for $38 million and capital expenditure of $17 million as we maintained core assets. Investing cash outflows remained lower than the $84 million of FY2021, which included $66 million spent on the combined acquisitions of Riverbank Stockfeed's beef and dairy assets, KJ&Co Brands and the dairy feed business of Inghams in New Zealand, as well as capital expenditure of $19 million.

Financing cash inflows were $33 million in FY2022, compared to $40 million in FY2021. This reflects the increase in net debt over the period (see balance sheet items below for details), which was primarily due to the progressive rebuild of inventory following the return of rice to the Riverina in FY2022 and the Pryde's EasiFeed acquisition completed in the year being financed entirely through existing cash reserves and available financing facilities.

Balance sheet items

Banking facilities and covenants

As the year closed, the Group renegotiated the terms of its seasonal bank facility. While there was appetite from various banking partners to significantly increase the facility limits, the Group renewed its facility limit at current levels. However, as an improvement on the Group's management of liquidity risks, the maturity was extended, with tranches now maturing in 2023 and 2024. No changes were made to the core bank facility after it was renegotiated in late FY2020, with facility tranches also maturing in 2023 and 2024. The Group also comfortably complied with all of its covenants throughout FY2022.

Net debt, gearing and other key metrics

Net debt of $198 million and gearing of 28% at 30 April 2022 both increased compared to 30 April 2021 ($148 million and 24% respectively). This was primarily due to the progressive rebuild of inventory following the return of Riverina rice in FY2022 and the Pryde's EasiFeed acquisition completed in the year being financed entirely through existing cash reserves and available financing facilities.

The Group's leverage ratio (calculated as Net Debt / EBITDA) was 2.2x at 30 April 2022 compared to 3.0x at 30 April 2021. This improvement reflects the FY2022 step up in EBITDA triggered in part by a rejuvenated Australian Rice Pool Business and the integration of recently acquired businesses, but has been diluted by the increase in net debt discussed previously.

CopRice Chief Financial Officer, **Anne Jackson** and CopRice Head of Market Development, **Simon Stone**.

The Group's Return on Capital Employed (ROCE – calculated as Profit Before Income Tax and Interest divided by Net Assets excluding Cash and Borrowings) was 9.3% at 30 April 2022 compared to 3.9% at 30 April 2021. While significantly improving due to the rebound in FY2022 profitability, this ratio remains relatively low due to the progressive rebuild of inventory balance.

Overall, the Group's balance sheet continues to be in a strong position and SunRice remains well placed to continue to pursue further business expansion and merger and acquisition opportunities in the short to medium term.

Other key movements

Other notable key movements in the Group's consolidated balance sheet included:

- A significant increase in receivables and payables primarily driven by the higher levels of operational activity in Australia in FY2022 (off the back of the larger CY21 crop) and growth achieved across other Group segments, which collectively led to the record revenue of FY2022. This was magnified by particularly favourable trading conditions experienced throughout the final months of FY2022 compared to the same time in FY2021;
- A significant increase in inventory and amounts payable to Riverina rice growers as a result of a rebuild of carry-over levels of paddy rice inventory enabled by the CY21 crop. This was exacerbated by the larger CY22 crop harvested in March to May 2022 (see Our Outlook on page 28); and
- An increase in intangible assets due to brands acquired and goodwill generated as part of the Pryde's EasiFeed acquisition completed in FY2022.
- A transfer of the historical general reserve (which is no longer required considering the current strength of the Group's balance sheet) into retained earnings occurred, to make this $28 million balance readily available for dividend distribution in the future.

Translation of foreign operations

At 30 April 2022, the AUD was lower against the USD and to a certain degree the PGK, in large part due to volatility generated by the Ukraine conflict. At 30 April 2021 however, the AUD was higher against the USD, and at levels not seen since at least 2018 and the PGK dropped to historically low levels against the AUD. This swing in exchange rates has had a significant impact on the translation of the financial positions of some of the Group's foreign operations in the consolidated financial statements. All other things being equal, this has contributed to a general upward trend in a number of the Group's balance sheet line items in FY2022 compared to FY2021 and has reduced the net asset position of the Group by $13 million at 30 April 2022, compared to 30 April 2021 (which is recorded in the foreign currency translation reserve in equity).

Capital management

SunRice's capital management framework is designed to be flexible and enable the Group to maximise value for all shareholders through optimisation of cash flows, prudent gearing, responsible capital investment, reliable dividend stream and disciplined allocation of surplus capital.

SunRice's Dividend Reinvestment Plan continued to be active in FY2022 in relation to dividends paid for the year ended 30 April 2021 and interim dividends paid for the year ended 30 April 2022. The company's Employee Share Scheme was also active in FY2022 and B Class Shares were issued upon the annual vesting of B Class Share Rights granted under the Employee Long Term Incentive Plan. Combined, these plans led to the issue of 1,157,227 new B Class Shares in FY2022 (see note 4e in the FY2022 Financial Statements), increasing capital by $7.9 million in the process.

As part of SunRice's commitment to efficiently manage capital while maintaining balance sheet flexibility to pursue future growth and investment opportunities and to continue to reward B Class Shareholders, a fully franked interim dividend of 10 cents per B Class Share was declared on 16 December 2021. This was complemented by a final dividend and a special dividend of 25 and 5 cents per B Class Share respectively, which were both declared on 23 June 2022 (to be paid in FY2023). Together, these distributions represent a total fully franked dividend of 40 cents per B Class Share for FY2022, an increase of 7 cents per B Class Share compared to FY2021 and the highest distribution in the Group's history. This further demonstrates the Group's ambition to provide strong and sustainable returns to shareholders as evidenced by the 52% dividend payout ratio achieved.

Our Outlook

Looking ahead to FY2023, the Group expects top-line revenue to continue to build. While FY2022 finished strongly, FY2023 has started with worsening inflationary pressures on key business inputs and costs, and continuing volatility and disruption to global shipping, placing pressure on earnings. However, the Group will seek to recover the additional costs incurred progressively throughout the year.

Against that backdrop, the continued resurgence of Australian rice coupled with SunRice's multi-origin multi-market rice capability has the Group well placed to benefit this year from an environment where key markets are under-supplied due to factors including broader disruption from the Ukraine conflict and a number of rice growing regions either in, or entering, drought around the world. The CY22 Riverina crop just harvested of ~675,000 paddy tonnes should underpin positive contribution to both A and B Class Shareholders through strong returns in the Australian Rice Pool Business and favourable inputs in a number of Profit Businesses, further demonstrating the complementary nature of the Group's business model. Looking ahead to planting for the next Australian Riverina crop, which will be processed and marketed in Financial Year 2024, seasonal conditions, water availability and water pricing remain highly favourable, with water storage levels in the southern Murray-Darling Basin connected system the highest at this point in the season in more than 20 years.

The foundations laid since FY2017 under the Group's Growth Strategy have so far delivered positive outcomes through the cycle and should see the business well positioned for FY2023 and the future. In addition, the Group's diversified portfolio and strong balance sheet mean it is currently well placed to take advantage of further expansion opportunities, either organically or through acquisitions. Continued execution of the SunRice Group's Sustainability Strategy remains a key priority for FY2023. Having completed significant work across the Group to articulate the six priority environmental, social and governance (ESG) areas and related ambitions and targets, all business units have now developed individual sustainability plans and actions aligned to business plans and the broader Growth Strategy for FY2023.

Favourable crop conditions continue

The CY22 crop, which was harvested March to June 2022, is being processed in our Riverina facilities. As previously communicated to the market and our growers, an estimated opening range for the CY22 crop of $390–$450 per tonne for medium grain Reiziq has been approved by the Board despite the extra volume. The range is broad at this stage given the volatility and disruption to global markets and supply chains, however, updates will be provided as the year progresses.

This continued resurgence of Riverina rice should underpin positive contribution to both A and B Class shareholders through strong returns in the Rice Pool Business and favourable inputs in a number of the Profit Businesses, further demonstrating the complementary nature of our business model.

With around 60% more crop to market than in FY2022, the ongoing availability of Riverina rice should also allow the Australian Rice Pool Business to be more active on tender markets and to build on the momentum established in FY2022 in premium export markets, particularly those serviced by competing rice producing nations that have recently entered or are expected to shortly enter drought. Supply constraints in these markets are also anticipated to benefit the International Rice segment in FY2023. In particular, 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, as it fulfils growing demand for SunRice products around the world.

FY2023 priorities

While the Group's strategic revenue growth ambition remains at $2 billion,[22] achieving this goal may not occur until beyond 2024. As we continue to pursue this target, our focus in FY2023 will be on accelerating the execution of any identified opportunities and expanding and diversifying our earnings through:

- Building on the increased availability of Riverina rice and renewed contracted global supply to capitalise on the operational efficiency of recent infrastructure investments, as well as to enter new territories and meet demand during a year in which global supply is expected to be tight;
- Continuing to build on the synergies and expansion opportunities from our recent strategic acquisitions in CopRice and Riviana Foods;
- Leveraging the Group's strong balance sheet to pursue additional value-accretive acquisition opportunities and the exploration of expansionary capital projects to support greater efficiency, quality, diversification and resilience;
- Building on recent gains in the Rice Food segment, including expanding our microwave rice business, focusing on the profitability of our snacking portfolio, and new product development;
- Pursuing new product innovation initiatives across other business units, to capture emerging trends in convenience, health and well-being, and further internationalisation of value-added products;
- Continuing to expand our research and development capabilities; and
- Enhancing strategies to attract and retain talent across the Group, building further capability to execute our Growth Strategy.

Sustainability a foundation for growth

In terms of SunRice's broader sustainability framework, the Group continues to focus on delivering environmental, social and governance outcomes in the year ahead in line with the Growth Strategy.

Having completed significant work across the Group to articulate six priority areas and related sustainability ambitions, each of the Group's business units has developed their own sustainability plan for FY2023. Each plan includes a champion project, aligned to strategy, which has the potential to make a significant difference towards the Group's sustainability priorities, ranging from climate resilience to waste reduction.

22. This is an aspirational target, not a budget or forecast and assumes reasonable macro conditions.

This work is in addition to our commitment to reporting against transparent and clear goals in key areas such as energy, packaging and climate change disclosures, and represents continued improvement, ensuring sustainability remains embedded at every level of our business.

Under the newly expanded remit of the Safety, Health and Sustainability Committee, we continue to disclose our performance in line with the Global Reporting Initiative and to implement the recommendations of the Task Force on Climate-related Financial Disclosures (see Our Approach to Risk on pages 48–53 and Adapting and Responding to Climate Change on pages 54–57).

Towards 2024 and beyond

We are committed to enhancing our reliable and sustainable supply chain partnerships and building on our trusted portfolio of products. We remain focused on maintaining and expanding markets and tightly managing costs, whilst making prudent commercial decisions, purposefully investing and creating shared value with our growers, investors, employees and the environments and communities in which we operate. With our renewed vision, mission and purpose, we are confident that we can continue to make a difference to places and lives through nourishing and delicious products.

Our Approach to Sustainability

Sustainability grows the SunRice business

With our heritage in the Riverina heartland, sustainability has always been at the heart of SunRice's business and is integral to how we create value for our stakeholders. Our Sustainability Strategy is key to our Growth Strategy, addressing topics that are material to our business and outlining our contribution to the United Nations Sustainable Development Goals.

We are dedicated to securing a sustainable and reliable global supply chain so we can continue to create quality products with our growers. We offer transparency to support our customers to better understand where their products come from and how they are grown, and we play a role in building healthy and sustainable communities wherever we operate.

As part of our six sustainability priority areas and long-term guiding ambitions, our focus this year has been reinforcing accountability for our sustainability performance with specific targets, overseen by our Safety, Health and Sustainability Committee. In this way we measure the difference we make to places and lives.

As an industry, we are proud to be global leaders in water productivity, pioneering research and development outcomes that enable us to use 50% less water than the global average. SunRice is supportive of the broader Australian rice industry's aspirational target to further improve water productivity to 1.5 tonnes per megalitre by the end of 2027 (see page 34).

We are also proud of the work completed on climate resilience this year, with specific actions in place on our path to net zero, and commitment across the Group to further adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see page 54). We are committed to a science-based 1.5°C degree climate future through the Science Based Targets Initiative (SBTi).[23] Details of our FY2022 progress can be found in the following pages. For more information on our sustainability performance, please see: www.sunrice.com.au/sustainability-reporting.

WE SUPPORT

UN GLOBAL COMPACT

> **"As a food business deeply connected to growers, sustainability has always been at the heart of our organisation. Caring for the land and the food we produce is critical to both the long term sustainability of food production and the creation of value for our stakeholders."**
>
> **Dr. Andrew Crane**
> Chair of the SunRice Safety, Health and Sustainability Committee

FY2022 Highlights

Water

Aspirational industry-wide target to achieve an ambitious water productivity goal of

1.5 tonnes

per megalitre.

Climate

Net zero

pathway commenced and short-term actions developed.

Australian Rice Emissions Reduction feasibility study completed.

Committed to setting a science-based target via the SBTi.

Waste

Launched sustainability focused flexible packaging tender.

22% **year-on-year increase in products displaying the Australian Recycling Label (ARL).**

Expansion of the ARL roll out to include our whole Australian product portfolio.

Community

480,000+

meals donated to those in need.

$1.04m

donated to community organisations.

Human rights

All suppliers risk assessed through newly embedded sustainability processes and focused direct engagement.

Successfully completed SunFoods Sedex Members Ethical Trade Audit.

Quality

Re-launched our Low GI rice, exclusively certified by the Glycemic Index Foundationn and endorsed by Diabetes Australia.

Governance

Awarded Silver Partner status in the NSW Government Sustainability Advantage program.

TCFD climate scenario workshop and analysis undertaken.

Sustainability Advantage
Silver

23. www.sciencebasedtargets.org

Our Sustainability Framework

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, ambitions and targets

These provide focus and a destination

Water productivity

Toward the most water-productive rice products in the world

FY2023

Australian rice industry extension re-design, with the majority of grower extension activities focused on water productivity

Australian Rice Emissions Reduction pilot

Long term

Support the broader Australian rice industry's aspirational target of **1.5 tonnes per megalitre** for Australian rice by the end of **2027**

Climate resilience

Net zero emissions across our value chain

Partner with growers to create a step change in reducing emissions

Adopt TCFD recommendations

FY2023

Achieve **2%** annual improvement in energy efficiency as a rolling average against the Group's FY2017 baseline

Australian Rice Emissions Reduction pilot

Continue to align to Paris Agreement and work towards development of SBTi validated science based targets

Long term

Net zero by 2050 at the latest

Near Term:[24] By 2030, Scope 1 and 2, non-rice Scope 3:

- **25%** reduction in emissions
- **100%** renewable energy

Rice related Scope 3: Working with our rice **supply chain** to achieve Net Zero across their operations by the end of **2050**

Implement **TCFD recommendations**

Waste reduction

Toward zero waste from our products and packaging

FY2023

5% reduction in operational waste to landfill

90% of all Australian and New Zealand products feature ARL by end of **FY2023**

Continue towards 2025 Australian Packaging Covenant Organisation (APCO) Targets

Long term

50% reduction in operational waste to landfill by the **end of FY2024**, against the Group's FY2022 baseline

100% of all Australian and New Zealand products feature ARL by end of **FY2024**

Meet Australian Packaging Covenant Organisation (APCO) targets[25] by the end of **2025**:

- **0%** single use
- **100%** reusable, recyclable or compostable
- **50%** recycled content

Resilient communities

Our communities consider SunRice a vital part of their ecosystem

FY2023

Implement new Community Engagement Strategy to deliver long term target

Develop a socio-economic impact assessment methodology, providing a framework to track performance

Long term

During FY2022–FY2024, donate **600,000** meals to a broad range of community organisations where we operate

2,000 hours volunteered by employees

Contribute to the resilience of the communities where we operate in a measurable way

Respecting human rights

Equity and equality across our operations and supply chain

FY2023

Seven SunRice sites with refreshed social and ethical audits

Commencement of supplier Mutual Recognition Program making it easier for suppliers to comply with our Supplier Sustainability Program

Long term

100% of SunRice owned sites with refreshed social and ethical audits by the end of **FY2024**

Food security & quality

Secure, nourishing and quality products

FY2023

Maintain SunRice manufacturing site certification to Global Food Safety Initiative (GSFI) recognised standard

Continuous improvement in Australian Pure Seed Program

Long term

Maintain SunRice manufacturing site certification to GSFI recognised standard

Continue to invest in efficiency of rice breeding and extension programs to improve on farm productivity (yield/ha), quality and genetic purity

Leverage our global sourcing expertise to deliver quality product to local communities

24. Detail on Near Term targets is subject to validation by SBTi, including specific guidance on Agricultural targets to be released in Forest, Land and Agriculture (FLAG) Guidance.
25. For specific details of the APCO targets see: apco.org.au/national-packaging-targets

Water productivity

Our ambition

Toward the most water-productive rice products in the world

"The Australian rice industry is world class. We grow some of the highest quality Japonica-style varieties anywhere in the world while already using 50% less water than the global average. SunRice then takes that rice and transforms it in our facilities in the Riverina into value-added branded products which are valued by customers and consumers in some 50 global markets."

Rob Gordon, SunRice Group CEO

Australian growers use 50% less water than the global average to grow quality Riverina rice, have some of the highest yields in the world, and being an annual crop, only grow when there is water available to do so. This performance has been driven by over 70 years of research and development, adapted growing practices, and dedicated rice breeding – ensuring we grow the varieties that are best suited to Australian conditions, in a way that best suits the local environment.

This year SunRice, AgriFutures Australia and the Ricegrowers' Association of Australia (RGA) came together to launch a bold new plan to meet a target of 1.5 paddy tonnes per megalitre by the end of 2027. This ambitious target is backed up by a new five-year industry roadmap to accelerate research, development, and extension outcomes to future-proof the Australian rice industry. Any progress towards this ambitious and aspirational target would further cement the Australian Riverina rice industry's position as having the highest levels of water productivity in the world.

This water productivity objective will aid the industry to continue to provide high quality products to millions of people around the world, build resilience to a changing climate, and contribute to the long-term business resilience for Australian growers and for SunRice. Our research collaborations mean that we will be focused on how we can share and adapt these insights with other rice growing regions to make a difference to communities and the environment wherever we operate.

Long term target

Support the broader Australian rice industry's aspirational target of

1.5 tonnes

per megalitre for Australian rice by the end of 2027

FY2022 highlights

Supported the launch of the Australian rice industry's new 'roadmap' to accelerate research, development and extension outcomes targeting a bold and aspirational goal of 1.5 t/ML by the end of 2027

0.73 t/ML[26]

average water use productivity achieved across CY21 Riverina rice crops, representing a rolling five-year average water use of 0.83 paddy t/ML

Australian Rice Emissions Reduction feasibility study completed, ahead of our FY2023 pilot

1600+

touch points with our growers, from field days to podcasts, all focused on sharing best practice

100%

of all grower extension activities focused on water use productivity

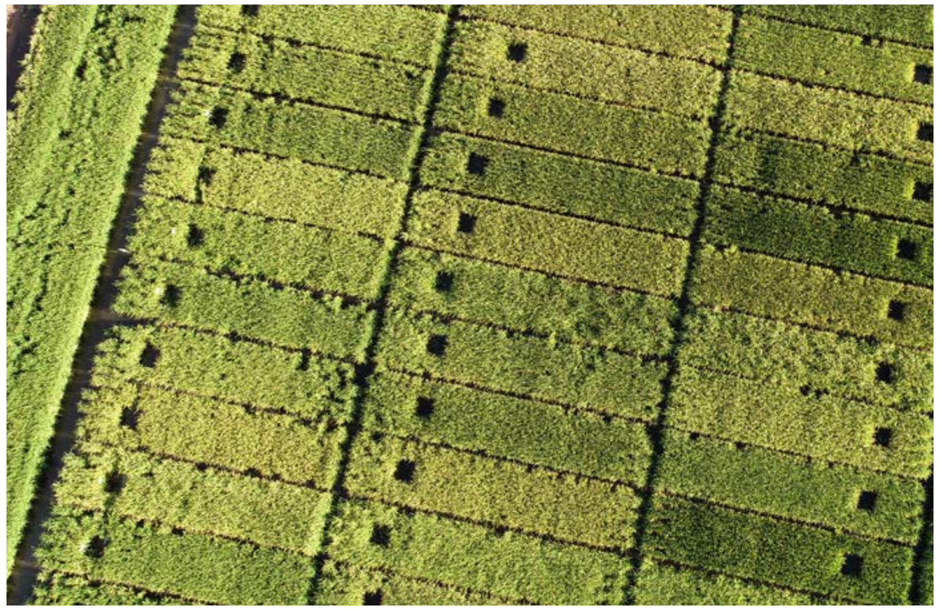
FY2023 actions

Australian rice industry extension redesign, with the majority of grower extension activities focused on water productivity

Australian Rice Emissions Reduction pilot

26. FY2022's drop in average water use productivity was due to unfavorable conditions, including severe cold. Current conditions indicate that FY2023's result should trend favorably towards the industry goal.

Our actions



A new rice industry 'roadmap' towards improvement in water productivity

The Australian rice industry has developed a five-year roadmap targeting an ambitious and aspirational water productivity target of 1.5 tonnes of rice per megalitre of water by the end of 2027. Australian rice growers are already the most water efficient in the world and any progress towards this bold target will further cement that position. The roadmap involved extensive consultation with our industry and sets an exciting and bold research path to achieve the target through:

1. Establishing Rice Breeding Australia Ltd, (AgriFutures Australia, SunRice and RGA) to introduce modernised breeding technologies to develop efficient and cold tolerant rice varieties.
2. Investing in targeted agronomy and farming systems to increase on-farm productivity.
3. Increasing the adoption of rice research outputs through Rice Extension by implementing a refreshed approach to governance, supporting growers to embrace technologies and best practice management to increase long term profitability.
4. Strengthening the capacity of Australian rice growers to meet the challenges of the future.

Research investment yields results

Rice Research Australia Pty Ltd (RRAPL) is a wholly owned subsidiary of SunRice and was established more than 30 years ago to enhance the research capabilities of the rice industry by participating in and hosting collaborative research projects. More than $85 million has been invested in research and development programs by the Australian rice industry since 2012, resulting in varieties like V071 that are suited to the Australian climate.

In FY2022, close to 300 Riverina growers planted new bold medium grain variety V071 and reported significant improvements in water productivity. Water is used to protect rice crops from fluctuations in temperature that can reduce yields. V071, which was developed through the Australian Rice Partnership in collaboration with AgriFutures Australia, SunRice and the NSW Department of Primary Industries, increases cold tolerance, delivers strong seeding vigour and reduces shattering and resistance to lodging, all of which significantly improve water productivity when compared to Reiziq.

Leaps in water productivity

Darrell Fiddler (pictured left) of De Bortoli Broadacre Farms has been continuously seeking new ways to improve his water productivity and innovation on farm. Darrell has been practicing delayed permanent water management and has reduced his water use by 30% in comparison to his aerial sown crops. In partnership with Deakin University, Darrell has also been experimenting with aerobic rice and utilising automation technology to deliver further efficiencies in both labour and water savings.

Darrell's commitment to innovation, utilising resources and maximising efficiencies across his rice system saw him named as the SunRice Grower of the Year for CY21.

"Dry rice evolved from trying to push the boundaries in our farming practice. We've been growing delayed permanent water successfully for nine years, so the next place to go was to dry rice." – Darrell Fiddler

Climate resilience

Our ambition

Net zero emissions across our value chain.

Partner with growers to create a step change in reducing emissions.

Adopt TCFD recommendations.

With our proud agricultural history and connection with our growers and the land, we understand that taking care and building the resilience of our environment is key to SunRice's success. Maximising the efficiency with which we use natural resources is part of how we create value for our stakeholders.

We are committed to Net Zero greenhouse gas emissions by 2050 at the latest and have set meaningful near term goals and action plans to ensure we are well placed to reach this goal. To continue to improve our transparency and accountability we have formally committed to develop science-based targets thought the Science Based Targets initiative (SBTi). We are staging our work to first focus on where we have the most certainty and control (Scope 1 and 2) from controlled operations. Supply chain emissions from our rice products remain one of the most challenging aspects of our emissions footprint and this is why we are excited to launch our Australian Rice Emissions Reduction pilot.

We have also progressed our implementation of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, completing climate scenario analysis with SunRice Group employees from every global business unit involved in the process. Our business model has always evolved to understand and to adapt to physical risks related to climate change, most notably through geographical diversification of supply sources and a significant investment in research and development targeting improved sustainability performance. By leveraging our past performance to find new and innovative solutions, we will respond to the rising demand for sustainably grown and sourced products, while protecting and enhancing the environment in which it grows. See Adapting and Responding to Climate Change on pages 54–57 for more detail.

Long term targets

Net zero by 2050 at the latest

Near Term:[27] By 2030, Scope 1 and 2, non-rice scope 3:

- **25% reduction in emissions**
- **100% renewable energy**

Rice related Scope 3: Working with our rice supply chain to achieve Net Zero across their operations by the end of 2050

Implement TCFD recommendations

FY2022 highlights

Net zero emissions pathway commenced and short-term actions developed

Committed to setting a science-based target aligned with the Paris Agreement goal of limiting global temperature rise to 1.5°C

Australian Rice Emissions Reduction feasibility study completed with OpenSC and Rabobank

Progressed adoption of TCFD recommendation, including business units across all 9 global locations engaging in climate scenario analysis and published first TCFD Report[28]

Site-by-site engagement to create a heat map supporting the path to net zero

FY2023 actions

Achieve 2% annual improvement in energy efficiency as a rolling average against the Group's FY2017 baseline

Australian Rice Emissions Reduction pilot

Continue to align to Paris Agreement and work towards SBTi validated science based targets

27. Detail on Near Term targets is subject to validation by SBTi, including specific guidance on Agricultural targets to be released in Forest, Land and Agriculture (FLAG) Guidance.
28. www.sunrice.com.au/tcfd-2022

Our actions

Proving the extent of reduced emissions from Australian rice

The way rice is increasingly grown in Australia – through delayed permanent water and direct drilling – equates to some of the most water efficient growing practices in the world. Over time, SunRice has been working with the industry to expand this program and enable more growers to adopt these practices.

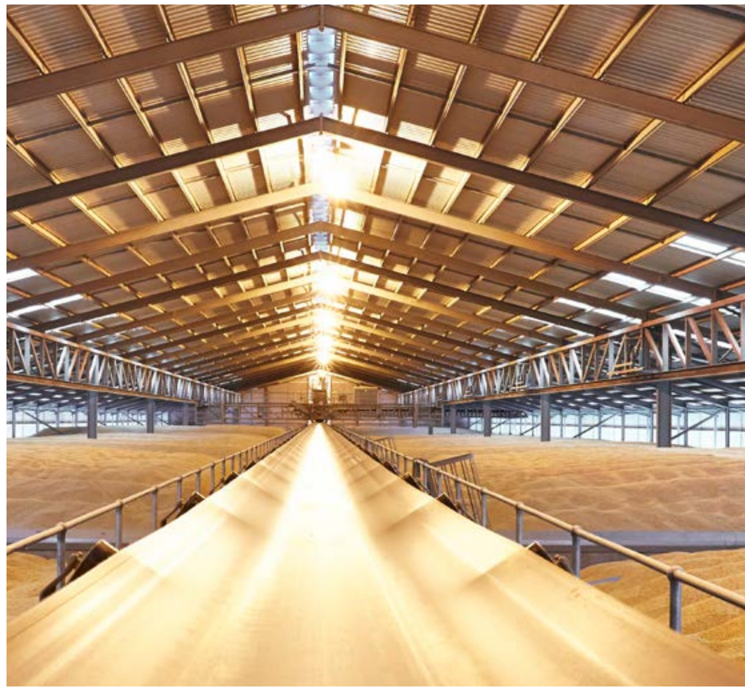
In FY2022, SunRice, Rabobank and OpenSC (a joint venture founded by BCG Digital Ventures and WWF) completed a feasibility study, measuring and expanding the positive impact of these Australian rice growing practices and building on the industry's knowledge that they directly reduce 'on-farm' greenhouse gas emissions. This exciting emission reduction project will be developed as a pilot program in FY2023 to explore better climate outcomes, while generating value back to the farmer. In time, our goal is to implement similar programs in our overseas rice growing areas to drive greater sustainability outcomes across our global supply chain.

The SunRice Grower Services team presented current and alternative growing practices as part of the study.

Building a robust path to net zero with the support of the NSW Government

This year SunRice participated in the inaugural Net Zero Emissions Leadership Accelerator program run by the NSW Government's Sustainability Advantage. This reflected our progress towards our net zero pathway, which includes the development of site-specific plans to reduce emissions across our operations globally, from SunRice in Australia to SunFoods in the U.S.

The culmination of more than two years' work to better understand our global emissions footprint, our short-term targets are grounded in science with a view to Paris-aligned targets enabling us to take the exciting step of making a commitment to set science-based targets via the Science Based Targets Initiative (SBTi). We are committed to improving energy efficiency, increasing renewable electricity towards 100% by FY2030, and reducing emissions across the Group. We will work in FY2023 to develop targets for validation by SBTi, better understand our data needs and how to measure our performance. Integrity and accountability are key SunRice values, and key to making a difference and building climate resilience in the communities where we operate.



Engaging our employees in planning for a climate resilient future

As part of our commitment to adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in FY2022 we completed a formal scenario planning analysis to better embed climate-related matters in our Group's strategy and reporting. In consultation with SunRice Directors, our senior leadership team and employees across logistics, consumer insights, agronomics, nutrition, research and development, packaging, finance, legal, procurement, engineering, sales and marketing, sustainability, operations and risk, we developed three distinct scenarios: The Green Road (below 2°C), The Wake-up Call (2–3°C) and Climate Inaction (above 4°C). Together we considered the impact of these scenarios on the current SunRice business model and our Growth Strategy and identified the most material risks and opportunities for each, as well as our strategic responses (see page 54). Our Global Rice CFO Rachel Westbrook (pictured right) said *"participating in the climate workshops was a really challenging and thought provoking exercise. Especially working cross-functionally to think about the impacts across the different parts of the business and the risks and opportunities that might present in the context of striking the right balance between safeguarding the business and working towards a better tomorrow."*

Waste reduction

Our ambition

Toward zero waste from our products and packaging

The Australian rice industry, developed over 70 years, is perfectly captured in what we call the Australian Rice Circular Economy Framework. Because of the unique position of SunRice in the supply chain, from breeding, storage, milling and marketing to our long and trusted partnership with Australian growers, waste reduction is part of how the industry operates.

We connect rice growers with consumers to ensure what is grown matches demand; agricultural by-products with high value secondary markets to ensure nothing goes to waste; and the industry with the community to ensure value is returned to those who create it. For example, in FY2022, we expanded our 100% recyclable point of sale stand pilot in Australia. We expect to have all domestic point of sale stands transitioned over by mid-2023, removing 54,400 pieces of plastic in the first year alone.

We have made progress in those areas that create the biggest challenges, by moving to easier to recycle alternatives for our rice range that support the market for a long term solution; helping consumers to make the choice to recycle by expanding our roll out of the Australian Recycling Label (ARL) to include our whole product portfolio; and exploring new and innovative partnerships to consider the most productive way to use our rice hulls in years of higher rice production.

Long term targets

50%
reduction in operational waste to landfill by the end of FY2024, against the Group's FY2022 baseline

100%
of all Australian and New Zealand products displaying Australasian Recycling Label (ARL) by end of FY2024

Meet Australian Packaging Covenant Organisation (APCO) targets by end of 2025:

- **0% single use**
- **100% reusable, recyclable or compostable**
- **50% recycled content**

FY2022 highlights

SunRice's Circular Economy Framework shortlisted in the Australian Financial Review's 2022 Sustainability Leaders list

Commenced roll out of 100% recyclable Point of Sale stands in Australia, which will result in 54,400 pieces of plastic being removed from our system

22%
year-on-year increase in products displaying ARL

Expansion of ARL roll out to include our whole Australian product portfolio

97%
of our Australian products' packaging can be recycled[29]

Launched sustainability focused flexible packaging tender

FY2023 actions

5% reduction
in operational waste to landfill

Continue towards 2025 Australian Packaging Covenant Organisation (APCO) Targets

90% of all Australian and New Zealand products display ARL

29. Data expanded to include Group products this year. Recycled in Australia kerbside or through RedCycle.

Our actions

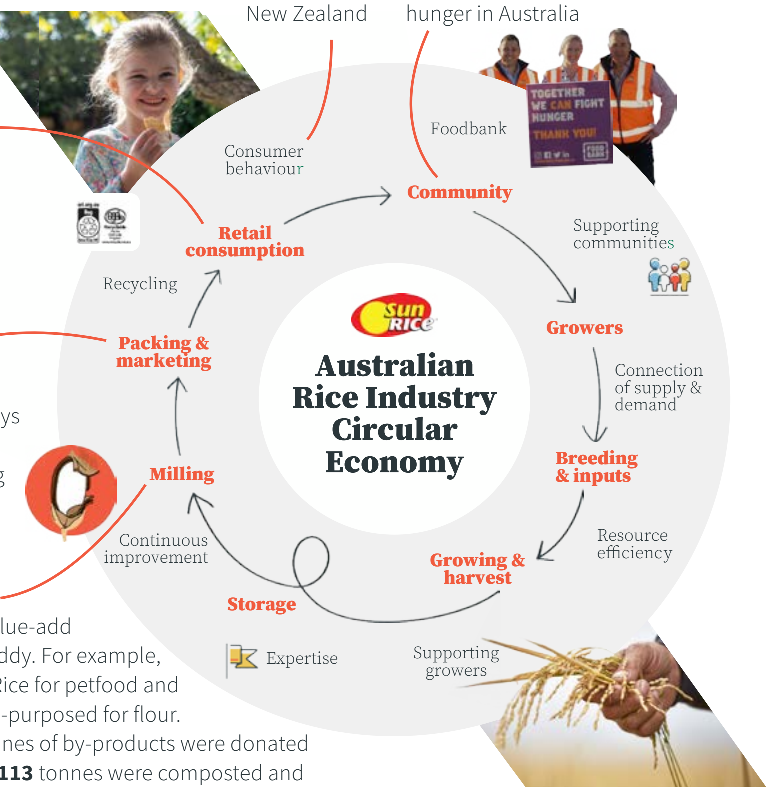
Consumer behaviour
293 products display ARL in Australia and New Zealand

Community
287,070 equivalent meals were donated last year to help fight hunger in Australia

Consumer behaviour
Targeted social media campaigns were implemented to promote better recycling

Marketing
3,400 sustainable point of sales displays were ordered for use next year, saving **54,400** pieces of plastic

Storage & Milling
We endeavour to value-add every part of the paddy. For example, bran is sent to CopRice for petfood and broken grains are re-purposed for flour. In FY2022 **1,086** tonnes of by-products were donated to farmers for feed, **113** tonnes were composted and another **36** tonnes were repurposed via worm farms.



The Australian Rice Circular Economy Framework in action

The Australian rice industry's circular economy maps the entire supply chain and ensures that we use every part of the grain and minimise, recycle or reuse potential waste at every stage. The approach enables us to maximise efficiency on-farm, generates commercial value, builds trust with our consumers, and supports our ambitions towards a sustainable future by minimising and upcycling waste along our unique integrated value chain. In FY2022, our circular economy model was shortlisted in the Australian Financial Review's Sustainability Leaders List. Developed in association with BCG. The awards celebrate the Australasian companies that are making real progress in tackling sustainability challenges – and delivering business value along the way.

Making our rice packaging easier to recycle

Almost all of our SunRice branded packaging in Australia is recyclable either through kerbside or the Redcycle program. However, this year we expanded the scope of our sustainable packaging strategy to include our whole product portfolio and identified where we need to focus our efforts to create less waste.

One of the ways we can make a big difference is to ensure our soft plastic packaging is even easier to recycle. We are excited by the recent developments in Australia towards new ways of recycling that make the availability of recycled content for food grade packaging more likely. In line with this, SunRice has committed to transitioning to use plastics that are increasingly easier to recycle to support the development of the recycling industry and move closer to a circular economy. These plastics are called 'mono-plastics' and we have committed to move all SunRice branded Australian products to this material by the end of 2025.


SunRice Rice Cakes Operator, **Anita Basil**.

