Appendix 4D:
Half-Year Report

Ricegrowers Limited (ASX – SGLLV)

ABN:	Financial Half-Year Ended:	Lodgement Date:
55 007 481 156	31 October 2023	14 December 2023

Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the Annual Report for the year ended 30 April 2023 and any public announcements made by Ricegrowers Limited ("SunRice" or "Group") since the start of the current financial year, in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

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.

Reporting Period and Reported Information

The current reporting period is the half-year ended 31 October 2023 (1H FY2024) and the previous corresponding reporting period is the half-year ended 31 October 2022 (1H FY2023).

Results for Announcement to the Market

				$000
Revenue from ordinary activities	Up	21.2%	TO	918,773
Profit after tax	Up	56.3%	TO	30,552
Profit after tax attributable to B Class shareholders	Up	69.4%	TO	29,966

	Current period	Previous corresponding period
Net tangible assets backing per B Class Share ($)	7.61	6.91
Basic earnings per B Class Share (cents)	46.9	28.3
Diluted earnings per B Class Share (cents)	45.8	28.1
Interim dividend		
Amount per security (cents per B Class Share)	15.0	10.0
Franked amount per security (100% franking rate applicable) (cents per B Class Share)	15.0	10.0
Date the dividend is payable		25 January 2024
Record date to determine entitlements to the dividend		20 December 2023
Ricegrowers Limited Dividend Reinvestment Plan (DRP) is in operation for the interim dividend		

Commentary on Results for The Period

Details of the results of the Group for the period ended 31 October 2023 are included in the attached Interim Financial Report.

The 1H FY2024 Financial Results were driven by a range of factors:

- The Group's successful implementation of growth initiatives, including product innovation, further international market expansion and the award of overseas government tenders.
- A weakening Australian dollar, supporting revenue from Australian rice exports but weighing on the profitability of our import businesses (magnified by the rapid devaluation of the PNG Kina during 1H FY2024).
- Cost saving initiatives and improvements in shipping conditions and costs as supply chains continue to normalise post COVID-19.
- Sales price increases to help partially offset inflationary pressures on costs.
- The continued recovery of CopRice, delivering volume growth, market share gains and margin improvements.
- The strong performance of the Australian Rice Pool Business and its flow-on impact on the level of Brand and Asset Financing charges supporting the profitability of the Corporate segment.

As in prior years, the first half results are not expected to reflect the proportional full year results of the Group, because the second half of the year is generally more positively influenced by seasonal factors and consumption habits during festive periods.

Details of associates

The SunRice Group has the following associates:

Name of associate

Pagini Transport (incorporated in Papua New Guinea) Principal activity: Transport

Rice Breeding Australia Limited (incorporated in Australia). Principal activity: Research into the delivery of new and improved rice varieties

Reporting entity percentage holding

Pagini Transport 30.44% (31 October 2022: 30.44%)

Rice Breeding Australia Limited: 33.33% (31 October 2022: 33.33%)

Controlled Entities

There have been no changes in controlled entities in the six months period to 31 October 2023.

Other Information Required

Please refer to the attached Interim Financial Report and the 2023 Annual Report for other information required.

Interim Financial Report

For The Half Year Ended 31 October 2023

Ricegrowers Limited & Controlled Entities
ABN 55 007 481 156

Contents

This interim financial report covers the consolidated entity consisting of Ricegrowers Limited and its controlled entities. The interim financial report is presented in Australian dollars.

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

Its shares are listed on the Australian Securities Exchange (code SGL/SGLLV).

Your Directors present their report on the consolidated entity consisting of Ricegrowers Limited and the entities it controlled at the end of, or during the half year ended 31 October 2023.

1. Directors

The following persons were Directors of Ricegrowers Limited during the financial period and up to the date of this report:

LJ Arthur (Chairman)
RF Gordon (Chief Executive Officer – retired 23 August 2023)
P Serra (Chief Executive Officer – appointed 23 August 2023)
JMJ Bradford (Deputy Chairman)
L Catanzaro
M De Bortoli (appointed 23 August 2023)
AJ Crane
ID Glasson
JJ Morton (retired 23 August 2023)
IR Mason
LK Vial (retired 23 August 2023)
JL Zanatta

2. Company Secretary

K Cooper

3. Review of operations

The SunRice Group overview

The strong momentum of the second half of FY2023 has continued into the first half of FY2024 (1H FY2024[1]). The CEO transition has been successful, with Paul Serra taking over from Rob Gordon in August following a two-month handover period.

Revenue for 1H FY2024 was $919 million, up 21% on the prior corresponding period (1H FY2023), while Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was $63.3 million, up 48%, and Net Profit After Tax (NPAT) was $30.6 million, up 56%.

Key drivers of performance and global context

The Group's revenue growth in the first half of FY2024 has been supported by some favourable conditions and the ongoing execution of the Group's Growth Strategy. Key highlights include:

- The successful implementation of growth initiatives, including product innovation, further expansion in international markets and the award of a greater number of overseas government tenders;
- The positive effect over the full period of sales price increases which had been enacted part way through FY2023 to help partially offset inflationary pressures on costs, together with further pricing reviews completed in 1H FY2024 across the Group; and
- A weakening Australian dollar, which is supporting Australian rice exports and has a favourable impact on the translation of the results of the Group's foreign operations on consolidation.

Most of these items were accretive to EBITDA and contributed to the marked improvement in the Group's profitability in 1H FY2024, which was also supported by:

- Cost savings initiatives as well as improvements in shipping conditions and costs as supply chains continue to normalise post COVID-19;
- The continued recovery of CopRice, with turnaround actions delivering volume growth, market share gains and margin improvements in ruminant stockfeed in Australia, and in companion animal pet food in both Australia and New Zealand; and
- The performance of the Australian Rice Pool Business, which led to a $5.7 million increase in Brand and Asset Financing charges received by the Corporate segment compared with 1H FY2023, which again illustrates the complementary nature of the Group's dual class share structure.

