



## ASX ANNOUNCEMENT

25 August 2021

### SunRice Group 2021 Annual General Meeting:

- All resolutions approved by shareholders
- With recovery of Riverina production and realisation of benefits from other strategic and organic growth initiatives, the Group's earnings are expected to improve in financial year 2022 (FY2022)
- As a consequence of the larger crop of 417,000 tonnes harvested in 2021, the Australian Rice Pool Business will recover all of its overheads and will not record a loss
- The Group will continue leveraging its multi-origin sourcing capability targeting markets at different price points, with strong earnings contribution expected to continue from the International Rice business
- Recent acquisitions continue to be integrated and are contributing positively to earnings
- Delivery of the 2024 Growth Strategy continues, with the Group looking to utilise its strong balance sheet to explore value-accretive acquisition opportunities
- While earnings are recovering due to the end of the drought in Australia, COVID-19 impacts are weighing on this recovery

SunRice today held its 2021 Annual General Meeting (AGM) virtually, given ongoing COVID-19 restrictions.

### Shareholders approve all resolutions at the 2021 AGM

A Class Shareholders approved all resolutions put to today's AGM. This included adoption of the Remuneration Report for the year ended 30 April 2021 (FY2021); approval of changes to the Constitution to reduce the size of the Board while maintaining a majority of Grower Directors; the re-election of Independent Non-Executive Director Dr Andrew Crane for a three-year term; and amendments to the A Class Share criteria.

### FY2021 Full-Year Financial Results

SunRice also presented its FY2021 Full-Year Financial Results, which were a resilient set of results in a year when the company responded to the COVID-19 pandemic and second consecutive year of near-record low rice production in the Riverina. In FY2021 SunRice delivered revenue of \$1.03 billion, EBITDA of \$49.1 million and Net Profit After Tax of \$18.3 million, down 9%, 25% and 19% respectively on FY2020. The Group also declared a fully-franked dividend of 33 cents per B Class Share, and paid a record high Riverina rice price of \$750 per tonne for medium grain Reiziq.

### Riverina rice production

The current Riverina rice crop of 417,000 paddy tonnes was close to 10 times larger than last year's crop of 45,000 paddy tonnes, and is currently being processed into value-added products for sale to customers in SunRice's domestic and global markets.

On 16 August 2021 SunRice announced it would offer fixed price contracts for limited volumes of key varieties, and a pool, ahead of the opening of the planting window for the next crop in October 2021. The pricing for the contracts was \$400 for medium grain Reiziq and for the new bold medium grain variety, V071. There was strong demand from growers since contracting opened on 18 August,

with a substantial volume contracted prior to the closure of the offer on 23 August. Based on this uptake and improved growing conditions, the Group is confident that 2022 production should exceed the 417,000 paddy tonnes harvested in 2021.

Given ongoing volatility in the factors that influence pool performance, the Group is unable at this stage to provide an estimated price range for the 2022 pool (which will be planted in October 2021, and then processed and marketed in Financial Year 2023).

Those factors include:

- Fluctuations in foreign exchange rates
- World rice prices
- Conditions in end markets
- Ongoing disruption and volatility due to COVID-19, particularly in relation to global shipping and supply chains
- Milling yields
- On-farm production yields and crop sizes.

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

### **Update on outlook for FY2022**

With the increased Riverina production, and realisation of benefits from other strategic and organic growth initiatives, SunRice expects earnings to improve across most of its segments in FY2022. The Australian Rice Pool Business will not record a loss, and will recover its fair share of overheads while supporting earnings improvement in FY2022 across other segments that use Riverina rice as an input in their production cycle.

Notwithstanding the improved production in Australia, the Ricegrowers Singapore trading business is expected to remain a strong contributor to Group financial results, continuing to benefit from its capability in multi-origin, multi-price international rice sourcing. The variety of high-quality rice from a range of origins across SunRice's international supply network should allow demand to be met for bulk and branded products targeted at different price points for different markets. Recent acquisitions continue to be integrated and are contributing positively to earnings. SunRice will continue to focus on accelerating delivery of its 2024 Growth Strategy throughout FY2022, and is looking to continue leveraging its strong balance sheet to explore value-accretive acquisition opportunities.

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

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

Commenting at the Annual General Meeting, SunRice CEO, Mr Rob Gordon, said:

*“After successfully managing the dual challenges of the COVID-19 pandemic and second consecutive year of drought in Australia, it is pleasing to be now focused on accelerating growth as we look forward to improved earnings performance.*

*“The past two years have been challenging, and I thank our employees for demonstrating remarkable dynamism, flexibility, innovation and resilience in weathering the storm.*

*“We continue to face the headwinds of COVID-19 in Financial Year 2022, but the recovery in Australian production and continued performance of other parts of our business should deliver improved earnings and allow a strong focus on executing our 2024 Growth Strategy.”*

**Authorised by Kate Cooper, Company Secretary, SunRice Group.**

**Investor inquiries:**

Peter Magee  
Head of Corporate Development, SunRice  
0425 808 800 / [pmagee@sunrice.com.au](mailto:pmagee@sunrice.com.au)

**Media inquiries:**

Julian Luke  
Head of Corporate Affairs, SunRice  
0414 548 504 / [jluke@sunrice.com.au](mailto:jluke@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 ASX and may only be held by Active Growers. The right to vote is based on one member, one vote and no person may hold more than 5 A Class Shares. In practical terms the voting rights held by A Class Shareholders give those shareholders the right to control the election of directors and any changes to SunRice's constitution.*

*B Class Shares are quoted on ASX and confer on their holders the right to receive dividends, as determined by the directors from time to time. Holders of B Class Shares do not have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. This means B Class Shareholders have no right to vote on the election of directors of SunRice. No person may hold more than 10% of the total number of B Class Shares on issue.*

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