Partnering with our suppliers towards more sustainable outcomes

Partnering with our packaging suppliers is key to delivering results in this area. Sustainability has been a key issue in our recent flexible packaging tender process, and as part of this approach we started the tender process with a shared understanding of our sustainability goals. We acknowledge how difficult it is to make progress in this space without the collaboration and long-term vision of the whole supply chain to enable innovation and progress. In appointing our new packaging supplier for FY2023, the ability to support our commitment to recycle-ready plastics and a supplier commitment to sustainability innovation is key.

Resilient communities

Our ambition

Our communities consider SunRice a vital part of their ecosystem

SunRice started as a collective of growers pooling their resources and saying “let us do this together.” That spirit continues today.

Good community development requires a genuine desire to understand local needs, and collaboration with community leaders to find economic opportunities to support them in those needs. We acknowledge how crucial our operations are to the communities that we work in, from the rice growing regions of the Riverina to the communities we support across the Pacific. It is not a responsibility that we take lightly, and in embracing that role we hold ourselves to account in supporting the growth of long-term resilience.

Our operation in Papua New Guinea is an example of this in action. Established nearly 50 years ago, Trukai Industries Limited is built on years of working with and understanding our community. Today, Trukai employs more than 900 people, contributes to better health outcomes through vitamin enriched rice products, partners with Government to amplify social change campaigns and in FY2022 contributed more than $230,000 to community events.

SunRice employees participating in a volunteering day with Foodbank.

Long term target

During FY2022–FY2024, donate 600,000 meals to a broad range of community organisations where we operate

Contribute to the resilience of the communities where we operate in a measurable way

2,000
hours volunteered by employees

Celebrating the rice industry, Leeton style

Over the Easter 2022 long weekend, the streets of Leeton were transformed with a colourful celebration recognising the important role the rice industry plays within the region. The Leeton SunRice Festival is Leeton’s flagship festival and one of NSW’s most unique celebrations. After the bi-annual event was cancelled in 2020 due to COVID-19, the FY2022 Leeton SunRice Festival was back, bigger and better than ever. A key highlight was the festival’s street parade. This year, SunRice’s parade float (pictured above) comprised of two trucks. The lead truck featured our iconic SunRice logo, and the second truck featured enlarged product displays, including many manufactured locally in Leeton. Our floats were proudly followed by a number of our Leeton-based employees and their family members, who walked behind the trucks in the parade. Thank you, Leeton. It was great to be back!

FY2022 highlights

Finalised our refreshed Community Investment Strategy

Re-launched our Inclusion and Diversity Strategy

$1.04m
donated to community organisations across the Group

$186m[30]
in paddy payments made to Riverina growers

480,000+
meals donated to those in need.

FY2023 actions

Implement new Community Engagement Strategy to deliver long term target

Develop a socio-economic impact assessment methodology, providing a framework to track performance

30. This includes the final Paddy Price payment for FY2022, which will be paid in July 2022.

Our actions

Community Engagement Strategy

Our purpose is to “Make a difference to places and lives everywhere through nourishing and delicious products”. We partner with organisations where we can create impact together, focusing on what we do best, and in FY2022 we developed our refreshed Community Engagement Strategy which articulates our goals and provides additional rigour to our approach.

The strategy brings this purpose to life by targeting our support to ensure we make the greatest difference possible in the communities in which we live and operate. We listen to our communities and respond to their needs, ensuring our support is targeted to where it’s needed the most. Our four key focus areas include caring for and strengthening local communities; food security; healthy lifestyles; and gender equality. We provide support through strategic charitable partnerships, employee-connected local organisations, and disaster relief in the form of monetary contributions, rice and product donations, ‘at cost’ product, and non-monetary contributions such as time and expertise.

Looking after people and places

At SunRice we have a proud history of looking after the people and places that look after us, and we’re striving to help grow resilient communities through meaningful impact. The Ricegrowers Vietnam team has been doing its part – including a donation to Newborns Vietnam, a charity that is dedicated to reducing neonatal mortality in Southeast Asia. Newborns Vietnam is partnering with Tu Du and Hung Vuong Hospitals to provide specialist equipment for sick babies born to mothers who have contracted COVID-19.

Trukai Industries Limited also supported the Mountain Area Medical Airlift (MAMA) Foundation to procure a Zoll X Series Defibrillator – a compact device that comes with extensive monitoring capabilities making it ideal for inflight and emergency medivacs (pictured left). It’s just one example of the 56 community organisations that Trukai supported during FY2022.


Australian Red Cross volunteer with residents overlooking flooding at the Caboolture River.

Responding to natural disasters in our communities

SunRice responds to natural disasters and events as they occur in our communities by leveraging our existing relationships with strategic partners and by offering cash donations to non-profit organisations that are providing targeted support to the relief efforts. We also work closely with Foodbank to provide the products from our SunRice and Riviana businesses that our charity partners need the most.

SunRice sets asides funds to help support disaster relief efforts in times of need. For example, in FY2022, in response to the Queensland and New South Wales floods, we made a $10,000 donation to the Red Cross to support immediate disaster relief and recovery, and a $10,000 donation to GIVIT, who work with local charities and community groups in affected regions.

Respecting human rights

Our ambition

Equity and equality across our operations and supply chain

For SunRice, respecting human rights reflects our core value of integrity and our focus on always doing the right thing. Our approach goes beyond minimum requirements, as we genuinely seek to understand the risks in our operations and supply chains and apply a partnership approach. In FY2022 we deepened our understanding across the business and hired a dedicated sustainability manager who is focused on human rights and ethical sourcing.

Our actions


Manu Krouri, Graduate – Sales, Riviana Foods.

Our own operations audit program

SunRice is opposed to all forms of forced and compulsory labour, including in our own operations. We manage this through our policies, procedures, training programs and the promotion of our Speak Up policy in the local language to our global sites. Creating a systematic way of verifying this is incredibly important to us, which is why in FY2022 we undertook third-party 4-pillar Sedex Members Ethical Trade Audits at several of our own facilities. We have the goal to undertake audits at all SunRice-owned facilities by the end of FY2024.

Labour hire deep dive

Migrant workers are at a higher risk of experiencing modern slavery, as a result of local language and legal literacy barriers increasing vulnerabilities. In FY2022, SunRice undertook an in-depth due diligence review into our global labour hire partners. In line with our philosophy of partnership for shared learning, we met with our labour providers to understand how they were ensuring that the rights of their employees were protected on our sites and beyond. This included a review of their processes and practices to provide confidence that our labour hire workers are of legal working age, have access to whistleblowing mechanisms, are not required to pay recruitment fees, are safe at work, freely choose to work and are in alignment with the International Labour Organisation's Ethical Trading Intiative Base Code.

Our Supplier Sustainability Program

SunRice's Supplier Sustainability Program manages the risk of modern slavery within our supply chain. In FY2022, our program included developing a process to engage with all new and existing suppliers, depending on the risk that they present. The re-assessment of risk for all of our global suppliers using ELEVATE's EiQ platform ensures that we continue to develop a deeper understanding of our priority suppliers through reviewing their third-party audits and improving our data management system, including expanding our membership of the Supplier Ethical Data Exchange (Sedex) Platform. This process is also focused on reducing the reporting burden for suppliers and to this end, we commenced our Mutual Recognition Program (MRP) to ensure supplier audits align with SunRice's Code of Conduct, while not duplicating audits unnecessarily.

Long term targets

100%
of SunRice owned sites with refreshed social and ethical audits by the end of FY2024

FY2022 highlights

- 2021 Modern Slavery Statement published
- Three-year roadmap developed
- All suppliers risk assessed through newly embedded sustainability processes and focused direct engagement
- Successfully completed SunFoods Sedex Members Ethical Trade Audit ethical audits

FY2023 actions

- Seven SunRice sites with refreshed social and ethical audits
- Development of supplier Mutual Recognition Program making it easier for suppliers to comply with our Supplier Sustainability Program

Food security and quality

Our ambition

Secure, nourishing and quality products

Nourishing, high-quality products are at the core of what we do. SunRice recognises the role that rice plays in food security, especially in times of food stress, and the importance of providing communities everywhere with a consistent supply of quality rice at a price point that they can afford. That is why we sourced rice from a geographically diverse set of 11 countries in FY2022 to ensure that we can always guarantee that supply, regardless of local climatic conditions.

Our actions

Australia's Low GI rice

Doongara rice is a long grain rice variety grown exclusively by SunRice in Australia and has achieved Low GI certification from the Glycemic Index Foundation and has been endorsed by Diabetes Australia. In FY2022, we relaunched our Doongara, focused on the Australian and New Zealand markets. Low GI foods provide sustained energy release which helps people feel fuller for longer, and which may prevent and manage obesity as part of a healthy diet containing a variety of foods. Any food that carries the GI Symbol has undergone laboratory testing and meets strict nutrient criterion, helping make healthy choices easy.

Pure Seed Program, from Australian paddy to plate

SunRice's unique integrated and interconnected supply chain in Australia includes our traceable Pure Seed Program. This is a key component in enabling us to deliver the best quality rice from Australian paddy to plate. The Program tracks the genetic purity of our rice, checking for specific genetic markers that enable us to select pure lines with the same characteristics for guaranteed consistency. It also enables early detection to ensure that no genetic drift caused by cross-pollination or seed float that may cause contamination.

Quality processes and continuous improvement

Not all countries have equally well-developed manufacturing capabilities and supply chains, and SunRice is sharing expertise and best practices across our network in more than a dozen countries. Through our Supplier and Supply Chain Development process we identify gaps and opportunities in manufacturing capabilities with potential vendors and then address them collaboratively. Once a vendor is provisionally approved, the focus expands to validate their ability to meet SunRice's specifications for milling, processing and packaging practices. Work continues on food safety and quality all the way to the consumers' plate.

Long term targets

- Maintain SunRice manufacturing site certification to Global Food Safety Initiative (GSFI) recognised standard
- Continue to invest in efficiency of rice breeding and extension programs to improve on farm productivity (yield/ha), quality and genetic purity
- Leverage our global sourcing expertise to deliver quality product to local communities

FY2022 highlights

- **100%** of SunRice contract suppliers with recognised CODEX Based HACCP certification
- **100%** vitamin enrichment in our white rice provided to PNG and the Solomon Islands
- Re-launched our Low GI rice, exclusively certified by the Glycemic Index Foundation and endorsed by Diabetes Australia

FY2023 actions

- Maintain SunRice manufacturing site certification to GSFI recognised standard
- Continuous improvement in Australian Pure Seed Program

Our Growers

Rice Growers' Promise

In FY2022, the Rice Growers' Promise – a grower developed and led sustainability framework for the Riverina rice industry – was enhanced through a sustainability academy of Riverina rice growers, SunRice, the Ricegrowers' Association of Australia (RGA) and Murray Local Land Services.

The framework's pillars of Innovation, Quality and Community and related priorities have been developed by growers and capture what growers think make a difference to the sustainability of their industry – emphasising strengths, opportunities, and focus points. The framework also helps tell our customers, investors and consumers about our Australian rice growing heritage and the many stories of excellence from the region.

Over the past 12 months, the data from close to a quarter of Riverina rice growers has contributed to baselines for setting tangible sustainability targets under the framework's pillars. From this data collection, the sustainability academy was able to narrow down and set robust, tangible goals. A range of additional projects in efficiency improvements feed into this and will be detailed upon release of the framework in FY2023.

The framework is the gateway between paddock and plate and allows our rice growers to showcase their undertakings on farm and encourages a sustainable rice industry in the Riverina. As the world becomes more discerning in areas of provenance, traceability and sustainability, the Rice Growers' Promise highlights the Riverina rice industry's role in helping to maintain premium markets for high quality Australian rice.

The most exciting component of this framework is the grower input and how moving forward, we will be able to showcase some of our exceptional growers in each of the pillar priorities.

CY21 Riverina Rice Harvest

417,000
paddy tonnes harvested

56%
of crops drill sown

Overall CY21 Riverina yields were 94% of five-year industry averages:

Exceptional whole grain yields of
64%
for all varieties, all regions

Average yield of
9.44
tonnes of paddy rice per hectare (all varieties, all locations)

Top yields of
15.46
tonnes of paddy rice per hectare achieved by our new variety V071

Overall CY21 tonnes achieved per megalitre (ML) were down year-on-year, given unfavourable conditions, including severe cold:[31]

Average
0.73 t/ML
(all varieties, all locations)

Top return of
1.41 t/ML
(drill sown Reiziq crop)

Rolling five-year average
0.83 t/ML
(all varieties, all locations)

31. Current conditions indicate that FY2023's result should trend favorably towards the industry goal.

New research to boost grower returns

Game-changing research was put to the test during the CY22 harvest. Allister Clarke, Charles Sturt University PhD student and SunRice's Research and Development Graduate (pictured left), is working with us and the Food Agility Cooperative Research Centre to develop a model to better manage rice storage and milling. Allister's research uses satellite and climate data, historical rice production, harvest and milling information, along with machine learning algorithms to develop models to predict whole grain yield (WGY). *"Rice needs to be stored, dried and milled before the WGY can be appraised. That means that growers don't know the pay grade of their crop until months after harvest,"* Allister explained. *"Our model can change that by providing information about quality as the rice is delivered from the farm."* FY2022 is the second year Allister's model underwent testing. Once finalised, we hope to use it to predict grain quality and optimise storage and processing, ultimately boosting Riverina grower returns.

Supporting the Australasian Bittern

In FY2022, Matt Herring's Bitterns in Rice PhD was released following research undertaken with SunRice growers. Through government funding that enabled growers to fully flood their paddocks in conjunction with fox removal programs, growers provided habitat for the near-extinct Australasian Bittern. This had a huge positive impact on Bittern numbers, with 13 baby Bitterns recorded. More than 3000ha of our rice growers' land has been included as habitat to date. Through current farming practices like early permanent water, our growers provide the ideal environment for the bittern and the program allows them to highlight the benefits of rice growing across the Riverina.

For more information on the Bitterns and Southern Bell Frogs pilot project see: www.lls.nsw.gov.au/regions/murray/articles,-plans-and-publications/nrm-news-november-2021/new-bitterns-and-bell-frogs-project

Soil health improvements

Maximising rice yields whilst improving soil health is a key priority for the Morona family, long term rice growers north of Deniliquin. Planting vetch, a leguminous, nitrogen-fixing plant prior to growing rice has reduced their reliance on synthetic fertiliser usage, improved overall soil health and has allowed them to continue to achieve high yielding rice crops.

"We'll test our soils and then put lime out if it needs it before planting vetch. Being a legume you need to have your pH right and then that sets you up for rice and other cereal crops that will come after." – Nick Morona (pictured far left, with wife Diane and son Dominic).

Building deeper connections

Two years into the COVID-19 global pandemic and our people have continued to adapt and progress in extraordinary ways.

In FY2022, some managed their workloads remotely while home-schooling children, others were provided with accommodation on site at our Vietnam Mill to maintain their employment while complying with Government restrictions. All have shown exceptional commitment. Our focus for FY2022 has been to build deeper connections with our people, particularly given the challenges of absenteeism and retention faced by many industries, including our own.

Bringing our values and behaviours to life

FY2022 challenged us to live the value of "Dynamic" in meaningful ways for our people. For the first time since its inception, our annual engagement survey 'Say it as you see it', welcomed participants in four different languages – English, Vietnamese, Pidgin and Spanish – to give our people across the globe the opportunity to be heard.

We received 1500 employee responses with some encouraging insights into our workplace culture and community. Approximately 90% of participants said *"they are proud to work for SunRice"* and 88% said *"they know how their work contributes to our goals"* and that *"safety and quality are top priorities".*

The results from 'Say it as you see it' also illuminated the need for us to stay focused on building deeper connections with our people through communication, collaboration and celebrating achievements. This year we created more opportunities for our people to do so through morning teas, virtual events and town halls and to recognize when their colleagues went above and beyond to achieve outstanding results. More than 150 employees were acknowledged in this way during FY2022.

Creating community to combat isolation

Our culture drives everything we do at SunRice, and in times of crisis it keeps us connected, positive and focused. Throughout FY2022 we prioritised our people's health and well-being to support them to perform their best during the uncertainty of lockdowns and isolation. We launched "Staying Connected and Collaborative", a series of weekly events to support employees working from home. This included a 'KidsCo Virtual Lockdown Support Program', with dedicated content for our employees' children. We also collaborated with our global manufacturing sites to ensure comprehensive safety measures were implemented to protect our people, offered additional wellness days and launched a dedicated COVID-19 vaccination program for employees at Trukai Industries, in PNG. **We asked three of our employees what these support measures meant to them in FY2022:**

Dang Hoang Ha, Milling Supervisor, Lap Vo Mill, Vietnam

Ha (pictured) was one of 70 employees who we provided with accommodation and additional support to maintain their employment and ensure business continuity at our Lap Vo Mill in Vietnam, after Government restrictions prevented travel movements. Ha demonstrated exceptional commitment, taking on supervisory roles at both our brown and white mills due to staff absences and received the site's "Excellent Employee Award". Ha said *"it was very difficult, however I knew the Mill needed me and my family was also relying on my income, so I found a way to overcome the challenges, with the company's support."*

Emmanuel Armand, Head of Group Finance, SunRice, Australia

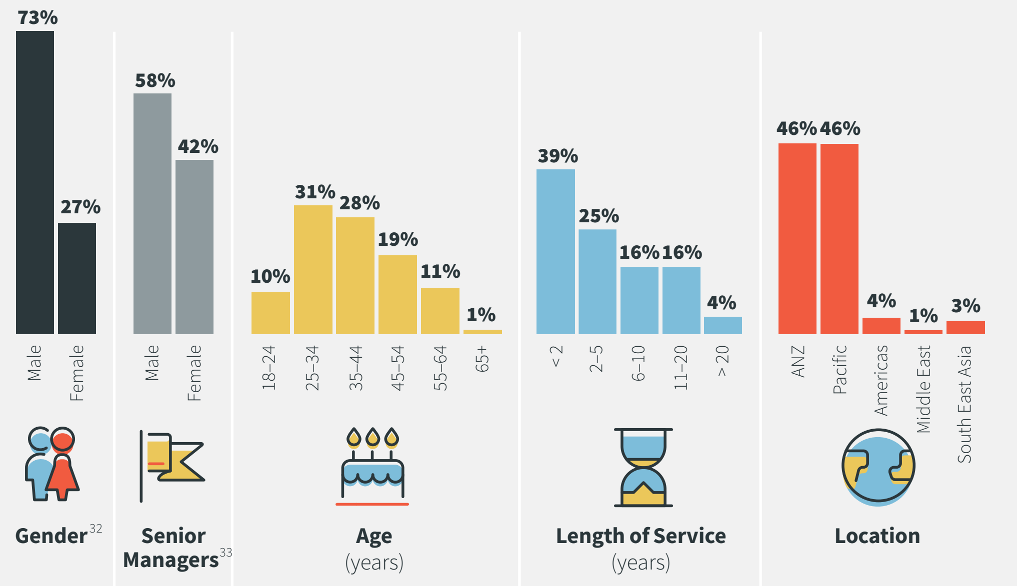
Emmanuel (Manu) and his partner Alena spent more than six months of FY2022 working remotely from a temporary home in Sydney, while home-schooling their son Maxim. Manu said the KidsCo Virtual Lockdown Program was a fantastic initiative to bring some fun and diversity to Maxim's day. For Maxim (pictured with Manu), Tim the Magician was a favourite. Manu said *"based on the level of laughter, the program was highly engaging and entertaining. Did it help me to focus on work? Absolutely not… it was impossible to concentrate with all the screaming, but Maxim's joy was priceless!"*

Martin Galweo, Bus Driver, Trukai Industries, Papua New Guinea

Low COVID-19 vaccination rates in PNG, where our Trukai Industries business operates, had the potential to create further disruption in FY2022. In an effort to mitigate these risks, we adapted our PNG operations to ensure hygiene precautions were respected and incentivised vaccination for employees. Martin (pictured) received his COVID-19 vaccinations as part of the program and said *"I was scared to get the vaccine at first, but my first-born daughter is studying at IBS University and encouraged me to do so, as did Trukai. Now I tell others to get themselves vaccinated. Prevention is better than cure."*

Rebecca Groat

Figure 2 – Our global employee base as at 30 April 2022



Supporting the next generation

In FY2022, SunRice continued its commitment to invest in opportunities for educational pathways for the next generation of leaders in our communities.

Now in its eighth year, the FY2022 Jan Cathcart Scholarship was awarded to Rebecca Groat from Leeton, NSW. Rebecca (pictured above) will be undertaking a Bachelor of Environmental Science, majoring in Climate Science and Sustainability at Charles Sturt University. Rebecca says she is *"passionate about the rice industry and sustainability"* and *"understands the importance of positive outcomes for the environment."*

SunRice is also proud to have supported the Clontarf Foundation's academy at Narrandera High School since 2018. The foundation exists to improve the education, discipline, life skills, self-esteem, and employment prospects of young Aboriginal and Torres Strait Islander men. Our employees played a key role in several super training events in FY2022 by giving students the opportunity to gain insight into employee careers and professional working lives at SunRice.

Refreshed diversity, equity and inclusion program

At SunRice, we're committed to building a nurturing environment where our people can develop and reach their full potential. This year, we refreshed our Diversity, Equity, and Inclusion (DE&I) Program to celebrate what we have achieved since 2014 and to raise awareness around how we can harness our people's unique attributes to help create a workplace in which everyone feels valued and can make a difference towards achieving our strategic objectives.

We recognise that a workplace that offers perspectives from diverse gender, age, ethnicity and cultural backgrounds promotes creativity and innovation that benefits SunRice's shareholders, customers, suppliers and other stakeholders.

32. Please note the manufacturing and operations industry continues to be largely dominated by males, which skews the overall gender balance. There is more parity at a corporate level and we continue to interview gender diverse candidates for all roles.

33. Senior Management includes Senior Executives and their direct and indirect reports, who have responsibility for creation and implementation of long term strategy, autonomy to operate and/or leadership responsibilities.

Keeping our employees safe

The safety and wellbeing of our people and the communities we work in is one of SunRice's highest priorities. Health and safety is embedded in all organisational aspects, from operational practices, training and development, performance reviews and auditing programs, to reward and recognition. Our Health and Safety Policy and underpinning Safety Management System reflect our responsibilities and objectives to support the consistent delivery of safe and healthy workplaces and practices to our stakeholders and customers.

In FY2022, we continued to maintain our AS/NZS 4801 Occupational Health and Safety Management System certification for all Australian businesses, as well as our ISO45001 Occupational Health and Safety Management Systems certification of our international sites in PNG and the U.S. A total of 80% of our global operations have been included within the certification scope of AS/NZS4801 and ISO45001, with planned transition of all remaining sites by the end of FY2024.

Pleasingly, in FY2022, our Group safety performance showed a positive trend, including a 23% reduction in the number of injuries recorded; an improved Lost Time Injury Frequency Rate (LTIFR) of 1.88 (a 55.8% reduction on FY2021); and Total Recordable Injury Frequency Rate (TRIFR) of 11.26 (a 27.3% reduction on FY2021).

Our commitment to managing risk and preventing incident reoccurrence was also reflected in our achievement of a "High Standard" in proactive measures, with an Action Closure Rate of 96.7% and a Hazard Closure Rate of 99.3% in FY2022. A 99.6% completion rate for our Safety Leadership Activities Program contributed to this outcome, as did a 93.2% completion rate for training programs supporting safety ownership and leadership across all sites.

In FY2023, we will continue to engage with our global employees to establish meaningful safety initiatives to enable the realisation of our 'Zero Harm' vision. This will include the implementation of our Global Health and Safety Strategy, which focuses on impacts across people, culture, systems and processes and will be governed by established objectives and measures in leadership engagement, risk management, worker health and injury management and compliance to our obligations.

Our Approach to Risk

The understanding and management of risks that have the potential for interfering with or delaying the achievement of SunRice's objectives forms a critical part in the definition and execution of SunRice's Growth Strategy.

1. Risk management oversight

SunRice's Board, supported in its oversight by the Finance, Risk and Audit Committee and the Safety, Health and Sustainability Committee, has overall responsibility for ensuring the implementation of the Group's risk management framework and that management operate in compliance with the risk appetite statement.

The Board delegates to the CEO and Corporate Management Team the responsibility for designing and implementing the internal controls and other systems and processes necessary to manage risks and for the continuous promotion of a risk management culture throughout the Group.

See SunRice's Corporate Governance Statement for further detail: www.sunrice.com.au/corporate-governance.

2. Risk appetite

SunRice's risk tolerance, as defined and reaffirmed periodically by the Board, fluctuates depending on the nature of the risk. The Group seeks to minimise its exposure to risks affecting employee and consumer safety, that could result in a breach of compliance obligations and, more broadly, to any initiative that would significantly affect the Group's reputation and brand equity.

Conversely, SunRice accepts an increased degree of financial and commercial risk in the pursuit of our ambitions and strategic goals to deliver long-term value to our current and future A and B Class shareholders through attractive paddy prices and growth in B Class Share price and dividend distribution.

SunRice's management team reports on a quarterly basis to the Finance, Risk and Audit Committee on the Group's compliance with our defined risk appetite and across more than 15 metrics covering strategic, global, reputational, financial, operational and compliance risks.

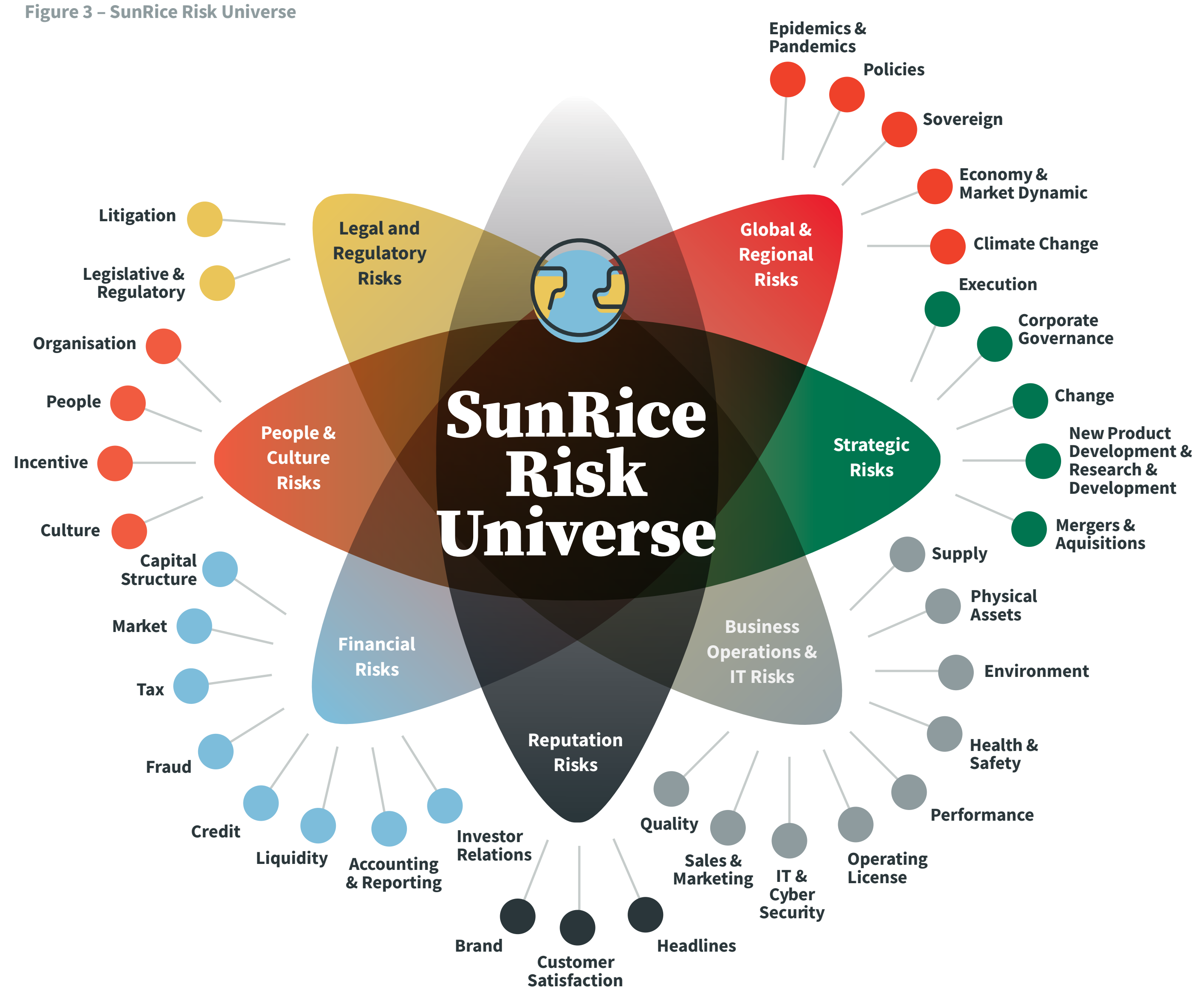
3. SunRice's approach to identifying risks

SunRice has an established approach to enable the business to identify and assess its risks and the effectiveness of mitigating controls in place. As a first line of defence, each business unit and function is empowered to identify, manage and report risks. They are supported by the Group risk function as the second line of defence, with responsibility for establishing the framework, processes, templates, and tools to assess, monitor and report risks in a consistent manner.

On an annual basis and prior to the budget being approved by the Board, a detailed review of SunRice's risk landscape is undertaken to understand the nature of the risks most susceptible to shape the immediate and longer-term environment of the Group. COVID-19 related disruptions are still expected to be at the forefront of FY2023 challenges given the pandemic's unpredictable nature, while the economic slowdown of China, shift in monetary policies around the world and geopolitical instability in Europe and the Middle East may also impact SunRice's financial performance. The conflict in Ukraine also has significant and global economic consequences, from which SunRice is not immune. Energy, fertilisers, and commodity prices have soared and the prospect of crop shortages from the Black Sea region are compounding with drought situations in other key agricultural regions around the world, increasing input costs for the SunRice business. In this context, the diversification of SunRice's supply chain, the return of Riverina rice in larger quantities and the long-term contractual relationships built over the years offering additional access to rice, present opportunities for the Group.

Risks are, by definition, fluid and dynamic and may eventuate differently than expected. For this reason, we note the list of key risks set out below is not exhaustive:

Figure 3 – SunRice Risk Universe



Key risks

Climate change

Physical and transition risks related to climate change, and most notably water availability, rising temperature, reduction of arable lands, severe weather events and government responses to such changes have and will continue to impact SunRice's landscape and influence stakeholders' expectations.

Mitigating actions

The broad nature of this risk is notably addressed through:

- Geographical diversification of supply sources backed by multi-year investment to build:
    - Strong capabilities of our global trading arm to identify and source rice meeting SunRice's quality expectations from multiple origins and supply markets.
    - Robust understanding, supported by regular sensory analysis of the varieties best suited to consumer preferences in each market. This allows for effective substitution of sourcing to manage the impact of climate variability and weather unpredictability in a particular sourcing region.
- A better understanding, as a result of undertaking climate scenarios, of the full range of risks and opportunities reinforcing our resilience and relevance.
- Incorporating climate considerations into our material investment decisions (notably in relation to sourcing strategies and contract negotiation, large investment, and acquisitions).
- Investment in research and development to breed varieties capable of developing climate resilience and notably cold tolerance and, in conjunction with advanced farming techniques, greater water productivity.
- Progress towards our commitment to reduce greenhouse gas emissions, improve the use of recycled and environmental-friendly packaging and to reduce waste.

Supply levels of rice from the Riverina, water availability, water affordability and competing crops

The supply levels of Australian grown rice to fully utilise our asset footprint in the Riverina and service customers is materially influenced by water policies and their application, erratic weather patterns reducing natural availability in dams and the irrigation network, water affordability for growers and the financial attractiveness of competing crops.

A single year of small Riverina crop may result in a loss-making position for the Australian Rice Pool Business that is required to be absorbed by the Profit Businesses and higher production cost for the Rice Food and CopRice segments. Multiple consecutive years of small Riverina crops may also include the recognition of material non-recurring charges, such as restructuring and asset impairments, and could durably affect the Group's business model and strategy.

This risk is managed through various streams of work including:

- Commitment to support the rice industry in the Riverina by continuously providing our growers with attractive prices for rice against other competitive crops.
- In years where water availability is particularly limited, offering fixed price contracts commensurate with the price of water.
- Carry-over stock management to maintain our workforce and manufacturing footprint in their optimum utilisation configuration.
- Continuous engagement with state and federal government authorities to improve general security water allocation for agriculture in the Riverina and contribute to building a level of self-sufficiency for rice in Australia.
- Investment in research and development to breed varieties offering improved water productivity and yield translating into farmgate profitability for growers.
- Actions to repurpose or diversify the use of our asset base in the Riverina to reduce dependence on annual crop size.

Key risks

COVID-19 impacts on our supply chain and operations

Supply chain disruptions, particularly when they are global, pervasive and long-lasting like the ones induced by COVID-19, may adversely impact SunRice's financial performance by limiting the free circulation of people and goods and increasing the cost of doing business. This could notably take the form of employee absenteeism, higher freight costs, requirement to source inputs at higher prices and unexpected delays resulting in out-of-stock situations and missed sale opportunities.

Mitigating actions

To date, SunRice has been able to mitigate the risks presented by COVID-19 by:

- Implementing safety measures to protect employees, customers, and other partners.
- Promotion of support services, educational sessions and leader check-ins to encourage employee wellbeing, particularly during periods of extended lockdowns.
- A diversified and strong contractual relationship with shipping companies combined with a nimble approach with smaller freight forwarders to somewhat contain the impact of global shipping disruptions.
- The existence of a diverse portfolio of businesses and increasing geographical presence to reduce a single point of sensitivities.
- Partnering with customers to pass on price increases on input costs.
- An agile sourcing strategy to minimise supply costs and preserve margins.
- Optimisation of our manufacturing program.
- Liquidity headroom allowing the Group to withstand unexpected shocks.

Quality and food safety

As a food business, SunRice is inherently exposed to the risk of product contamination or manufacturing to inferior specification, reducing the quality promises carried by the SunRice brands and possibly causing harm to our end-consumers.

The integrity and quality of our products is supported by robust processes and systems including:

- Food safety and quality management systems based on risk assessment, including monitoring testing and inspection plans at each key stage of manufacture in line with our food defence protocol.
- External certifications based on Codex Alimentarius HACCP principles.
- Food safety and quality assessment of our suppliers.
- Contract management and supplier management processes to maintain product within contractual specifications.
- Business continuity plans periodically reviewed and tested in the event of any product withdrawal or recall.
- Management and monitoring of customer and consumer feedbacks and complaints.
- In-house technical capabilities in chemical, physical and microbiological analysis in addition to an established network of accredited specialist laboratories.
- Strategic relationships with a range of third-party inspection and testing providers regionally and globally.