However, the Group continued to manage a number of headwinds during 1H FY2024, including:

- Foreign exchange volatility, with the ongoing depreciation of the Australian dollar impacting the Group's import businesses. This was compounded by the rapid devaluation of the Papua New Guinean Kina, without any available hedging opportunities to mitigate it;
- The combination of the current high inflationary environment and high global interest rates, causing a significant increase in the cost of funding across the Group and impacting consumer spending habits in discretionary categories, with the retailer's private label products gaining market share. The Group is actively working on addressing this issue and continues to invest in marketing initiatives and product innovation to drive brand equity. This investment is highlighted by the 11% increase in advertising and promotion expenses in 1H FY2024 compared with 1H FY2023;
- Delays and inconsistencies in the supply chain of the Group's products into key Pacific markets, resulting in the Group holding higher levels of inventory, increasing costs such as storage and demurrage; and
- The recovery from drought conditions in the Northern Hemisphere, which is increasing competition (both on volume and price) in some of the Group's international markets.

Other operating expenses

Other notable changes in the Group's consolidated income statement for 1H FY2024 include:

- Surging energy prices, which are adding to the cost base of the Group's manufacturing operations, particularly in the Rice Pool Business where the CY23 crop was harvested during wet conditions and therefore required more intensive drying and aeration;

1 Unless otherwise stated, all disclosures in this report relate to the Financial Half Year ended 31 October 2023 (1H FY2024 or the current period) with the prior corresponding period relating to the Financial Half Year ended 31 October 2022 (1H FY2023). Crop Year 2023 or CY23 refer to the Australian rice crop harvested in 2023 and which is being marketed during the year ending 30 April 2024 (FY2024), while Crop Year 2022 or CY22 refer to the Australian rice crop harvested in 2022 and marketed during the year ended 30 April 2023 (FY2023).

- An increase in employee costs, which was magnified by the late harvest of the CY23 crop, causing some costs to be incurred by the Rice Pool Business in 1H FY2024 instead of 2H FY2023;
- An increase in equipment hire expenses as major shortages of pallets in the prior period started to ease in the current period
- An increase in insurance costs due to higher insurable values and ongoing increases in commercial insurance rates; and
- An increase in other expenses, primarily driven by an increase in the loss allowance for trade receivables in some of the Group's markets.

Effective tax rate

The Group's effective tax rate for 1H FY2024 was 23%, compared with 18% for 1H FY2023. This rate continues to reflect the blended nature of the Group's local and international operations and was influenced by a change in the contribution of each of those various operations to Group profitability.

Capital management and interim dividend

The Group continues to maintain a responsible approach to its investment, divestment, and corporate development strategy to acquire value-accretive businesses and to monetise non-core assets.

During 1H FY2024, this approach resulted in the sale of a number of properties (recognised in other income), which generated $1.3 million (1H FY2023: $3.4 million) of profit before income tax.

In addition, the Group is assessing an upgrade of its Leeton manufacturing operations to bolster capacity and productivity, and to help support the delivery of some of its packaging waste reduction targets.

The Group continues to explore a well-developed pipeline of potential strategic opportunities, particularly acquisitions.

As the Group seeks to deliver consistency and quality of earnings through the cycle and value to B Class Shareholders, a fully franked interim dividend of 15 cents per B Class Share was declared on 14 December 2023.

Seasonality

As in prior years, the first half results are not expected to reflect the proportional full year results of the Group, because the second half of the year is generally more positively influenced by seasonal factors and consumption habits during festive periods.

Risk management

The Group has reviewed its exposure to climate related and other emerging business risks as detailed in its FY2023 Annual Report, but has not identified any new or significant change to existing risks that could impact the financial performance or position of the group as at 31 October 2023.

Progress against strategy

The strong performance of the SunRice Group over the past few years has been delivered through the sustained execution of the Growth Strategy and has positioned the company favourably to pursue the next phase of growth.

The Group is refreshing its Growth Strategy and is identifying new opportunities as it looks to continue the momentum. The Group expects to provide more details of this review in its FY2024 Annual Report.

During 1H FY2024, further progress was made against the SunRice Group's Sustainability Strategy. Key highlights include:

- Continued work to prepare the submission of the Group's Science Based Target (SBT) for validation with the SBT initiative; including development of a roadmap to meet the SunRice Group's commitment to net zero by 2050;
- Establishment of a cross-functional Packaging Working Group to support the SunRice Group in meeting its commitments in relation to the Australian Packaging Covenant Organisation's packaging targets and to oversee the identification and implementation of packaging-related initiatives across the Group;
- Progression of the socio-economic impact assessment project with Social Ventures Australia. A review of the SunRice Group's social impact-related data from across its countries of operation has been undertaken and findings will be reported on in the FY2024 Annual Report;
- Identification by Rice Breeding Australia of several traits to improve cold tolerance in rice, which will now be tested and piloted. The introduction of varieties which are tolerant to cold events will contribute to water efficiencies; and
- Progression of the project to measure on-farm greenhouse gas emissions. Deakin University has established gas flux monitoring trials at Rice Research Australia to measure both methane and nitrous oxide emissions under different sowing and irrigation practices. The Department of Agriculture Forestry and Fisheries has supported the SunRice Group, through a National Traceability Grant, to progress from the feasibility study with OpenSC to the next stage of calculating and verifying emissions for the Riverina based on the findings of the gas flux data measurements.

Segment performance

Revenue from continuing operations	1H FY2024 $000's	1H FY2023 $000's	Variance $000's	%
Rice Pool	195,482	145,787	49,695	34%
Profit Businesses	720,381	609,997	110,384	18%
International Rice	*420,947*	*334,772*	*86,175*	*26%*
Rice Food	*58,792*	*55,824*	*2,968*	*5%*
Riviana	*111,190*	*107,332*	*3,858*	*4%*
CopRice	*129,452*	*112,069*	*17,383*	*16%*
Other revenue	2,910	2,185	725	33%
Total	**918,773**	**757,969**	**160,804**	**21%**

EBITDA	1H FY2024 $000's	1H FY2023 $000's	Variance $000's	%
Rice Pool	-	-	-	-
Profit Businesses	63,274	42,620	20,654	48%
International Rice	*26,430*	*12,888*	*13,542*	*105%*
Rice Food	*4,578*	*4,539*	*39*	*1%*
Riviana	*1,811*	*2,110*	*(299)*	*-14%*
CopRice	*7,909*	*4,046*	*3,863*	*95%*
Corporate	*22,546*	*19,037*	*3,509*	*18%*
Total	**63,274**	**42,620**	**20,654**	**48%**

Profit before tax	1H FY2024 $000's	1H FY2023 $000's	Variance $000's	%
Rice Pool	-	-	-	-
Profit Businesses	39,656	23,829	15,827	66%
International Rice	*19,629*	*7,464*	*12,165*	*163%*
Rice Food	*3,397*	*3,535*	*(138)*	*-4%*
Riviana	*774*	*1,355*	*(581)*	*-43%*
CopRice	*4,684*	*542*	*4,142*	*764%*
Corporate	*11,172*	*10,933*	*239*	*2%*
Total	**39,656**	**23,829**	**15,827**	**66%**

Rice Pool

Following the crop of 688,000 paddy tonnes harvested in CY22, the CY23 crop of circa 500,000 paddy tonnes continued to provide ample sales opportunities for the Rice Pool Business in 1H FY2024. Volume growth was realised in a number of premium markets, particularly in the Middle East, as well as through additional participation in government tenders, primarily in Japan.

