

2 September 2022

## Letter to A Class Shareholders and Riverina rice growers – 2023 (CY23) pool and fixed price contracts

Attached is a copy of a letter being sent to A Class Shareholders and other Riverina rice growers, regarding the Board's decision to offer both fixed price contracts for limited volumes of particular varieties, and a pool, for the 2023 (CY23) Riverina rice production season.

Below are the prices for particular varieties in the fixed price contract offer:

Variety	CY23 varieties pricing
Reiziq	\$420/mt
V071	\$420/mt
Sherpa	\$420/mt

Specialty varieties will also be offered in the CY23 pool, with the following premiums to base medium grain Reiziq:

Variety	CY23 varieties pricing
Reiziq	Base
V071/Viand/Sherpa	Flat
Opus	+\$20/mt
Langi	+\$75/mt
Topaz	+\$110/mt
Koshihikari	+\$165/mt

Authorised by Kate Cooper, General Counsel and Company Secretary

Investor and media inquiries:

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### About SunRice's structure

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

A Class Shares confer on their holders the right to vote at general meetings but no right to dividends. A Class Shares are not quoted on ASX and may only be held by rice growers who meet the production quotas prescribed by the SunRice constitution. No person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.

B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not generally have the right to vote at general meetings of SunRice. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.

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



2 September 2022

Dear fellow rice growers,

### **2023 (CY23) Riverina crop year pool and fixed price contracts**

I am writing to advise that earlier today the Board of Ricegrowers Limited ("SunRice Group") made a number of decisions with regard to the contracting and pool arrangements for the 2023 (CY23) Riverina rice season.

As we look ahead to the October 2022 planting window, as always at this time of year I know that our growers are seeking information from the SunRice Group in relation to the pool and contracting arrangements for the upcoming crop.

It is pleasing to see water availability and water pricing in the southern connected Murray-Darling Basin system at their most favourable levels for many years. These conditions should underpin the planting of another large Riverina rice crop in CY23.

We were pleased on 22 August 2022 to announce an upgrade to the lower end of the pool range for the 2022 (CY22) crop that is currently being processed and marketed, up to \$400 per paddy tonne for medium grain Reiziq from \$390 per tonne. The range is now \$400-\$450 per paddy tonne for medium grain Reiziq.

#### **Pool and contracting arrangements for the CY23 season**

In relation to the CY23 crop to be planted from October 2022, and then processed and marketed from 1 May 2023 to 30 April 2024, the Board has made the decision to offer both fixed price contracts for limited volumes of particular varieties, and a pool. The Board has received consistent feedback from growers that they value both fixed price contracts and a pool, and we are pleased to once again provide both options.

Below are the prices for particular varieties in the fixed price contract offer:

Variety	CY23 varieties pricing
Reiziq	\$420/mt
V071	\$420/mt
Sherpa	\$420/mt

The fixed price contract offer will open for all growers at **9am on 6 September 2022**.

Contracting will be available by calling Grower Services, or registering your interest on the Grower Portal, once the contracting period opens. The SunRice Group reserves the right to close the fixed price contract offer at any point without notice, and to announce further fixed price contracts for additional varieties. Should additional fixed price contracts be offered, they will be reflective of market conditions at the time. The SunRice Group will not re-price any fixed price contracts which have been offered.

V071 is again being offered to growers, alongside Reiziq, and you will note that Sherpa is being offered at the same price in the fixed price contract offer whereas last year it had a discount to base medium grain Reiziq.

We have identified strong market demand for Sherpa, particularly given the drought in key Northern Hemisphere supply countries, and are seeking increased volumes to meet that demand. CY22 was the first year in which V071 was grown at commercial levels with outstanding results. Hopefully this will be repeated under conditions presented to growers in the coming season. Reiziq, our proven bold medium grain variety, will continue to be available this season, along with Viand.

The Board is also pleased to announce the opening of a pool for the CY23 crop. We are unable to disclose an estimated range at this stage, given the ongoing uncertainty in global markets, specifically related to such factors as foreign exchange rates, world rice prices, conditions in end markets and ongoing disruption and volatility in global shipping and supply chains. We will continue to monitor these factors and will provide an estimated range to growers when practicable.

Specialty varieties will also be offered in the CY23 pool, with the following premiums to base medium grain:

Variety	CY23 varieties pricing
Reiziq	Base
V071/Viand/Sherpa	Flat]
Opus	+\$20/mt
Langi	+\$75/mt
Topaz	+\$110/mt
Koshihikari	+\$165/mt

I would like to provide comment on two other areas ahead of the CY23 season:

- **PaddyVision will be implemented for the upcoming season to assess grain quality.** The resulting quality score to be used for quality payments based on the following:

PaddyVision	Quality score	Rate
Premium	>0.1 above average	\$2/t per point
No Premium / Discount	<0.1 above average to <0.25 below average	N/A
Discount	>0.25 below average	\$2/t per point

- **High trash levels continue to slow receivals and burden pool returns.**
  - **Carter Day** machines at the appraisal centre will no longer be used. Over the last five seasons the weighted average trash reading on **Model S** has been 3.42%. **Carter Day** averages for this season have been 0.7% trash. Neither result is wrong, they are different techniques that reflect the level of trash in the sample. The advantage of **Model S** is that we will be deducting for excessive trash based on the ticket result, thus giving immediate feedback to the header operator. Discounts will be applied for trash on a load-by-load basis.
  - **Starting this season, discounts will be applied for trash on a load-by-load basis.** A discount for trash will begin above 6%, with a second threshold at 15% based on results of the **Model S** with the following discount applied:
    - The first 100 tonnes delivered of a variety from a farm above 6% trash will not be discounted
    - For each 0.1% above 6% trash, a discount of \$0.10 will apply (\$1.00/1% per tonne)
    - For each 0.1% above 15% trash, a discount of \$0.20 will apply thereafter (\$2.00/1% per tonne).

Seed orders for the CY23 pool will open on **12 September 2022**, and the CY23 Seed Circular will be sent to growers with further details on **5 September 2022**.



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## Support for growers to increase production in CY23

In addition to providing both fixed price contract and pool options for growers, we are pleased to again be offering the following options for CY23:

- Our GrowRice facility, which provides input funding for approved growers of up to \$2,000 per hectare.
- Our PaddyPay Harvest Payment option, through which growers can elect to access up to 90 per cent of the estimated pool return (lower end of the range), paid within 5 days end of week of delivery.

The Grower Services team remains available to growers to help with any aspect of your planning and considerations for the CY23 crop, including more detail on GrowRice and PaddyPay. Please do not hesitate to contact the team on **1800 654 557** or [growerservices@sunrice.com.au](mailto:growerservices@sunrice.com.au).

As always, I remain available to shareholders or any other growers who would like to discuss the matters raised in this letter, or any other topics. Please don't hesitate to contact me on **0428 500 232**, or feel free to reach out to your local Grower Director.

Sincerely,

A handwritten signature in black ink, appearing to read "Laurie Arthur".

Laurie Arthur  
Chairman  
SunRice Group