Key risks	Mitigating actions
Reliance on key suppliers The ability to engage in durable and strategic relationships with key suppliers is essential to maintain continuity of supply in our markets. The reduction in supply or loss of our key suppliers may disrupt SunRice operations and result in increased costs and loss of profit and market share to competition. This risk is more prominent when SunRice does not have access to Australian rice and is required to compete with other players internationally to secure high quality rice.	This risk is mitigated by constant interactions with our key suppliers and more specifically through: • SunRice's supplier relationship management process. • Ongoing review of service level agreements and other contractual obligations. • Establishing long-term contracts and strong partnering relationships to deliver mutual benefits. • Consideration and assessment of alternative suppliers to diversify risks. • Rigorous due diligence to mitigate risks of continuity of supply, ethical business practices and protection of intellectual property. • Long and short positions mitigated through the ability to substitute varieties and origins within our supply chain to continue to meet consumers' preferences. • Supplier assurance program in place to gain comfort on ethical business and employment practices adopted by our suppliers.
Geopolitical instability and / or deterioration of general economic conditions in key markets Geopolitical instability and general economic conditions can directly or indirectly affect the global markets SunRice sources from or sells to. Without being an exhaustive list, those risks could manifest into increased commodity, input and supply chain costs, foreign exchange fluctuations, decrease in consumers' purchasing power, change in global stockpiles, introduction of tariffs, export bans and other trade barriers, and an increased intensity of competition the Group is facing. This may result in loss of market, revenue, margins or even loss of opportunities impacting growth.	SunRice is continuously managing this risk to preserve margins and deliver on our Growth Strategy through: • Investment to maintain and grow brand equity to differentiate from competition. • Premiumisation of particular products to discerning consumers and development of brand tiering strategies. • Investment in new product developments to remain current in our markets and meet evolving consumer expectations and preferences. • Monitoring of market conditions, competition activity, key drivers and continuous intelligence gathering to allow SunRice to take positions in market at the best possible outcome. • Investment in Intellectual Property, Brands and Trademark defence and protection. • Risk mitigation strategies to identify and secure volumes of rice at fixed prices. • Geographical diversification of our supplier portfolio.
Dual class share structure, limited voting rights and B Class Shareholding Limit The SunRice Group's dual class share structure, the limited voting rights attached to B Class Shares, and the B Class Shareholding Limit of 10% distinguish us from other ASX listed companies. As A Class shareholders must be growers who meet the production quotas prescribed by the SunRice Constitution, a depletion in the number of growers would have the consequence of a concentration of control between a smaller number of A Class shareholders. Changes to the A Class Share criteria introduced at the 2021 AGM were implemented to help mitigate this risk. These non-standard elements may make B Class Shares less attractive as an investment compared to an investment in shares in a typical ASX listed entity. As a result, B Class Shares may trade at a lower price than if these elements did not exist and or limit the ability of the Group to raise capital in the future.	While SunRice has an unusual capital structure, the risk of not being able to raise capital is, to an extent, shared with any other listed company. We manage this risk by: • Maintaining a sound and healthy balance sheet. • Sound Capital Management framework to reward shareholders and ensure sufficient financing facilities are available to pursue accretive merger and acquisition activities, even if they were to be funded largely or exclusively by debt. • Maintaining the delivery of our market guidance and other disclosures. • Proven ability to successfully manage the interests of both A and B Class shareholders, including during times of adversity. • Ensuring we have appropriate mechanisms in our Constitution which enable the Board to exercise discretion in issuing and redeeming A Class Shares, and to review the criteria attached to A Class Shares from time to time.

Key risks	Mitigating actions
Adaptability and resilience to Information Technology changes Advances in information technology, the increase of sophisticated cyber threats and changes to working practices, due in part to COVID-19 restrictions, have seen remote working become normalised in recent times. SunRice acknowledges this could expose the Group to various vulnerabilities, including cyber threat, data leakage, service interruption and other disruptions to the business resulting in reputational damages and actual or opportunity losses.	To mitigate such risks, the Group constantly invests to: • Build resilient information technology architecture. • Work with reputable partners to develop solutions, host infrastructure / software and to ensure our applications and servers are up to date. • Regularly train employees at all levels of the organisation in relation to data privacy rules and cyber-threats. • Frequently test systems' resilience. • Regularly develop and update Disaster Recovery and Business Continuity Plans. • Implement the Australian Cyber Security Centre recommendations to reach defined maturity levels of resilience.
Inability to deliver on strategic objectives or with undue delays Several internal and external risks could derail the execution of our strategy, resulting in a delay or even a downward revision of our ambitions.	SunRice monitors and reports on its progress against strategy to the Board on a regular basis. In addition, we mitigate this risk via: • The organisation of business and team structures to focus on the delivery of strategic objectives. • Establishment of steering committees to oversee performance and provide guidance on execution. • Continuous investment in business intelligence and market insights to validate and adjust strategic orientations. • Incentive schemes incorporating value creation and strategic growth delivery targets.
Difficulties in attracting and retaining talent High turnover, loss of knowledge, lack of critical and specialised skills, and cultural erosion brought by remote working and employee wellbeing in a COVID-19 world are all factors that pose a risk to the delivery of SunRice objectives and their timelines.	We mitigate this risk across the Group by: • Investing in cultural cohesion as the basis for maintaining talent. • Creating a pipeline of opportunities and succession planning to develop future leaders. • Enhancing our attractive and motivating employee value proposition of "Make a Difference" to enable our leaders to build deeper connections. • Working with the People and Remuneration Committee to ensure SunRice has an effective retention strategy and appropriate employee incentive plans.

SunRice Project and Cost Accountant, **Nancy Zhao** and Senior SAP Business Analyst, **Chong Sim**.

Adapting and Responding to Climate Change

SunRice transforms natural resources into nourishing and delicious food products globally. Our success depends upon the sustainability of our environment and our ability to respond and adapt to a changing climate as it impacts that environment. The SunRice strategy and risk management approach has reflected this over many years, leading to our development of a diversified rice supply chain and a strong agricultural research and development agenda.

But as the frequency and severity of extreme weather events increase, it is even more important that our strategy, governance, and risk management practices remain responsive to these changes and for the potential impacts on SunRice to be transparently communicated.

We are committed to action and to playing our part in achieving the goal of the Paris Agreement – limiting global warming to well below 2°C and targeting 1.5°C.[34] Irrespective of our ambition and commitment, we nonetheless must prepare for and proactively manage risks and opportunities arising from an alternative scenario where this goal is not achieved.

It is in this context that SunRice voluntarily committed to progress towards adopting all of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In FY2022, we completed a formal scenario analysis to further embed this approach in the Group's strategy and reporting. This work is aligned with our commitment to achieve net zero by 2050 at the latest and is supported by our commitment to set near-term company-wide emission reduction targets with the Science Based Targets Initiative (SBTi) in line with climate science.

Our approach to scenario analysis

Climate scenario analysis can be a powerful tool to allow organisations to articulate potential risks and opportunities as a result of a changing climate. Per the TCFD, scenarios are hypothetical constructs that provide a way for organisations to consider how the future might look if certain trends continue or certain conditions are met.[35]

SunRice undertook a climate scenario analysis exercise to develop three distinct scenarios: The Green Road (below 2°C), The Wake-up Call (2–3°C) and Climate Inaction (above 4°C). Each climate scenario describes a plausible set of environmental, government policy, economic, and socioeconomic changes associated with a defined temperature outcome.

The approach involved broad consultation with SunRice Directors, senior members of our leadership team, and subject matter experts in logistics, consumer insights, agronomics, nutrition, research and development, packaging, finance, legal, procurement, engineering, sales and marketing, sustainability, operations and risk. Employees across all business units and global operations of the SunRice Group were involved.

The process considered the impact of these scenarios on the current SunRice business model and our Growth Strategy and identified the most material risks and opportunities that may occur under each of the three climate scenarios. The range of strategic responses to these risks and opportunities was also considered, some of which are already in place or being actively pursued.

33. Above pre-industrial levels by the end of the century.
35. Recommendations | Task Force on Climate-related Financial Disclosures (fsb-tcfd.org).

Climate scenarios

The climate scenarios prepared are based on the sixth assessment report from the Intergovernmental Panel on Climate Change (IPCC) released in August 2021. They incorporate both the Representative Concentration Pathways (RCP) and Shared Socioeconomic Pathways (SSP) global models that have been translated into SunRice's specific scenarios and enhanced with additional research that is relevant to the SunRice business and geographical operations.

While SunRice's scenario analysis process described three plausible scenarios, the research utilised to support these scenarios is not static, and the likelihood of any one scenario eventuating is considered to be equal to another scenario. SunRice will continue to review and monitor the evolution of our environment and leverage available science information to update scenarios in the future.

A summary of each scenario is provided below.

<2°C The Green Road (below 2°C)

The world quickly shifts to decarbonisation, limiting fossil fuel consumption and implementing coordinated climate policy to curb emissions. This scenario sees high levels of private and public investment into technology supporting decarbonisation and a strong societal change demanding a different approach to production and consumption.

By 2030:

- Global carbon price upwards of \$130/t CO2-e
- Immediate acceleration of investment and deployment of decarbonisation technologies
- Society increasingly conscious of environmental impacts, increasing plant-based consumption

By 2050:

- Cost of logistics, which rose significantly to 2040, begin to decline as transport systems switch to non-fossil fuel alternatives
- Packaging taxes for non-circular products
- Land-use focuses on high-calorie production and carbon sequestration
- Heatwaves and severe rainfall events significantly more frequent and intense, slight increase in time spent in extreme drought in the Riverina
- Climate migration in low-latitude countries

2–3°C The Wake-up Call (2–3°C)

Current policy settings remain in place in the near term with a significant change in global approach from 2030 onwards. This shift sees rapid implementation of climate policy, with a very high carbon price implemented globally, and those industries that cannot decarbonise being stranded. Physical impacts cause moderate economic damage globally.

By 2030:

- Disaggregated climate policy exists globally, with leaders and laggards forming. Border adjustment carbon pricing is applied in leading markets
- Fossil fuel consumption decreases slowly but steadily, impacting farming and transport practices
- Physical climate change impacts begin to affect the global economy, initially in the low latitudes
- Significant and rapid decisions taken to implement climate action as 2030 approaches

By 2050:

- Global carbon price in excess of \$200/t CO2-e
- Industries that are unable to decarbonise become stranded, investment in technology is focussed on absolute necessity sectors, including agriculture
- Extreme heat days increase by 50%, highest daily maximums reach >5°C above pre-industrial levels. Moderate increase in time spent in extreme drought in the Riverina, increasing variability in rice yields
- Climate migration in low-latitude countries

>4°C Climate Inaction (above 4°C)

Global climate policy settings remain stable or regress, leading to a world in which global warming reaches upwards of 4°C by the end of the century. Fossil fuel use continues at current rates into the 2040s, and economic decline in the 2050s impacts all aspects of the global economy.

By 2030:

- No additional climate policies introduced, some markets regress their climate stance
- Widespread droughts occur twice as often
- 1 in 50 year heatwaves are 9 times more frequent and 2°C more intense, increasing risks to personal safety

By 2050:

- Global mean temperatures increase 3°C, time spent in extreme drought in the Riverina increases by 10%
- Agricultural yield varies significantly year-on-year and nationalistic policies are implemented to protect national interests
- 1 in 50 year heatwave events are 26 times more frequent with temperatures 4°C higher than pre-industrial averages
- Global supply chains are significantly disrupted by economic crises and physical impacts
- Sea levels rise, creating impacts for low-lying agricultural regions
- Climate migration in low-latitude countries

Climate-related themes

Our process identified specific risks and opportunities with two key themes, which are outlined below. It also generated a high degree of internal engagement and learning opportunities, increasing the general level of awareness and understanding of climate change and its related impacts on current and future strategic and operational issues.

A. Increasing complexity in global supply chain demands a continued and renewed focus

A changing climate under all scenarios will increase the importance of effective management of sourcing and logistics through a flexible supply chain. This is due to two key supply chain risks: the risk of identifying a reliable source of quality products which can be procured to meet consumer demand, and the risk of the increasing complexity of transporting such products to relevant global markets without significantly increasing the cost of goods.

Under The Green Road and The Wake-up Call scenarios, the implementation of a global price on carbon presents cost challenges to supply chains which are fossil fuel-driven, and leads to increased production costs for suppliers of key SunRice products and inputs. Further, the physical impacts experienced under all scenarios continue to disrupt supply chains as severe weather events damage infrastructure and cause delays to shipments of products.

Under the Wake-up Call and Climate Inaction scenarios, entire regions become unsuitable for rice growing (deltas and low-lying arable lands). Our existing strategy of early identification of suitable growing regions for short and medium grain rice becomes more important.

An increasingly erratic climate also influences consumer preferences in certain markets. A shift to support decarbonisation leads to increased prevalence of plant-based meals, therefore impacting consumption behaviours and expectations from corporations in general and SunRice in particular. This presents opportunities for our Global Rice business with an increased role for rice to play in the overall human nutrition profile.

Strategies and mitigation:
Insights from the climate scenarios will form part of the suite of information and data used such as business intelligence and other macro-economic analysis to inform the Group's strategy and to enhance our diversification approach and our local presence in geographically distant sourcing regions. Insights from disruptions brought by COVID-19 have also been integrated into our climate risk mitigation and global sourcing strategy. In addition, we will continue to expand our view of consumer insights to understand specific opportunities created by changing consumer climate-related preferences and intend to optimise our supply chain to reduce emissions in accordance with our commitments.

B. Climate-related challenges to rice production volumes globally demands continued and targeted focus on research and development

Physical impacts on agricultural systems will affect the ability for our growers and suppliers to produce high quality products in the regions we currently rely on. Access to water, increased severity of damaging weather events, and more frequent and intense droughts will weigh on production expectations.

Supporting growers through the development of more resilient crops will be increasingly important as chronic climate change accelerates under the Wake-up Call and Climate Inaction scenarios. While SunRice already supports research and development of resilient and more efficient crops, continuing to identify future risks to growers and developing solutions to these risks will remain a priority to source rice and supply our markets with high quality products.

As we enter into new growing regions, the ability to provide resilient crops and resilient farming techniques can ensure we mitigate the worst impacts of climate change on our supply sources.

Additionally, in the Green Road scenario, management and reduction of emissions related to agricultural production will become increasingly important.

The emergence of a price on emissions (between $130/t and $200/t for carbon depending on the scenario) from agricultural production, will pose a challenge to our growers and our operations.

SunRice has a key role to play in supporting a reduction in emissions from rice production and to partner with growers in a transition to lower emission practices, limiting their potential production cost increases and the impact of rice production on global emissions. The Australian rice industry's focus on specific practices which can have the impact of reducing emissions provides a natural advantage and leverage for SunRice which, once appropriately documented, can be leveraged in other markets.

Strategies and mitigation:
SunRice is well placed to respond to this opportunity by continuing to develop its research and development programs that focus on improving rice varieties and agronomic practices that reduce emissions and water use. While SunRice currently uses selective breeding techniques as part of the Pure Seed Program, the changing climate conditions and the need to feed an increasing population may challenge this approach in the future. The inclusion of a program which explores genetically modified rice may become necessary or inevitable.

The nutritional expertise of our CopRice business has been leveraged to develop formulations and additives in stockfeed that contribute to reduce emissions. This work will continue to gain momentum to support downstream customers in their emission reduction objectives.

Summary of risks and opportunities[36]

Through multiple workshops, SunRice has identified and assessed six climate-related risks, three climate-related opportunities and two that are both a risk and an opportunity for the Group:

<2°C Below 2°C Scenario
2–3°C 2°C–3°C Scenario
>4°C Above 4°C Scenario

Risk

Reduction in average volume of Riverina rice harvested and/or large variability in crop size year-on-year
Physical: Chronic
<2°C 2–3°C >4°C

Shipping and supply chain disruption
Physical: Acute
Transition: Policy
<2°C 2–3°C >4°C

Impact of severe weather events on assets
Physical: Acute
2–3°C >4°C

Geopolitical risk
Physical: Chronic
Transition: Policy
<2°C 2–3°C >4°C

Reduction in rural labour market and agricultural workforce wellbeing
Physical: Acute
2–3°C >4°C

Perceived inaction to understand and manage climate risks
Transition:
Legal and Reputation
<2°C 2–3°C >4°C

Opportunity

Research and development towards climate crop resilience
Physical: Chronic
Transition: Policy
<2°C 2–3°C >4°C

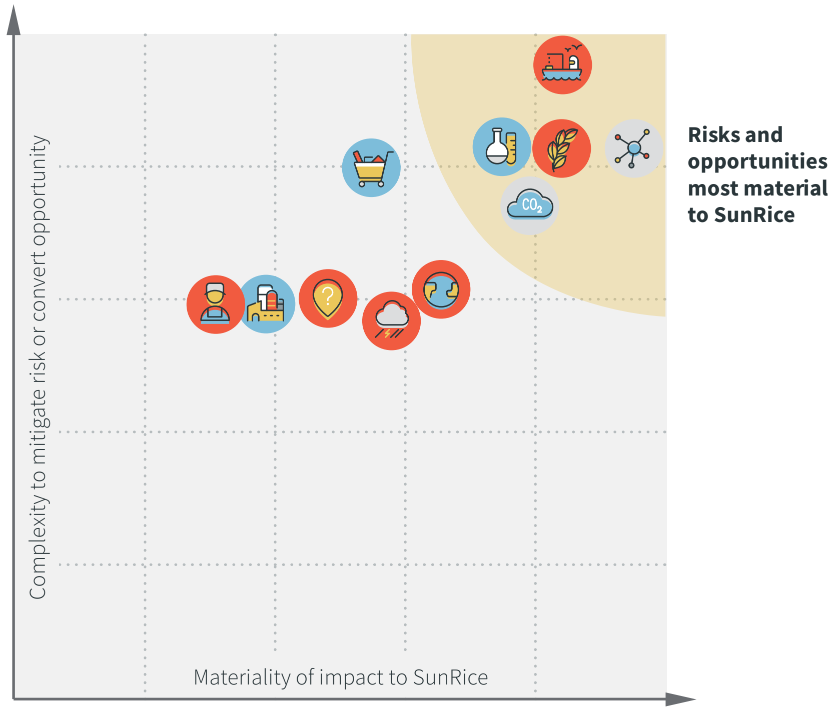
Change in consumer preference and demand for environmentally friendly products
Transition:
Market and reputation
<2°C 2–3°C

Operational and technological advancement improving the effectiveness and carbon footprint of our manufacturing process
Transition:
Technology and Policy
<2°C 2–3°C

Both

Redefinition of our global sourcing network
Physical: Chronic
2–3°C >4°C

Implementation of a carbon price on agricultural production
Transition: Policy
<2°C 2–3°C



36. **Physical risks:** Risk of direct damage to assets and property due to changing climate condition, more frequent and intense weather events. Includes acute (event driven) risks and chronic (longer-term) risks. **Transition risks:** Risk of disruption from adjustment to low-carbon economy due to policy, technology, social changes. Includes market (varied and complex) risks and reputational risks. For further detail see Recommendations of the Task Force on Climate-related Financial Disclosures.

Corporate Governance Overview

The SunRice Board is committed to ensuring the Group's corporate governance frameworks, policies and practices are of the highest standard. This commitment is delivered through continuous improvement and ensuring the Board has a sound understanding of current governance requirements and practices, as well as keeping abreast of emerging trends and changing stakeholder expectations.

This section outlines selected components of SunRice's corporate governance framework, highlighting the key governance matters and areas of focus in FY2022.

Throughout the period, SunRice's corporate governance approach was consistent with the ASX Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (ASX Recommendations). Consistent with prior years, the Board does not consider that all of the ASX Recommendations are appropriate for the company given the related provisions in our Constitution regarding Board composition and shareholding requirements. However, where SunRice has not followed an ASX Recommendation, this has been identified in the Corporate Governance Statement, together with the reasons why it has not been followed. Copies of the Corporate Governance Statement, key policies and practices and the charters for the Board and its current Board Committees are located at www.sunrice.com.au/corporate-governance.

Board composition, skills and areas of focus

The Board regularly reviews its performance. One of the strongest recommendations of the Board review held in 2019 was to reduce the number of Board Directors, from eleven to nine. This reduction would ultimately result in the Board being comprised of five Grower Directors, three Non-Grower (Independent) Directors, and one executive Director (the Chief Executive Officer). The Board considered that the reduction would be best implemented through a staged approach, commencing with a special resolution being passed at the 2020 Annual General Meeting (AGM) to amend the Constitution to facilitate a reduction in the number of Board positions by one. To move to this composition, two (rather than three) Rice Marketing Board of NSW (RMB) Directors were appointed to the SunRice Board at the General Meeting in June 2022. To effect the further reduction in Board size from ten Directors to nine Directors, a further change to the Constitution was approved by A Class shareholders at the 2021 AGM. This means that the number of SunRice Grower Directors will reduce by one (from four to three) when the SunRice Grower Director elections next take place in 2023.

During FY2022 the following changes were made to Board Committees:

- The Safety, Health and Environment Committee was renamed the Safety, Health and Sustainability Committee to reflect its role in reviewing and monitoring SunRice's sustainability strategy;
- Dr Andrew Crane was appointed as the Chair of the Safety, Health and Sustainability Committee;
- John Bradford was appointed to the Finance, Risk and Audit Committee and ceased to be Chair of the Grower Services Committee;
- Ian Mason ceased to be a member of the Finance, Risk and Audit Committee; and
- Julian Zanatta was appointed as Chair of the Grower Services Committee.

The Board Skills Matrix (Table 1) summarises the Directors' current skills and experience. The Board considers that its current members have an appropriate mix of skills and experience in order to discharge its responsibilities and to deliver on SunRice's strategic imperatives. The Board and the Nomination Committee actively work together in assessing the ongoing succession planning and renewal program for the Board. During FY2022, the Board engaged a consultant to conduct a Board Skills and Composition Planning Review, to assist in assessing the current skills and experience of the current Directors, to drive succession planning and to assist in determining the ongoing development needs of the current Board.

In assessing the Board's requirements for new directors, consideration is given to the skills, experience and background of existing Board members, the Group's strategy and any identified new skills required to supplement the Board's capabilities. The Nomination Committee also works with external advisors in assessing potential new directors and their skills.

The key areas of focus for the Board during FY2022, in addition to standing agenda items, are set out in Table 2. The focus areas for the Board Committees, in addition to standing agenda items, are set out in Table 3, and Director attendance is set out in Table 4.

Board qualifications

The Board comprises qualifications gained in one or more of the core operating segments of SunRice.

- 2 Agricultural Science
- 2 Engineering
- 2 Commerce/Economics

Industry experience

The Board views the following skills and experience as adding strength to the Board.

- 4 Sector Experience
- 1 Consumer & Marketing
- 2 Research & Development
- 5 Commercial Leadership

Directors' average tenure

The Board considers it has an appropriate mix of new, mid and longer tenured Directors. The average term of the Board is six years.

4	4	0	2
1–3 years	4–6 years	7–9 years	10+ years

Gender diversity

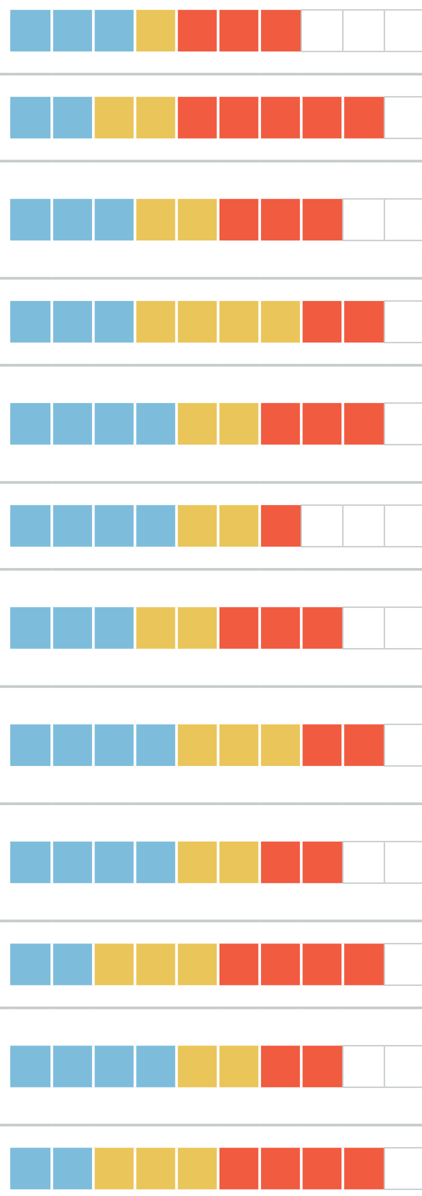
While SunRice has not set a formal target for female representation on the Board, a range of initiatives have been put in place to improve gender balance, including identifying and developing female candidates from within the Riverina rice industry.

10%[37]	90%
Female	Male

Table 1 – Board Skills Matrix

Skills	Experience and knowledge
Corporate Leadership	Senior executive leadership and operations skills and experience in large, complex, and distributed corporate and/or ASX-listed companies.
Commercial Leadership	Commercial skills and acumen, entrepreneurship, and agile experience leading businesses in dynamic environments.
Strategic Planning	Experience in corporate strategic planning and development to create long term shareholder value, including deriving value from mergers, acquisitions, and partnerships.
Research and Development	Experience in commissioning and managing research and development for commercial and competitive purposes.
Corporate Finance	Proficiency in finance and accounting for ASX-listed companies, financial acumen and literacy, mergers and acquisitions and capital raising expertise, knowledge of financial governance systems and monitoring.
Consumer and Marketing	Knowledge of and experience in consumer marketing, product and brand development and segmentation, and data analysis.
People and Culture	Experience in C-suite performance management and remuneration, organisational development, human capital and work health and safety management, and industrial relations.
Risk and Compliance	Experience in balancing commercial imperatives and risk, knowledge of risk management and compliance systems for ASX-listed and regulated companies.
Technology and Digital	Knowledge of technology and digital systems, experience in developing IT strategy, managing digital transformation and system delivery, IT governance, regulatory requirements, and risk.
Stakeholder Management	Experience in stakeholder management, engagement, and advocacy with relevant stakeholders.
Corporate Governance	Chair and Director experience, ASX-listed board and regulatory experience, knowledge of contemporary governance standards and practices, including environmental, social and governance (ESG) factors and investment governance.
Sector Experience	Contemporary FMCG, rice, agribusiness, and related international markets experience across the food industry value chain.

Board strength



Developing   Practiced   Proficient

37. Ms Gillian Kirkup retired in December 2021 and is not included in this 10%.

Table 2 – Board key focus areas for FY2022

Committee	Focus areas
Board	• Successful completion of the comprehensive review of the A Class Share structure, and implementation of changes to the criteria and rights attached to A Class Shares; • Realignment of the role and responsibility of the Board's Committees, including widening the remit of the Safety, Health and Sustainability Committee (formerly the Safety, Health and Environment Committee) to formally include sustainability, and formalising the role and governance of the Independent Committee (formerly the A Class Share Committee) including adoption of a Charter; • Monitoring Group performance in a challenging operating environment, including financial performance, health and safety performance and progression of the SunRice Growth Strategy; • Assessment and pursuit of strategic growth opportunities for SunRice, including leveraging SunRice's strong balance sheet to acquire Prydes, and oversight of the strategy for integration of this new business into CopRice; • Completion of all key items of the recommendations of the 2021 external Board evaluation; • Overseeing executive succession planning, ensuring executive talent for delivery of the SunRice Growth Strategy and beyond; • Overseeing SunRice's response to the ongoing challenges and volatility arising from COVID-19, including monitoring the impact of COVID-19 on SunRice's changing risk profile, considering the impact of COVID-19 on SunRice's financial performance and overseeing SunRice's response relating to employees and operations; • Considering the risk management framework, including the Risk Appetite Statement, to strengthen SunRice's ability to respond to challenges such as COVID-19, a changing geopolitical landscape, climate change and supply chain disruption; • Adoption of SunRice's Modern Slavery Statement, developing Group-wide Sustainability targets to lead in environmental, social and ethical business performance, and monitoring performance against the SunRice sustainability framework (see www.sunrice.com.au/sustainability-reports), including actions of management and systems that deliver on the SunRice Sustainability Charter; • Monitoring the actions Management take to embed behavioural standards, and reporting of cultural metrics to enhance the Board's ongoing visibility of company culture, and enhancing and promoting the SunRice Whistleblower Policy; • Increased water advocacy with NSW and Federal Governments and other stakeholders on behalf of growers and the Riverina rice industry to increase availability of water for rice production; • Engagement with Growers, the NSW Government and other stakeholders in regards to the review of the NSW rice vesting arrangements which were renewed in April 2022; and • Oversight of the restructure of Riverina rice industry research and development.
Finance Risk and Audit Committee	• Overseeing the financial reporting process, and in particular SunRice's half-year and full financial year reports, to ensure their integrity and the appropriateness of accounting policies and principles applied and information disclosed; • Overseeing the adoption of the Board of Taxation's Tax Transparency Code, which was reported against in FY2022 (for the year ended 30 April 2021) for the first time; • Overseeing the new Capital Management Framework; • Overseeing the successful refinancing process in FY2022 to update and secure banking facilities and covenants on favourable terms; • Overseeing delivery of the external audit, including consideration of the observations and recommendations of the external auditor; • Reviewing the effectiveness of SunRice's governance and risk management systems to identify assess and mitigate existing or emerging risks (including cyber-security, global supply chain disruptions, COVID-19, climate and foreign exchange rates); • Overseeing climate-related risks and opportunities and working with Management on progressing the adoption of the TCFD recommendations, including oversight of the roadmap developed by Management; • Overseeing the Internal Audit function, which was outsourced during FY2022, including the assessment of the independence, performance and effectiveness of internal auditing practices; • Monitoring issues, incidents and risk identified in the Internal Audit Reports, including post-incident reviews and action plans, and ensuring clear accountability to close out material issues; • Monitoring reporting of material incidents under the Speak Up policy; • Review of insurance arrangements and recommendation of the new insurance program; and • Reviewing new and amended key SunRice policies and recommending them for adoption by the Board.
People and Remuneration	• Overseeing efforts undertaken to maintain and build culture during COVID-19, including continued uptake of flexible working arrangements, enhanced employee communications and engagement strategies, and monitoring the impact of COVID-19 and associated lockdowns on employee health and safety; • Overseeing the remuneration strategy, framework, compliance and reporting including implementation of a new Employee Incentive Plan, an Employee Retention Plan, a Minimum Shareholding Policy and a new Non-executive Director Share Plan (which is subject to shareholder approval at the 2022 B Class Meeting); as well as a comprehensive review of Senior Executive and Non Executive Director remuneration; • Setting senior management objectives for fixed and variable remuneration and equity plans; • Overseeing executive succession planning and talent development and the appointment of new senior executives; • Overseeing employee retention and risk mitigation strategies in light of challenging circumstances including COVID-19 and the 'Great Resignation'; • Continued focus on increasing the representation of women in Senior Management[38] roles, with 42 percent achieved in line with SunRice's Growth Strategy. Further details are available in the Corporate Governance Statement on the SunRice website; • Reviewing and monitoring progress with the Group's updated Diversity, Equity and Inclusion Policy, including ongoing monitoring of its 'no gender pay gap' component; and • Developing and making recommendations to the Board regarding employee engagement and workplace culture, and a refresh of the *SunRice Values, Purpose and Behaviours*.
Nominations	• Overseeing the process for the external Board Skills and Composition Review, including a focus on succession planning and a refresh of the Skills Matrix; • Recommendations to the Board regarding Board composition, size, diversity, tenure and skills; • Recommendations to the Board regarding Director election outcomes and the resulting composition of the Board; • Developing strategies to identify prospective candidates for the SunRice Board in light of the skills, diversity and independence requirements of the Board; • Conducting a review of the composition of the Board's Committees and a restructure of the membership to ensure the development needs of Directors are being met and that there is the right mix of skills on those committees; • Recommending and facilitating ongoing development opportunities for Directors; and • Reviewing the remit of the Board's committees to ensure efficient and appropriate delegation of responsibilities across the committees. This process led to a realignment of some areas of the roles and responsibilities and the composition of the Committees being implemented in FY2022.
Safety, Health and Sustainability	• Supporting and advising the Board on matters of Safety, Health and Sustainability (SH&S), including key risks and their impacts on Group operations and strategy; • Reviewing Group policies and standards including the Health and Safety Policy, Chain of Responsibility Policy, Environmental Policy, Modern Slavery Policy, Fatigue Management Program and key components of the management system to ensure they are aligned with international standards and effectively support the Group's commitment in managing SH&S matters; • Monitoring the Group compliance to global SH&S legal and other obligations, including a focus in FY2022 on key areas such as ESG corporate reporting, Chain of Responsibility and Fatigue Management; • Verification of the effectiveness of SunRice's SH&S Systems, Performance Objectives, Risk Management and Behavioural-based initiatives; • Assessing the impact of COVID-19 on Group employees and operations; • Monitoring development of and progress towards the SunRice Sustainability Targets and Priorities; and • Monitoring environmental reports.

38. Senior Management includes Senior Executives and their direct and indirect reports, who have responsibility for creation and implementation of long term strategy, autonomy to operate and/or leadership responsibilities.

Committee	Focus areas
Grower Services	• Reviewing water policy impacting the supply of Australian rice; • Considering environmental and climate related risks pertaining to Riverina rice growers; • Overseeing the research and development program relating to on-farm rice, including monitoring progress; • Promoting best practice through industry bodies to improve outcomes for growers and the environment; and • Overseeing procedures relating to harvest management and receival.
Independent	• Evaluating the A Class Share Proposal (which was put to shareholders at the 2021 Annual General Meeting); and • Recommending a governance framework around the new A Class Share structure to the Board, including a revised A Class Share Policy and a new Charter for the Independent Committee.

SunRice Finance Analyst – Sales, **Kaniz Bhuiyan**; Marketing Coordinator, **Nadine Zanatta**; Global Trading Coordinator, **Pratyush Pokharel**; and Domestic Customer Logistics Manager, **Nimisha Modi**.

Board of Directors

The names of the persons who are Directors as at 30 April 2022 and up to the date of this Annual Report are outlined as follows, together with their tenure, qualifications, directorships and previous appointments.

Laurie Arthur

Chair / Non-executive Director / Grower

BAgSc GAICD

Moulamein Grower
Director since 2007
Chairman since 2014

Current appointments
Director, Aqaba Processing Company Ltd (Jordan). Representative, Rice Industry Co-ordination Committee.

Previous appointments
President, Ricegrowers' Association of Australia Inc. Commissioner, National Water Commission.

Rob Gordon

Group Chief Executive Officer / Non-Grower

BSc (Hons) CEng MAICD

Director since 2012

Current appointments
Chairman, Ricegrowers Singapore Pte Ltd; Chairman, Ricegrowers Vietnam LLC. Director, SunRice Australia Pty Ltd; Director, SunRice Trading Pty Ltd; Director, SunRice Fund Ltd; Director Riviana Foods Pty Ltd; Director, Roza's Gourmet Pty Ltd; Director, Aqaba Processing Company Ltd (Jordan); Director, Trukai Industries Ltd (PNG); Director, Solomons Rice Company Limited (Solomon Islands); Director, Sunshine Rice Inc (USA); Director, SunFoods LLC (USA); Director, Ricegrowers Limited New Zealand; Director Ricegrowers Middle East DMCC (UAE); Director, Australian Grain Storage Pty Ltd; Director, Sunshine Rice Pty Ltd; Director, Rice Research Australia Pty Ltd; Director, KJ & Co Brands Pty Ltd; Director, Ingham's Group Limited. Member, Agribusiness Advisory Board, Rabobank. Representative, Rice Industry Coordination Committee.

Previous appointments
Director, Bread Research Institute of Australia Ltd. Member, Advisory Board, Gresham Private Equity.

For executive experience please refer to the Corporate Management Team profiles on page 68.

John Bradford

Non-executive Director / Grower

MAICD

Mayrung Grower
Director since 2015

Current appointments
Chairman, Trukai Industries Limited (PNG); Member, Rice Marketing Board Member for the State of NSW.

Previous appointments
Chairman, Southern Riverina Irrigators. Alternate Delegate, Deniliquin Branch, Ricegrowers Association of Australia Inc.

Luisa Catanzaro

Non-executive Director / Non-Grower

BComm FCA GAICD

Director since 2018

Current appointments
Director, The BeCause Movement Foundation Ltd. Director, Harvey Norman Limited. Ex-Officio Member, Museum of Contemporary Art Australia (Finance Committee).

Previous appointments
CFO, Lynas Corporation Limited; CFO and Company Secretary, Dairy Farmers; CFO and Company Secretary, The Australian Agricultural Company Limited. Senior finance roles, Pioneer International Limited. Senior Audit Manager, Arthur Andersen.

Dr Andrew Crane

Non-executive Director / Non-Grower

BSc (Hons) PhD FAICD

Director since 2018

Current appointments
Director, Viridis Ag Pty Ltd; Director, Viridis Ag Services Pty Ltd; Director, RAC WA Holdings Ltd; Director, RAC Finance Ltd; Director, Committee for Perth Ltd; Director, SI Investment Holdings Pty Limited; Director, Cubbie Ag Services Pty Limited; Council Member and Chancellor, Curtin University.

Previous appointments
Director and Chair, Lawson Grains Pty Ltd; Director, CBH Joint Venture, Interflour; Chair, Business Council of Co-operatives and Mutuals; Advisory Board Member of Rabobank Australia and New Zealand Wholesale Food and Agriculture Board; CEO, CBH; General Manager Strategy and Business Development and General Manager Marketing and Trading. Various manufacturing, purchasing and international sales roles in the European malting and brewing industry. Former member of the Prime Minister's B20 Leadership Group.