The Rice Pool Business benefited from higher sales prices (which were required to partially offset the ongoing inflationary pressures on costs), the weakening AUD (which supported USD denominated rice exports), cost savings initiatives and improvements in shipping conditions and other logistics costs in the supply chain. These benefits were partly offset by a higher level of asset financing charges delivered to the Corporate segment, predominantly due to the high interest rate environment.

Operationally, the NSW flooding events in the last year caused challenges at the Group's Riverina manufacturing facilities and storage locations. However, proactive management of these issues resulted in minimal damage to the Group's inventory and property. These challenges occurred at the time that the CY23 crop was planted and resulted in the final tonnage received being below initial expectations, requiring the Group to source alternative varietals from international markets to meet customer demand. Flood conditions continued during part of 1H FY2024, when road closures impacted short term supply and delayed harvest. The resulting higher moisture content of the CY23 crop then required more intensive drying and aeration than normal, adding cost to a production cycle already impacted by surging energy prices.

During 1H FY2024, the Australian Rice Pool Business welcomed a number of positive developments, including:

- The Australia-United Kingdom Free Trade Agreement (FTA), which came into effect on 31 May 2023 and represents an opportunity to develop a new market for Australia's high quality medium grain rice varieties. While some opportunistic trades were realised during 1H FY2024, the FTA is expected to yield greater benefits in the future, once the Group's business model and route to market are established; and

- The signing of a new Sole and Exclusive Export Licence Agreement for a further period of five years (until 30 June 2027), which will allow the Group to continue to service high returning markets outside of Australia with premium Riverina rice.

International Rice

Overall, the International Rice segment was able to capitalise on favourable conditions during 1H FY2024, resulting in a marked improvement in revenue and profitability compared with 1H FY2023. The positive effect over the full period of sales price increases enacted part way through FY2023 and additional pricing reviews completed in 1H FY2024 helped to partially offset inflationary pressures on costs and contributed to this improvement. Other factors however had a mixed effect on the segment's results. In particular:

- The cost of shipping progressively returned to more normal levels during 1H FY2024, which provided margin relief. As a partial offset, the supply chain into key Pacific markets was impacted by unreliable and constrained delivery patterns, which required the holding of higher than usual levels of inventory during the period, in turn leading to higher storage and other handling costs. These supply challenges also required the activation of some higher cost contingency plans to mitigate the risk of product availability; and

- Generally higher global rice prices and the depreciation of the AUD and other Pacific currencies such as the PGK against the USD also placed pressure on the margins of the businesses relying on USD denominated rice imports in 1H FY2024. This was particularly relevant for the Trukai business where currency hedging opportunities do not currently exist and where this situation is testing the pricing resilience of consumers facing a generally difficult local economic environment in Papua New Guinea. As a partial offset, the stronger USD contributed to a better outcome on the translation of the results of some of the Group's foreign operations on consolidation, which was primarily beneficial to revenue.

At a revenue level, these gains were reinforced by volume growth in some key markets. This included the Middle East, which recorded the strongest Ramadan sales period in three years, and the United States, where the Group was able to continue with the sale of Australian rice that had been distributed during drought in 2H FY2023. However, the Group is now facing competition in the US market due to the faster than expected recovery from drought conditions. This trend, which is expected to accelerate into the second half of the year, coupled with a change in product mix towards higher volume and lower value trades, impacted profitability of the segment during 1H FY2024.

In June 2023, the Group announced that Ricegrowers Ltd had entered into an agreement to buy-back the shares held in Trukai Industries Limited by the minority shareholder, making Ricegrowers Ltd the sole shareholder of Trukai. Completion of this transaction remains subject to the resolution of regulatory matters.

Rice Food

During 1H FY2024 the Rice Food segment benefited from higher sales prices (enacted to help partially offset ongoing inflationary pressures on costs) and the improvement of shipping conditions and costs in the supply chain of imported products. However, general cost inflation, the higher cost of energy impacting the Group's local manufacturing operations and the weakening AUD against the USD (which impacted the cost of imported products), worked against these benefits.

The overall performance of the segment was driven by the following:

- In flour, improved manufacturing performance and the lapping of supply shortages in the prior corresponding period supported incremental sales and a lift in profitability in 1H FY2024. Through its local production capability, the SunRice Group is in a good position compared to some of its competitors who rely primarily on imported products and are impacted by a weaker AUD;

- While some operational challenges remain, a pathway to improve the profitability of the Group's cakes and snacks categories has been developed and is already delivering benefits through improved manufacturing performance and the execution of several asset utilisation and profit improvement programs throughout 1H FY2024. The Group also continued to bring new innovative products to the category, which contributed to the in-market volume growth achieved during 1H FY2024; and

- New products were launched in the increasingly competitive microwave rice category. However, the return to shelves of the retailers' private label products which had been out of stock for part of 1H FY2023 meant that the tailwind sales realised at that time did not continue during the current reporting period. In addition, price relativity between SunRice's branded products and private label competition widened during 1H FY2024, which impacted volumes and market share as consumers started to trade down in the current high inflationary environment. This weighed on the segment's performance during 1H FY2024. The Group is actively working on initiatives that will help improve its market positions and continues to invest in marketing programs to drive brand equity.

Riviana Foods

Riviana Foods continued to grow revenue in 1H FY2024, with the strong performance of the Toscano brand and the sale of products in the Food Service sector.

Even as the cost of some of Riviana Foods' products started to ease compared with 2H FY2023, ongoing difficulties in the sourcing of other products due to drought conditions in some of the sourcing locations in the Northern Hemisphere meant that product costs in 1H FY2024 remained generally higher than in the prior corresponding period. This situation was compounded by the ongoing weakening of the AUD against the USD and EUR during 1H FY2024, which continued to place pressure on margins and limited the offsetting effect of sales price increases enacted during FY2023 and in the current reporting period to help partially offset ongoing inflationary pressures on costs.

While the normalisation of shipping conditions and costs during the current period provided further margin benefits, the higher sales prices across Riviana Foods' portfolio of branded products widened the price disparity with competing private label products in 1H FY2024 and created opportunities for value offers to further enter the market in some categories. Combined with the current high inflationary environment impacting consumer spending this pressure resulted in some market share loss during 1H FY2024, mainly in the pickled vegetables category.

Riviana Foods is actively working on initiatives that will help restore its market positions, including through increased promotional and marketing activities to support the strength of its brands. The timing and extent of this additional investment contributed to the reduction in NPBT during 1H FY2024, as did some non-recurring operational challenges faced in Riviana Foods' local manufacturing facilities.

CopRice

During the current reporting period the CopRice business was able to capitalise on a number of turnaround actions that had been commenced in previous years. This continued momentum was achieved through volume growth, market-share gains, and margin improvements in the segment's key lines of business, including:

- Volume growth in companion animal food in Australia and New Zealand. This was delivered through increased market share in CopRice branded dog food within the agricultural retail channel and through increased distribution within speciality pet retail. The growth was also supported by increased demand for CopRice's private label range and underlying category growth; and

- Margin improvements in both companion animal food and ruminant stockfeed, due to a combination of plant efficiency, improved freight cost recoveries, price increases in line with the increased cost of doing business in Australia and business optimisation in New Zealand.

CopRice's overall recovery was achieved despite a number of challenges faced by the business during 1H FY2024, which tempered results. These included:

- Wheat quality issues driven by a wet harvest in the Liverpool plains, which had a detrimental impact on the segment's horse feed volumes. CopRice addressed the quality issue by sourcing higher priced alternatives for both wheat and barley and the business is now focused on rebuilding market share and margins since the quality issues have been resolved;

- Contraction in the New Zealand dairy stockfeed market, driven by a combination of subdued milk prices and increased farm operating costs, which have driven dairy farmers toward greater reliance on pasture and lower quality feed alternatives. This impacted volumes at the CopRice Hamilton mill compared to the prior corresponding period, with CopRice now working on mitigating actions including focusing on building its direct-to-farm business; and

- Subdued meat and livestock prices faced by Australian beef and sheep farmers, which impacted ruminant stockfeed volumes and efficiencies at CopRice's mills in the Riverina and in Northern Victorian region.

Corporate

The higher interest rates (which impact the Group's cost of capital) and higher branded sales levels in the Rice Pool business in 1H FY2024 combined to drive an increase in the brand and asset financing charges that were received as income by the Corporate segment from the Rice Pool Business ($16.3 million combined in 1H FY2024 compared with $10.7 million in 1H FY2023).

This increase was however largely offset by increased financing costs driven by the high interest rate environment, a reduction in proceeds received on the divestment of non-core assets ($1.3 million in 1H FY2024, compared with $3.4 million in 1H FY2023) and an increase in the loss allowance for trade receivables.

Operating, investing and financing cash flows

The Group continued to exercise financial discipline during 1H FY2024 and to proactively manage its net working capital requirements.

Operating cash inflows of $81.9 million in 1H FY2024 were largely driven by the strong EBITDA generated during the period as well as the lower CY23 crop and a reduction in the Group's debtor days, which both supported a reduction in the net working capital balance compared with the prior corresponding period. In 1H FY2023, operating cash outflows of $70.6 million were, on the contrary, primarily driven by the significantly increased inventory levels that followed the receipt of the larger CY22 Australian crop.

Investing cash outflows in 1H FY2024 were $8.5 million compared with $5.9 million in 1H FY2023. This increase was primarily driven by capital expenditure to maintain core assets. In 1H FY2023, investing cash outflows also included the amount paid by Riviana Foods to acquire the Australian Waffle Company. In both periods, these outflows were partly offset by proceeds from the divestment of non-core assets in the Group.

Financing cash outflows were $105.1 million in 1H FY2024, compared with inflows of $80.4 million in 1H FY2023. This turnaround reflects the change in the dynamics of operating cash flows discussed above and highlights the amounts that have been repaid on the Group's seasonal debt facility during the current period on the back of a lower Net Working Capital balance and strong EBITDA.

Balance sheet items

Net debt, net working capital, gearing and other metrics

Net debt[2] of $240.3 million and gearing[3] of 30% at 31 October 2023 both decreased from $291.4 million and 34% respectively at 30 April 2023. This improvement reflects the strong EBITDA generated in 1H FY2024 and a decrease in net working capital[4] from $478.5 million at 30 April 2023 to $447.5 million at 31 October 2023. As previously mentioned, this improvement was primarily due to the lower CY23 crop size and a general reduction in the Group's debtor days in the current period.

The Group's leverage ratio[5] and Return on Capital Employed (ROCE)[6] were 1.7x and 12.8% at 31 October 2023 respectively, compared to 2.5x and 9.8% at 30 April 2023. The improvement in these metrics aligns with the strong EBITDA generated in 1H FY2024 and the reduction in net debt (primarily attributable to a decrease in seasonal debt) and net working capital discussed previously.

Notably, the Group's net debt is primarily driven by amounts drawn on the seasonal debt facility used to finance the net working capital requirements of the business, with only $65.5 million drawn on the core debt facility at 31 October 2023. On that basis, the Group's leverage ratio calculated only on core debt was 0.5x at 31 October 2023, compared with 0.6x at 30 April 2023, while gearing based on core debt instead of net debt was 10% at 31 October 2023, compared with 11% at 30 April 2023.

Banking facilities and covenants

Core and seasonal debt facilities remained unchanged during 1H FY2024. The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and to fund some potential Merger & Acquisition activity.

Timing of the CY23 Australian rice crop harvest

Due to wet conditions in the Riverina region of NSW, the CY23 Australian crop harvest was delayed by a number of months. As a result, amounts payable to Riverina rice growers and inventories were at a lower level than usual as at 30 April 2023. This explains why these balances are not substantially lower in October 2023 compared with April 2023, as is generally the case due to the business' seasonality.

Translation of foreign operations

The continued devaluation of the AUD against the USD during 1H FY2024 has affected the translation of the financial performance and position of some of the Group's foreign operations in the consolidated financial statements. This devaluation has contributed to a general upward trend in a number of the Group's income statement and balance sheet line items in the current period and has increased the net asset position of the Group by $3.9 million at 31 October 2023 compared with 30 April 2023 (which is recorded in the foreign currency translation reserve in equity).