Ian Glasson

Non-executive Director / Non-Grower

BEng (Hons) GAICD

Director since 2016

Current appointments
Director, Clover Corporation Limited.

Previous appointments
CEO, PGG Wrightson Ltd; CEO, Gold Coin Group/Zuellig Agriculture; CEO, Sucrogen; Managing Director, Gresham Rabo Food & Agribusiness PE Fund; Managing Director International Ingredients Division, Goodman Fielder. Various management and engineering positions, Esso Australia and its parent Exxon.

Ian Mason

Non-executive Director / Grower

MAICD

Finley Grower
Director since 2018

Current appointments
Director, Trukai Industries Limited (PNG); Member, Rice Marketing Board for the State of NSW. Member, Southern Growers.

Previous appointments
Chairman, AgriFutures Australia Rice Advisory Panel. Director, Rice Research Australia Committee.

Jeremy Morton

Non-executive Director / Grower

MAICD

Moulamein Grower
Director since 2019

Current appointments
Chairman, National Irrigators' Council; Member, Ricegrowers Association Water Committee.

Previous appointments
President and Chairman, Ricegrowers Association of Australia. Graduate of the Rice Industry Emerging Leaders and Established Leaders Programs and the Australian Rural Leaders Program.

Dr Leigh Vial

Non-executive Director / Grower

BAgrSc (Hons) MEc PhD GAICD

Moulamein Grower
Director since 2015

Current appointments
Chairman, Rice Research Australia Committee; Director, Agripak Pty Ltd. Adjunct Fellow, University of Queensland.

Previous appointments
Head of International Rice Research Institute's Experiment Station (Philippines). Representative, AgriFutures Rice Research Committee.

Julian Zanatta

Non-executive Director / Grower

MAICD

Benerembah Grower
Director since 2019

Current appointments
Nil.

Previous appointments
Nil.

Kate Cooper

Company Secretary

Refer to the Corporate Management Team profiles on page 68.

SunRice Head of Reward, **Janice Hiskett-Jones** and Reward and Mobility Manager, **Carmel Mawter**.

Table 3 – Composition of Board Committees
as at 30 April 2022

Director	Status	Finance, Risk & Audit Committee	People & Remuneration Committee	Nomination Committee	Safety, Health & Sustainability Committee	Grower Services Committee	Independent Committee[39]
Laurie Arthur	Chair – Grower		•	**Chair**			
Rob Gordon	Chief Executive Officer						•
John Bradford	Non-executive Grower	•	•	•			
Luisa Catanzaro	Non-executive Non-Grower	**Chair**	•	•			•
Dr Andrew Crane	Non-executive Non-Grower	•			**Chair**		•
Ian Glasson	Non-executive Non-Grower	•	**Chair**	•			•
Ian Mason	Non-executive Grower				•	•	
Jeremy Morton	Non-executive Grower				•	•	
Dr Leigh Vial	Non-executive Grower				•	•	
Julian Zanatta	Non-executive Grower	•				**Chair**	

39. The Chair of this Committee rotates each meeting.

Directors' interests in shares

Directors' interests in A and B Class shares of Ricegrowers Limited are shown in the Remuneration Report on page 84.

Directors' benefits

The Directors have direct dealings with the company on the same terms and conditions that apply to all members whether by contractual arrangements or otherwise. No Director has received or become entitled to receive a benefit by reason of a contract made by the company or a controlled entity with the Director or a firm of which the Director has a substantial financial interest other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the Remuneration Report. Several Directors sit on local Boards which serve the rice industry. The Group has dealings with these Boards and Committees whose purpose is to deal with issues that relate to the rice industry.

Directors' meetings

Table 4 – Directors' meetings
Directors' meetings for the year ended 30 April 2022

Director	Board		Finance, Risk & Audit Committee		Grower Services Committee		People & Remuneration Committee		Nomination Committee		Safety, Health & Sustainability Committee		Independent Committee	
	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended	Possible
LJ Arthur[40]	10	10	5	5	4	4	4	4	4	4	–	–	–	–
J Bradford	10	10	1	1	4	4	4	4	4	4	–	–	–	–
L Catanzaro	10	10	5	5	–	–	4	4	4	4	–	–	4	4
A Crane	10	10	5	5	–	–	–	–	–	–	1	1	4	4
I Glasson	10	10	5	5	–	–	4	4	4	4	–	–	4	4
R Gordon[41]	10	10	5	5	4	4	4	4	4	4	4	4	4	4
G Kirkup[42]	10	10	–	–	–	–	4	4	2	2	3	3	–	–
I Mason	10	10	2	2	4	4	–	–	–	–	4	4	–	–
J Morton	10	10	–	–	4	4	–	–	–	–	4	4	–	–
L Vial	10	10	–	–	4	4	–	–	–	–	4	4	–	–
J Zanatta	10	10	5	5	4	4	–	–	–	–	–	–	–	–

Independence of Directors

The Board regularly reviews the independence of each Director, having regard to the ASX Corporate Governance Principles and Recommendations. In accordance with those Principles and Recommendations, a Director will be considered independent if they are a Non-executive Director who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally as a whole, rather than in the interest of an individual shareholder or other party.

Each Non-executive Director is required to provide to the Board all information that may be relevant to the assessment of their independent status.

Directors who hold A Class Shares are also rice growers who supply rice to the Group. While these Directors supply rice on the same terms as all other rice growers, the Board recognises that there may be a perception that the rice supply relationship between the Group and these Directors may influence the decision making of these Directors. Accordingly, while they are able to bring an independent judgement to bear on Board decisions, Directors who supply rice to the Group have not been characterised as independent due to this potential perception concern.

40. LJ Arthur is not a member of the Finance, Risk and Audit Committee or the Grower Services Committee, however attends meetings.
41. R Gordon attends all Committee meetings
42. G Kirkup retired on 31 December 2021.

Corporate Management Team

Rob Gordon

Group Chief Executive Officer

BSc (Hons) CEng, MAICD

Rob joined SunRice in 2012 as CEO and Managing Director.

Rob's career spans more than 35 years' of experience in the FMCG and agribusiness sectors, including over 20 years in CEO and Managing Director roles for companies including Viterra Inc, Dairy Farmers Ltd and Goodman Fielder (Meadow Lea and Consumer Goods divisions).

He also held various senior executive roles with Unilever in Europe and Australia.

For Directorships, please refer to page 64.

Dimitri Courtelis

Chief Financial Officer

BCompt (UNISA), CA (CA ANZ), CFE (ACFE), MAICD

Dimitri was appointed Group CFO of SunRice in 2018, following an extensive global career in various senior finance roles.

A qualified chartered accountant (CA ANZ), and fraud examiner (ACFE), he spent 10 years in professional services in South Africa, Australia and Dubai in external audit, transaction advisory and forensic services for firms such as EY and Deloitte.

Prior to joining SunRice, Dimitri spent seven years in senior finance roles with the Etihad Airways Group in Abu Dhabi, Serbia and Germany, including as the Group CFO of AirSERBIA and Group CFO of Air Berlin PLC in transformation and restructuring roles.

Kate Cooper

General Counsel and Company Secretary

BA Comms, LLB, GAICD

Kate joined SunRice in 2016 as General Counsel and in December 2020 was appointed Company Secretary, with responsibility for the Group's company secretarial, legal, corporate affairs and sustainability functions.

Kate has more than 25 years' experience as a lawyer, with large law firms in Australia as well as in-house.

Prior to joining SunRice, Kate spent 10 years as General Counsel of Ticketek, which was then part of the Nine Entertainment Group.

Stephen Forde

Chief Executive Officer, Riviana Foods Pty Ltd

Stephen joined Riviana Foods in 2013 as CEO, bringing close to 25 years' of strategic sales, marketing and general management experience in the FMCG industry.

During his 20-year career with Reckitt Benckiser, he was Global Customer Director, UK and General Manager, New Zealand.

Before joining SunRice, Stephen spent four years as General Manager, New Zealand for Campbell Arnott's.

Ganesh Kashyap

General Manager, CopRice

BEng (Hons), MBA

Ganesh joined SunRice in August 2021 as General Manager, CopRice. In this role he carries end-to-end responsibility for leading the business and preparing it for its next stage of growth.

Ganesh joined after a 10-year successful global career with Mondelez International. Most recently, he was Managing Director of Mondelez Japan, where he led business turnaround within highly competitive categories in the world's third largest snacks market. Previously he was the GM of Mondelez's eCommerce business unit in Asia Pacific, where he led rapid business growth in Australia, China, India and key Southeast Asian markets. The first decade of his career was established in strategy consulting, including time with Bain & Company.

Belinda Tumbers

Chief Executive Officer, Global Rice

Belinda joined SunRice in July 2021 to lead the newly created Global Rice function. As the CEO of Global Rice, Belinda is responsible for developing, growing, sourcing, manufacturing, supplying and selling the world's best, sustainably-sourced rice products to satisfy expanding global demand.

Belinda brings significant leadership capability to SunRice, with over 20 years' experience in the commercial and FMCG sectors. She was previously Managing Director of AMEA Snacks for the Kellogg Company, where she led the strategic development and end-to-end operations of the Kellogg's Snacking business across Asia, Australia and New Zealand, Africa and the Middle East. Prior to this, Belinda was the Managing Director of Kellogg's business in ANZ. In 2017 Belinda was named Telstra NSW Business Woman of the Year and also received the Corporate and Private Award.

Paul T. Parker

General Manager, People and Culture

BS HRM, MBA

Paul joined SunRice as the General Manager of People and Culture in 2019, with responsibility for both the human resources and safety functions of the Group.

With a proven track record of addressing strategic managerial and operational issues, Paul is recognised for developing and implementing innovative and practical human resources solutions in complex organisations and delivering strong and sustainable results.

Paul has 25 years' experience, including leading human resources across global FMCG companies. Prior to joining SunRice, Paul was the Chief Human Resource Officer for Royal Caribbean.

Alan Preston

Chief Executive Officer, Trukai Industries Limited

BBus (Marketing)

Alan joined Trukai in 2020 and is responsible for all aspects of the PNG business, with more than 35 years' of senior management experience in a wide range of industries.

Alan started his career in the FMCG industry, with roles at Bowater Scott and Rexona, followed by over 20 years with the Dulux Group, which included numerous regional roles across South-East Asia and China.

Alan has extensive merger and acquisition experience and has led a number of challenging turnaround roles in Australia, New Zealand, China and South-East Asia.

He has also worked as a lecturer in sales and marketing at RMIT, Adelaide University and Southern Cross University.

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as SunRice or the Group) consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the financial year ended 30 April 2022.

1. Information on Directors and Company Secretary

Details of the Directors, Company Secretary and their qualifications, including current and previous directorships, are available in the Corporate Governance Overview on pages 64 to 66.

2. Directors' independence, interests in shares, benefits and meetings

Details of the Directors' independence, interests in shares, benefits and attendance at the various meetings held during the year are available in the Corporate Governance Overview on page 67 and the remuneration section of this Directors' report.

3. Principal activities

The principal activities of Ricegrowers Limited and its controlled entities consist of the receipt and storage of paddy rice, the milling, processing, manufacturing, procurement, distribution and marketing of rice and related products, animal feed and nutrition products and other grocery, gourmet and entertainment food products and the research and development into the growing of rice.

4. Dividends

Dividends distributed to members during the financial year were as follows:

	2022 $000's	2021 $000's
Final dividend for the year ended 30 April 2021 of 33 cents (2020: 33 cents) per outstanding ordinary B Class Share	20,102	19,517
Interim dividend for the year ended 30 April 2022 of 10 cents (2021: Nil) per outstanding ordinary B Class Share	6,170	-
Total dividend distributed	26,272	19,517

Since the end of the financial year, the directors have recommended the distribution of a fully franked final dividend and a fully franked special dividend of $15,514,000 and $3,103,000 respectively (25 cents and 5 cents per fully paid outstanding ordinary B Class Share respectively) to be paid on 29 July 2022 out of retained profits at 30 April 2022.

5. Consolidated entity result

The profit before income tax of the Group for the period was $59,668,000 (2021: $19,042,000).

The net profit after income tax of the Group for the period was $48,727,000 (2021: $18,283,000).

The net profit of the Group for the period after income tax and after non-controlling interests was $47,553,000 (2021: $20,767,000).

6. Review of operations

A comprehensive review of operations is set out in the Our Strategy in Action, Our Financial Performance and Position and Our Outlook sections of this Annual Report on pages 14 to 29.

7. Ongoing response to COVID-19

Details about the Group's ongoing response to the COVID-19 pandemic are available in the Our Financial Performance and Position section of this Annual Report on page 18.

8. Significant changes in the state of affairs

During the year, the SunRice Group's division, CopRice, completed the acquisition of 100% of the shares in Pryde's Tuckerbag Pty Ltd, Pryde's Easifeed Pty Ltd and Pryde's Easifeed NZ Ltd (collectively referred to as Pryde's Easifeed), a leading supplier of branded feeds for the Australian equine market and exporter to New Zealand, Hong Kong, Japan and the Middle East.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the financial period under review, not otherwise disclosed in the Annual Report.

9. Events since the end of the financial year

Other than the declaration of a fully franked final dividend and a fully franked special dividend of 25 cents and 5 cents per ordinary B Class Share respectively (refer to section 4 of this Directors' Report), the Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in this Annual Report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

10. Likely developments and expected results of operations

Likely developments in the operations of the Group have been disclosed in the Our Outlook section on pages 28 and 29 of this Annual Report.

11. Environmental regulation

The Group is subject to environmental regulation in respect of its land development, construction and manufacturing activities in Australia and other international operations including:

- Land development planning approvals under the NSW Environmental Planning and Assessment Act 1979 and Development Victoria Act 2003; and
- Compliance with Protection of the NSW Environment Operations Act 1997, Victoria Environment Protection Act 2017, the NSW Environmentally Hazardous Chemicals Act 1985, the Waste Avoidance and NSW Resource Recovery Act 2001, QLD Environmental Protection Act 1994, California Environmental Quality Act (CEQA) 1970, PNG Environment Act 2000, Jordan Environmental Protection Law No. 52 of 2006 and Decree No. 18/2015/ND-CP dated February 14, 2015 of the Government on environmental regulation or protection, strategic environmental impact assessment, environmental impact assessment and environmental protection plan-Vietnam.

SunRice has 19 registered Environmental Protection Authority (EPA) licenses in NSW, one EPA Operating License in Victoria, one in California USA, one Environment Impact Assessment (EIA) in Vietnam which require annual returns, one Resource Consent Certificate in New Zealand and one Development Approval in Queensland Australia which stipulate operational conditions.

All Australian sites completed and submitted their annual returns during the financial year, and:

- Any complaints received in relation to environmental issues were and continue to be investigated and action plans were and continue to be implemented to reduce the impact of the SunRice Group's activities.
- Any non-conformances were managed through the internal compliance management system
- One pollution reduction program is open at Leeton CopRice Lic. 10762 in regard to odour management
- One Operating Vic EPA License was issued for CopRice Wangaratta Lic. OL000300012
- One NSW EPA License was issued for Pryde's Easifeed Pty Ltd, Lic. 21645

Greenhouse gas and energy data reporting requirements

The Group is subject to the reporting requirements of the Australian National Greenhouse and Energy Reporting (NGER) Act 2007.

SunRice assessed its Australian energy usage and submitted its Australian National Greenhouse and Energy Report to the Clean Energy Regulator during the year, reporting on scope 1 and 2 emissions within Australian Operations. The following table reports outcomes for the past 5 years.

Financial Year	AU Gigajoules of energy#	AU TCO2e Scope 1,2 Emissions#	Non AU SRG TCO2e Scope 1,2 Emissions*
2016-2017	422,923	71,152	N/A
2017-2018	487,956	84,547	8,487
2018-2019	385,456	60,021	11,970
2019-2020	315,801	46,706	12,888
2020-2021	326,138	48,953	12,788

#SunRice NGER Report for the 2020-2021 taxation financial year
**Non Australian Emissions may be subject to variations*
Disclosures for all years use global emission factors.
Note: at the time of publishing this report, 2021-2022 data is not yet available.

12. Remuneration report (audited)

Message from the Chairman of the People and Remuneration Committee

Dear A and B Class Shareholders,

On behalf of the People and Remuneration Committee of the SunRice Board, I am pleased to present the Remuneration Report for the year ended 30 April 2022 (Financial Year 2022 or FY2022).

As outlined earlier in this Annual Report, the Group had outstanding performance in FY2022, with the Management team navigating a range of challenges to deliver record revenue, with profitability (before tax) trebled compared to FY2021. The naturally determined paddy price of $428 per paddy tonne for medium grain Reiziq and cumulative dividends of 40 cents per B Class Share were also the highest in the Group's history, delivering value for both A and B Class Shareholders. However, two years into the COVID-19 pandemic, it remained a challenging period for our people, who have continued to adapt and progress in extraordinary ways. There were also other challenges, including ongoing disruption to global shipping, supply chain impacts caused by the Ukraine conflict towards the end of FY2022, and difficult trading conditions for CopRice. The FY2022 remuneration outcomes reflect the performance of the Management team in delivering against agreed objectives, and SunRice's approach to aligning executive remuneration with the Growth Strategy and the creation of value for shareholders.

The Management team's delivery of strong financial performance, and achievement of other objectives and targets, led to above-target Short Term Incentives (STIs) for some participants in the Plan in FY2022. The Board also elected to apply discretion for payments to eligible employees from CopRice and Riviana Foods, to acknowledge the efforts of employees in those businesses during a difficult year impacted by disruption to global supply chains and ongoing challenging trading conditions for CopRice. An additional payment will be included as part of STI payouts to acknowledge the credible performance of Management, despite the impacts on the people metrics due to the so-called "Great Resignation".

The SunRice Group is operating in a highly competitive labour market and has faced challenges in attracting and retaining critical talent due to the Great Resignation and talent mobility constraints caused by COVID-19 restrictions. The Board has endorsed a proposal to implement a retention arrangement for the next 18 months to retain key staff who will assist in managing through this critical period. B Class Share rights will be granted to key individuals who have been identified as imperative to delivering the Growth Strategy. The offer of B Class Share rights will be implemented in Financial Year 2023 and reported as part of the 2023 Remuneration Report.

The People and Remuneration Committee appointed Mercer and Aon in FY2022 to assist in a review of Executive benchmarking, and Non-Executive Director (NED) fees and the fee pool. This exercise was last undertaken in 2018-19, and it is important to undertake regular reviews to ensure SunRice's remuneration structures remain market competitive. The information was considered as part of ensuring the effectiveness of the Total Rewards packages for Executives, Key Management Personnel (KMP) and the Group Chief Executive Officer, as well as NEDs. The review was in line with the commitment made in the 2021 Annual Report and confirmed that NED fees were in the bottom quartile.

Throughout FY2022 a Non-Executive Director Share Plan was developed and will be considered at a B Class Shareholder Meeting, which is intended to be held alongside the 2022 Annual General Meeting in August 2022. Further details will be provided to shareholders when the Notice of Meeting is released to the market. The share plan was developed to ensure ongoing alignment of Director interests with those of shareholders, and ensure they have skin in the game. This is aligned to market practice across other companies on the Australian Securities Exchange. A Minimum Shareholding Policy was also introduced in FY2022, which is in line with best practice and will ensure our Executives and NEDs hold a certain proportion of their remuneration as B Class Shares, and that their interests are aligned with the long-term interests of the company.

As noted in the Group CEO Report on pages 6 and 7, a new business division – Global Rice – was created in FY2022, with Belinda Tumbers joining the Group in the newly created position of Chief Executive Officer, Global Rice. The People and Remuneration Committee reviewed the members of the KMP and has appointed Ms Tumbers to that group. Also, as a consequence of the creation of Global Rice, a broader review of the STI Plan was conducted to align Key Performance Indicators to the new organisational structure and goals.

To ensure alignment with market practice, since FY2018 the Board has offered the Group CEO's Long Term Incentive (LTI), which was formerly a cash-based plan, as B Class Shares to align performance expectations, strategy and interests of the Group CEO with that of our shareholders. The Group CEO's current LTI plan was approved at a B Class Meeting in 2020 and will run through until 31 May 2024. The Board has agreed the KPIs for the Group CEO to include Value Creation for Investors, Maximisation of Grower Returns, Strategy Growth and a focus on building bench strength and management succession as part of organisational development. The Group CEO holds 647,932 B Class Shares against prior plans that have vested, with a further 550,000 B Class Share rights granted, which have not yet vested under the FY2022-24 Plan (plus B Class Shares accrued through dividend equivalent grants) and will be assessed against the achievement of KPIs set out in the LTI Plan.

After two difficult years due to low Australian rice production and other factors, it has been pleasing to see a return to improved financial performance at the Group level. Management continues to ensure the highest degree of compliance across remuneration-related matters, and I note that Enterprise Agreement negotiations for SunRice's Australian-based operations and maintenance employees was a key focus during the year. On behalf of the SunRice Board and People and Remuneration Committee, I invite you to read the FY2022 Remuneration Report and welcome your feedback.

Ian Glasson
Chairman, People and Remuneration Committee

Executive Summary

At SunRice, our remuneration strategy is designed to create value for all our shareholders by aligning the Total Rewards Strategy to the achievement of business goals determined in the context of our long term strategy.

Rewards Philosophy

At SunRice:

- We attract, motivate, engage and retain talented employees who deliver on our strategic goals and that of our shareholders, rice growers, and the communities in which we operate
- We meaningfully differentiate rewards based on individual performance and behaviours, team and cross-functional contribution, business and grower mindset, company affordability and market positioning
- We offer competitive Total Packages, aligned with a globally consistent framework, yet adapted to changing local business conditions
- We align long term reward with shareholders' interests through the award of equity
- Our value proposition across our diverse workforce is unique with opportunities aligned with being an Australian owned, global organisation
- Our strategy is underpinned by fairness and consistency in our approach and we aim to be at the forefront of our competitors
- We care for our employees and provide opportunities to strengthen their health and well-being
- We recognise employees who Make a Difference.

Outline of this Remuneration Report

The Remuneration Report has the following sections:

- Overview
- Key Management Personnel
- Remuneration Governance at SunRice
- Executive Remuneration Policy and Framework
- Remuneration Tables
- Remuneration of Non-executive Directors
- Shareholdings and other mandatory disclosures
- Voting and comments made at Ricegrowers Limited's Annual General Meeting

Five-year financial performance

SunRice aims to align our executive remuneration to our strategic objectives and the creation of shareholder wealth. The table below sets out the measures that show the Group's financial performance over the past five years. Some of these measures form the basis for the measures used in determining the variable amounts of remuneration to be awarded to Key Management Personnel (KMP), as outlined in section 12.4.

	2022	2021	2020	2019	2018
Group NPBT ($000s)	59,668	19,042	31,110	48,411	62,862
Group EBITDA ($000s) (1)	91,343	49,140	65,697	78,764	94,063
Medium Grain Paddy Price ($/t) (2)	428	750	500	411	379
Basic Earnings per B Class Share (cents)	77.2	34.6	45.8	54.5	75.9
Return on Capital employed (%) (3)	9.3%	3.9%	6.6%	9.9%	15.1%
Dividend (cents per B Class Share) (4)	40	33	33	33	33
Average STI payment as a % of target STI opportunity for Key Management Personnel (5)	123%	123%	156%	113%	135%

1. EBITDA is defined as earnings before net finance costs (asset financing charges are not considered a finance cost/income for the purpose of the EBITDA calculation), tax, depreciation, amortization and impairment
2. 2022, 2019 and 2018 Medium Grain Paddy Price represents the naturally determined Pool price in each of those years. 2021 and 2020 Medium Grain Paddy Price represents the fixed price paid for the entire crop harvested in those drought affected low crop years.
3. Return On Capital Employed is defined as the ratio of Profit Before Income Tax and Interest to Net Assets excluding Cash and Borrowings.
4. Representing the combined amount of the interim dividend declared in December 2021 and the final and special dividends declared in June 2022
5. SunRice Chief Executive Officer is excluded and participates under a separate STI plan.

12.1 Overview

The Directors are pleased to provide shareholders with this Remuneration Report for the year ended 30 April 2022, which outlines the Board's approach to remuneration for Non-executive Directors, the Executive Director and other KMP.

In accordance with the Constitution of Ricegrowers Limited, certain Directors are appointed as Directors of the Company based on their status as elected members of the Rice Marketing Board (RMB).

The information in this report has been audited as required by section 308(3C) of the Corporations Act 2001.

12.2 Key Management Personnel

For the purpose of this Remuneration Report, the term 'Executive' is used to describe current (and former if applicable) Executives of the Group listed below (including the Executive Director). These Executives, in addition to the Non-Executive Directors represent the KMP of the Group for the 2022 financial year, being persons who, during the year, had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly (as defined under Australian Accounting Standards). The KMP of the Group for the year ended 30 April 2022 were:

Name	Position
A. Current Directors (including the Executive Director)	
LJ Arthur	Non-executive Director and Chairman
RF Gordon	Executive Director and Chief Executive Officer
JMJ Bradford	Non-executive Director (RMB elected member)
L Catanzaro	Non-executive Director (Independent)
AJ Crane	Non-executive Director (Independent)
ID Glasson	Non-executive Director (Independent)
JJ Morton	Non-executive Director
IR Mason	Non-executive Director (RMB elected member)
LK Vial	Non-executive Director
JL Zanatta	Non-executive Director
B. Current Executives	
DC Courtelis	Chief Financial Officer
BJ Tumbers	Chief Executive Officer, Global Rice (appointed as a KMP on 19 July 2021)
C. Former Director	
GL Kirkup	Non-executive Director (RMB elected member) (ceased to be a KMP on 31 December 2021)

Following internal reorganisation and the creation of the Chief Executive Officer, Global Rice role, David Keldie, (previously General Manager, Global Consumer Markets) ceased being designated as KMP on 30 April 2021 on appointment to his new role. Accordingly, his earnings for the 2022 reporting period are not included in this remuneration report.

12.3 Remuneration Governance at SunRice

The People and Remuneration Committee conducts a regular review of the Company's remuneration policy and structure to ensure it remains aligned to business needs and meets our remuneration principles. From time to time the Committee engages external remuneration consultants to assist with this review as outlined below. The Committee is responsible for making recommendations to the Board in respect of Directors' and Executives' remuneration, as well as general remuneration matters, but makes no formal decisions on behalf of the Board. Committee members are outlined in the Corporate Governance Overview section of this report on page 66 and the People and Remuneration Committee Charter is available on the Group's website.

Remuneration Consultants

In line with the Rewards strategy, Mercer and Aon were appointed to assist with a full review of Executive benchmarking and Non-executive Director fees and fee pool. The information was considered as part of ensuring the effectiveness of our Total Rewards packages for Executives and the Non-Executive Directors. The outcomes of the Executive benchmarking exercise has been considered as part of the 2022 Annual Remuneration Review process. The benchmarking was also used to adjust the fees for our Non-executive Directors effective 1 February 2022.

The Non-executive Director Share Plan that will be considered at the 2022 B Class Shareholders Meeting for approval was finalised based on the engagement with remuneration consultants in recent years to strengthen our Remuneration Framework. The plan provides the vehicle for Non-executive Directors to purchase B Class Shares in SunRice and align long term decision making with that of our shareholders and expectation of proxy advisors, whilst reducing the risk of insider knowledge in respect of trading conflicts when purchasing B Class Shares on market.

In addition, following the elevation of our competitiveness with regard to equity based plans over recent years, a Minimum Shareholding Policy was also developed during the year to more closely align with other ASX organisations. This policy requires Executives and Non-executive Directors (subject to the proposed Non-executive Director Share Plan approval) to purchase B Class Shares in the company and ensure alignment to those of other shareholders.

For the purposes of the Corporations Act, it is noted that the consultants did not provide remuneration recommendations.

Corporate Governance

Further information on the People and Remuneration Committee's responsibilities and the Group's governance practices can be found in our Corporate Governance Statement, as available on the Group's website.

12.4 Executive Remuneration Policy and Framework

The Remuneration Strategy, as approved by the Board provides guidance and parameters for governing Executive remuneration. The Board recognises that to deliver the Company's strategy for growth, the Group needs to attract, motivate and retain high-quality employees and Executives. The Remuneration Framework outlined below is designed to fit the objectives of the Group, having regard to the size and complexity of the Group's operations.

SunRice Business Strategic Goals – SunRice's Growth Strategy

The Remuneration Framework has been designed to support the SunRice Growth Strategy, an outline of which is available on pages 12 and 13 of this Annual Report.

Remuneration Framework for the FY2022 reporting period

Total Fixed Remuneration (TFR)	Variable 'at risk' remuneration	
Total Fixed Remuneration	Short Term Incentive (STI)	Equity Incentive Plans
Set at a competitive level to attract, retain and maintain engagement at all levels, with superior offerings for our key talents and employees considered critical to the long-term growth of the company. Remuneration takes into consideration: ▪ Size and complexity of the role ▪ Skills and competencies needed to generate results ▪ Internal and external alignment ▪ Performance of the Company and individual ▪ Succession planning and retention. In some circumstances, the local economic and market conditions may require further refined market positioning.	Aligned to the achievement of SunRice's business objectives measured over the short term. Details of the Chief Executive Officer's STI plan are outlined in section 12.4.4. For participants in the Group STI Plan, financial and non-financial KPIs based on performance goals consist of: ▪ Maximising Paddy Prices for growers, net profit after tax of the Group and net profit before tax of each Business Unit or Subsidiary ▪ Business Unit/Subsidiary specific targets that focus on quality. ▪ The achievement of Safety, Health and Sustainability targets ▪ The achievement of People Metrics that focus on retention and succession ▪ Individual performance aligned with the performance management philosophy of measuring both the 'what' and 'how'.	The Chief Executive Officer, Executives and other key individuals are eligible to participate in Equity Long Term Incentive (LTI) plans that are focused on the achievement of targets set by the Board over a three-year period. It is reflective of building long-term value for the organisation and its shareholders. In addition, selected Executives and other employees are invited to participate in other incentive equity plans focused on attraction and retention of critical skills. These plans are tailored to address specific needs and may vary in terms of length and nature of service and performance conditions (if applicable).

Total Rewards Strategy

The Total Rewards Strategy supports the Business and People and Culture strategy to:

- Deliver on our Rewards Philosophy and Total Rewards Strategy whilst supporting the Group in achieving our strategic goals
- Build great foundations for leaders to have the knowledge, processes and tools to make informed rewards decisions
- Remain competitive in our ever-changing workforce by tailoring our Global offer to cater for local variances
- Keep abreast of thought leadership and new opportunities whilst aligning the financial interests of Executives and shareholders
- Ensure our strategy balances risk and reward to deliver ongoing company sustainability and growth
- At all times, embed our values, in "what" we do and "how" we do it.

The strategy is delivered across all aspects of our SunRice Total Rewards offer including:

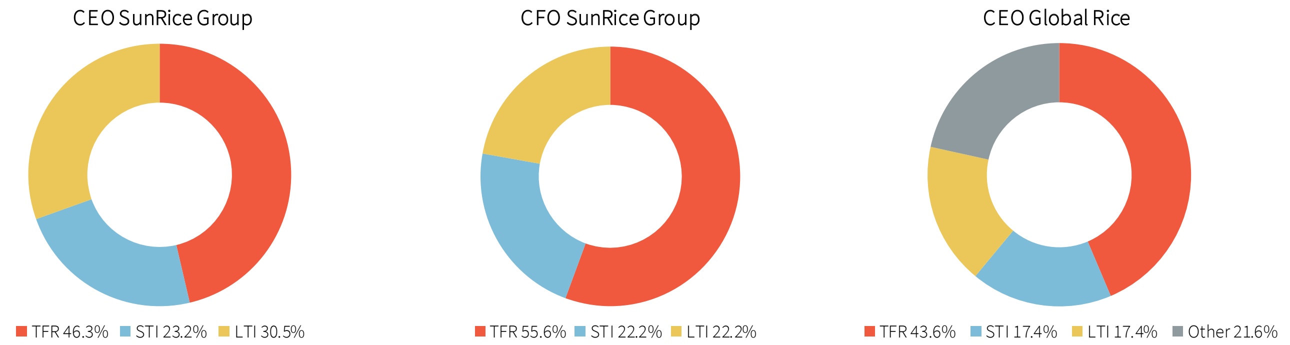
- Remuneration;
- Incentives;
- Benefits;
- Health and Well-being;
- Recognition; and
- Career Paths.

The Total Rewards offer aims to provide a competitive offer across all aspects of Total Rewards, inclusive of all life stages and accommodating of a diverse workforce.

12.4.1 Remuneration mix

The Board believes it is appropriate to have a Remuneration Framework that comprises a fixed salary component as well as an at-risk component comprising short and long-term incentives. The CEO Global Rice also has a specifically tailored equity plan as outlined in section 12.4.9.

The Group's mix of fixed and at risk remuneration components for the KMP for the FY2022 reporting period, expressed as a percentage of total target reward, are as follows:



12.4.2 Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes base salary, superannuation plus other short-term benefits and/or allowances. Executives may elect to take a range of benefits as part of their remuneration package, including novated leased vehicles and/or additional superannuation.

The Group's remuneration policy is to offer competitive Total Fixed Remuneration and utilise at risk variable pay to reward outstanding performance and contribution.

The remuneration offer for employees targeted as our "talent group" is at a more attractive position as part of the Total Rewards philosophy, including LTI and career development opportunities where appropriate nationally and/or internationally.

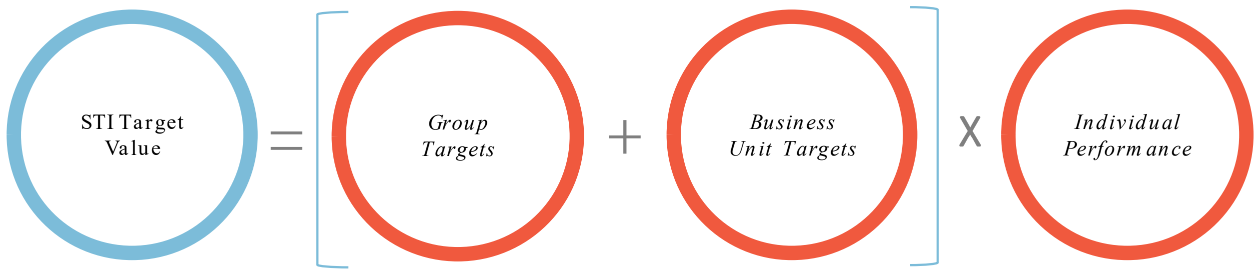
12.4.3 Short-Term Incentive (STI) plan

The STI component of remuneration is a cash plan focused on rewarding participants for the delivery of financial and non-financial measures required to achieve the Group's critical business objectives.

The Directors rigorously test the annual STI performance measures to ensure the performance required to achieve "on target" results is appropriately stretching. The Board retains discretion to amend or cease all or part of any incentive payable to reward a payout relative to the Group results.

With the creation of the Global Rice business unit in FY2022 and the appointment of Belinda Tumbers as its Chief Executive Officer, the STI plan was revisited to realign the financial and non-financial metrics against the targets set for the business unit.

The overall structure of the FY2022 STI plan is illustrated below:



The Chief Executive Officer participates in a separate STI plan, the details of which are outlined at section 12.4.4.

Executives STI Plan

Objectives	1. Support SunRice's annual strategic goals by rewarding Executives and other eligible employees for the achievement of objectives directly linked to the business strategy. 2. Drive short-term Company performance with acceptable risk and appropriate governance. 3. Be market competitive, ensuring SunRice is able to compete to attract and retain high quality talent to continue to improve the Group's performance.
Eligibility	Executives (excluding the Chief Executive Officer) and other eligible employees
Instrument	Cash
Opportunity	Target: 40% of TFR for the Chief Financial Officer and CEO Global Rice, with a stretch component for outperformance. Total opportunity is 187.5% of target opportunity based on a 125% stretch for the Group and Business unit metrics, and 150% for the Individual performance multiplier. Target opportunity for other eligible employees varies based on job level.
Performance period	1 May 2021 to 30 April 2022
Assessment of performance	Each period, KPIs are selected for both Group and business unit measures and sub-measures of performance. The weighting of KPIs reflects the individual Executive roles and responsibilities. KPIs are focused on the improvement in profit, maximisation of returns to growers and strategic and operational goals. Executive KPIs for FY2022 were:

	Weighting	Link to strategy	Detail
Adjusted Group Net Profit After Tax (NPAT) & Paddy Price	45%–70%	Strong financial growth will lead to sustainable returns to A & B Class shareholders.	Awarded on a straight-line performance approach between 95% of target (at which point 50% is awarded) and 110% of target (at which point stretch is applicable).
Business Unit specific KPIs	0%-25%	Strong financial and/or non-financial performance in each Business Unit leads to strong group results and greater returns for shareholders.	Each Executive is set targets for their respective Business Unit and key drivers for success. Stretch is applicable.
Business Unit – Safety, Health & Sustainability (SHS)	10%	SunRice is committed to achieving Zero Harm. Achieving this goal is important in ensuring the sustainable success of our business.	SHS targets for each Business Unit include leadership safety activities to proactively drive a safety focused culture and the measurement of Compliance Activity Completion rates. Stretch is applicable.
Business Unit People Metric	20%	Retention and development of internal talent is critical to delivering on overall financial and strategic goals.	People metrics are set for each Business unit to improve retention and internal succession over time. Stretch is applicable.
Total	**100%**		
Individual Performance (as a Multiplier)	0%-150%	The continuous development of our leadership team is imperative to ensuring the Group continues to adapt to strategic challenges.	Each Executive is being assessed against a set of individual performance KPIs relating to their role as an individual contributor. The final performance rating represents a multiplier percentage of between 0% to 150% that is applied to the Group and/or business unit performance outcome.
Opportunity at Stretch	187.5%		

Assessment	The People and Remuneration Committee reviews the performance assessment of each Executive and recommends the STI payments to the Board committee for approval. The Board has considered the FY2022 outcomes and elected to apply a discretionary ex gratia payment for eligible employees in CopRice and Riviana, to acknowledge the efforts of these employees during a very challenging year impacted by the global shipping crisis and difficult trading conditions for CopRice, despite these business units not achieving their financial targets. A 2.5% additional payment has also been included on STI payouts to acknowledge the credible performance that management delivered on the People metrics and the stretch outcomes for internal development and succession, in spite of higher turnover rates attributable to the "Great Resignation".

12.4.4 FY2022 Chief Executive Officer STI Plan

The CEO participates in a cash settled STI plan (see table below). The CEO's target STI opportunity is 50% of TFR and may increase to 150% of TFR where stretch performance outcomes for the year are achieved. The People and Remuneration Committee reviews and approves the CEO's annual performance assessment and STI payments at the end of the performance period.

Objective	Rationale link to strategy	STI measurement	Weighting of each KPI (excl. stretch)	FY2022 CEO STI Achievement Value	FY2022 CEO STI Achievement Percentage
#1 Maximise Grower Returns	Achieve financial results for A Class Shareholders	Achieve the Budget Paddy Price per tonne	25%	Achieved Above Target	33%
#2 Maximise Group Net Profit After Tax (NPAT)	Strong financial growth will lead to sustainable returns to B Class Shareholders	Group NPAT	25%	Achieved Above Target	46%
#3 Successful People Strategy	Development and succession planning of key roles	Various KPIs determined by the Board	10%	Achieved Target	10%
#4 Successful delivery of the M&A agenda and Capital Management	Achieving successful acquisition, expansion and management of debt headroom to deliver on growth agenda	Various KPIs determined by the Board	20%	Achieved Target	20%
#5 Delivery on growth strategy	To deliver on overall growth by achieving revenue targets	Various KPIs determined by the Board	20%	Achieved Target	20%
			100%	$938,526	129%

12.4.5 FY2022 STI Outcomes

The outcomes of the STI plan reflect a solid delivery of results against targets in FY2022 across most business units. Business Unit specific KPI results varied, as did the People metrics. Safety achieved stretch outcomes. For both the CFO and CEO, Global Rice the payouts were above average compared to other business units. Taking into consideration the Individual Performance element that impacts the overall STI results (including the discretion applied by the Board), the payouts outlined below were achieved from a potential 187.5% maximum opportunity:

KMP	Target STI opportunity $	As a % of TFR	STI Outcome $	FY2022 % Achieved	FY2021 % Achieved
Chief Executive Officer	$726,000	50%	$938,526	129%	115%
Chief Financial Officer	$287,200	40%	$395,548	138%	120%
Chief Executive Officer, Global Rice (1)	$270,000	40%	$291,944	108%	-

1. While the Chief Executive Officer, Global Rice started on 19 July 2021, her STI opportunity was based on a full year's STI target, in line with the contractual agreement (due to STI from former employment being forfeited on joining SunRice).

12.4.6 Long-Term Incentive (LTI) plan

The LTI plan is a share-based plan whereby eligible participants are invited to accept B Class Share rights that will vest over a three-year term, subject to the achievement of performance hurdles and service criteria. LTI plans are granted annually to reward superior performance and the achievement of long-term goals and encourage retention of critical key talent.

Executives (and other eligible employees) Component – consistent across all annual plans	
Eligibility	Executives and other employees invited to participate.
Instrument	Equity.
Quantum	An amount determined as a target percentage of Total Fixed Remuneration. For plans granted from FY2022, participants are also entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights.
Performance period	Three-year performance period commencing 1 May of the first year of the performance period.
Performance hurdles	The Board selects relevant performance measures to align with increased shareholder value and growers' interest applicable for each plan. B Class Share rights will lapse if performance conditions are not met.
Vesting schedule	Performance is assessed over the three-year period and B Class Share rights vest at the end of the performance period. For plans awarded up to FY2021, B Class Shares are issued immediately following the release of the audited financial results of the final year of the performance period. For plans awarded from FY2022, participants are able to exercise any B Class Share right that vest up to 7 years from the Rights issue date. Vested but unexercised Rights will be automatically exercised in the first Trading Window on or after the Last Exercise Date if they are not exercised by that time.
Last Exercise Date	7 years from the issue date. Participants are required to exercise all vested rights under the invitation at the same time.
Termination	The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event of financial misstatements. B Class Share rights are forfeited on cessation of employment unless the Board determines otherwise.

12.4.7 Details of Executives (and other eligible employees) LTI Plans

	FY2020-FY2022 LTI plan	FY2021-FY2023 LTI plan	FY2022-FY2024 LTI plan
Quantum	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the Volume Weighted Average Price (VWAP) of B Class Shares traded on the ASX over the last five traded days prior to 1 May 2019, being the commencement of the performance period ($6.58). Total plan participants (including KMP): 175,050 B Class Share rights granted. Chief Financial Officer (KMP): 25,660 B Class Share rights granted.	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the VWAP of B Class Shares traded on the ASX over the last five traded days prior to 1 May 2020, being the commencement of the performance period ($5.18). Total plan participants (including KMP): 342,730 B Class Share rights granted. Chief Financial Officer (KMP): 54,000 B Class Share rights granted.	Quantum is determined based on a target percentage of Total Fixed Remuneration, and the VWAP of B Class Shares traded on the ASX over the last five traded days prior to 1 May 2021, being the commencement of the performance period ($6.65). Total plan participants (including KMP): 350,700 B Class Share rights granted. Chief Financial Officer (KMP): 43,000 B Class Share rights granted. Chief Executive Officer, Global Rice (KMP): 43,000 B Class Share rights granted.
Performance period	1 May 2019 to 30 April 2022	1 May 2020 to 30 April 2023	1 May 2021 to 30 April 2024
Grant date	1 August 2019	17 August 2020	26 July 2021
Rights Issue date	19 August 2019	1 September 2020	16 August 2021
Fair Value of B Class Share rights granted	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date ($4.80) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period, resulting in the accounting fair value of $3.93.	The fair value of the B Class Share rights at grant date was estimated by taking the market price of the company's B Class Shares on that date ($5.20) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period, resulting in the accounting fair value of $4.34.	The fair value of the B Class Share rights at grant date was determined by taking the market price of the company's B Class Shares on that date ($6.70). No adjustment was required as participants are eligible to receive dividends on their B Class Share rights during the three year vesting period.
KPIs included in Performance hurdles	20% Achievement of the progress on the 2024 Growth Strategy, including International and Riverina priorities or M&A long term growth strategy (as applicable) 20% Realisation of unadjusted Earnings Per Share (EPS) growth 20% Maximisation of Grower Return over time or launch of products in new markets (as applicable) 20% Strategic review refresh 20% People and High performance culture objectives	30% Maximisation of Riverina Grower Returns over time 30% Value Creation for Investors measured as Return on Capital Employed exceeding Weighted Average Cost of Capital (WACC) 20% Strategic Revenue Growth identified as streams of growth opportunities from new products and/or new market entry 20% People Engagement Metric	30% Maximisation of Riverina Grower Returns over time 30% Value Creation for Investors measured as Return on Capital Employed exceeding WACC 20% Strategic Revenue Growth to secure a sustainable future for SunRice and shareholders. 20% People Engagement Metric
Vesting schedule	Performance is assessed over the three-year period from 1 May 2019 to 30 April 2022 and B Class Share rights vest on 30 April 2022 (with B Class Shares issued immediately following release of the FY2022 audited financial results).	Performance is assessed over the three-year period from 1 May 2020 to 30 April 2023 and B Class Share rights vest on 30 April 2023 (with B Class Shares issued immediately following release of the audited 2023 financial results).	Performance is assessed over the three-year period from 1 May 2021 to 30 April 2024 and B Class Share rights vest on 30 April 2024 (with B Class Share rights being exercisable into B Class Shares for a period up to 7 years after their issue date).
Forecasted / Actual vesting	Based on the achieved results against the plan's performance hurdles and participating KMP, the LTI B Class Share rights vested at 100%, resulting in a 0% forfeiture	At present the plan is being accrued for on the assumption of 100% vesting for the participating KMP, with 0% forfeiture.	At present the plan is being accrued for on the assumption of 100% vesting for the participating KMP, with 0% forfeiture.

12.4.8 FY2022-FY2024 Chief Executive Officer LTI Plan

In accordance with the Chief Executive Officer's employment contract, the Board invited the Chief Executive Officer to participate in the FY2022-FY2024 LTI plan in the form of B Class Share rights.

Chief Executive Officer LTI Component

Instrument	Equity.
Quantum	550,000 B Class Share rights granted. Quantum was determined based on an uplift (overall of 8% or 3% per annum) on the previous quantum of 507,932 (set back in January 2019) in relation to the FY2019-FY2021 CEO LTI plan. The annual quantum value (excluding dividends) equates to 66% of the CEO's fixed remuneration on 1 May 2021. The CEO is also entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights.
Performance period	Three-year financial period from 1 May 2021 to 30 April 2024. Performance conditions will apply over the vesting period. Assessment against these conditions is subject to the discretion of the Board, which may adjust outcomes or include or exclude items if the Board considers it appropriate, to better reflect shareholder expectations or individual performance.
Grant date	28 August 2020
Rights Issue date	1 September 2020
Fair Value of B Class Share rights granted	The accounting fair value of the B Class Share rights at grant date was determined by taking the market price of the Company's B Class Shares on that date ($5.21). No adjustment was required as dividends can be received by the Chief Executive Officer on his B Class Share rights during the vesting period.
Vesting schedule	Depending on progress against the performance hurdles, 50% of the B Class Share Rights may vest 18 months after the commencement of the performance period (i.e. on 31 October 2022). The 50% residual B Class Share Rights may vest 36 months after the commencement of the performance period (i.e. on 30 April 2024). The Board may defer vesting of the Rights in order to ensure that the Rights vest during a Trading Window. The CEO is entitled to exercise any B Class Share rights that vest within 7 years from the Rights issue date. Vested but unexercised Rights will be automatically exercised in the first Trading Window on or after the Last Exercise Date if they are not exercised by that time.
Last Exercise Date	7 years from the issue date.
Termination	The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event of an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's financial statements. B Class Share rights will be forfeited on cessation of employment unless the Board determines otherwise. If the CEO ceases to be employed after the first 18 months of the vesting period but before the end of the three year performance period due to redundancy, genuine retirement, disability, death, illness, the sale of a subsidiary or business asset by the Company, or as a result of mutual agreement, then the number of B Class Share rights held that have not vested will be adjusted on a pro-rata basis. The B Class Share rights will remain on foot subject to the vesting conditions, unless the Board at its discretion determines otherwise.
Performance hurdles	The Board has selected the following performance measures to ensure that the Chief Executive Officer's remuneration is aligned with increased shareholder value and growers' interests: • 30% Maximise Grower Return over time to achieve budgeted price per paddy tonne • 30% Value Creation for Investors being a measure of Return On Capital Employed (ROCE) exceeding the Weighted Average Cost of Capital over the performance period • 20% Strategic Revenue Growth – measured by year on year company growth to secure a sustainable future for SunRice and its shareholders • 20% People and Culture - KPIs including the bench strength for management succession and future leaders. B Class Share rights will lapse if performance conditions are not met.
Forecasted vesting	At present, the vesting is anticipated to be 100%, resulting in an expected 0% forfeiture.

12.4.9 Other Equity Plans

Other share-based equity plans, whereby eligible participants (including the CEO, Global Rice) are invited to accept B Class Share rights, have been designed and tailored to address the specific need to attract and/or retain talent during this volatile period of significant turnover globally. The plans vest over a specified period and are subject to service and/or performance conditions. It is intended that a further offer will be made in FY2023 (with B Class Share rights being issued in July 2022) to selected individuals across the organisation, to ensure retention between the period from 1 June 2022 and 30 November 2023, as it is has become critical to react to the tightening labour market.

Other Equity Plans

Eligibility	Executives and other eligible employees (by invitation only).
Instrument	Equity.
Quantum	Total plan participants (including KMP): 213,020 B Class Share rights granted. CEO, Global Rice: 100,000 B Class Share rights granted. Quantum is determined based on an individual's specific circumstances.
Performance period	CEO, Global Rice: Two-year scheme covering the period from 19 July 2021 – 31 July 2023. For other participants, the terms vary and are advised in an individual invitation letter.
Grant date	26 July 2021 for the CEO, Global Rice. Grant dates vary for other participants invited to the plan.
Rights Issue date	CEO, Global Rice: 16 August 2021 For other participants, dates vary and are aligned to the invitation letters.
Fair Value of B Class Share rights granted	CEO, Global Rice: The accounting fair value of the B Class Share rights at grant date was determined by taking the market price of the Company's B Class Shares on that date ($6.70). No adjustment was required as dividends can be received by the CEO, Global Rice on her B Class Share rights during the vesting period. For other participants, the accounting fair value of the B Class Share rights at grant date was determined using similar mechanisms at the relevant grant dates.
Vesting schedule	Participants are entitled to exercise any B Class Share rights that vest within 7 years from the rights issue date. Vested but unexercised Rights will be automatically exercised in the first Trading Window on or after the Last Exercise Date if they are not exercised by that time.
Last Exercise Date	7 years from the issue date.
KPIs	Only service conditions apply for the CEO, Global Rice. No performance conditions are included as the B Class Share rights were offered as a retention mechanism and a partial buy out of equity from former employment being forfeited upon joining SunRice. For other participants KPIs (service and/or performance conditions) are as per the Invitation letters.
Forecasted vesting	At present the plans are being accrued for on the assumption of 100% vesting with 0% forfeiture.
Termination	The Board retains discretion to cancel any unpaid, unvested or deferred Rights in part or in full in the event of financial misstatements. B Class Share rights are forfeited on cessation of employment unless the Board determines otherwise.

12.4.10 Employee Share Scheme (ESS) (myShare Plan)

Following the Board's approval, the following offers under the Employee Share Scheme (ESS) to eligible employees who are Australian Tax Residents have been made:

Employee Share Scheme (ESS)

Instrument	The plan operates by way of either an after-tax employee payroll contribution with a company matching arrangement for either $250, $500, $750 or $1,000, and/or employees having the option to salary sacrifice between $1,000 and $5,000 (in specified increments), to purchase B Class Shares from their pre-tax salary. A $7,000 limit per employee applies including the company's matching portion.	
Offer	July 2020 Offer	July 2021 Offer
Grant Date	22 July 2020	12 July 2021
Issue Price	$5.86, based on the Volume Weighted Average Price of B Class Shares traded on the ASX over the last five days on which B Class Shares were traded prior to 8 July 2020. Due to the matching offer in the plan, no discount was applied.	$7.13, based on the Volume Weighted Average Price of B Class Shares traded on the ASX over the last nine days on which B Class Shares were traded prior to 7 July 2021. Due to the matching offer in the plan, no discount was applied.
B Class Shares issued	88,788 B Class Shares including 1,193 B Class Shares which were issued to the Chief Financial Officer. This also included 24,350 B Class Shares issued under the matching component of the plan, of which 170 were issued to the Chief Financial Officer. An additional 1,193 B Class Shares were also purchased on market for the Chief Executive Officer. This included 170 B Class Shares under the company matching component.	69,046 B Class Shares including 981 B Class Shares which were issued to the Chief Financial Officer. This also included 25,165 B Class Shares issued under the matching component of the plan, of which 140 were issued to the Chief Financial Officer. The Chief Executive Officer did not participate in the July 2021 ESS offer.

12.5 Executive Remuneration tables

Name	Short term benefits				Post-employment benefits (4)		Long term benefits (non cash)	
	Cash Salary and Fees $	Cash Bonus (2) $	Non-Monetary Benefits (1) $	Annual and Long Service Leave (3) $	Super-annuation $	Total Paid and Payable cash benefit $	Share-based Payments Equity settled (2) (3) (5) $	Performance related %
R Gordon								
2022	1,428,744	938,526	11,460	-48,106	23,256	2,353,880	1,052,019	58%
2021	1,430,421	833,630	10,730	-1,448	21,579	2,294,912	707,399	51%
D Courtelis								
2022	694,744	395,548	11,460	33,995	23,256	1,159,003	208,766	44%
2021	678,421	335,417	10,730	26,966	21,579	1,073,113	228,750	43%
B Tumbers								
2022	528,249	291,944	101,880	24,003	19,640	965,716	355,829	49%
2021	-	-	-	-	-	-	-	-
Former KMP								
D Keldie (6)								
2022	-	-	-	-	-	-	-	-
2021	496,421	265,475	10,730	-3,279	21,579	790,926	113,465	42%

1 Non-monetary benefits include benefits such as car parking, relocation expenses (applicable to B Tumbers) and fringe benefits tax (FBT). In some cases, these are at the election of the Executives (salary sacrifice). No FBT is applicable in 2022.

2 Cash bonus, Share Based Payments and annual increases to cash salary are impacted by performance. Cash salary and fees have however not been included as "performance related" in the above table

3 Annual and Long Service Leave, as well as the Share-based Payments represent the change in provisions during the reporting periods.

4 There were no Termination benefits to be reported on in 2022 (2021: Nil).

5 For B Tumbers, the Share Based Payments include both amounts awarded under the FY2022 LTI plan and the FY2022 other Equity Plan. For R Gordon, the Share Based Payments amount for 2021 only relates to the FY2019/FY2021 LTI Plan. An additional amount of $701,346 was accrued in that year in relation to the FY2022/FY2024 LTI plan in relation to the period from grant date on 28 August 2020 to 30 April 2021.

6 Following internal reorganisation and the creation of the Chief Executive Officer Global Rice role, David Keldie (previously General Manager, Global Consumer Markets) ceased being designated as KMP on 30 April 2021 on appointment to his new role. Accordingly, his earnings for the FY2022 reporting period are not included in this table

12.6 Remuneration of Non-executive Directors

The Board aims to set Non-executive Director remuneration at a level that enables the attraction and retention of Directors of the highest calibre, while incurring a cost that is acceptable to shareholders. The remuneration of the Non-executive Directors is determined by the Board on recommendation from the People and Remuneration Committee within a maximum fee pool. Non-executive Directors receive a base fee and statutory superannuation contributions. Non-executive Directors do not receive any performance-based pay.

Non-executive Director (NEDs) Remuneration Fees

In setting remuneration, the People and Remuneration Committee undertakes an annual process to ensure:

- Remuneration is reflective of the market and takes into consideration comparator companies and peers within the Fast Moving Consumer Goods, agribusiness and rural sector; and
- Financial interests of Non-executive Directors and shareholders are aligned.

In line with our commitments in the 2021 Remuneration Report, no increases were applied to Board fees at the commencement of FY2022, in light of the difficult business conditions experienced in FY2021. With Director fees remaining low versus market average, a review was conducted as the profitability improved and increases were applied effective 1 February 2022. Despite the increases applied, the Board fees remain in the lower quartile in comparison to our peer groups. The People and Remuneration Committee will continue to review the fees to ensure the attraction and retention of high calibre Board members whilst balancing the spend and quantum of Directors included in the fee pool.

Fee pool

The maximum amount of fees that can be paid to Non-executive Directors is capped by a pool approved by shareholders. At the 2020 Annual General Meeting, shareholders approved the current fee pool of $1,500,000 per annum. The total fees paid in the reporting period (including superannuation contributions in respect of Directors' remuneration and excluding payments made by Trukai Industries Limited which are excluded from the pool) was $1,135,439 (2021: $1,124,978), utilising 76% (2021: 75%) of the total fee pool. Directors attending to the business of the Group are reimbursed for the reasonable cost of travel and reasonable out of pocket expenses. These costs are excluded from the Director Fee Pool.

Directors FY2022 fee structure

The Directors' fees (excluding superannuation), effective from 1 February 2022 are set out in the table below.

	2022 $	2021 $
Board Chair	194,314	185,061
Board Member	91,196	79,301
Finance, Risk and Audit Committee Chair	22,727	17,000
Finance, Risk and Audit Committee Member	9,000	9,000
People & Remuneration Committee Chair	18,182	14,000
People & Remuneration Committee Member	8,000	8,000
Grower Services Committee Chair	10,909	9,000
Grower Services Committee Member	5,455	4,500
Safety Health and Sustainability Committee Chair	13,636	9,000
Safety Health and Sustainability Committee Member	5,455	4,500

Fees for 2022 represent the new fees effective from 1 February 2022 and are not representative of the actual earnings for the full financial year.
No fees are paid for the Chair and Members of the Nomination Committee.

Non-executive Directors of the SunRice Group who are Directors of Trukai Industries Limited also received annual Director Fees for their roles in recognition of the additional workload associated with management of an operation based in Papua New Guinea. The Chairman is entitled to an annualised fee of $9,238 (PGK 25,000) and the Member an annualised fee of $7,390 (PGK 20,000).

Non-executive Director Statutory Remuneration

The table below and on the next page outlines the aggregate of all Directors' fees received by a Director in respect of the SunRice Group and any of its subsidiaries (including Trukai Industries Limited) during the current and previous reporting periods.

Current Directors	Short term benefits		Post-employment benefits	Total
	Cash Salary and Fees $	Cash Salary and Fees Other Controlled Entities $	Superannuation $	$
LJ Arthur				
2022	187,374	-	18,583	205,957
2021	185,061	-	17,581	202,642
L Catanzaro				
2022	108,707	-	10,784	119,491
2021	104,301	-	9,909	114,210
A Crane				
2022	93,548	-	9,281	102,829
2021	88,301	-	8,389	96,690
I Mason (1)				
2022	99,252	7,390	9,844	116,486
2021	94,301	7,346	8,959	110,606
JM Bradford (2)				
2022	99,434	9,238	9,863	118,535
2021	90,968	9,183	8,642	108,793
LK Vial				
2022	91,752	-	9,102	100,854
2021	91,301	-	8,674	99,975
I Glasson				
2022	106,320	-	10,547	116,867
2021	102,301	-	9,719	112,020
JJ Morton (3)				
2022	91,752	-	8,078	99,830
2021	88,301	-	7,408	95,709
JL Zanatta				
2022	96,923	-	9,615	106,538
2021	89,801	-	8,531	98,332

(1) Includes fees paid as Member of the Directors of the Trukai Industries Limited Board
(2) Includes fees paid as Chairman of the Directors of the Trukai Industries Limited Board
(3) JJ Morton superannuation relects the impact of a novated vehicle

	Short term benefits		Post-employment benefits	Total
	Cash Salary and Fees	Cash Salary and Fees Other Controlled Entities	Superannuation	
Former Director	$	$	$	$
GL Kirkup (retired 31 December 2021)				
2022	58,867	-	5,813	64,680
2021	93,635	-	8,895	102,530

GL Kirkup also received a Retirement Benefit of $49,576 based on a historical Directors Retirement Benefit Scheme that was terminated following shareholder approval at the Annual General Meeting held on 27 August 2010.

12.7 Shareholdings and other mandatory disclosures

Service Agreements

The remuneration arrangements for the SunRice Chief Executive Officer and the Executives are formalised in Service Agreements, as set out below:

Name and Role	Term of Agreement	Notice Periods
R Gordon, Group Chief Executive Officer	Rolling contract with no fixed end date	6 months
D Courtelis, Group Chief Financial Officer	Rolling contract with no fixed end date	6 months
B Tumbers, Chief Executive Officer, Global Rice	Rolling contract with no fixed end date	3 months

The Chief Executive Officer's ongoing contract was issued dated 8 September 2016 with a termination period of six months if initiated by the Chief Executive Officer. The employment contract is capable of termination by the Company on 12 months' written notice.

Share holdings

It is the Company's policy (Minimum Shareholding Policy) that each Non-executive Independent Director has control over B Class Shares in the Company that are worth at least the equivalent of one year's fixed remuneration. This policy is expected to be met over a four year period.

This policy however will be considered in line with the request for B Class Shareholders to approve a Non-executive Director Share Plan at the 2022 B Class shareholder meeting to enable the purchase of B Class Shares in the Company.

Directors' and other KMP interests in A and B Class Shares of the SunRice Group

B Class Shares in the below tables only include B Class Shares that were on issue as at 30 April 2022. B Class Shares that vested at 30 April 2022 upon completion of an LTI plan are not included in these tables as the B Class Shares will only be issued after the release of the 2022 Annual report.

	Held at 30 April 2022			Held at 30 April 2021	
Director	A Class Shares	B Class Shares	Net change in period	A Class Shares	B Class Shares
L Arthur	1	268,718	1,134	1	267,584
J Bradford	1	39,572	2,369	1	37,203
L Catanzaro	-	6,000	6,000	-	-
A Crane	-	-	-	-	-
I Glasson	-	25,188	1,508	-	23,680
R Gordon	-	647,932	523,655	-	124,277
I Mason	1	160,701	551	1	160,150
J Morton	1	145,561	642	1	144,919
L Vial	1	129,546	4,464	1	125,082
J Zanatta	1	27,449	1,048	1	26,401
Former director					
G Kirkup	1	87,460	5,235	1	82,225

Other Key Management Personnel	2022 B Class Shares	2021 B Class Shares
D Courtelis	47,416	4,948
B Tumbers	-	-

D Keldie has not been presented in this table as he was no longer a KMP in 2022

The aggregate number of B Class Shares held by current Directors (including those having retired during the current reporting period) of the SunRice Group, their related entities and other Key Management Personnel at balance date was:

Issuing entity	2022	2021
Ricegrowers Limited	1,585,543	996,469

D Keldie has not been included in this table as he was no longer a KMP in 2022.

Details of B Class Shares issued to Directors and their related entities pursuant to the Grower Share Purchase Plan (GSPP)

Related party name	Nature of relationship	B Class Shares issued pursuant to GSPP
Mr Lawrence John Arthur	Chairman and Director	5,216
Andrew Arthur and Amy Lolicato	Andrew Arthur is the son of a Director (Laurie Arthur)	819
John Neil Arthur	Director's son (Laurie Arthur)	482
DJ Mason & IR Mason & PD Mason trading as DJ Mason & Sons	Director, Director's mother and Director's brother (Ian Mason)	1,363
North Dale Pty Ltd	Director's company (Leigh Vial)	1,613
JA Zanatta & I Zanatta	Director (Julian Zanatta)	5,530

The GSSP was last offered in 2018.

Movement in B Class Share rights held during the reporting period

Details of the movement in B Class Share rights in the Company, during the reporting period for each Executive are detailed below.

	Balance at the start of the year		Vested and automatically exercised		Forfeited			Balance at the end of the year
Movement in B Class Share Rights during FY2022	Unvested	Granted as remuneration	Number	%	Number	%	Other Changes	Unvested
R Gordon	550,000	-	-	-	-	-	-	550,000
D Courtelis	79,660	43,000	25,660	100.0	-	0.0	-	97,000
B Tumbers	-	143,000	-	-	-	-	-	143,000

D Keldie has not been presented in this table as he was no longer a KMP in 2022

Number and Value of B Class Share rights granted, vested and forfeited under the LTI and other equity plans

Details of the B Class Share rights granted as remuneration and held, and vesting profile as at 30 April 2022 for each Executive is presented in the table below. B Class Share rights are granted for nil consideration (i.e. zero exercise price) and vest following performance testing.

							Vested in FY2022		
Current Executive KMP	Plan	Number of B Class Share Rights	Grant Date	Fair value at grant date ($)	Financial year in which B Class Share Rights may vest	Maximum fair value yet to vest ($) (1)	Vested in the year (%)	Forfeited in the year (%)	Number of ordinary B Class Shares
R Gordon	FY22	550,000	28-Aug-20	5.21	FY23/FY24	1,112,135	-	-	-
D Courtelis	FY20	25,660	1-Aug-19	3.93	FY22	-	100.0	-	25,660
	FY21	54,000	17-Aug-20	4.34	FY23	78,120	-	-	-
	FY22	43,000	26-Jul-21	6.70	FY24	192,067	-	-	-
B Tumbers	FY22	143,000	26-Jul-21	6.70	FY23/FY24	602,271	-	-	-

1. The maximum value of the B Class Share rights yet to vest has been determined as the amount of the grant date fair value of the rights that is yet to be expensed.
D Keldie has not been presented in this table as he was no longer a KMP in 2022

Other transactions with Directors and other Key Management Personnel

	2022 $	2021 $
Purchases of rice from Directors	7,495,295	4,192,119
Sale of inputs to Directors	168,204	243,127
Other purchases from Directors	10,794	-
Fees paid to Directors for participation on irrigated Research and Extension Committee	2,964	2,951
Total transactions with Directors and other Key Management Personnel	7,677,257	4,438,197

There were no transactions or loans provided to other KMP or their related parties as at the date of this report.

Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

12.8 Voting and comments made at Ricegrowers Limited's Annual General Meeting

It is noted that at the 2021 AGM held on 25 August 2021, of the votes cast, the Company received 85.03% 'for' vote on the Remuneration Report. Consequently, no additional disclosures have been triggered.

13. Insurance of officers and indemnities

During the year, Directors and Executive Officers of Ricegrowers Limited were insured as part of an insurance policy undertaken against a liability of a nature that is required to be disclosed under the Corporations Act 2001.

In accordance with the Corporations Act 2001, further details have not been disclosed due to the confidentiality provisions included in the insurance contract.

14. Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

15. Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (PwC Australia) for audit and non-audit services provided during the financial year are set out in note 6c to the financial statements.

The board of directors has considered the position and, in accordance with advice received from the Finance, Risk and Audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in note 6c to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are provided in accordance with the Group's External Auditor Independence Policy, which is periodically reviewed and approved by the Finance, Risk and Audit committee to ensure the services provided do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

16. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 88.

17. Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report.

Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

For and on behalf of the Board.

L Arthur
Chairman

R Gordon
Director

23 June 2022

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Ricegrowers Limited for the year ended 30 April 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ricegrowers Limited and the entities it controlled during the period.

Mark Dow	Sydney
Partner PricewaterhouseCoopers	23 June 2022

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Financial Report

The following financial statements are consolidated financial statements for the Group consisting of Ricegrowers Limited and its subsidiaries. A list of subsidiaries is included in note 5a.

The financial statements are presented in the Australian currency.

Ricegrowers Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ricegrowers Limited
57 Yanco Avenue
LEETON NSW 2705

Ricegrowers limited has a dual class share structure, with B Class Shares being able to be held by investors generally and A Class Shares being limited to rice growers who meet the production quotas prescribed by the SunRice Constitution. Details of this structure are available in the Shareholder Information section of this Annual Report.

B Class Shares of Ricegrowers Limited are publicly traded on the Australian Securities Exchange (ASX) – code SGLLV.

A description of the nature of the Group's operations and its principal activities is included within the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue by the directors on 23 June 2022.

The directors have the power to amend and reissue the financial statements.

All press releases, financial reports and other information are available at our Investors' Centre on our website:
https://investors.sunrice.com.au/Investors

Consolidated Income Statement

FOR THE YEAR ENDED 30 APRIL

	Note	2022 $000's	2021 $000's
Sales revenue	2b	1,331,050	1,022,231
Other revenue	2b	3,343	3,988
Revenue from continuing operations		1,334,393	1,026,219
Other income	2c	1,585	4,168
Changes in inventories of finished goods		4,365	(6,400)
Raw materials and consumables used		(823,413)	(640,344)
Freight and distribution expenses		(146,940)	(89,615)
Employee benefits expenses		(148,719)	(137,385)
Depreciation and amortisation expenses		(26,142)	(24,891)
Finance costs		(5,626)	(4,801)
Other expenses	2d	(129,835)	(107,909)
Profit before income tax		59,668	19,042
Income tax expense	2f	(10,941)	(759)
Profit for the year		48,727	18,283
Profit for the year is attributable to:			
Ricegrowers Limited shareholders		47,553	20,767
Non-controlling interests		1,174	(2,484)
		48,727	18,283
Earnings per B Class Share for profit attributable to B Class Shareholders			
Basic earnings (cents per B Class Share)	2e	77.2	34.6
Diluted earnings (cents per B Class Share)	2e	77.0	34.6

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 APRIL

	Note	2022 $000's	2021 $000's
Profit for the year		48,727	18,283
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges	4f	(1,674)	2,245
Exchange differences on translation of foreign operations	4f	13,412	(28,336)
Income tax relating to items of other comprehensive income	4f	582	(852)
Other comprehensive income / (loss) for the year, net of tax		12,320	(26,943)
Total comprehensive income / (loss) for the year		61,047	(8,660)
Total comprehensive income / (loss) for the year is attributable to:			
Ricegrowers Limited shareholders		58,454	(2,541)
Non-controlling interests		2,593	(6,119)
		61,047	(8,660)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 30 APRIL

	Note	2022 $000's	2021 $000's
Current assets			
Cash and cash equivalents	4b	42,599	23,536
Receivables	3a	260,036	175,823
Inventories	3b	524,950	375,716
Current tax receivable		2,641	1,554
Derivative financial instruments	3j	862	2,759
Total current assets		831,088	579,388
Non-current assets			
Property, plant and equipment including Right-of-Use assets	3f / 3g	267,629	262,348
Investment properties	3h	2,900	2,900
Intangibles	3i	85,680	58,515
Deferred tax assets	2f	8,514	15,924
Derivative financial instruments	3j	317	-
Investments accounted for using the equity method	5b	2,665	2,458
Total non-current assets		367,705	342,145
Total assets		1,198,793	921,533
Current liabilities			
Payables	3c	217,672	143,749
Amounts payable to Riverina Rice Growers	3c	200,142	112,456
Borrowings including Lease Liabilities	4d / 3g	125,067	84,961
Current tax liabilities		2,953	4,078
Provisions	3d	25,437	22,552
Derivative financial instruments	3j	1,575	1,409
Total current liabilities		572,846	369,205
Non current liabilities			
Payables	3c	1,051	1,107
Borrowings including Lease Liabilities	4d / 3g	115,312	86,450
Provisions	3d	4,235	3,807
Total non-current liabilities		120,598	91,364
Total liabilities		693,444	460,569
Net assets		505,349	460,964
Equity			
Contributed equity	4e	142,478	134,561
Reserves	4f	(21,405)	(5,546)
Retained profits	4f	364,828	315,094
Capital & resources attributable to Ricegrowers Limited shareholders		485,901	444,109
Non-controlling interests		19,448	16,855
Total equity		505,349	460,964

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Change in Equity

FOR THE YEAR ENDED 30 APRIL

		Attributable to Ricegrowers Limited shareholders					
	Note	Contributed equity $000's	Reserves $000's	Retained Profits $000's	Total $000's	Non-controlling interests $000's	Total Equity $000's
Balance as at 1 May 2020		128,440	16,101	313,844	458,385	22,974	481,359
Profit / (loss) for the year		-	-	20,767	20,767	(2,484)	18,283
Other comprehensive loss		-	(23,308)	-	(23,308)	(3,635)	(26,943)
Total comprehensive (loss) / income for the year		-	(23,308)	20,767	(2,541)	(6,119)	(8,660)
Transactions with owners in their capacity as owners:							
Contribution of equity, net of transaction costs	4e	5,393	-	-	5,393	-	5,393
Share-based payments - issue of shares to employees	4f	728	(728)	-	-	-	-
Share-based payments - value of employee services	4f	-	2,389	-	2,389	-	2,389
Dividends distributed	4a	-	-	(19,517)	(19,517)	-	(19,517)
		6,121	1,661	(19,517)	(11,735)	-	(11,735)
Balance as at 30 April 2021		134,561	(5,546)	315,094	444,109	16,855	460,964
Profit for the year		-	-	47,553	47,553	1,174	48,727
Other comprehensive income		-	10,901	-	10,901	1,419	12,320
Total comprehensive income for the year		-	10,901	47,553	58,454	2,593	61,047
Transactions with owners in their capacity as owners:							
Contribution of equity, net of transaction costs	4e	6,736	-	-	6,736	-	6,736
Share-based payments - issue of shares to employees	4f	1,181	(1,181)	-	-	-	-
Share-based payments - value of employee services	4f	-	2,874	-	2,874	-	2,874
Transfer of General reserve to Retained profits	4f	-	(28,453)	28,453	-	-	-
Dividends distributed	4a	-	-	(26,272)	(26,272)	-	(26,272)
		7,917	(26,760)	2,181	(16,662)	-	(16,662)
Balance as at 30 April 2022		142,478	(21,405)	364,828	485,901	19,448	505,349

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 APRIL

	Note	2022 $000's	2021 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,318,147	1,089,257
Payments to suppliers (inclusive of goods and services tax)		(960,566)	(851,310)
Payments to Riverina Rice Growers		(179,913)	(52,436)
Payments of wages, salaries and on-costs		(142,040)	(135,822)
Interest received		151	105
Interest paid		(5,335)	(5,144)
Income taxes paid		(6,106)	(5,640)
Net cash inflow from operating activities	4c	24,338	39,010
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(16,598)	(18,934)
Proceeds from sale of property, plant and equipment		70	1,290
Payments for acquisition of businesses, net of cash acquired	5f	(37,517)	(66,196)
Net cash outflow from investing activities		(54,045)	(83,840)
Cash flows from financing activities			
Proceeds from borrowings		554,640	532,634
Repayment of borrowings		(498,342)	(474,639)
Principal element of lease		(3,532)	(3,753)
Dividends paid to the company's B Class shareholders		(19,848)	(14,502)
Net cash intflow from financing activities		32,918	39,740
Net increase / (decrease) in cash and cash equivalents		3,211	(5,090)
Cash and cash equivalents at the beginning of the financial year		23,536	31,514
Effect of exchange rate changes on cash and cash equivalents		1,511	(2,888)
Cash and cash equivalents at the end of the financial year	4b	28,258	23,536

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

FOR THE YEAR ENDED 30 APRIL

1. Basis of preparation

Ricegrowers Limited (the Company) is a for-profit entity for the purpose of preparing financial statements.