---

2 Net Debt equals current plus non-current borrowings less cash and cash equivalents.
3 Gearing equals net debt divided by net debt plus equity.
4 Net Working Capital equals receivables plus inventories less current payables less amounts payable to Riverina rice growers less current tax liabilities (net of current tax receivables) less current provisions.
5 Leverage ratio equals net debt divided by EBITDA over the last 12 months.
6 Return on Capital Employed (ROCE) equals EBIT divided by Capital Employed where EBIT is Earnings Before Interest and Tax over the last 12 months and Capital Employed is total assets (less cash) less total liabilities (less current and non-current borrowings).

Our outlook

The SunRice Group is expecting continued growth in both revenue and profitability in the second half of the year. The contribution of 2H FY2024 to the full year result is however expected to be proportionately lower than that of 2H FY2023 to the prior full year's result.

The delivery of the 2H FY2024 result will be dependent on the Group's ability to navigate a number of headwinds that affected 1H FY2024 and are anticipated to continue into 2H FY2024, the most significant of which include:

- High interest rates and inflation impacting consumer spending.
- A weak Australian dollar and a rapidly devaluating PNG Kina.
- The recovery from drought conditions in the Northern Hemisphere.

The recent conflict in the Middle East is also creating uncertainty in a region in which the Group has some of its largest markets. At this stage, the Group has not been directly impacted by conditions in these markets.

The outlook for the Australian Rice Pool

The lower end of the Paddy Price range for the CY23 crop was increased in November, with an updated range of $410 - $450 per tonne.

The SunRice Group expects a fourth consecutive year of abundant Australian rice production, with the CY24 crop currently anticipated to be larger than the CY23 crop.

The expected drier conditions in Australia ahead and ongoing water reform initiatives in the Murray Darling Basin have the propensity to affect the volume of Australian rice produced beyond CY25. However, the Group is expecting a sufficient volume of the CY23 crop to be carried over at the end of the financial year, complemented by a strong CY24 crop. The positive benefits of carryover volumes will be managed with a mid-term lens and the Group expects to have ample volume of Australian rice to sell into premium markets over this time.

4. 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 8.

5. Rounding of amounts to the nearest thousand dollars ($000's)

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 and interim financial report. Amounts in the directors' report and interim financial report have been rounded off to the nearest thousand dollars, in accordance with ASIC Instrument 2016/191.

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

For and on behalf of the Board.

L Arthur Chairman	P Serra Director

14 December 2023

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the review of Ricegrowers Limited for the half-year ended 31 October 2023, 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 review; and

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

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

Mark Dow
Partner
PricewaterhouseCoopers

Sydney
14 December 2023

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

Consolidated Income Statement

For the half year ended 31 October

	Note	Half year October 2023 $000's	Half year October 2022 $000's
Sales revenue	2b	**915,863**	755,784
Other revenue		**2,910**	2,185
Revenue from continuing operations		**918,773**	757,969
Other income	2c	**1,255**	3,394
Changes in inventories of finished goods		**(43,563)**	77,225
Raw materials and consumables used		**(510,278)**	(510,913)
Freight and distribution expenses		**(100,024)**	(113,321)
Employee benefits expenses		**(98,309)**	(88,986)
Depreciation and amortisation expenses		**(14,033)**	(13,887)
Finance costs		**(9,959)**	(5,007)
Other expenses	2d	**(104,206)**	(82,645)
Profit before income tax		**39,656**	23,829
Income tax expense		**(9,104)**	(4,278)
Profit for the half year		**30,552**	19,551

Profit for the half year is attributable to:			
Ricegrowers Limited shareholders		**29,966**	17,685
Non-controlling interests		**586**	1,866
		30,552	19,551

Earnings per B Class Share for profit attributable to B Class Shareholders			
Basic earnings (cents per B Class share)	2e	46.9	28.3
Diluted earnings (cents per B Class Share)	2e	45.8	28.1

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

Consolidated Statement of Comprehensive Income

For the half year ended 31 October

	Half year October 2023 $000's	Half year October 2022 $000's
Profit for the half year	**30,552**	19,551
Items that may be reclassified to profit or loss		
Changes in fair value of cash flow hedges	**(1,295)**	(15,600)
Exchange differences on translation of foreign operations	**3,935**	17,017
Income tax relating to items of other comprehensive income	**395**	4,829
Other comprehensive income for the half year, net of tax	**3,035**	6,246
Total comprehensive income for the half year	**33,587**	25,797
Total comprehensive income for the half year is attributable to:		
Ricegrowers Limited shareholders	**33,168**	21,554
Non-controlling interests	**419**	4,243
	33,587	25,797

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

Consolidated Balance Sheet

As at 31 October 2023 and 30 April 2023

	Note	31 October 2023 $000's	30 April 2023 $000's
Current assets			
Cash and cash equivalents		**50,678**	74,295
Receivables		**290,157**	306,346
Inventories		**548,767**	569,918
Current tax receivable		**593**	26
Derivative financial instruments		**821**	598
Total current assets		**891,016**	951,183
Non-current assets			
Property, plant and equipment		**269,596**	270,114
Investment properties		**2,900**	2,900
Intangible assets		**83,611**	84,902
Deferred tax assets		**15,032**	14,561
Derivative financial instruments		**-**	540
Investments accounted for using the equity method		**2,750**	2,763
Total non-current assets		**373,889**	375,780
Total assets		**1,264,905**	1,326,963
Current liabilities			
Payables		**237,537**	238,067
Amounts payable to Riverina Rice Growers		**124,138**	112,491
Borrowings	3b	**190,274**	299,071
Current tax liabilities		**4,160**	16,664
Provisions		**26,209**	30,575
Derivative financial instruments		**4,531**	3,356
Total current liabilities		**586,849**	700,224
Non current liabilities			
Payables		**1,107**	1,013
Borrowings	3b	**100,683**	66,658
Provisions		**2,843**	2,422
Total non-current liabilities		**104,633**	70,093
Total liabilities		**691,482**	770,317
Net assets		**573,423**	556,646
Equity			
Contributed equity	3c	**158,940**	152,526
Reserves	3d	**(6,338)**	(11,569)
Retained profits		**397,200**	392,487
Capital and resources attributable to Ricegrowers Limited shareholders		**549,802**	533,444
Non-controlling interests		**23,621**	23,202
Total equity		**573,423**	556,646