The consolidated financial statements of the Company for the year ended 30 April 2022 comprise the Company and its subsidiaries (together referred to as the Group).

Amounts in the financial statements have been rounded off to the nearest thousand dollar, or in certain cases, to the nearest dollar, in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191.

The general purpose financial statements included in this consolidated financial report:

- have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001;
- comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); and
- have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment property, which are measured at fair value.

New standards and amendments that applied to the Group for the first time for the annual reporting period commencing on 1 May 2021 did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

In addition, there are no new standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Significant accounting policies have been:

- included in the relevant note to which each policy relates, other than the accounting policy for foreign currency, set out on the next page; and
- have been consistently applied to all periods presented in these financial statements.

Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions. This may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 2f: Income taxes – Deferred tax assets relating to capital and ordinary losses available for future use
- Note 3a: Receivables – determination of loss allowances
- Note 3b and 3c: Inventories and Amounts payable to Riverina Rice growers – Estimation of raw materials inventory value and amounts payable to Riverina rice growers
- Note 3f and 3i: Property, plant and equipment and Intangibles – Impairment of non-current assets (including goodwill)
- Note 3d and 4j: Provisions and Contingent liabilities – recognition and measurement of provisions and contingent liabilities

In addition, the known and potential impacts of the COVID-19 pandemic in the near future continue to be taken into consideration when determining significant estimates and judgements. Further details about the Group's response to the COVID-19 pandemic are available in the Our Financial Performance and Position section of this Annual Report on page 18.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollar ($), which is Ricegrowers Limited's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income and presented in a foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated income statement, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2. Group Performance

This section explains the results and performance of the Group for the year, including segment information, earnings per B Class Share and taxation.

Further information and analysis of performance and financial position is available in the Our Strategy in Action and Our Financial Performance and Position sections of this Annual Report on pages 14 to 27.

2.a. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Corporate Management Team. The Corporate Management Team examines the Group's financial performance from a product and service perspective under 6 reportable segments. In aggregating operating segments into reportable segments, the Group has considered the requirements of the accounting standards and notably the existence of similarities in economic characteristics, nature of products, markets and customers.

Rice Pool

The receival, milling, marketing and distribution of Riverina rice, directly to customers across many channels. This includes supplying Australian markets and exporting Riverina rice to global markets (including tender markets) across the Middle East, Asia Pacific, the U.S and Europe. The Rice Pool also supplies some of the Group's local business units and global subsidiaries, which can purchase rice or by-products from the Rice Pool at commercial prices to use in their manufacturing processes or sell in their local markets, depending on availability.

The Rice Pool is only available to Growers and A Class Shareholders, unless the Paddy Price paid to the Riverina growers is adjusted by the Board, resulting in a net loss or gain for the Rice Pool segment impacting Group profitability and the Group's B Class Shareholders.

International Rice

The purchasing (primarily from the U.S, Asia or the Rice Pool segment), processing, manufacturing, marketing and distribution of bulk or branded rice products through intermediaries to consumers, food service and processing customers in global markets (including tender markets) and the Australian market where the varieties cannot be grown in Australia, including during times of low water availability.

International Rice is an aggregation of the main following operating segments:

- The Global Trading arm of the Group (including Ricegrowers Singapore), which sources and sells bulk or branded rice products in Australia or overseas and in tender markets.
- Trukai, SolRice, SunFoods, Ricegrowers Vietnam, Ricegrowers New Zealand and Ricegrowers Middle East, which are separate legal entities that distribute rice products either in their respective local markets or internationally. SunFoods and Ricegrowers Vietnam also mill and/or pack locally sourced rice.

The nature of products manufactured, the distribution process and the type of customers are comparable between these segments. The economic characteristics of the larger operating segments, measured by their gross margin, is also largely comparable when considering past and expected performance.

International rice also includes Aqaba Processing Company (a packing facility in Jordan), the Group's research and development Company (Rice Research Australia) and the Brandon business in North Queensland. These operating segments present different performance profiles, but it is the Group's assessment that this does not materially impact the aggregated reportable segment due to the small contribution of these operating segments to International Rice.

Rice Food

The importation, local manufacturing, marketing and distribution of value-added rice-based products, including snacks, ingredients and preprepared meals, both in domestic and global markets.

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips, Microwave Rice and Microwave Meals operating segments, which have similar economic characteristics, including their gross margin.

Riviana Foods (Riviana)

The distribution of both imported and locally manufactured branded specialty gourmet and special occasions food products to retail and food service customers in Australia and export markets.

CopRice

The manufacture (in both Australia and New Zealand) and distribution of bulk stockfeed to primary producers and branded packaged stockfeed and companion animal feed products through retail and wholesale channels to customers primarily across Australia and New Zealand.

Corporate

The Corporate segment captures the income and cost of holding and financing assets (property, plant and equipment and brands) that it owns and are used by both the Rice Pool and the other segments. This includes intersegment charges for the use of SunRice brands (Brand Charges) and access to milling, packing, storage and warehousing assets (Asset Financing Charges). It also captures income and cost items that are not allocated to other business segments due to their Group corporate nature.

Australian Grain Storage is also aggregated into the Corporate segment.

From time to time, the Corporate segment receives dividends from the Group's subsidiaries which can form part of other segments of the Group. To provide a more representative view of the underlying activities of this segment, the reported contributed Net Profit Before Tax for the Corporate segment is presented after dividend elimination.

2.a. Operating segments (continued)

Recognition and measurement

Sales between segments are carried out at arms length and are eliminated on consolidation. Revenue from external customers (which is entirely recognised at a point in time), assets and liabilities are measured in a manner consistent with that of the financial statements.

Australian cash and borrowing balances are not allocated to operating segments, as the treasury and financing of Australian operations is centrally managed. This creates an asymmetry in information because fixed assets and working capital that are financed by borrowings are allocated to each operating segment.

Current and deferred tax balances are also not allocated to the operating segment's assets and liabilities.

Items of property, plant and equipment are allocated to the segment that owns the assets as opposed to the segment that uses those assets. As a result, items of property, plant and equipment used by the Rice Pool segment are allocated to the Corporate segment.

2022	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	286,784	621,070	106,431	196,782	161,095	32,826	1,404,988
Inter-segment revenue	(40,683)	(152)	-	(277)	-	(32,826)	(73,938)
Revenue from external customers	246,101	620,918	106,431	196,505	161,095	-	1,331,050
Other revenue							3,343
Total revenue from continuing operations							1,334,393
Contributed EBITDA	-	43,590	7,900	14,003	(510)	26,360	91,343
Total EBITDA							91,343
Contributed Net Profit / (Loss) Before Tax	-	34,217	5,896	12,467	(5,512)	12,600	59,668
Profit before income tax							59,668
Depreciation and amortisation	-	(7,954)	(1,679)	(1,325)	(4,185)	(10,999)	(26,142)
Impairment	-	-	(16)	-	-	(42)	(58)
Acquisitions of non-current assets**	-	5,909	384	157	41,312	7,668	55,430
Segment assets	395,269	402,340	42,519	138,627	142,427	304,704	1,425,886
Intersegment eliminations	-	-	-	-	-	-	(248,190)
Cash and cash equivalents	-	-	-	-	-	-	9,942
Current tax assets	-	-	-	-	-	-	2,641
Deferred tax assets	-	-	-	-	-	-	8,514
Total assets	-	-	-	-	-	-	1,198,793
Segment liabilities	281,766	200,699	8,096	54,114	20,238	39,557	604,470
Intersegment eliminations	-	-	-	-	-	-	(124,043)
Current tax liability	-	-	-	-	-	-	2,953
Borrowings	-	-	-	-	-	-	210,064
Total liabilities	-	-	-	-	-	-	693,444

**Other than financial assets, derivative financial instruments and deferred tax assets.

2.a. Operating segments (continued)

2021	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Total segment revenue	119,797	548,863	99,034	152,080	114,453	12,430	1,046,657
Inter-segment revenue	(4,997)	(333)	(2,970)	(3,696)	-	(12,430)	(24,426)
Revenue from external customers	114,800	548,530	96,064	148,384	114,453	-	1,022,231
Other revenue							3,988
Total revenue from continuing operations							1,026,219
Contributed EBITDA	(22,146)	33,694	906	10,362	(791)	26,024	48,049
Intersegment eliminations							1,091
Total EBITDA							49,140
Contributed Net Profit / (Loss) Before Tax	(22,146)	22,578	(1,880)	9,230	(4,453)	14,622	17,951
Intersegment eliminations							1,091
Profit before income tax							19,042
Depreciation and amortisation	-	(8,820)	(1,838)	(1,003)	(2,709)	(10,521)	(24,891)
Impairment	-	-	(221)	-	-	(290)	(511)
Acquisitions of non-current assets**	-	5,671	4,023	42,191	19,880	10,615	82,380
Segment assets	199,342	350,670	49,233	132,677	95,164	256,918	1,084,004
Intersegment eliminations	-	-	-	-	-	-	(185,062)
Cash and cash equivalents	-	-	-	-	-	-	5,113
Current tax assets	-	-	-	-	-	-	1,554
Deferred tax assets	-	-	-	-	-	-	15,924
Total assets	-	-	-	-	-	-	921,533
Segment liabilities	166,969	150,747	12,119	36,394	13,878	36,765	416,872
Intersegment eliminations	-	-	-	-	-	-	(131,792)
Current tax liability	-	-	-	-	-	-	4,078
Borrowings	-	-	-	-	-	-	171,411
Total liabilities	-	-	-	-	-	-	460,569

**Other than financial assets, derivative financial instruments and deferred tax assets.

The Corporate Management Team evaluates results based on contributed Net Profit Before Tax, which is defined as net profit before income tax and intersegment eliminations. It also uses contributed EBITDA to assess the performance of the segments, which is defined as earnings before net finance costs (asset financing charges are not considered a finance cost/income for the purpose of the EBITDA calculation), tax, depreciation, amortisation, impairment and intersegment eliminations. Below is a reconciliation of EBITDA to profit before income tax.

	2022 $000's	2021 $000's
EBITDA prior to Brand and Asset Financing charges	72,761	49,140
Brand and Asset Financing charges earned *	18,582	-
Total EBITDA	91,343	49,140
Finance costs - net	(5,475)	(4,696)
Depreciation and amortisation expense	(26,142)	(24,891)
Impairment	(58)	(511)
Profit before income tax	59,668	19,042

* The Corporate segment earns a brand charge and an asset financing charge from the Rice Pool. In Pool years (such as 2022), these charges are fully absorbed by the Rice Pool and contribute to the naturally determined Paddy Price. The corresponding income is reflected in the Corporate segment and results in a net benefit to the Group Net Profit Before Tax (2022: $18,582,000). In years of low Australian Rice production (such as 2021), these charges (and other overheads) are not fully absorbed by the Rice Pool and result in a loss in the Rice Pool segment. Despite the corresponding income still being reflected in the Corporate Segment, there is no resulting benefit to the Group Net Profit Before Tax in those years (2021: Nil).

2.a. Operating segments (continued)

Geographical areas

	Australia $000's	PNG $000's	Other $000's	Total $000's
2022				
Revenue from external customers	581,910	227,673	521,467	1,331,050
2021				
Revenue from external customers	485,766	208,262	328,203	1,022,231

Segment revenues are allocated based on the country in which the customer is located.

No single external customer represents more than 10% of revenue in the 2022 financial reporting period (2021: one external customer).

The value of non-current assets (excluding deferred tax assets) located in Australia is $291,032,000 (2021: $260,121,000) and $67,879,000 (2021: $66,136,000) in other countries. Segment assets are allocated to countries based on where the assets are located.

2.b. Revenue

	2022 $000's	2021 $000's
Sales revenue		
Sale of goods - recognised at a point in time	1,331,050	1,022,231
Other revenue		
Interest received	151	105
Other sundry items	3,192	3,883
	3,343	3,988
Total revenue from continuing operations	1,334,393	1,026,219

Recognition and measurement

Sale of goods
Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and the customer has full discretion over the channel and price to on-sell the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Goods are often sold with discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience and the expected value method are used to estimate and provide for the discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the sales are generally made with a credit term of less than 60 days.

A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional, because only the passage of time is required before the payment is due.

Interest income
Interest income on financial assets at amortised cost is calculated using the effective interest method.

Revenue from other sundry items
Revenue from other sundry items is derived from grants received from the government and other ad-hoc services provided by the Group.

Grants from the government are recognised at their fair value, where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised as income over the period necessary to match them with the costs that they are intended to compensate.

Revenue from the provision of other ad-hoc services is recognised in the accounting period in which the services are performed.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

2.c. Other income

	2022 $000's	2021 $000's
Net Foreign exchange gains	1,585	-
Gain on business combination	-	1,597
Net gain on disposal of property, plant and equipment	-	1,290
Other	-	1,281
Total other income	1,585	4,168

2.d. Expenses

Profit before income tax includes the following specific expenses.

	2022 $000's	2021 $000's
Contributions to employee superannuation plans	(8,065)	(7,466)
Other expenses		
Energy	(16,969)	(11,823)
Contracted services	(30,739)	(26,364)
Equipment hire and other rental expense (not qualifying as leases)	(10,664)	(9,488)
Advertising and artwork	(23,789)	(19,180)
Repairs and maintenance	(11,067)	(9,641)
Insurance	(8,943)	(7,835)
Motor vehicle and travelling expenses	(3,652)	(2,889)
Staff recruitment	(3,281)	(2,012)
Internet, telephone and fax	(2,640)	(2,576)
Research and development	(1,338)	(1,319)
Net loss on disposal of property, plant and equipment	(349)	-
Impairment of assets	(58)	(511)
Net foreign exchange losses	-	(1,229)
Other	(16,346)	(13,042)
Total other expenses	(129,835)	(107,909)

2.e. Earnings per B Class Share

	2022 Cents	2021 Cents
Basic earnings per B Class share	77.2	34.6
Diluted earnings per B Class share	77.0	34.6

Reconciliation of earnings per B Class Share

	2022 $000's	2021 $000's
Profit for the year	47,553	20,767
Weighted average number of B Class shares for Basic earnings per B Class share*	61,573	60,047
Adjustment for dilutive B Class Share Rights	178	-
Weighted average number of B Class shares adjusted for the effect of dilution*	61,750	60,047

* The weighted average number of B Class Shares takes into account the weighted average effect of changes in Treasury Shares during the year.

2.e. Earnings per B Class Share (continued)

Recognition and measurement

Basic earnings per B Class Share
Basic earnings per B Class Share is calculated by dividing:

- the profit attributable to B Class shareholders of the company, excluding any costs of servicing equity other than B Class Shares
- by the weighted average number of B Class Shares outstanding during the financial year, adjusted for bonus elements in B Class Shares issued during the year and excluding treasury shares

Diluted earnings per B Class Share
Diluted earnings per B Class Share adjusts the figures used in the determination of basic earnings per B Class Share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential B Class Shares, and;
- the weighted average number of additional B Class Shares that would have been outstanding assuming the conversion of all dilutive potential B Class Shares

2.f. Income taxes

Income tax expense

	2022 $000's	2021 $000's
Current tax expense	(5,316)	(4,090)
Deferred tax (expense) / benefit	(5,875)	3,828
Adjustments for income tax of prior periods	250	(497)
Income tax expense attributable to profit from continuing operations	(10,941)	(759)
Deferred income tax (expense) / benefit included in income tax expense comprises:		
(Decrease) / increase in deferred tax assets	(5,266)	3,792
(Increase) / decrease in deferred tax liabilities	(609)	36
	(5,875)	3,828

Numerical reconciliation of income tax expense to prima facie tax payable

	2022 $000's	2021 $000's
Profit from continuing operations before related income tax	59,668	19,042
Income tax expense calculated at the Australian rate of tax of 30% (2021: 30%)	(17,900)	(5,713)
Tax effect of amounts which are not taxable / (deductible) in calculating taxable income:		
Research & development	52	71
Overseas attributable income	(830)	(1,227)
Difference in overseas tax rates	6,463	6,790
Sundry items	(510)	(772)
	5,175	4,862
Tax effect of previously unrecognised tax losses recouped	1,534	589
Adjustments for income tax of prior periods	250	(497)
Income tax expense	(10,941)	(759)

Tax relating to items of other comprehensive income

	2022 $000's	2021 $000's
Cash flow hedges	582	(852)

2.f. Income taxes (continued)

Deferred tax assets

	2022 $000's	2021 $000's
The balance comprises temporary differences attributable to:		
Provisions	8,791	7,891
Accruals	4,672	3,021
Depreciation	2,777	2,597
Lease Liabilities	3,808	4,281
Foreign exchange	89	672
Inventories	3,167	4,361
Share based payments	1,162	390
Ordinary tax losses	-	5,632
Other	248	595
	24,714	29,440
Derivatives - cash flow hedges	185	173
Total deferred tax assets	24,899	29,613
Set-off of deferred tax liabilities pursuant to set-off provisions	(16,385)	(13,689)
Net deferred tax assets	8,514	15,924

Movements	2022 $000's	2021 $000's
Opening balance at 1 May	29,613	26,739
(Debited) / credited to income statement	(5,266)	3,792
Foreign exchange differences on translation	365	(768)
Credited / (charged) to other comprehensive income	12	(194)
Business combination	175	44
Closing balance at 30 April	24,899	29,613

Significant estimates and judgements

Deferred tax assets relating to capital losses and ordinary losses available for future use
The Group does not recognise deferred tax assets for capital losses, as the Group does not believe it is probable that taxable capital gains will generally arise against which capital losses can be utilised.

The Group has not recognised deferred tax assets of $7,281,000 (2021: $8,600,000) for ordinary tax losses available in some of the jurisdictions in which it operates, as the Group considers there remains uncertainty in the ability of the subsidiaries located in these jurisdictions to generate enough future taxable profits against which these losses can be utilised. The Group will continuously reassess this position should conditions in these jurisdictions improve in a sustainable manner.

Tax consolidation legislation

Ricegrowers Limited and its wholly owned Australian controlled entities have adopted the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. Both the head entity and the subsidiaries will continue to recognise deferred tax balances. All current tax balances will be assumed by the head entity. Any deferred tax assets arising from unused tax losses and unused tax credits will also be recognised in the head entity.

Investment allowances and similar incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

2.f. Income taxes (continued)

Deferred tax liabilities

	2022 $000's	2021 $000's
The balance comprises temporary differences attributable to:		
Inventories	2,914	2,373
Depreciation	1,017	490
Right-of-use-assets	3,507	3,960
Investment property	870	870
Foreign exchange	579	483
Brands acquired through business combination	6,897	4,692
Other	449	99
	16,233	12,967
Derivatives - cash flow hedges	152	722
Total deferred tax liabilities	16,385	13,689
Set-off of deferred tax liabilities pursuant to set-off provisions	(16,385)	(13,689)
Net deferred tax liabilities	-	-

Movements	2022 $000's	2021 $000's
Opening balance at 1 May	13,689	9,173
Debited / (credited) to income statement	609	(36)
Foreign exchange difference on translation	163	(401)
(Credited) / charged to other comprehensive income	(570)	658
Business combination	2,494	4,295
Closing balance at 30 April	16,385	13,689

Recognition and measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction in which the Group operates, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and/or credits, where they are recognised.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses (and/or credits) only if it is probable that future taxable amounts will be available to utilise those temporary differences, losses and credits. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset, the balances relate to the same taxation authority and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. Operating assets and liabilities

This section provides details of the Group's operating assets used and liabilities incurred in generating the Group's trading activities.

3.a. Receivables

	2022 $000's	2021 $000's
Current		
Trade receivables	247,119	166,295
Loss allowance	(3,771)	(2,947)
	243,348	163,348
Other receivables	1,753	2,787
GST receivable	10,285	5,695
Prepayments	4,650	3,993
Total receivables	260,036	175,823

Significant estimates and judgements

Loss allowance
Trade receivables for sales of goods are subject to the expected credit loss model. The Group applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 to 24 months prior to the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Additional allowances are also taken where specific and known risks have been identified for some customers.

As a result, the loss allowance for trade receivables was determined as follows:

30 April 2022	Current	0 to 30 days past due	31 to 60 days past due	61 to 90 days past due	Greater than 90 days past due	Total
Expected loss rate (inclusive of specific known risks)	0.1%	0.2%	0.9%	2.3%	51.7%	
Gross carrying amount of trade receivables - $000's	183,430	41,614	11,429	4,204	6,442	247,119
Loss allowance - $000's	179	66	99	98	3,329	3,771
30 April 2021						
Expected loss rate (inclusive of specific known risks)	0.1%	0.1%	0.4%	3.0%	53.4%	
Gross carrying amount of trade receivables - $000's	124,366	28,843	6,513	1,399	5,174	166,295
Loss allowance - $000's	80	39	23	42	2,763	2,947

The directors are satisfied that debtors are fairly valued with respect to credit risk.

Of the total trade receivables outstanding at 30 April 2022, 74% (2021: 75%) are current and 26% (2021: 25%) are overdue.

The directors have no reason to believe that amounts not provided for will not be collected in full in a subsequent period.

The closing loss allowances for trade receivables at the balance sheet date reconcile to the opening loss allowances as follows:

	2022 $000's	2021 $000's
At 1 May	2,947	6,773
Loss allowance recognised during the year	622	257
Receivables written off during the year as uncollectible	(55)	(490)
Unused amount reversed	-	(3,136)
Foreign currency differences on translation	257	(457)
At 30 April	3,771	2,947

3.a. Receivables (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Group, a significant amount of days past due (generally more than 6 months), or information about the customer entering bankruptcy or financial reorganisation.

Loss allowances on trade receivables are presented within other expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Recognition and measurement

Trade receivables
Trade receivables are amounts due from customers for products sold in the ordinary course of business. They are generally due for settlement within 30 to 60 days from the date of recognition and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Goods and Services Tax (GST)
Receivables are stated inclusive of the amount of GST receivable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables.

Risk exposure
Information about the Group's exposure to foreign exchange risk and credit risk is provided in note 4g, with further details around the loss allowance available on the previous page.

3.b. Inventories

	2022 $000's	2021 $000's
Raw materials	364,602	223,381
Finished goods	132,455	128,090
Packaging materials	13,414	11,786
Engineering and consumable stores	14,479	12,459
Total inventories	524,950	375,716

Significant estimates and judgements

Raw materials inventory and associated amounts payable to Riverina Rice Growers
The valuation of paddy rice included in raw materials inventory and the associated amounts payable to Riverina Rice Growers generally require an assumption of the paddy price for the relevant pool. This assumption is based on the Directors' most recent estimate of the performance of the Rice Pool business and the relevant fixed price contracts that may be applicable to any given crop year.

Recognition and measurement

Raw materials, finished goods, packaging materials and engineering and consumables stores have been valued on the basis of the lower of cost or net realisable value.

Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventory but excludes borrowing costs. Cost in relation to processed inventories comprises direct materials, direct labour and an appropriate allowance for milling, fixed and variable overheads less by-products with recovery on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Raw materials, finished goods, packaging materials and engineering and consumable stores inventory are determined from a combination of weighted average purchase price and standard costs and after deducting rebates and discounts.

3.c. Payables and amounts payable to Riverina Rice Growers

	2022 $000's	2021 $000's
Current		
Trade and other payables	217,672	143,749
Amounts payable to Riverina Rice Growers	200,142	112,456
	417,814	256,205
Non-current		
Trade and other payables	1,051	1,107
	1,051	1,107

Recognition and measurement

Trade and other payables
Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 7 to 90 days of recognition, depending on the business practices in the various jurisdictions in which the Group operates and the size of the supplier.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Amounts payable to Riverina Rice Growers
Amounts payable to Riverina Rice Growers comprise the balance of pool and fixed price contracts payments owed to growers for the current crop year, where applicable. They also comprise the next crop year's pool or fixed price contracts payments where paddy rice for the next crop year is received before the end of the financial year.

The portion of the payable in respect of the current crop year is based on the final paddy price for that year (or applicable fixed price). The portion in respect of paddy rice received for the next crop year is based on the Directors' most recent estimate of the performance of the Rice Pool business and the relevant fixed price contracts applicable to that year.

Amounts payable to Riverina rice growers are classified as current liabilities when they fall due within the normal operating cycle of the Group, which can be longer than 12 months after the end of the reporting period.

Paddy Pay
The Group pays its Riverina Rice Growers via multiple instalments over time in order to better align payments for the rice received in any crop year with the relevant proceeds generated from selling this rice.

Riverina Rice Growers have the opportunity to opt for a supply financing program (Paddy Pay) giving them access to early payment of a proportion of the total balances payable at a discounted price. Under this facility, the Group continues to pay all its outstanding grower balances payable in accordance with its standard payment terms, but does so to the financial institution and for the undiscounted price for those payments.

The group has determined that the terms of the eligible balances are otherwise substantially unchanged and that it is therefore appropriate to continue to present the relevant amounts within amounts payable to Riverina Rice Growers in the Consolidated Balance Sheet, together with balances payable directly to Riverina Rice Growers. On a similar basis, cash flows associated with the eligible balances and which are remitted to the financier continue to be disclosed as operating cash flows as opposed to financing cash flows. At 30 April 2022, amounts payable to Riverina Rice Growers subject to the Paddy Pay program amounted to $59,435,000 (30 April 2021: $27,582,000).

Supplier Finance
Some of the Group's suppliers are eligible to have access to an early payment facility offering them the opportunity to receive funds earlier than the standard payment terms at a discounted rate. Under this facility, the Group repays the financier based on the standard payment terms negotiated with the supplier and is no longer able to make earlier direct payments to the supplier nor to offset any of the eligible payables against credit notes received from the supplier.

However, the group has determined that the terms of the eligible trade payables are otherwise substantially unchanged and that it is therefore appropriate to continue to present the relevant amounts within trade and other payables in the Consolidated Balance Sheet, together with balances payable directly to suppliers on standard payment terms. On a similar basis, cash flows associated with the eligible balances and which are remitted to the financier continue to be disclosed as operating cash flows as opposed to financing cash flows. At 30 April 2022, the portion of trade and other payables subject to a supplier finance arrangement amounted to $9,341,000 (30 April 2021: $6,204,000).

Risk exposure
Information about the Group's exposure to foreign exchange risk is provided in note 4g.

3.d. Provisions

	2022			2021		
	Current $000's	Non-current $000's	Total $000's	Current $000's	Non-current $000's	Total $000's
Employee benefits (note 3e)	25,338	3,815	29,153	22,389	3,399	25,788
Employee allowances	74	-	74	88	-	88
Directors' retirement benefits	25	-	25	75	-	75
Make good	-	420	420	-	408	408
Total provisions	25,437	4,235	29,672	22,552	3,807	26,359

	Employee benefits $000's	Employee allowances $000's	Directors' retirement benefits $000's	Make good $000's	Total $000's
Carrying amount at 1 May 2020	26,854	89	193	352	27,488
Additional provision recognised and unwinding of discount	-	-	-	408	408
Amount used during the year	(1,307)	(1)	(118)	(352)	(1,778)
Business combination	241	-	-	-	241
Carrying amount at 30 April 2021	25,788	88	75	408	26,359
Additional provision recognised and unwinding of discount	2,561	-	-	12	2,573
Amount used during the year	-	(14)	(50)	-	(64)
Business combination	804	-	-	-	804
Carrying amount at 30 April 2022	29,153	74	25	420	29,672

Significant estimates and judgements

Provisions and contingent liabilities
The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities.

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

Recognition and measurement

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the Group's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense and any change in the underlying provision amount is recognised in profit or loss.

3.e. Employee benefits

Leave obligations

Employee benefits include leave obligations which cover the Group's liabilities for long service leave and annual leave, which are classified as either other long-term benefits or short-term benefits.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees that are entitled to pro-rata payments in certain circumstances. These amounts are presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

3.e. Employee benefits (continued)

However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months but for which the obligation is presented as current:

	2022 $000's	2021 $000's
Current leave obligations expected to be settled after 12 months	3,899	4,469

Recognition and measurement

Short term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations.

Long term obligations
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements as a result of experience, adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current employee benefit obligations if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Superannuation plan contributions
Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

Incentive plans
The Group recognises a liability and an expense for short and, where applicable, long term cash incentives based on a formula that takes into consideration financial performance metrics for the Group and the eligible employees' personal performance indicators. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

For share based payments incentive plans, refer to note 6b.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.f. Property, plant and equipment

2022	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Assets under Construction $000's	Right of Use Assets $000's	Totals $000's
Cost	263,776	12,767	338,584	7,341	27,678	650,146
Accumulated depreciation and impairment	(137,260)	(5,435)	(225,624)	-	(14,198)	(382,517)
Carrying amount	126,516	7,332	112,960	7,341	13,480	267,629
Carrying amount at 1 May 2021	121,011	6,852	102,800	16,292	15,393	262,348
Additions	-	-	-	16,156	-	16,156
Recognition of right-of-use-asset	-	-	-	-	2,050	2,050
Additions through business combinations	3,700	-	4,299	203	-	8,202
Capital works in progress reclassifications	5,534	268	18,847	(24,649)	-	-
Transfers (including to intangible assets) / disposals / scrapping	(15)	(12)	(865)	(780)	(418)	(2,090)
Depreciation expense	(5,040)	(279)	(14,264)	-	(3,895)	(23,478)
Impairment	-	-	(58)	-	-	(58)
Foreign exchange difference on translation	1,326	503	2,201	119	350	4,499
Carrying amount at 30 April 2022	126,516	7,332	112,960	7,341	13,480	267,629

2021	Land & Buildings $000's	Leasehold Improvements $000's	Plant & Equipment $000's	Assets under Construction $000's	Right of Use Assets $000's	Totals $000's
Cost	252,219	11,846	307,930	16,292	25,701	613,988
Accumulated depreciation and impairment	(131,208)	(4,994)	(205,130)	-	(10,308)	(351,640)
Carrying amount	121,011	6,852	102,800	16,292	15,393	262,348
Carrying amount at 1 May 2020	120,034	8,299	103,474	17,129	15,457	264,393
Additions	-	-	-	18,419	-	18,419
Recognition of right-of-use-asset	-	-	-	-	7,761	7,761
Additions through business combination	8,309	-	3,420	-	-	11,729
Capital works in progress reclassifications	2,709	254	14,257	(17,220)	-	-
Transfers (including to intangible assets) / disposals / scrapping	(1,420)	-	39	(1,448)	(2,785)	(5,614)
Depreciation expense	(5,050)	(406)	(13,583)	-	(4,152)	(23,191)
Impairment	(320)	(41)	-	(150)	-	(511)
Foreign exchange difference on translation	(3,251)	(1,254)	(4,807)	(438)	(888)	(10,638)
Carrying amount at 30 April 2021	121,011	6,852	102,800	16,292	15,393	262,348

Significant estimates and judgements

Impairment
Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where applicable.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Specific circumstances impacting individual assets within those cash generating units are also considered.

The recoverability of the Group's assets is generally dependent on the Group's ability to continuously innovate, improve manufacturing efficiency, increase the volume of throughput and improve product mix in order to meet growth targets. It is also subject to short and long term weather patterns in the Riverina and other agricultural regions in which the Group operates and could be impacted by a prolonged period of drought conditions or alternatively by a prolonged period of wetter than normal conditions.

3.f. Property, plant and equipment (continued)

Any fair value less cost of disposal estimates are based on market-available data and various other assumptions. Changes in economic and operating conditions impacting these judgmental assumptions could result in the recognition of impairment charges in future periods. The Group will continue to closely monitor the performance of the cash generating units.

Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Recognition and measurement

Freehold land is held at cost and is not depreciated. In some countries, the Group also holds land use rights. These rights are stated at historical cost less depreciation and are depreciated over the period of time that they have been granted by the local authorities using the straight line method.

Right-of-use assets are recognised and measured based on the principles detailed in note 3g.

Other items of property, plant and equipment are stated at historical cost less depreciation and are depreciated over their estimated useful lives using the straight line method.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Government grants relating to the purchase of property, plant and equipment are presented by deducting the grant in arriving at the carrying amount of the asset.

All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

The expected useful lives are as follows:

Land use rights	Term of the land use right
Buildings	25 to 50 years
Leasehold improvements	Shorter of 7 to 15 years or lease term
Plant and equipment	3 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other income or other expenses.

Assets pledged as security

There is a fixed and floating charge over fixed assets as disclosed in note 4d.

3.g. Leases (where the Group is a lessee)

Amounts relating to leases recognised in the Consolidated Balance Sheet

	Notes	2022 $000's	2021 $000's
Right-of-use assets (included in property, plant and equipment)			
Land & Buildings	3f	11,886	13,531
Plant & Equipment	3f	1,594	1,862
		13,480	15,393
Lease liabilities (included in borrowings)			
Current	4d	3,182	3,165
Non-current	4d	10,959	12,938
		14,141	16,103

3.g. Leases (where the Group is a lessee (continued)

Amounts relating to leases recognised in the Consolidated Income Statement

	2022 $000's	2021 $000's
Depreciation charge of right-of-use assets		
Land & Buildings	2,353	2,652
Plant & Equipment	1,542	1,500
	3,895	4,152
Other expense items		
Interest expense on lease liabilities (included in finance costs)	421	464
Expense relating to short-term leases (included in equipment hire and other rental expense)	1,829	2,013
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in equipment hire and other rental expense)	110	119

Amounts relating to leases recognised in the consolidated Cash Flow Statement
The total cash outflow for leases in cash flows from financing activities during the year was $3,532,000 (2021: $3,753,000).