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

Consolidated Statement of Changes in Equity

For the half year ended 31 October

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's	Non-controlling interests $000's	Total $000's
Balance as at 1 May 2023	**152,526**	**(11,569)**	**392,487**	**533,444**	**23,202**	**556,646**
Profit for the half year	-	-	29,966	29,966	586	30,552
Other comprehensive income	-	3,202	-	3,202	(167)	3,035
Total comprehensive income for the half year	-	3,202	29,966	33,168	419	33,587
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	6,414	-	-	6,414	-	6,414
Share based payments - Value of employee services	-	3,652	-	3,652	-	3,652
Acquisition of Treasury Shares from employees	-	(2,150)	-	(2,150)	-	(2,150)
Allocation of treasury shares to employees	-	527	-	527	-	527
Dividends distributed	-	-	(25,253)	(25,253)	-	(25,253)
	6,414	2,029	(25,253)	(16,810)	-	(16,810)
Balance as at 31 October 2023	**158,940**	**(6,338)**	**397,200**	**549,802**	**23,621**	**573,423**

	Attributable to Ricegrowers Limited shareholders					
	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total $000's	Non-controlling interests $000's	Total $000's
Balance as at 1 May 2022	**142,478**	**(21,405)**	**364,828**	**485,901**	**19,448**	**505,349**
Profit / (loss) for the half year	-	-	17,685	17,685	1,866	19,551
Other comprehensive income	-	3,869	-	3,869	2,377	6,246
Total comprehensive income for the half year	-	3,869	17,685	21,554	4,243	25,797
Transactions with owners in their capacity as owners:						
Contribution of equity, net of transaction costs	5,200	-	-	5,200	-	5,200
Share based payments - Issue of shares to employees	1,022	(1,022)	-	-	-	-
Share based payments - Value of employee services	-	3,357	-	3,357	-	3,357
Dividends distributed	-	-	(18,617)	(18,617)	-	(18,617)
	6,222	2,335	(18,617)	(10,060)	-	(10,060)
Balance as at 31 October 2022	**148,700**	**(15,201)**	**363,896**	**497,395**	**23,691**	**521,086**

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

Consolidated Cash Flow Statement

For the half year ended 31 October

	Half year October 2023 $000's	Half year October 2022 $000's
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**972,926**	758,402
Payments to suppliers (inclusive of goods and services tax)	**(645,198)**	(574,648)
Payments to Riverina Rice Growers	**(116,803)**	(162,325)
Payments of wages, salaries and on-costs	**(98,367)**	(85,958)
Interest received	**374**	103
Interest paid	**(9,461)**	(4,516)
Income taxes paid	**(21,562)**	(1,705)
Net cash inflow / (outflow) from operating activities	**81,909**	(70,647)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	**(9,729)**	(7,940)
Payments for acquisition of business	**-**	(1,820)
Proceeds from sale of property, plant and equipment	**1,255**	3,894
Net cash outflow from investing activities	**(8,474)**	(5,866)
Cash flows from financing activities		
Proceeds from borrowings	**150,144**	370,618
Repayment of borrowings	**(231,647)**	(274,365)
Principal element of lease	**(2,595)**	(1,967)
Payments to employees for Treasury Shares acquired through the Employee Share Sale Plan	**(2,150)**	-
Dividends paid to the company's B Class shareholders	**(18,839)**	(13,892)
Net cash (outflow) / inflow from financing activities	**(105,087)**	80,394
Net (decrease) / increase in cash and cash equivalents	**(31,652)**	3,881
Cash at the beginning of the half year	**64,198**	28,258
Effect of exchange rate changes on cash and cash equivalents	**1,224**	1,519
Cash and cash equivalents at the end of the half year	**33,770**	33,658

Reconciliation to cash at the end of the half year

Cash at the end of the half year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated balance sheet as follows:

Cash and cash equivalents	**50,678**	42,676
Deduct bank overdraft	**(16,908)**	(9,018)
	33,770	33,658

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

Notes to the Consolidated Financial Statements

For the half year ended 31 October 2023

1. Basis of preparation of half year report

This consolidated interim financial report for the half year reporting period ended 31 October 2023 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 April 2023 and any public announcements made by Ricegrowers Limited during the interim reporting period and up to the date of this interim financial report, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In accordance with interim financial reporting requirements, the income tax expense is recognised based on the Group's best estimate of the average effective income tax rate expected for the full financial year in each of the Group's taxing jurisdictions.

New and amended standards adopted by the Group

New or amended standards that became applicable to the Group for the current reporting period did not require the Group to materially change its accounting policies or make any retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are effective for periods beginning on or after 1 May 2023 and that are expected to have a material impact on the Group in the current or future reporting periods.

Significant changes and events in the current reporting period

For a detailed discussion about the Group's performance and financial position, refer to our review of operations on pages 2 to 7.

2. Group Performance

a. Segment information

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.

In years where sufficient volume of rice is produced in the Riverina to achieve a naturally determined Paddy Price, the Rice Pool is at equilibrium, generating no residual profit or loss impacting the Group's profitability.

International Rice

The purchasing (including from the Rice Pool), 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 (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 or support the distribution of 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. During the period, Aqaba Processing Company and the Brandon business were mothballed.

Rice Food

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

This reportable segment is an aggregation of the Rice Cakes, Rice Flour, Rice Chips and Microwave Rice 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 across Australia, New Zealand and other export markets.

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 and/or non-recurring 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 Net Profit Before Tax for the Corporate segment is presented after dividend elimination.

a. Segment information (continued)

Performance

The following table sets forth the segment results for the period ended 31 October 2023:

	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	243,960	421,175	58,792	111,294	129,452	25,760	990,433
Inter-segment revenue	(48,478)	(228)	-	(104)	-	(25,760)	(74,570)
Revenue from external customers	195,482	420,947	58,792	111,190	129,452	-	915,863
Other revenue							2,910
Revenue from continuing operations							918,773
EBITDA	-	26,430	4,578	1,811	7,909	22,546	63,274
Profit before income tax	-	19,629	3,397	774	4,684	11,172	39,656

The following table sets forth the segment results for the period ended 31 October 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	205,911	335,179	55,824	107,565	112,069	25,043	841,591
Inter-segment revenue	(60,124)	(407)	-	(233)	-	(25,043)	(85,807)
Revenue from external customers	145,787	334,772	55,824	107,332	112,069	-	755,784
Other revenue							2,185
Revenue from continuing operations							757,969
EBITDA	-	12,888	4,539	2,110	4,046	19,037	42,620
Profit before income tax	-	7,464	3,535	1,355	542	10,933	23,829

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) is measured in a manner consistent with that of the financial statements.