The Group's leasing activities and how these are accounted for
The Group leases various offices, warehouses, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 3 to 7 years but may have extension options as described in (i) on the next page.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.g. Leases (where the Group is a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and,
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group does not revalue right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(i) Treatment of extension and termination options

Extension and termination options are included in a number of Land & Buildings leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(ii) Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

The group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

3.h. Investment property

At fair value	2022 $000's	2021 $000's
Investment Property	2,900	2,900

Recognition and measurement

Investment property comprises freehold land that was previously owner occupied. Owner occupation ceased and the property is now classified as “Investment property” as it is held for long term capital appreciation.

The property is carried at fair value, representing the open-market value as determined by external valuers. Changes in fair value are recorded in other income or other expenses.

3.i. Intangibles

2022	Goodwill $000's	Brands $000's	Software $000's	Other $000's	Total $000's
Cost	58,494	33,990	12,907	1,593	106,984
Accumulated amortisation and impairment	-	(10,233)	(9,791)	(1,280)	(21,304)
Carrying amount	58,494	23,757	3,116	313	85,680
Carrying amount at 1 May 2021	38,229	16,727	3,277	282	58,515
Additions	-	-	152	290	442
Additions through business combinations (note 5f)	20,265	8,315	-	-	28,580
Transfers (including from property, plant and equipment) / disposals / scrapping	-	-	780	-	780
Amortisation charge	-	(1,312)	(1,093)	(259)	(2,664)
Foreign exchange difference on translation	-	27	-	-	27
Carrying amount at 30 April 2022	58,494	23,757	3,116	313	85,680
2021					
Cost	38,229	25,325	11,917	1,301	76,772
Accumulated amortisation and impairment	-	(8,598)	(8,640)	(1,019)	(18,257)
Carrying amount	38,229	16,727	3,277	282	58,515
Carrying amount at 1 May 2020	8,658	3,203	2,043	545	14,449
Additions	-	-	515	-	515
Additions through business combination	29,571	14,385	-	-	43,956
Transfers (including from property, plant and equipment) / disposals / scrapping	-	-	1,448	-	1,448
Amortisation charge	-	(708)	(729)	(263)	(1,700)
Foreign exchange difference on translation	-	(153)	-	-	(153)
Carrying amount at 30 April 2021	38,229	16,727	3,277	282	58,515

Goodwill

Goodwill is specific to each cash generating unit (CGU) or group of CGU and is allocated to the following segments:

	2022 $000's	2021 $000's
Riviana Foods	36,848	36,848
CopRice	21,612	1,347
Other	34	34
Total Goodwill	58,494	38,229

The recoverable amount of a CGU is determined based on value-in-use calculations, which generally use 5 (or up to 10 if considered more appropriate to adequately model a full agricultural cycle) year cash flow projections based on financial budgets approved by the Board for the forthcoming year and management forecasts for the years thereafter. Cash flows beyond the explicit period of projection are extrapolated using the estimated growth rates stated below, which are generally aligned with current inflation rates in the country of the CGU. In 2022, management has however taken a haircut on these inflation rates, on the conservative assumption that the geopolitical and macroeconomic factors currently driving these higher rates globally will normalise over time.

Significant judgement and assumptions used for value in use calculations

	Long-term Growth Rate		Pre Tax Discount Rate	
	2022	2021	2022	2021
CGU or Group of CGU	%	%	%	%
Riviana Foods	1.5	1.1	10.1	9.5
CopRice	1.5	1.1	10.6	9.5

The discount rates reflect the risks relating to each CGU or group of CGU to the extent that risk components are not already included in cash flow forecasts.

3.i. Intangibles (continued)

Sensitivity to changes in assumptions
The recoverability of the Group's assets (including goodwill) is generally dependent on the Group's ability to continuously innovate, improve manufacturing efficiency, increase the volume of throughput and improve product mix in order to meet growth targets. It is also subject to short and long term weather patterns in the Riverina and other agricultural regions in which the Group operates and could be impacted by a prolonged period of drought conditions or alternatively by a prolonged period of wetter than normal conditions.

The directors and management have considered and assessed reasonable possible changes to the key assumptions detailed on the previous page and all other key assumptions included in the budgets and forecasts used as a basis for the value in use calculations and have not identified any instances that could cause the carrying amount of the various CGU's or groups of CGU's of the Group to exceed their recoverable amount.

Recognition and measurement

Goodwill
Goodwill represents the excess of the consideration transferred, amount of any non-controlling interest in the acquired assets and acquisition date fair value of any previous equity interest in the acquired entity, over the fair value of the identifiable net assets acquired.

If the fair value of the identifiable net assets acquired is however in excess of the consideration transferred, amount of any non-controlling interest in the acquired assets and acquisition date fair value of any previous equity interest in the acquired entity, this excess is recorded as a gain on business combination in other income in the Consolidated Income Statement.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Acquired patents and brands
Separately acquired patents and brands are shown at historical cost.

Patents and brands acquired in a business combination are recognised at fair value at the acquisition date.

Capitalised software
Costs associated with maintaining software programmes are recognised as expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when relevant criteria are met. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised from the point at which the asset is ready for use.

Amortisation methods and periods
Intangible assets are amortised on a straight line basis over the periods of their expected benefit:

Acquired patents and brands	5 to 20 years
Capitalised software	5 years

Research and development costs
Research expenditure and development expenditure that do not meet the relevant criteria for recognition as intangible assets are recognised as expense as incurred.

Development costs previously recognised as expense are not recognised as intangible asset in a subsequent period.

3.j. Derivative financial instruments

	2022 $000's	2021 $000's
Current assets		
Interest rate swaps (cash flow hedges)	368	-
Forward foreign exchange contracts (cash flow hedges)	494	2,759
	862	2,759
Non-Current assets		
Interest rate swaps (cash flow hedges)	317	-
	317	-
Current liabilities		
Interest rate swaps (cash flow hedges)	-	370
Forward foreign exchange contracts (cash flow hedges)	1,575	1,039
	1,575	1,409

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged items and the hedging instruments.

For hedges of foreign currency sales and purchases, the Group enters into hedge relationships where the critical terms of the hedging instruments match exactly with the terms of the hedged items. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged items such that the critical terms no longer match exactly with the critical terms of the hedging instruments, the Group uses the hypothetical derivative method to assess effectiveness. In hedges of foreign currency sales and purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of SunRice or the derivative counterparty.

The Group also enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rate, reset dates, payment dates, maturities and notional amounts. The Group does not hedge 100% of its bank loans, therefore the hedged items are identified as a proportion of the outstanding bank loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective. Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency sales and purchases. It may occur due to the credit or debit value adjustment on the interest rate swaps which is not matched by the loan, and differences in critical terms between the interest rate swaps and underlying bank loans. There was no ineffectiveness during 2022 or 2021 in relation to the interest rate swaps.

Recognition and measurement

Derivatives and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges), or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Group also documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other income/expenses.

When forward contracts are used to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract (including forward points) as the hedging instrument.

3.j Derivative financial instruments (continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (inventory or fixed assets), the deferred hedging gains or losses and the deferred time value of the deferred forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through the use of inventory or depreciation of fixed assets).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting.

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income and expenses.

Risk exposure
Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in note 4g.

4. Capital and financial risk management

This section outlines how the Group manages its capital structure and its exposure to financial risk and provides details of its balance sheet liquidity and access to financing facilities.

4.a. Capital risk management

The Group's capital management framework is designed to be flexible and enable the Group to maximise value for all shareholders through optimisation of cash flows, prudent gearing, responsible capital investment, reliable dividend stream and disciplined allocation of surplus capital. In this context, the Group monitors capital on the basis of a number of financial metrics, which include:

- A gearing ratio, which is calculated as net debt divided by net debt plus total equity and where net debt is calculated as total borrowings less cash and cash equivalents while total equity includes non-controlling interests.
- A leverage ratio, which is calculated as net debt divided by EBITDA and where net debt has the same meaning as for the gearing ratio while EBITDA is calculated as earnings before net finance costs (asset financing charges are not considered a finance item for the purpose of the EBITDA calculation), tax, depreciation, amortisation and impairment.

	Notes	2022 $000's	2021 $000's
Net debt	4c	197,780	147,875
Total equity		505,349	460,964
Gearing ratio		28%	24%
Net debt	4c	197,780	147,875
EBITDA	2a	91,343	49,140
Leverage Ratio		2.2	3.0

When considering the Group's gearing and leverage, it is important to note that the PNG Kina (PGK) is a not currency freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries (see details in note 4g – liquidity risk) may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing and leverage ratios would increase compared to their current level.

Franked dividends

	2022 $000's	2021 $000's
Final dividend for the year ended 30 April 2021 of 33 cents (2020: 33 cents) per outstanding ordinary B Class Share	20,102	19,517
Interim dividend for the year ended 30 April 2022 of 10 cents (2021: Nil) per outstanding ordinary B Class Share	6,170	-
Total dividend distributed	26,272	19,517

Subsequent to year end, the directors have recommended the payment of a fully franked final dividend and a fully franked special dividend of 25 cents and 5 cents respectively per outstanding ordinary B Class Share for the year ended 30 April 2022. The aggregated amount of the proposed dividend not recognised as a liability at 30 April 2022 is $18,617,000 (2021: 20,102,000). The franked portion of the final and special dividends recommended after 30 April 2022 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 April 2023.

	2022 $000's	2021 $000's
Franking credits available for subsequent financial years based on a tax rate of 30% (2021 - 30%)	57,077	68,181

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the payment of any income tax payable at the end of the reporting period.

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of $7,965,000 (2021 – $8,597,000).

Dividend Reinvestment Plan

The company's dividend reinvestment plan (see note 4e) was in operation in 2022 with regards to the distribution of the 2021 final dividend and 2022 interim dividend. The plan will remain in operation in 2023 with regards to the distribution of the 2022 final and special dividends.

4.b. Cash and cash equivalents

	2022 $000's	2021 $000's
Cash at bank and on hand	42,599	23,536
Total cash and cash equivalents	42,599	23,536

Reconciliation to cash at the end of the year

The figures above are reconciled to cash at the end of the financial year as shown in the consolidated cash flow statement as follows:

	2022 $000's	2021 $000's
Cash and cash equivalents	42,599	23,536
Less: Bank overdraft (note 4d)	(14,341)	-
Balances per consolidated cash flow statement	28,258	23,536

Recognition and measurement

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities.

Goods and Services Tax (GST)
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Risk exposure
The Group may be exposed to liquidity risk in relation to the availability of the USD currency in PNG. Details are presented in note 4g.

4.c. Cash flow information and net debt reconciliation

Reconciliation of profit after income tax to net cash inflow from operating activities

	2022 $000's	2021 $000's
Profit for the year	48,727	18,283
Depreciation and amortisation	26,142	24,891
Loss / (gain) on sale / disposal of property, plant and equipment	349	(1,290)
Net exchange differences (including changes in the fair value of derivatives)	7,750	(14,343)
Impairment of non-current assets	58	511
Share-based payment expense	2,874	2,389
Deductions under Employee Share Plan	504	359
Net operating assets acquired through business combination	735	12,108
Gain on business combination	-	(1,597)
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	(84,590)	22,626
Decrease / (increase) in other operating assets	377	(1,426)
Increase in inventories	(149,234)	(98,378)
Increase in amounts payable to Riverina Rice Growers	87,686	94,033
Increase / (decrease) in trade and other payables and employee entitlements	77,180	(18,028)
Decrease in current tax receivable and liability	(2,212)	(1,918)
Decrease in deferred tax assets	7,992	790
Net cash inflows from operating activities	24,338	39,010

4.c. Cash flow information and net debt reconciliation (continued)

Net debt reconciliation

Net debt	2022 $000's	2021 $000's
Cash and cash equivalents	42,599	23,536
Borrowings - repayable within one year (including overdraft)	(125,067)	(84,961)
Borrowings - repayable after one year	(115,312)	(86,450)
Net Debt	(197,780)	(147,875)
Cash and cash equivalents	42,599	23,536
Gross debt - fixed interest rates	(19,000)	(28,000)
Gross debt - variable interest rates	(221,379)	(143,411)
Net debt	(197,780)	(147,875)

	Other Assets	Liabilities from financing activities				
	Cash / bank overdrafts $000's	Lease liabilities due within one year $000's	Lease liabilities due after one year $000's	Borrowings due within one year $000's	Borrowings due after one year $000's	Total $000's
Net debt at 30 April 2020	31,514	(3,653)	(12,806)	(51,661)	(45,995)	(82,601)
Cash flows	(5,090)	3,753	-	(29,995)	(28,000)	(59,332)
Additional lease liabilities	-	-	(7,761)	-	-	(7,761)
Reduction in lease liabilities	-	-	2,785	-	-	2,785
Foreign exchange adjustments	(2,888)	-	888	-	-	(2,000)
Interests on lease liabilities (included in operating cash flows) and other non cash movements	-	(3,265)	3,956	(140)	483	1,034
Net debt at 30 April 2021	23,536	(3,165)	(12,938)	(81,796)	(73,512)	(147,875)
Cash flows	3,211	3,953	-	(25,628)	(30,670)	(49,134)
Additional lease liabilities	-	-	(2,050)	-	-	(2,050)
Reduction in lease liabilities	-	-	854	-	-	854
Foreign exchange adjustments	1,511	-	(374)	-	-	1,137
Interests on lease liabilities (included in operating cash flows) and other non cash movements	-	(3,970)	3,549	(120)	(171)	(712)
Net debt at 30 April 2022	28,258	(3,182)	(10,959)	(107,544)	(104,353)	(197,780)

4.d. Borrowings

	2022 $000's	2021 $000's
Current - Secured		
Bank overdrafts	14,341	-
Bank loans	107,828	82,200
Net accrued interest and capitalised borrowing costs	(284)	(404)
Lease liabilities (note 3g)	3,182	3,165
Total borrowings	125,067	84,961
Non current - Secured		
Bank loans	104,670	74,000
Net accrued interest and capitalised borrowing costs	(317)	(488)
Lease liabilities (note 3g)	10,959	12,938
Total borrowings	115,312	86,450

4.d. Borrowings (continued)

Significant terms and conditions of bank facilities

At 30 April 2022, the Seasonal bank facility (including a trade finance and transactional banking facility) terms were changed, with a first tranche of $205,000,000 now maturing in April 2023 and a second tranche of $100,000,000 maturing in April 2024. The total limit of the facility ($305,000,000) however remained unchanged, with the reduction from the $306,400,000 at 30 April 2021 only being caused by a movement in exchange rates. The trade finance and transactional banking component of the facility ($105,000,000) remained as an uncommitted facility.

At 30 April 2022, the Core bank facility remained unchanged compared to 30 April 2021 at $220,000,000, with a first tranche of $100,000,000 maturing in April 2023 and a second tranche of $120,000,000 maturing in April 2024.

The Group's Seasonal and Core bank borrowings are secured by registered equitable mortgages over all assets of the Obligor Group and a cross-guarantee between each member of the Obligor Group (the composition of which has been detailed in note 4g).

Under the terms of the banking facilities, the Group is required to comply with a set of financial covenants. The Group complied with these covenants throughout the reporting period.

In 2022, Trukai Industries continued to benefit from a PGK 75,000,000 (AUD 29,261,000) uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

Risk exposure

Details of the Group's undrawn bank facilities and exposure to risks arising from current and non-current borrowings are set out in note 4g. The Group's bank borrowings are categorised as follows:

	2022 $000's	2021 $000's
Seasonal debt	140,498	82,200
Core debt	72,000	74,000
	212,498	156,200
Representing:		
Current bank loans	107,828	82,200
Non-current bank loans	104,670	74,000
	212,498	156,200

Seasonal debt
Seasonal debt represents borrowings used for the purpose of funding working capital requirements.

Core debt
Core debt represents borrowings used to fund the general requirements of the business (e.g. fixed assets and investments).

Recognition and measurement

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of bank facilities are recognised as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs
General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

4.e. Share capital

A Class Shares

A Class Shares have no nominal value but are voting shares held only by Riverina rice growers who meet the production quotas prescribed by the SunRice Constitution. A Class Shares are not classified as equity and at 30 April 2022, 420 (2021: 558) A Class shares were on issue.

Further details about the non-standard elements of the SunRice Group's Constitution, including information about the Group's dual class share structure are included in the shareholder information section of this Annual Report.

B Class Shares

B Class Shares are non-voting shares and entitle the holder to participate in dividends. B Class shares have no par value and are classified as equity. The number of B Class Shares on issue is set out below:

	2022 Number of shares	2021 Number of shares
Total B Class Shares outstanding at 30 April	61,946,975	60,281,816
Total treasury Shares (B Class) at 30 April	-	507,932
Total B Class Shares on issue at 30 April	61,946,975	60,789,748

Movement in ordinary B Class Shares

	2022 Number of shares	2021 Number of shares	2022 $000's	2021 $000's
Balance at 1 May	60,789,748	59,719,930	134,561	128,440
Issue under Dividend Reinvestment Plan	940,755	869,139	6,424	5,015
Issue under Employee Share Scheme - purchased shares	43,881	64,438	312	378
Issue under Employee Share Scheme - shares offered for no consideration	25,165	24,350	179	143
Issue under the Employee Long Term Incentive Plan	147,426	111,891	1,002	585
Balance at 30 April	61,946,975	60,789,748	142,478	134,561

Dividend Reinvestment Plan
The Company has established a Dividend Reinvestment Plan (DRP) under which holders of ordinary B Class Shares may elect to have all or part of their dividend entitlement satisfied by the issue of new ordinary B Class Shares rather than by being paid in cash. With regards to the 2021 final dividend settled in 2022, B Class Shares were issued under the DRP at a 1.5% (2021: 1.5%) discount to the prevailing market price at the time of the DRP offer. With regards to the 2022 interim dividend also settled in 2022, B Class Shares were issued under the DRP at the prevailing market price at the time of the DRP offer, with no discount.

Employee Share Scheme
The Company has established an Employee Share Scheme (ESS) under which eligible employees are given the opportunity to acquire ordinary B Class Shares out of their benefit entitlements or after tax funds. Under the matching component of the ESS, eligible employees may also be granted B Class Shares for no consideration (see further details in note 6b). B Class Shares are issued under the ESS at the prevailing market price at the time of the relevant annual ESS offer, with no discount.

Employee Long Term Incentive Plan
B Class Shares issued relate to vested ordinary B Class Shares under the Company's Employee Long Term Incentive (LTI) Plan. In 2022, B Class Shares required for the vesting of the Company's CEO LTI plan (and a portion of the Employee LTI Plan) were satisfied by the allocation of ordinary B Class Shares previously classified as Treasury Shares rather than by the issue of new ordinary B Class Shares.

Recognition and measurement

Incremental costs directly attributable to the issue of new B Class Shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity instruments, for example as a result of a B Class Share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Ricegrowers Limited as treasury shares until the B Class Shares are cancelled or reissued. Where such B Class Shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Ricegrowers Limited.

B Class Shares held as unallocated shares by the Ricegrowers Employee Share Trust are disclosed as treasury shares and deducted from total equity.

4.f. Reserves and retained profits

	2022 $000's	2021 $000's
General reserve	-	28,453
Asset revaluation reserve	4,917	4,917
Foreign currency translation reserve	(21,815)	(33,808)
Hedging reserve - cash flow hedges	297	1,389
Transaction with non-controlling interests	(7,956)	(7,956)
Share-based payment reserve	3,152	4,415
Treasury shares reserve	-	(2,956)
Total reserves	(21,405)	(5,546)
Retained profits	364,828	315,094

Movements

Reserves	2022 $000's	2021 $000's
General Reserve		
Balance at 1 May	28,453	28,453
Transfer of General reserve to Retained profits	(28,453)	-
Balance at 30 April	-	28,453
Foreign currency translation reserve		
Balance at 1 May	(33,808)	(9,107)
Net exchange difference on translation of overseas controlled entities	13,412	(28,336)
Non controlling interest in translation differences	(1,419)	3,635
Balance at 30 April	(21,815)	(33,808)
Hedging reserve - cash flow hedges		
Balance at 1 May	1,389	(4)
Net change in fair value of hedging instruments	(1,674)	2,245
Deferred tax	582	(852)
Balance at 30 April	297	1,389
Share-based payment reserve		
Balance at 1 May	4,415	2,754
Share-based payment expense	2,874	2,389
Allocation of treasury shares to employees	(2,956)	-
B Class Shares issued to employees under the Employee Share Plan	(1,181)	(728)
Balance at 30 April	3,152	4,415
Treasury shares reserve		
Balance at 1 May	(2,956)	(2,956)
Treasury shares allocated to employees under the Employee Share Plan	2,956	-
Balance at 30 April	-	(2,956)

Retained profits	2022 $000's	2021 $000's
Balance at 1 May	315,094	313,844
Net profit for the year	47,553	20,767
Dividends provided for or paid	(26,272)	(19,517)
Transfer of General reserve to Retained profits	28,453	-
Balance at 30 April	364,828	315,094

4.f. Reserves and retained profits (continued)

Nature and purpose of reserves

General reserve
The general reserve had accumulated over prior periods with the purpose of retaining funds within the business. Considering the current strength of the Group's balance sheet, amounts included in that reserve were transferred back to Retained Profits in the current reporting period and are now readily available for distribution as dividend.

Asset revaluation reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Foreign currency translation reserve
Exchange differences arising on the translation of the foreign controlled entities' financial information are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

Hedging reserve - cash flow hedges
The hedging reserve is used to record the changes in the fair value of the following hedging instruments:

Cash flow hedge reserve	Foreign currency forwards $000's	Interest rate swaps $000's	Total hedge reserve $000's
Opening balance at 1 May 2020	820	(824)	(4)
Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss	1,438	807	2,245
Deferred tax	(610)	(242)	(852)
Closing balance at 30 April 2021	1,648	(259)	1,389
Change in fair value of hedging instruments net of reclassification to the cost of inventory or profit or loss	(2,729)	1,055	(1,674)
Deferred tax	899	(317)	582
Closing balance at 30 April 2022	(182)	479	297

Transactions with non-controlling interests
This reserve is used to record the effects that arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Share-based payment reserve
The share-based payments reserve is used to recognise:

- the grant date fair value of B Class Share rights issued to employees but not yet vested under the Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan) and other equity plans, as described in note 6b, and
- the grant date fair value of B Class Shares issued to employees for no consideration under the matching component of the Employee Share Scheme, as described in note 6b.

Treasury shares reserve
Treasury shares are B Class Shares in Ricegrowers Limited that are held as unallocated B Class Shares by the Ricegrowers Employee Share Trust. In 2022, B Class Shares required for the vesting of the Company's CEO LTI plan (and a portion of the Employee LTI Plan) were satisfied by the allocation of ordinary B Class Shares previously classified as Treasury Shares.

4.g. Financial risk management

The Group's activities expose it to a variety of financial risks, including market risks (such as foreign exchange risk and interest rate risk), credit risk and liquidity risk that are actively mitigated to reduce the Group's exposure. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Derivatives are only used for economic hedging purposes and not as speculative investments.

The Group uses different methods to measure the different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rates and foreign exchange risks and ageing analysis for credit risk.

Financial risk management is executed under guidance from the Treasury Management Committee, in accordance with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, the use of derivative financial instruments and investing excess liquidity.

4.g. Financial risk management (continued)

Market risk

Foreign exchange risk

Exposure

The table below sets out the Group's main exposure to foreign currency risk at the reporting date, expressed in the foreign currency. The amounts presented reflect balances held in Group entities where the USD and EUR are not their functional currency.

	2022		2021	
	USD $000's	EUR $000's	USD $000's	EUR $000's
Cash	463	293	1,056	85
Trade receivables	75,881	-	62,974	-
Trade payables	(84,033)	(5,266)	(95,996)	(3,294)
Foreign exchange contracts:				
- selling foreign currency	(176,450)	-	(74,050)	-
- buying foreign currency	5,673	25,000	17,015	18,850
Net exposure - (selling) / buying currency	(178,466)	20,027	(89,001)	15,641

Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar (USD) and Euro (EUR) and other currencies to a much lower extent. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Translation related risks are not included in the assessment of the Group's exposure to foreign exchange risk. The risk is measured through cash flow forecasting and is hedged with the objective of minimising the volatility of the Australian currency equivalent of firm commitments or highly probable forecast sales and purchases denominated in foreign currencies. The Group's treasury's risk management policy is to hedge a portion of the forecast foreign currency cash flows for sales, inventory and fixed assets purchases for up to twelve months in advance, subject to a review of the cost of implementing each hedge. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the Group's policy the critical terms of the forwards must align with the hedged items. Access to foreign currency forwards is however not always available in all the countries in which the Group operates (e.g. PNG and Solomon Islands).

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	2022 $000's	2021 $000's
Foreign currency forwards		
Carrying amount - (liability) / asset	(1,081)	1,720
Notional amount - selling foreign currency	(176,450)	(74,050)
Notional amount - buying foreign currency	30,673	35,865
Maturity date	May 2022 April 2023	May 2021 December 2021
Hedge ratio*	1:1	1:1
Change in fair value of hedging instruments since 1 May	(2,729)	1,438
Change in value of hedged items used to determine hedge effectiveness	2,729	(1,438)
Weighted average hedged rate for the year	USD0.72:AUD1 EUR0.65:AUD1	USD0.76:AUD1 EUR0.64:AUD1

*The foreign currency forwards are denominated in the same currency as the highly probably future sales and purchases, therefore the hedge ratio is 1:1

Sensitivity analysis

At 30 April 2022, had the USD increased by 5 cents to the AUD, with all other variables held constant, the Group's profit after tax for the year would have been $1,037,000 lower (2021: $403,000 lower) and equity would have been $8,151,000 higher (2021: $1,000,000 higher).

At 30 April 2022, had the USD decreased by 5 cents to the AUD, with all other variables held constant, the Group's profit after tax for the year would have been $1,193,000 higher (2021: $458,000 higher) and equity would have been $9,372,000 lower (2021: $1,111,000 lower).

The ongoing difficulty in accessing the USD currency in PNG is affecting Trukai's ability to settle its intercompany trade payables, exposing the Group to the risk of a sudden devaluation of the PNG Kina (PGK). At 30 April 2022, the outstanding amount due from Trukai was USD 41,723,000 (AUD 58,346,000) compared to USD 52,550,000 (AUD 67,554,000) at 30 April 2021. If the USD/PGK exchange rate was 5 cents lower (0.2290 instead of 0.2790), with all other variables held constant, Trukai's intercompany trade payable would have been higher in its local currency, resulting in an additional foreign exchange loss in the Group's profit after tax for the year of $7,319,000 (2021: $8,444,000).

4.g. Financial risk management (continued)

Sensitivity analyses have not been presented for other currencies, because the Group's exposure to those currency exchange movements (including the EUR) is not considered material.

Interest rate risk

Exposure

The Group's main interest rate risk arises from bank borrowings and bank overdrafts, which expose the Group to cash flow interest rate risk. The Group's policy is to maintain a portion of its long-term bank borrowings at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. Generally, the Group enters into long-term bank borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly.

During 2022 and 2021, the Group's bank borrowings at variable rate were mainly denominated in Australian dollar. The Group had the following variable rate borrowings and interest rate swap contracts outstanding (an analysis by maturities is provided in the liquidity risk section of this note):

30 April 2022	Weighted average interest rate %	Balance $000's
Bank loans and bank overdrafts	1.1	(212,498)
Interest rate swaps (notional principal amount)	0.5	19,000
Net exposure to cash flow interest rate risk		(193,498)
30 April 2021		
Bank loans and bank overdrafts	1.1	(156,200)
Interest rate swaps (notional principal amount)	2.2	28,000
Net exposure to cash flow interest rate risk		(128,200)

Instruments used by the Group

Swaps currently in place cover 26% (2021: 38%) of the Obligor Group Core debt outstanding. The Obligor Group is a sub-group of Ricegrowers Limited that jointly guarantees the Core and Seasonal banking facilities contracted in Australia (see note 4d). The following entities are part of the Obligor Group:

- Riviana Foods Pty Ltd
- Australian Grain Storage Pty Ltd
- Rice Research Australia Pty Ltd
- Solomons Rice Company Limited
- Sunshine Rice Inc.
- Ricegrowers Singapore Pte Ltd
- Ricegrowers New Zealand Ltd
- Sunshine Rice Pty Ltd
- SunFoods LLC
- Roza's Gourmet Pty Ltd
- Pryde's Tuckerbag Pty Ltd
- Pryde's Easifeed Pty Limited

Fixed interest rates for the swaps range between 0.41% and 0.65% (2021 – 2.22% and 2.5%) and the variable rates of the loans are between 0.95% and 2.45% (2021 – 0.84% and 1.47%). The swap contracts require settlement of net interest receivable or payable every 90 days.

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2022 $000's	2021 $000's
Interest rate swaps		
Carrying amount - asset / (liability)	685	(370)
Notional amount	19,000	28,000
Maturity date	2023 / 2024	2021
Hedge ratio*	1:1	1:1
Change in fair value of hedging instruments since 1 May	1,055	807
Change in value of hedged items used to determine hedge effectiveness	(1,055)	(807)
Weighted average hedged ratio for the year	0.5%	2.2%

* The interest rates swaps are denominated in the same currency as the underlying debt, therefore the hedge ratio is 1:1

4.g. Financial risk management (continued)

Sensitivity analysis

At 30 April 2022, if interest rates had changed by + / - 25 basis points from the year end rates, with all other variables held constant (including the maturity of the hedging cover in place), profit after tax for the year would have been $341,000 lower/higher (2021: $225,000 lower/higher), mainly as a result of higher/lower interest expense on variable bank loans.

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to domestic and export customers, including outstanding receivables.

Risk management

Credit risk is managed on a Group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of Moody's A3 or Standard & Poor's A minus are accepted, unless such rating is not available in a country in which SunRice operates. In this case, the Group limits credit risk and manages cash in such way that only the minimum amount required for every day operations is kept on local bank accounts.

Domestic customers are assessed for credit quality, taking into account their financial position, past experience, trade references, ASIC searches and other factors. The majority of export customers trading terms are secured by letters of credit, cash against documents or documentary collection and prepayment. Individual credit limits for both domestic and export customers are set in accordance with the limits set by the Board and compliance with credit limits is regularly monitored by the Group. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, the Group has established limits so that the portfolio of instruments held with the various financial institutions does not create a material counterparty risk to the Group.

Security

For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets

Cash and cash equivalents are subject to the impairment requirements of AASB 9. There was however no identified impairment loss in the current or previous reporting period. Trade receivables for sales of goods are subject to the expected credit loss model. Further details on loss allowances recognised in the current and previous reporting period are available in note 3a.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. Due to the dynamic nature of the Group's underlying businesses, Group Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities disclosed below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet business needs and satisfy internal and external compliance requirements.

The ongoing difficulty in accessing the USD currency in PNG continues to affect Trukai's ability to repay its intercompany payables and indirectly influences the cash balance accumulated by Trukai of PGK 21,682,000 (AUD 8,459,000) at 30 April 2022 compared to PGK 25,292,000 (AUD 9,104,000) at 30 April 2021. To maintain access to the USD currency and support its local net working capital needs, Trukai maintained a local uncommitted working capital facility of PGK 75,000,000 in the current year (see further details in note 4d). The Group continues to closely monitor economic conditions in PNG to proactively manage the liquidity risk. Potential impacts on gearing and leverage have also been discussed in note 4a.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2022 $000's	2021 $000's
Fixed and floating rate:		
Bank overdraft - expiring within one year	14,921	26,996
Bank loans - expiring within one year	189,955	220,232
Bank loans - expiring beyond one year	115,330	146,000
	320,206	393,228

The bank overdraft facilities and $105,000,000 of the bank borrowing facilities (portion relating to trade finance and transactional banking), may be drawn at any time and may be terminated by the bank without notice. Additional information on significant terms and conditions of bank facilities is available in note 4d

4.g. Financial risk management (continued)

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the tables are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

30 April 2022	Less than 12 months $000's	Between 1 and 2 years $000's	Between 3 and 5 years $000's	Over 5 years $000's	Total contractual cash flows $000's	Total carrying amount $000's
Non-derivatives						
Non-interest bearing	417,814	-	-	1,051	418,865	418,865
Variable rate	110,621	105,789	-	-	216,410	212,498
Fixed rate	18,729	3,301	6,604	1,812	30,446	28,482
Total non-derivatives	547,164	109,090	6,604	2,863	665,721	659,845
Derivatives (including asset positions)						
Interest rate swaps - net settled	(368)	(317)	-	-	(685)	(685)
Foreign currency contracts - gross settled						
- outflow	394,223	-	-	-	394,223	1,081
- (inflow)	(393,142)	-	-	-	(393,142)	-
Total derivatives	713	(317)	-	-	396	396

30 April 2021	Less than 12 months $000's	Between 1 and 2 years $000's	Between 3 and 5 years $000's	Over 5 years $000's	Total contractual cash flows $000's	Total carrying amount $000's
Non-derivatives						
Non-interest bearing	256,205	-	-	1,107	257,312	257,312
Variable rate	84,067	1,083	75,083	-	160,233	156,200
Fixed rate	3,633	3,321	6,871	3,936	17,761	16,103
Total non-derivatives	343,905	4,404	81,954	5,043	435,306	429,615
Derivatives (including asset positions)						
Interest rate swaps - net settled	370	-	-	-	370	370
Foreign currency contracts - gross settled						
- outflow	133,581	-	-	-	133,581	-
- (inflow)	(135,301)	-	-	-	(135,301)	(1,720)
Total derivatives	(1,350)	-	-	-	(1,350)	(1,350)

4.h. Fair value measurement

The Group's assets and liabilities carried at fair value are mainly related to currency and interest rate derivatives.

The Group's financial instruments that are carried at fair value are valued using observable market data, as there is no price quoted in an active market for the financial instruments held (level 2).

The fair value of derivative financial instruments are determined based on dealer quotes for similar instruments. The valuation inputs are calculated in accordance with industry norms and the inputs include spot market exchange rates and published interest rates.

The Group does not have any financial instruments that are carried at fair value using inputs classified as level 1 inputs.

Only the investment property is classified as level 3, as the fair value is determined by an independent valuation.

4.h. Fair value measurement (continued)

Recurring fair value measurements	2022 Level 2 $000's	2022 Level 3 $000's	2022 Total $000's	2021 Level 2 $000's	2021 Level 3 $000's	2021 Total $000's
Assets						
Investment properties	-	2,900	2,900	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	494	-	494	2,759	-	2,759
- Interest rate swaps	685	-	685	-	-	-
Total assets	1,179	2,900	4,079	2,759	2,900	5,659
Liabilities						
Derivatives used for hedging						
- Foreign exchange contracts	1,575	-	1,575	1,039	-	1,039
- Interest rate swaps	-	-	-	370	-	370
Total liabilities	1,575	-	1,575	1,409	-	1,409

There were no transfer between levels for recurring fair value measurements during the year.

The Directors consider the carrying amounts of other financial instruments approximate their fair value, due to either their short-term nature or being at market rates. These financial instruments include trade receivables, trade payables, amounts payable to Riverina Rice Growers, bank overdrafts and bank loans.

4.i. Commitments

Capital commitments (property, plant and equipment)

	2022 $000's	2021 $000's
Commitments for capital expenditure contracted for at the reporting date but not recognised as liabilities	1,569	5,222

4.j. Contingent liabilities

The Group had the following contingent liabilities not provided for in its financial statements at 30 April:

	2022 $000's	2021 $000's
Letters of credit	3,400	697
Guarantees of bank advances	10,793	11,201
Total contingencies	14,193	11,898

Letters of credit in both years are mainly contracted in relation to the purchase of rice in Asia.

Significant estimates and judgements

Provisions and contingent liabilities
The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Due to the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

At 30 April 2022, the Group does not expect any material adverse outcome from any open or pending cases.

5. Group Structure

This section provides details of the Group structure and the entities included in the consolidated financial statements.