The Corporate Management Team evaluates results based on Profit Before Income Tax. It also uses 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 and impairment. Below is a reconciliation of EBITDA to profit before income tax.

	October 2023 $000's	October 2022 $000's
EBITDA prior to Brand and Asset Financing charges	**46,946**	31,871
Brand and Asset Financing charges earned *	**16,328**	10,749
EBITDA	**63,274**	42,620
Finance costs - net	**(9,585)**	(4,904)
Depreciation and amortisation expense	**(14,033)**	(13,887)
Profit before income tax	**39,656**	23,829

*The Corporate segment earns a brand charge and an asset financing charge from the Rice Pool. In the current and prior reporting periods, these charges were fully absorbed by the Rice Pool and contributed to the naturally determined Paddy Price. The corresponding income is reflected in the Corporate segment and resulted in a net benefit to the Group Net Profit Before Tax (31 October 2023: benefit of $16,328,000 and 31 October 2022: benefit of $10,749,000).

The following table sets forth the segment net assets as at 31 October 2023:

31 October 2023	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Segment net assets	190,267	243,985	31,971	106,501	117,468	114,055	804,247

Receivables	290,157
Inventories	548,767
Payables (current)	(237,537)
Amounts Payable to Riverina Rice Growers	(124,138)
Provisions (current)	(26,209)
Property, plant and equipment including Right-of-Use assets	269,596
Intangibles	83,611
Segment net assets	804,247

The following table sets forth the segment net assets as at 30 April 2023:

30 April 2023	Rice Pool $000's	International Rice $000's	Rice Food $000's	Riviana $000's	CopRice $000's	Corporate $000's	Total $000's
Segment net assets	219,065	241,856	36,643	112,754	122,218	117,611	850,147

Receivables	306,346
Inventories	569,918
Payables (current)	(238,067)
Amounts Payable to Riverina Rice Growers	(112,491)
Provisions (current)	(30,575)
Property, plant and equipment including Right-of-Use assets	270,114
Intangibles	84,902
Segment net assets	850,147

Segment net assets comprise assets and liabilities that are measured in a manner consistent with that of the financial statements. Segment net assets for the purposes of segment reporting consist of the sum of property, plant and equipment (including right-of-use assets), intangibles, receivables, inventories, current payables and provisions and amounts payable to Riverina Rice Growers.

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.

b. Revenue

	Half Year October 2023 $000's	Half Year October 2022 $000's
Sales revenue		
Sale of goods - recognised at a point in time	**915,863**	755,784
Other revenue		
Interest received	**374**	103
Other sundry items	**2,536**	2,082
Total revenue from continuing operations	**918,773**	757,969

c. Other income

	Half Year October 2023 $000's	Half Year October 2022 $000's
Net gain on disposal of property, plant and equipment	**1,255**	3,394
Total other income	**1,255**	3,394

d. Other expenses

Profit before income tax includes the following expense items:

	Half Year October 2023 $000's	Half Year October 2022 $000's
Other expenses		
Energy	**21,644**	13,136
Advertising and artwork	**16,500**	14,838
Contracted services	**16,364**	15,762
Repairs and maintenance	**7,355**	7,261
Equipment hire and other rental expenses (not qualifying as leases)	**6,758**	5,235
Insurance	**6,529**	5,382
Motor vehicle and travelling expenses	**5,146**	4,486
Staff recruitment	**2,270**	2,217
Internet, telephone and fax	**1,336**	1,275
Research and development	**547**	871
Net foreign exchange losses	**6,576**	1,687
Other	**13,181**	10,495
Total other expenses	**104,206**	82,645

e. Earnings per B Class Share

	31 October 2023 Cents	31 October 2022 Cents
Basic earnings per B Class Share	**46.9**	28.3
Diluted earnings per B Class share	**45.8**	28.1

Reconciliation of earnings per B Class Share

	31 October 2023 $000's	31 October 2022 $000's
Profit for the half year (attributable to Ricegrowers Limited B Class Shareholders)	**29,966**	17,685
Weighted average number of B Class shares for Basic earnings per B Class share	**63,919**	62,397
Adjustment for dilutive B Class Share Rights	**1,562**	600
Weighted average number of B Class shares adjusted for the effect of dilution	**65,481**	62,997

f. Net tangible assets per B Class Share

	31 October 2023	31 October 2022
Net tangible asset backing per B Class Share	**$7.61**	$6.91

3. Capital and financial risk management

a. Dividends

On 22 June 2023, a fully franked final dividend of 40 cents per B Class Share ($25,253,000) was declared for the year ended 30 April 2023. An amount of $18,839,000 was paid on 28 July 2023, with the residual amount of $6,414,000 being issued in ordinary B Class Shares under the company's dividend reinvestment plan (see note 3c).

Since the end of the half-year, the directors have recommended the payment of an interim dividend of 15 cents per B Class Share (2022: 10 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be distributed out of retained earnings at 31 October 2023, but not recognised as a liability at the end of the half-year, is $9,654,000.

b. Borrowings

	31 October 2023 $000's	30 April 2023 $000's
Current - Secured		
Bank overdrafts	**16,908**	10,097
Bank loans	**168,673**	284,407
Net accrued interest and capitalised borrowing costs	**(129)**	(366)
Lease liabilities	**4,822**	4,933
Total borrowings	**190,274**	299,071
Non current - Secured		
Bank loans	**86,492**	52,261
Net accrued interest and capitalised borrowing costs	**(207)**	(371)
Lease liabilities	**14,398**	14,768
Total borrowings	**100,683**	66,658

Net debt	**31 October 2023 $000's**	**30 April 2023 $000's**
Cash and cash equivalents	50,678	74,295
Borrowings - repayable within one year (including overdraft)	(190,274)	(299,071)
Borrowings - repayable after one year	(100,683)	(66,658)
Net Debt	(240,279)	(291,434)

Significant terms and conditions of bank facilities

The Group's bank borrowings are categorised as follows:

	31 October 2023 $000's	30 April 2023 $000's
Seasonal debt	189,665	266,668
Core debt	65,500	70,000
	255,165	336,668

At 31 October 2023, the terms of the Seasonal bank facility (including trade finance and transactional banking facilities) remain unchanged compared to 30 April 2023. As some of the facilities are in USD Seasonal bank facility values changed to $487,984,000 (April 2023: $482,852,000), with a first tranche of $383,518,000 (April 2023: $380,369,000) maturing in April 2024 and a second tranche of $104,466,000 (April 2023: $102,483,000) maturing in April 2025. The trade finance and transactional banking component of the facility $183,518,000 (April 2023: $180,369,000) remained as an uncommitted facility.