5.a. Investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	Country of Incorporation	Principal activities	Direct / indirect interest in ordinary shares / equity 2022 %	2021 %
Australian Grain Storage Pty Ltd *	Australia	Grain storage assets	100	100
Rice Research Australia Pty Ltd	Australia	Research into rice growing	100	100
Riviana Foods Pty Ltd *	Australia	Importation / manufacturing / distribution of food products	100	100
Roza's Gourmet Pty Ltd	Australia	Manufacturing / distribution of food products	100	100
KJ&Co Brands Pty Ltd	Australia	Importation / Distribution of food products	100	100
SunRice Australia Pty Ltd	Australia	No current activities	100	100
SunRice Fund Limited	Australia	No current activities (deregistered in 2022)	0	100
SunRice Trading Pty Ltd	Australia	No current activities	100	100
SunShine Rice Pty Ltd	Australia	No current activities	100	100
Pryde's Tuckerbag Pty Ltd	Australia	Holding company	100	0
Pryde's Easifeed Pty Ltd	Australia	Manufacturing / distribution of animal feed products	100	0
Pryde's Easifeed NZ Limited	New Zealand	Distribution of animal feed products	100	0
Ricegrowers New Zealand Ltd	New Zealand	Distribution of rice and other food products	100	100
Aqaba Processing Company Ltd	Jordan	Rice packing / storage	80	80
Rice Industries Limited	PNG	Property	66.23	66.23
Trukai (Wholesale) Limited	PNG	Distribution of rice	66.23	66.23
Trukai Industries Limited	PNG	Processing and distribution of rice	66.23	66.23
Ricegrowers Singapore Pte Ltd	Singapore	Procurement and trading of rice and other food products	100	100
Solomons Rice Company Limited	Solomon Islands	Distribution of rice	100	100
Ricegrowers Middle East DMCC	UAE	Distribution of rice and other food products	100	100
SunFoods LLC	USA	Processing and distribution of rice	100	100
Sunshine Rice, Inc	USA	Holding company	100	100
Ricegrowers Vietnam Company Limited **	Vietnam	Processing and distribution of rice	100	100
SunRice Trading (Shanghai) Co Ltd	China	No current activities	100	100

*Entities part of a Deed of Cross Guarantee that are relieved under the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 from preparing a separate financial report (see note 5c).

**Ricegrowers Vietnam Company Limited has a 31 March financial year end as local regulations in Vietnam do not allow financial years to end on 30 April. The directors believe that the financial effects of any events or transactions occurring since the last available financial information have not materially affected the financial position or performance of the subsidiary.

Non-controlling interests

At 30 April 2022, non-controlling interests held 540,320 (2021: 540,320) ordinary shares in Trukai Industries Ltd, being 33.77% (2021: 33.77%) of the ordinary issued capital of that entity. Summarised financial information for this subsidiary has been disclosed in note 5e.

At 30 April 2022, non-controlling interests held 6,000 (2021: 6,000) ordinary shares in Aqaba Processing Company Limited, being 20% (2021: 20%) of the ordinary issued capital of that entity.

Recognition and measurement

Subsidiaries
Ricegrowers Limited ("company" or "parent entity") and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

5.a Investments in subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

5.b. Investments accounted for using the equity method

	2022 $000's	2021 $000's
Shares in associates	2,665	2,458

Information relating to the associate is set out below.

Name of company	Principal activity	Ownership interest 2022	Ownership interest 2021
Pagini Transport (incorporated in Papua New Guinea)	Transport	30.44%	30.44%

The associate operates on a non-coterminous year-end of 31 December. The directors believe that the financial effects of any events or transactions occurring since the last available financial information have not materially affected the financial position or performance of the associate.

Recognition and measurement

Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

5.c. Deed of cross guarantee

Ricegrowers Limited, Riviana Foods Pty Ltd and Australian Grain Storage Pty Ltd entered into a deed of cross guarantee on 28 April 2016 under which each company guarantees the debts of the others.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a separate financial report and Directors' report under the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The previously mentioned companies represent a "closed Group" for the purposes of the ASIC Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Ricegrowers Limited, they also represent the "extended closed Group".

5.c. Deed of cross guarantee (continued)

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	2022 $000's	2021 $000's
Sales revenue	787,456	587,560
Other revenue	43,960	16,431
Revenue from continuing operations	831,416	603,991
Other income	7,977	1,204
Changes in inventories of finished goods	(6,423)	7,843
Raw materials and consumables used	(461,583)	(380,922)
Employee benefits expenses	(110,556)	(100,582)
Depreciation and amortisation expense	(17,708)	(16,830)
Finance costs	(4,965)	(4,147)
Other expenses	(187,464)	(131,322)
Profit / (loss) before income tax	50,694	(20,765)
Income tax (expense) / benefit	(5,710)	3,693
Profit / (loss) for the year	44,984	(17,072)
Items that may be reclassified to the profit or loss		
Changes in fair value of cash flow hedges	(2,390)	3,033
Income tax relating to items of other comprehensive income	699	(910)
Other comprehensive (loss) / income for the year, net of tax	(1,691)	2,123
Total comprehensive income / (loss) for the year	43,293	(14,949)

Summary of movements in consolidated retained earnings

Summary of movements in consolidated retained earnings	2022 $000's	2021 $000's
Balance at 1 May	183,303	220,065
Net profit / (loss) for the year	44,984	(17,072)
Dividends provided for or paid	(26,272)	(19,690)
Transfer of General reserve to Retained profits	18,657	-
Balance 30 April	220,672	183,303

5.c. Deed of cross guarantee (continued)

Consolidated balance sheet

	2022 $000's	2021 $000's
Current assets		
Cash and cash equivalents	8,043	4,206
Receivables	206,033	157,565
Inventories	393,966	270,347
Current tax receivable	2,294	1,551
Derivative financial instruments	368	2,759
Total current assets	610,704	436,428
Non-current assets		
Other financial assets	81,732	43,893
Property, plant and equipment	193,109	197,502
Investment properties	2,900	2,900
Intangibles	55,832	56,815
Derivative financial instruments	317	-
Deferred tax assets	6,916	10,577
Total non-current assets	340,806	311,687
Total assets	951,510	748,115
Current liabilities		
Payables	147,320	106,045
Amounts payable to Riverina Rice Growers	200,142	112,456
Borrowings	107,886	83,918
Provisions	20,131	19,551
Derivative financial instruments	1,575	718
Total current liabilities	477,054	322,688
Non current liabilities		
Payables	2,804	1,974
Borrowings	103,444	81,902
Provisions	2,277	2,219
Total non-current liabilities	108,525	86,095
Total liabilities	585,579	408,783
Net assets	365,931	339,332
Equity		
Contributed equity	142,478	134,561
Reserves	2,781	21,468
Retained profits	220,672	183,303
Total equity	365,931	339,332

5.d. Parent entity information

Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 $000's	2021 $000's
Balance sheet		
Current assets	533,157	343,987
Total assets	803,986	591,061
Current liabilities	435,112	299,701
Total liabilities	549,431	353,127
Shareholders equity		
Issued capital	142,478	134,561
Reserves		
General reserve	-	18,657
Share-based payment reserve	2,978	4,106
Treasury shares reserve	-	(2,956)
Hedging reserve - cash flow hedges	240	1,682
Retained profits	108,859	81,884
Total shareholders equity	254,555	237,934
Profit / (loss) for the year	34,586	(25,762)
Total comprehensive income / (loss)	33,144	(23,477)

Guarantees entered into by the parent entity

The parent entity has entered into cross guarantees in respect of all banking facilities, including bank borrowings, foreign exchange facilities and bank overdrafts as described in note 5c. No deficiencies of assets exist in any of these companies.

Contingent liabilities of the parent entity

	2022 $000's	2021 $000's
Guarantee of bank advances	10,345	10,760
Total contingencies	10,345	10,760

Contractual commitments of the parent entity for the acquisition of property, plant and equipment

At 30 April 2022, the parent entity had contractual commitments for the acquisition of property, plant or equipment totaling $1,569,000 (30 April 2021: $5,222,000). These commitments are not recognised as liabilities at the end of the reporting period as the relevant assets have not yet been received.

Recognition and measurement

The financial information for the parent entity, Ricegrowers Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Ricegrowers Limited.

Tax consolidation legislation
Ricegrowers Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as at 1 May 2004.

The head entity, Ricegrowers Limited, and the controlled entities in the tax consolidated Group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidated Group continued to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Ricegrowers Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated Group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Ricegrowers Limited for any current tax payable assumed and are compensated by Ricegrowers Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ricegrowers Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

5.d. Parent entity information (continued)

Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Share-based payments
The grant by the company of rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking.

5.e. Subsidiaries with material non-controlling interests

Trukai Industries Limited – Summary financial information

Set out below is summarised financial information for Trukai Industries Limited. The amounts disclosed are before inter-company eliminations but after homogenisation to the Group accounting policies.

	2022 $000's	2021 $000's
Balance sheet		
Current assets	117,321	102,941
Non-current assets	32,161	30,550
Current liabilities	(83,941)	(75,469)
Non-current liabilities	(5,853)	(6,108)
Cash flows		
Cash flows from operating activities	2,433	8,223
Cash flows from investing activities	(3,333)	(545)
Cash flows from financing activities	(14,850)	(372)
Net (Decrease) / increase in cash and cash equivalents	(15,750)	7,306

Significant restrictions
The ongoing difficulty in the availability of the USD currency in PNG is affecting Trukai's ability to repay its intercompany trade payable (details of which are available in note 4g – market risk). This indirectly impacts the cash balance held by Trukai (details of which are also available in note 4g – liquidity risk). This situation exposes the Group to the risk of a sudden devaluation of the PGK.

It is also important to note that the PGK is not a currency freely traded on currency markets. As a result, the cash balance accumulated by Trukai Industries may not always be repatriated on demand. This may result in additional borrowing cost to finance the Group's working capital in the future and, if this amount of cash was to become unavailable for the Group, the Group's gearing and leverage ratios (disclosed in note 4a) would increase compared to their current level.

The Group continues to closely monitor economic conditions in PNG to proactively manage those risks.

5.f. Business combinations

Acquisition completed in 2022

Pryde's Easifeed
In January 2022, SunRice's division, CopRice, completed the acquisition of Pryde's Easifeed, a Gunnedah-based manufacturer and leading supplier of branded extruded cubes, extruded sweet feeds and pellet products for the equine market in Australia and key export markets, including New Zealand, Hong Kong, Japan and the Middle East, for a total cash consideration of $37,989,000. This acquisition provides CopRice with increased presence in the high value branded equine market.

The provisionally determined assets and liabilities recognised as a result of the acquisition are as follows:

	$000's
Cash and cash equivalents	472
Receivables	3,719
Inventory	2,032
Property, Plant and Equipment	8,202
Brand	8,315
Payables	(1,893)
Provisions	(804)
Deferred tax	(2,319)
Identifiable net assets acquired	17,724
Add: Goodwill	20,265
Net assets acquired	37,989

The goodwill is attributable to Pryde's Easifeed strong position and synergies expected to arise after the Group's acquisition of the new business. It has been allocated to the CopRice segment and none of it is expected to be deductible for tax purposes. Acquisition-related costs of approximately $769,000 are included in other expenses in the consolidated income statement.

The acquired business contributed revenues of $7,375,000 and net profit after tax of $876,000 to the Group for the period from 31 January 2022 to 30 April 2022. If the acquisition had occurred on 1 May 2021, contributed revenue and contributed profit after tax for the year ended 30 April 2022 would have been approximately $30,300,000 and $4,100,000 respectively.

Acquisitions completed in 2021

No changes were made during the current reporting period to the provisionally determined assets and liabilities acquired as part of the various transactions completed in 2021. Details of these acquisitions are available in our 2021 Annual Report.

Recognition and measurement

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interest issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition related costs in business combinations are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit and loss as a profit on acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Gains or losses arising from such remeasurement are recognised in profit or loss.

6. Other Disclosures

6.a. Related party transactions

Parent entity and subsidiaries

The ultimate parent entity and controlling party within the Group is Ricegrowers Limited. Interests in subsidiaries are set out in note 5a.

Directors and other Key Management Personnel

Directors and other Key Management Personnel compensation

	2022 $	2021 $
Short term employee benefits	5,453,113	5,139,014
Post-employment benefits	167,661	161,444
Share-based payments (1)	1,616,614	1,049,614
Total compensation	7,237,388	6,350,072

1- The Share Based Payments amount in 2021 does not include an amount of $701,346 which was however accrued in relation to the FY2022/FY2024 CEO Long Term Incentive plan in relation to the period from grant date on 28 August 2020 to 30 April 2021.

Detailed remuneration disclosures are provided in the remuneration report available in the Directors report.

Directors and other Key Management Personnel (KMP) shareholding

Details of the Directors and other KMP interests in A and B Class Shares of Ricegrowers Limited, details of B Class Shares issued to Directors and their related entities pursuant to the Grower Share Purchase Plan, details of the movement in B Class Share rights held by KMP during the reporting period and details of the number and value of B Class Share rights granted, vested, exercised and forfeited under the Long Term Incentive and Other Equity awards during the year are provided in the remuneration report available in the Directors report.

Transactions with Directors and other Key Management Personnel

	Held at 30 April 2022 $		Held at 30 April 2021 $	
Transactions and outstanding balances	Transactions	Outstanding Balances	Transactions	Outstanding Balances
Purchases of rice from Directors	7,495,295	4,357,818	4,192,119	3,976,324
Sale of inputs to Directors	168,204	-	243,127	-
Other purchases from Directors	10,794	10,794	-	-
Fees paid to Directors for participation on Irrigated Research and Extension Committee	2,964	-	2,951	-
	7,677,257	4,368,612	4,438,197	3,976,324

There were no transactions with other Key Management Personnel. Purchases of rice from Directors were made on identical terms to purchases of rice from other growers.

6.b. Share-based payments

Employee Long Term Incentive (LTI) Plan

Under the Group's Employee LTI Plan, participants are granted rights to ordinary B Class Shares of Ricegrowers Limited. B Class Share rights are granted annually and vest at the end of a three year performance period. They convert into one ordinary B Class Share each on vesting and/or exercise, aligned to the performance outcome. Up until 2021, B Class Share rights did not entitle their holders to receive any dividends during the vesting period. From 2022 onwards, participants are entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights. If a participant ceases to be employed by the Group within the performance period, the B Class Share rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

	2022	2021
Number of B Class Share rights granted on 26 July 2021 (2021: 17 August 2020)	350,700	342,730
Fair value of B Class Share rights at grant date	$6.70	$4.34

In 2022, the fair value of the B Class Share rights at grant date was determined by taking the market price of the company's B Class shares on that date ($6.70). No adjustment was required due to the dividend entitlement attached to the B Class Share rights during the vesting period. In 2021 the fair value of the B Class Share rights at grant date was determined by taking the market price of the company's B Class shares on that date ($5.20) less the present value of expected dividends that will not be received by the participants on their B Class Share rights during the three year vesting period.

6.b. Share-based payments (continued)

Employee Other Equity Plans

Under the Group's Employee Other Equity plans, participants are granted rights to ordinary B Class Shares of Ricegrowers Limited. B Class Share rights are granted on an ad-hoc basis and vest at the end of an individually determined performance or service period. They convert into one ordinary B Class Share each on vesting and/or exercise, aligned to the performance or service outcome. Participants are entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights. If a participant ceases to be employed by the Group within the vesting period, the B Class Share rights will be forfeited, except in limited circumstances that are approved by the Board on a case-by-case basis.

	2022	2021
Number of B Class Share rights granted on 2 June 2021 and 26 July 2021	213,020	-
Fair value of B Class Share rights at grant date	$6.70 and $6.65	-

The fair value of the B Class Share rights at grant date was determined by taking the market price of the company's B Class shares on each relevant date ($6.70 and $6.65). No adjustment was required due to the dividend entitlement attached to the B Class Share rights during the vesting period.

Chief Executive Officer (CEO) Long Term Incentive (LTI) Plan

In the prior period, the CEO was granted 550,000 rights to ordinary B Class Shares of Ricegrowers Limited under the FY2022-FY2024 CEO LTI Plan. Under this plan, the CEO is entitled to receive an additional grant of B Class Shares for an amount equivalent to dividends that may be payable during the vesting period on any vested B Class Share rights.

Subject to vesting, each B Class Share right entitles the CEO to one B Class Share. B Class Share rights will vest at the end of a three-year period from 1 May 2021 to 30 April 2024 and performance conditions apply over the vesting period. Assessment against these conditions is subject to the discretion of the Board, which may adjust outcomes or include or exclude items if the Board considers it appropriate, to better reflect shareholder expectations or management performance. Depending on progress against the performance hurdles, 50% of the B Class Share rights may vest 18 months after the commencement of the performance period. The 50% residual B Class Share Rights may vest at the end of the performance period.

The Board retains discretion to cancel any unpaid, unvested or deferred LTI in part or in full in the event an act of fraud, misconduct, or where there has been deliberate and material financial misstatement in the Company's accounts. B Class Share rights will be forfeited on cessation of employment unless the Board determines otherwise. If the CEO ceases to be employed after the first 18 months of the vesting period but before the end of the three year performance period due to redundancy, genuine retirement, disability, death, illness, the sale of a subsidiary or business asset by the Company, or as a result of mutual agreement, then the number of B Class Share rights held that have not vested will be adjusted on a pro-rata basis. The B Class Share rights will remain on foot subject to the vesting conditions, unless the Board at its discretion determines otherwise.

The Board selected performance measures that are directed to the achievement of the long-term strategic plan for the Group and are consistent with the CEO's remuneration being aligned with increased shareholder value and growers' interests.

	2022	2021
Number of B Class Share rights granted on 28 August 2020	-	550,000
Fair value of B Class Share rights at grant date	-	$5.21

The fair value of the B Class Share rights at grant date was determined by taking the market price of the company's B Class Shares on that date ($5.21). No adjustment was required due to the dividend entitlement attached to the B Class Share rights during the vesting period.

No additional LTI offer was made to the CEO in the current reporting period.

Employee Share Scheme

Employees who are Australian tax residents are eligible and may elect to participate in the Group's Employee Share Scheme (ESS). Under the matching component of the scheme, eligible employees may be granted up to $1,000 worth of fully paid ordinary B Class Shares in Ricegrowers Limited annually for no cash consideration. B Class Shares issued under the ESS may not be sold until the earlier of three years after issue or cessation of employment by the Group. In all other respects, the B Class Shares rank equally with other fully paid ordinary B Class Shares on issue.

	2022	2021
Number of B Class Shares offered for no cash consideration under the plan to participating employees	25,165	24,350

Each participant was issued with ordinary B Class Shares on a market price (with no discount) of $7.13 (2021: $5.86), which was also determined as the grant date fair value of these B Class Shares.

6.b. Share-based payments (continued)

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 $000's	2021 $000's
B Class Share rights granted under Long Term Incentive and Other Equity Plans	2,695	2,246
B Class Shares issued for no consideration under the Employee Share Scheme	179	143
Total share based payment expense	2,874	2,389

Recognition and measurement

Employee Share Scheme

Under the matching component of the Ricegrowers Limited Employee Share Scheme, B Class Shares are issued by the Ricegrowers Employee Share Trust to employees for no consideration and these B Class Shares vest immediately on grant date. On this date, the fair value of the B Class Shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Employee Long Term Incentive Plan (including the Chief Executive Officer Long Term Incentive Plan) and Employee Other Equity Plans

The fair value of B Class Share rights granted under the Ricegrowers Limited Employee Long Term Incentive Plan and Other Equity Plans is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined by reference to the fair value of the B Class Share rights granted, excluding the impact of any service and/or non-market performance vesting conditions (e.g. Group financial and personal targets and remaining an employee of the Group over a specified period of time). The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of B Class Share rights that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Plan administration

The Employee Share Scheme, the Employee Long Term Incentive Plan (included the Chief Executive Officer Long Term Incentive Plan) and the Employee Other Equity Plans are administered by the Ricegrowers Limited Employee Share Trust, which is included in the consolidated financial statements.

6.c. Remuneration of auditors

During the reporting period, the following services were paid or payable to the auditor of the parent entity, its related practices and non-related audit firms:

Audit services	2022 $	2021 $
Fees paid to PricewaterhouseCoopers Australian firm	560,427	552,646
Fees paid to related practices of PricewaterhouseCoopers Australian firm	186,112	176,354
Fees paid to non-PricewaterhouseCoopers audit firm	54,143	54,143
Total remuneration for audit services	800,682	783,143

Taxation services	2022 $	2021 $
Fees paid to PricewaterhouseCoopers Australian firm	308,320	294,525
Fees paid to related practices of PricewaterhouseCoopers Australian firm	48,175	67,700
Total remuneration for taxation services	356,495	362,225

6.d. Events occurring after the end of the reporting period

Other than the declaration of a fully franked final dividend and a fully franked special dividend of 25 and 5 cents per ordinary B Class Share respectively (refer to note 4a), the Directors are not aware of any matter or circumstance, since the end of the financial year, not otherwise dealt with in this Annual Report that has significantly, or may significantly, affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 90 to 140 are in accordance with the Corporations Act 2001, including:

i. complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the consolidated entity's financial position as at 30 April 2022 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that Ricegrowers Limited will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed Group identified in note 5c will be able to meet any liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 5c.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

The declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board.

L Arthur
Chairman

R Gordon
Director

23 June 2022

Independent Auditor's Report

Independent auditor's report

To the members of Ricegrowers Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Ricegrowers Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 April 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 April 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

financial report. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $6.3 million which represents approximately 0.5% of the Group's revenue from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose revenue from continuing operations because, in our view, it is an appropriate benchmark against which to measure the performance of the Group. We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group comprises of entities located in Australia, Papua New Guinea ("PNG"), the United States of America ("USA"), Singapore and other locations across the Asia Pacific and the Middle East, with the most financially significant operations being those located in Australia, Singapore and PNG. Accordingly, we structured our audit as follows:
  - The group audit was led by our team from PwC Australia ("group audit team"). The group audit team completed audit procedures in respect of the special purpose financial information of businesses operating in Australia, Singapore, the Middle East and the USA used to prepare the consolidated financial statements.
  - Under instruction from and on behalf of the group audit team, component auditors in PNG performed an audit of the special purpose financial information for that location used to prepare the consolidated financial statements.
- The group audit team decided on their level of involvement needed in the work performed by the component auditor, to be satisfied that sufficient appropriate evidence had been obtained for the purpose of our opinion. Review of the work undertaken by the component team, and regular dialogue between the teams up to the reporting date, supplemented the specific direct written instruction provided by the group audit team which augmented the reporting provided by the component auditor.
- The group audit team undertook the remaining audit procedures, including over significant financial statement items controlled at the Group level, the Group consolidation and the audit of the financial report and remuneration report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Finance, Risk and Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Sales revenue *(Refer to note 2b) [$1,331.1m]* The recognition of sales revenue was a key audit matter due to the financial significance of sales revenue to the consolidated income statement.	In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others: • consideration and assessment of the Group's accounting policy; • testing, for a sample of transactions, whether revenue had been recorded at the correct amount and in the correct financial period, in accordance with the Group's revenue recognition policy. This included assessing whether: ○ evidence of an underlying arrangement with the customer existed; ○ appropriate performance obligations and consideration had been identified; ○ amounts allocated to the performance obligations were made with reference to their standalone selling prices and discount/rebate arrangements where relevant; and ○ the timing of revenue recognition had been appropriately considered and recognised in the appropriate period. • evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.
Inventory *(Refer to note 3b) [$525.0m]* Inventory was a key audit matter due to: • the financial significance of inventory to the consolidated balance sheet; • the geographically diverse locations where inventory is stored; and • the principles applied in the determining the valuation of inventory.	We focussed our efforts on developing an understanding of and testing the methodology with which the Group recognises and values inventory. We considered the appropriateness of the Group's accounting policies in light of the requirements of Australian Accounting Standards. In obtaining sufficient, appropriate audit evidence, our procedures included, amongst others: • attending, observing and assessing stocktakes performed by the Group at a sample of locations and performing independent test counts where appropriate; • reviewing the application of the Group's cycle count procedures; • obtaining confirmations of inventories held at a sample of locations; • evaluating whether any required adjustments identified from our count attendance, cycle count procedures or confirmations were appropriately reflected; • testing, for a sample of inventory items, whether the cost was recorded at the correct amount; • assessing the Group's inventory provisioning policy by comparing the prior period inventory provision to inventory written off in the current period and comparing the carrying value of inventory items to a recent sales price; and • evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.
Business combinations *(Refer to note 5f)* During the year, the Group acquired Prydes EasiFeed (Prydes) for a total consideration of $38.0 million. The acquisition of Prydes was assessed as a key audit matter given: • the financial significance of the purchase consideration; and • the judgement applied by the Group in allocating the total consideration to the underlying assets and liabilities.	Noting that the Group's accounting for the acquisition remains provisional, our audit procedures to date included: • evaluating the Group's accounting against the requirements of Australian Accounting Standards; • reading the executed purchase contract between the relevant parties; • assessing whether the basis and composition of the purchase price in the executed contract was consistent with the Group's provisional accounting for the acquisition; • assessing the provisional fair values of the acquired assets and liabilities recognised, including: ○ reading the due diligence report received by the Group and associated analysis to consider if appropriate assets and liabilities have been identified, valued and recognised; ○ assessing the inputs and assumptions used by the Group in determining the provisional fair values; and ○ considering the valuation methodologies used by the Group in light of the requirements of Australian Accounting Standards. We assessed the appropriateness of the Group's relevant disclosure in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 April 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 72 to 86 of the directors' report for the year ended 30 April 2022. In our opinion, the remuneration report of Ricegrowers Limited for the year ended 30 April 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mark Dow
Partner

Sydney
23 June 2022

Shareholder Information

The Shareholder Information set out below was applicable as at 10 June 2022.

Distribution of equity securities (B Class Shares only)

The analysis of numbers of equity security holders by size of B Class shareholding is set out in the table below:

Holding	Number
1 - 1000	421,348
1,001 - 5,000	2,721,474
5,001 - 10,000	3,619,138
10,001 - 100,000	31,147,587
100,001 and over	24,037,428
	61,946,975

There were 31 holders of less than a marketable parcel of ordinary B Class Shares.

Equity security holders (B Class Shares only)

The names of the twenty largest holders (as individual entities in their own right) of quoted B Class equity securities are listed below:

Rank	Shareholder	No. of B Class Shares	% of issued B Class Shares
1	LOLLYPOP CREEK PTY LTD*	2,421,530	3.9%
2	AUSTRALIAN FOOD & AGRICULTURE COMPANY LIMITED	2,365,086	3.8%
3	PACIFIC CUSTODIANS PTY LTD**	1,262,345	2.0%
4	DELLAPOOL NOMINEES PTY LTD	807,809	1.3%
5	GERMINACO SUPER PTY LTD	753,261	1.2%
6	MENEGAZZO ENTERPRISES PTY LTD*	727,458	1.2%
7	MR ALAN DAVID WALSH	492,285	0.8%
8	AMBO FARMS PTY LTD	444,279	0.7%
9	FRANK ANTHONY DAL BON & JAN BRONWEN DAL BON	414,832	0.7%
10	TAURIAN PTY LTD	402,529	0.6%
11	NIGEL GEOFFREY LAMOND & KATHARINE JANET LAMOND	388,777	0.6%
12	INDUSTRY DESIGNS PTY LTD	381,790	0.6%
13	OJ MINATO PTY LTD	333,795	0.5%
14	AQUARIAN SUPER PTY LTD	334,621	0.5%
15	NEIL WILLIAM ROSE & BEVERLEY EDNA ROSE	328,413	0.5%
16	GF & SB LAWSON PTY LTD	327,139	0.5%
17	FS FALKINER & SONS PTY LTD	300,170	0.5%
18	YARRANVALE ESTATES PTY LTD	295,294	0.5%
19	PETER SALVESTRO LANDFORMING PTY LTD	280,818	0.5%
20	DENNIS MURRAY GLEESON, AMANDA JANE GLEESON & JUDITH KAY GLEESON	258,616	0.4%
		13,320,847	**21.5%**

*Entities which together with other entities not part of the twenty largest holders are associates of MENEGAZZO ENTERPRISES PTY LTD
** This holding comprises B Class Shares held by 283 employees (and ex-employees) in relation to which Rob Gordon the CEO holds 647,932 B Class Shares. Detailed shareholdings related to KMP including Directors are also detailed in the Remuneration Report on pages 84 and 85.

Substantial holders (B Class Shares only)

Substantial holders in the company are set out below:

Shareholder	No. of B Class Shares	% of issued B Class Shares
MENEGAZZO ENTERPRISES PTY LTD (and associates)	3,658,373	5.9%

Under the Ricegrowers Limited Constitution, a B Class Shareholding Limit restricts a person (together with their associates) from holding more than 10% of the total number of B Class Shares on issue. In this context, a person will be deemed to "hold" a B Class Share if they have a relevant interest in that Share. If a person acquires B Class Shares in excess of the B Class Shareholding Limit, all rights (including voting and dividend rights) of that person in respect of the excess B Class Shares will be suspended, and the Directors may procure the disposal of the excess B Class Shares.

The continuation of the B Class Shareholding Limit is required to be approved by A Class Shareholders at SunRice's tenth annual general meeting after Listing and at each third annual general meeting thereafter. However, any removal of or variation to the B Class Shareholding Limit will require a special resolution (75% majority of the votes cast) of the A Class Shareholders and of the B Class Shareholders. If the requisite voting majorities to either retain or change the B Class Shareholding Limit are not achieved, the existing 10% B Class Shareholding Limit will remain in place through the Constitution, until such time as Shareholders can agree on a new B Class Shareholding Limit.

Dual class share structure and limited voting rights

SunRice has a dual class share structure, with B Class Shares being able to be held by investors generally and A Class Shares being limited to rice growers who meet the production quotas prescribed by the SunRice Constitution. This structure is designed to meet the needs of SunRice and its existing Shareholders, while giving investors exposure to the financial performance of SunRice.

Investors in SunRice hold B Class Shares, which have limited voting rights. In particular, B Class Shares do not generally confer on their holders the right to vote at a general meeting of SunRice. B Class Shareholders do not have the right to vote on the election of Directors or (except in relation to amendments which constitute a variation of the B Class Share class rights) on amendments to the Constitution. These are matters controlled by the A Class Shareholders.

The interests of A Class Shareholders are in achieving returns through Paddy Prices. The interests of B Class Shareholders are in achieving dividends on B Class Shares and improvement in the market price of B Class Shares. These interests have diverged since SunRice's dual class share structure was put in place on incorporation, and the proportion of B Class Shares held by A Class Shareholders has decreased. In making decisions, SunRice Directors must have regard to their duties under the Corporations Act and the general law to act in the best interests of SunRice as a whole. SunRice Directors have actively managed the divergent interests of A and B Class shareholders for more than 10 years, and the Directors believe they have demonstrated a strong track record in balancing the interests of both classes of Shareholders. In addition, the Board has adopted procedures to manage any potential conflict or divergence of interests which may arise, including delegation of the decision to a committee of non-conflicted Directors. These procedures are set out in the SunRice Conflict of Interest Policy, a copy of which is available on SunRice's website.

Summary of SunRice's non-standard elements

The structure of Ricegrowers Limited contains non-standard elements, including:

1. The Company has a dual class share structure with differential voting rights:
   - A Class Shares, which are redeemable preference shares, confer on their holders the right to vote at general meetings of the Company. A Class Shareholders have no right to dividends or distributions, other than the right to be repaid the amount paid up on the A Class Shares on redemption or a winding up of the Company. A Class Shares are not quoted on the ASX and can only be held by rice growers who meet the production quotas prescribed by the SunRice constitution.
   - B Class Shares, which are quoted on the ASX, confer on their holders the right to receive dividends but no right to vote at general meetings. The right of B Class Shareholders to vote on matters relating to the Company is generally limited to proposals involving a variation of their class rights (including those matters deemed to vary their class rights under the Company's Constitution) and as required for the purposes of the ASX Listing Rules.
2. The Company's Constitution imposes the following shareholding limits on A Class Shares and B Class Shares:
   - A Class Shareholding Limit: a person must not hold more than 5 A Class Shares.
   - B Class Shareholding Limit: a person must not hold a number of B Class Shares which, when aggregated with any B Class Shares held by all associates of that person, exceeds 10% of the total number of issued B Class Shares.
3. Under transitional provisions in the Company's Constitution, the board of directors of the Company is currently to comprise of up to 10 directors, including:
   - up to two Grower Directors who are elected members of the Rice Marketing Board for the State of New South Wales (RMB). These directors will hold office for the same period as their term of office as elected members of the RMB;
   - up to four other Grower Directors. These directors will hold office for four years or such other periods as the A Class Shareholders may determine in a general meeting; and
   - up to four Non-Grower Directors, one of whom may be an employee of the Company. These directors will hold office for such term as the A Class Shareholders may determine in general meeting, except that the managing Director is not subject to the retirement requirements of the Constitution.

Corporate Directory

SunRice Registered Office

57 Yanco Avenue
Leeton, NSW 2705
Australia
Tel +61 2 6953 0411

Subsidiaries

Riviana Foods Pty Ltd
Level 1, Tower 1
1341 Dandenong Road
Chadstone, VIC 3148
Australia
Tel +61 3 8567 1000

Australian Grain Storage Pty Ltd
57 Yanco Avenue
Leeton, NSW 2705
Australia
Tel +61 2 6953 0411

Rice Research Australia Pty Ltd
57 Yanco Avenue
Leeton, NSW 2705
Australia
Tel +61 3 5886 1391

Trukai Industries Limited
Mataram Street
Lae MP 411
Papua New Guinea
Tel +675 472 2466

Solomons Rice Company Limited
Trading as SolRice
Ranadi, Honiara
Solomon Islands
Tel +677 30826

SunFoods LLC
Suite 202, 194 West Main Street,
Woodland, 95695
California, USA
Tel +1 530 661 1923

Ricegrowers Singapore Pte Ltd
47A Duxton Road
Singapore 089511
Tel +65 6904 5633

Ricegrowers Middle East DMCC
Unit 25 F&G, Level 25, Almas Tower
Jumeirah Lake Tower
Dubai, UAE
Tel +971 4458 5480

Ricegrowers Vietnam Company Limited
Tan An Hamlet
Binh Thanh Trung Commune
Lap Vo District - Dong Thap Province
Vietnam
Tel +84 88 922 7700

Ricegrowers New Zealand Ltd
1 Bisley Road
Enderley, Hamilton 3214
New Zealand
Tel +64 7 855 2181

Aqaba Processing Company
Aqaba Special Economic Zone
Southern Seashore, Aqaba
Tel +962 3 201 4285

Directors

Laurie Arthur
Chairman
Non-executive Director – Grower

Rob Gordon
Chief Executive Officer
Executive Director – Non-Grower

Luisa Catanzaro
Non-executive Independent Director – Non-Grower

Dr Andrew Crane
Non-executive Independent Director – Non-Grower

Ian Glasson
Non-executive Independent Director – Non-Grower

John Bradford
Non-executive Director – Grower (Elected RMB Director)

Ian Mason
Non-executive Director – Grower (Elected RMB Director)

Jeremy Morton
Non-executive Director – Grower

Dr Leigh Vial
Non-executive Director – Grower

Julian Zanatta
Non-executive Director – Grower

Corporate Management Team

Rob Gordon
Chief Executive Officer

Dimitri Courtelis
Chief Financial Officer

Kate Cooper
General Counsel and Company Secretary

Stephen Forde
Chief Executive Officer, Riviana Foods Pty Ltd

Ganesh Kashyap
General Manager, CopRice

Paul T Parker
General Manager, People and Culture

Alan Preston
Chief Executive Officer, Trukai Industries Ltd

Belinda Tumbers
Chief Executive Officer, Global Rice

Auditor

PricewaterhouseCoopers
One International Towers
Watermans Quay
Barangaroo, NSW 2000
Australia

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
Australia
Tel +61 1300 554 474

Notice of Annual General Meeting

The annual general meeting of Ricegrowers Limited will be held at 10.00am at the Jerilderie Civic Hall, 33 Jerilderie Street, Jerilderie, with registration commencing at 9.00am on Wednesday, 24 August 2022

Stock Exchange Listing

Ricegrowers Limited's B Class Shares are listed on the Australian Securities Exchange (ASX) – code SGLLV.

Website

www.sunrice.com.au

This page has been left intentionally blank www.sunrice.com.au