At 31 October 2023, the Core bank facility remained unchanged compared to 30 April 2023 at $240,000,000, with a first tranche of $120,000,000 maturing in April 2024 and a second tranche of $120,000,000 maturing in April 2026.

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.

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 the current reporting period, Trukai Industries continued to benefit from a PGK 75,000,000 (AUD 31,151,000) uncommitted overdraft facility. This facility is secured against the assets of Trukai Industries under a General Security Agreement.

c. 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.

At 31 October 2023, 623 A Class Shares were on issue (30 April 2023: 623).

B Class Shares

B Class Shares are non-voting shares and entitle their holder to participate in dividends. B Class Shares have no par value and are classified as equity.

The number of B Class Shares is detailed below.

	31 October 2023 Number of shares	30 April 2023 Number of shares
Total B Class Shares outstanding	**63,983,163**	62,916,774
Total Treasury Shares (B Class)	**377,669**	442,508
Total B Class Shares on issue	**64,360,832**	63,359,282

Movement in ordinary B Class Shares

	2023 Number of shares	2022 Number of shares	2023 $000's	2022 $000's
Balance at 1 May	**63,359,282**	**61,946,975**	**152,526**	**142,478**
Issue under Dividend Reinvestment Plan	1,001,550	634,697	6,414	4,725
Issue under Employee Share Scheme - purchased shares	-	64,155	-	475
Issue under Employee Share Scheme - shares offered for no consideration	-	25,726	-	189
Issue under the Employee Long Term Incentive Plan	-	110,340	-	833
Balance at 31 October	**64,360,832**	**62,781,893**	**158,940**	**148,700**

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 entitlements satisfied by the issue of new ordinary B Class Shares rather than by being paid in cash.

B Class Shares have been issued under the DRP at no discount (2022: no discount) to the prevailing weighted average market price at the time of the DRP offer.

Employee Share Scheme , Employee Long Term Incentive Plan and Other Equity plans

In 2023 B Class Shares required for the vesting of the Company's Long Term Incentive Plan, Other Equity Plans and Employee Share Scheme were satisfied through the allocation of B Class Shares previously classified as Treasury Shares (and no additional B Class Shares required to be issued for that purpose).

In 2022 B Class Shares required for the vesting of the Company's Long Term Incentive Plan, Other Equity Plans and Employee Share Scheme had been satisfied through the issue of new B Class Shares.

d. Reserves and retained profits

	31 October 2023 $000's	30 April 2023 $000's
Asset revaluation reserve	**4,917**	4,917
Foreign currency translation reserve	**(7,942)**	(12,012)
Hedging reserve - cash flow hedges	**(2,761)**	(1,867)
Transaction with non-controlling interests	**(7,956)**	(7,956)
Share-based payment reserve	**9,856**	8,297
Treasury shares reserve	**(2,452)**	(2,948)
Total reserves	**(6,338)**	(11,569)
Retained profits	**397,200**	392,487

Movement in Treasury Shares

	2023 Number of treasury shares	2022 Number of treasury shares	2023 $000's	2022 $000's
Balance at 1 May	**442,508**	**-**	**(2,948)**	**-**
Acquisition by the Ricegrowers Limited Employee Share Trust of Treasury shares under the Employee Share Sale Plan (average price: $6.35 per B Class Share)	338,468	-	(2,150)	-
Allocation of Treasury Shares (B Class) to employees under:				
- Employee Share Scheme - purchased shares	(81,204)	-	527	-
- Employee Share Scheme - shares offered for no consideration	(32,195)	-	207	-
- Employee Long Term Incentive Plan	(217,270)	-	1,448	-
- Other Equity plans	(72,638)	-	464	-
Balance at 31 October	**377,669**	**-**	**(2,452)**	**-**

e. Fair value measurements

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 is 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.

The table below presents the Group’s financial assets and liabilities measured and recognised at fair value at the end of reporting period:

	31 October 2023			30 April 2023		
Recurring fair value measurements	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets						
Investment property	**-**	**2,900**	**2,900**	-	2,900	2,900
Derivatives used for hedging						
- Foreign exchange contracts	**378**	**-**	**378**	598	-	598
- Interest rate swaps	**443**	**-**	**443**	540	-	540
Total assets	**821**	**2,900**	**3,721**	1,138	2,900	4,038
Liabilities						
Derivatives used for hedging						
- Foreign exchange contracts	**4,531**	**-**	**4,531**	3,356	-	3,356
Total liabilities	**4,531**	**-**	**4,531**	3,356	-	3,356

There were no transfers between levels for recurring fair value measurements during the period.

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, bank overdrafts, bank loans and amounts payables to Riverina rice growers.

f. Contingent liabilities

The Group had the following contingent liabilities not provided for in its interim financial statements at the end of the reporting period:

	31 October 2023 $000's	30 April 2023 $000's
Letters of credit	**5,100**	4,246
Guarantee of bank advances	**2,425**	2,412
Total contingencies	**7,525**	6,658

At 31 October 2023, the Group does not expect any material adverse outcome from any open or pending cases.

4. Other disclosures

a. Events occurring after the reporting period

The Directors are not aware of any matter or circumstance, since the end of the financial half year, not otherwise dealt with in this Interim Financial Report (in particular the interim dividend noted in note 3a) 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 9 to 23 are in accordance with the *Corporations Act 2001*, including:

  i. complying with 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 31 October 2023 and of its performance for the half 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.

The declaration is made in accordance with a resolution of the directors.

For and on behalf of the Board.

L Arthur Chairman	P Serra Director

14 December 2023

Independent Auditor's Review Report

Independent auditor's review report to the members of Ricegrowers Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Ricegrowers Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 October 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and consolidated income statement for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ricegrowers Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 October 2023 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

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

the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 October 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Sydney

Mark Dow
Partner

14 December 2023