

15 December 2022

SunRice Group FY2023 Half Year Financial Results: Strong earnings growth in uncertain times

- Group revenue for 1H FY2023 was \$758.0 million, up 34% on the prior corresponding period
- Strong growth in earnings, with EBIDTA of \$42.6 million and NPAT of \$19.6 million, up 16% and 17% respectively on the prior corresponding period
- Fully franked interim dividend of 10 cents per B Class Share declared
- Estimated paddy price range for 2022 (CY22) crop currently being processed and marketed updated to \$435 to \$470 per tonne for medium grain Reiziq, a naturally earned record
- Key drivers of performance in the first half include:
 - Improved availability of rice in the Riverina in CY22
 - Sales price increases across most segments and product categories
 - Continued recovery of the CopRice business including positive impact of the Pryde's EasiFeed acquisition
 - Ongoing recovery of strategic Pacific markets
- Further progress against Sustainability Strategy in 1H FY2023, including the establishment of Rice Breeding Australia and the development of other collaborative initiatives focused on sustainable rice production
- The Group expects revenue growth to continue into 2H FY2023, subject to sales volumes holding
- Investor Conference Call to be held at 9.30am AEDT on Friday 16 December 2022 (details below)

The SunRice Group today released its Financial Results for the half year period ended 31 October 2022 with Group CEO, Mr Rob Gordon, commenting:

“The SunRice Group delivered a strong financial performance in 1H FY2023, with improvements in both revenue and profitability reflecting the strength of the Group’s brands and market positioning, especially as consumer spending is currently impacted by the high inflationary environment.

“The various investments in strategic and organic growth initiatives across the Group over the last few years are delivering benefits and enabled us to withstand some of the challenges that are affecting other industries and companies, particularly across our Profit Businesses.

“We expect the revenue growth achieved in 1H FY2023 to continue into the second half of the year, supporting strong Paddy returns in the Rice Pool Business and profitability in the Profit Businesses, despite underlying operational and inflationary pressures continuing in the near term.”

The 1H FY2023 Financial Results were driven by a range of factors:

- The improved availability of rice in the Riverina, with the CY22 crop (at approximately 688,000 paddy tonnes) being more than 50% larger than the CY21 crop. This primarily benefited the Rice Pool Business, supporting strong sales volumes in premium markets both domestically and internationally (including the Middle East), and enabled the Group to supply new markets which have been affected by drought.
- Sales price increases across most of the Group’s segments and product categories, in response to the escalating cost base. These were complemented by favourable changes in product mix in some markets, particularly the United States.
- The continued recovery of the CopRice business, which was able to increase its market share, grow volumes, improve its product mix and navigate the complexity of its product portfolio. Abundant

pasture and harvested reserves from successive La Niña events in Eastern Australia, however, continue to constrain demand for supplementary feed.

- The impact of the Pryde's EasiFeed acquisition in January 2022, which contributed an additional \$17.7 million of revenue to the Group in 1H FY2023. It is also supporting CopRice's diversification into new geographic regions and increasing its presence in the high value branded equine market.
- The ongoing recovery of key Pacific markets where the SunRice Group was able to benefit from a number of recent strategic actions to increase rice supply volumes, amidst a challenging economic environment.
- The divestment of non-core assets which contributed \$3.4 million in other income.
- Ongoing disruption to domestic and global supply chains and operations, increased freight and distribution costs, widespread and worsening inflationary pressures on key business inputs and costs, a material increase in labour costs and volatility in foreign exchange rates also affected the Group, with these pressures impacting primarily the Profit Businesses.

Interim dividend

Considering the strong performance achieved in 1H FY2023 and favourable outlook for the second half, the Group today declared a fully franked interim dividend of 10 cents per B Class Share. This reflects the Group's commitment to consistently deliver value to B Class Shareholders.

Our outlook

The Group expects that the revenue growth achieved in 1H FY2023 will continue into the second half of the year, supporting strong Paddy returns in the Rice Pool Business and profitability in the Profit Businesses, in particular as the sales price increases implemented during the first half are expected to be fully realised in 2H FY2023 (subject to sales volumes not being adversely affected).

Underlying operational and inflationary pressures are expected to continue in the near term and to primarily affect the Profit Businesses, although there could be some relief from freight and distribution costs heading into the back end of the financial year and into FY2024.

The combination of the increased availability of Australian rice stemming from the large CY22 crop and secured global supply sources, positions the SunRice Group favourably to take advantage of any under supply in key markets currently impacted by drought, including the United States. The Group should also be able to extend its participation in global tenders in the second half of the year, which will support returns for both the Rice Pool business and International Rice segment.

The planting window for the CY23 crop has now closed, and while it has been disrupted by heavy rain falls and flooding activity across the Riverina, the Group is expecting ample Riverina rice supply in CY23. The current water outlook is pointing towards positive growing conditions into CY24. The Group is well positioned to take advantage of these favourable conditions and current global market dynamics to help deliver positive returns to both A and B Class Shareholders.

The execution of the Growth Strategy has demonstrated the SunRice Group's long-term approach in positioning the business favourably through its multi-origin, multi-price point global supply chain. Continuing on this path remains a priority for the Group, with a focus on new product initiatives and further organic expansion and acquisition opportunities, while maintaining a disciplined approach in light of the current underlying macro economic environment.

Investor conference call

The Company will hold a conference call at **9.30am AEDT on Friday 16 December 2022** to discuss the 1H FY2023 results. Please note that investors are required to register for the call by following this link:

<https://s1.c-conf.com/diamondpass/10025945-tchkes.html>

Once registered, you will be provided with the dial in number, the **Passcode**, and your unique **PIN**. This information will also be emailed to you as a calendar invite.

To join the conference call, simply dial the number in the calendar invite and enter the passcode followed by your PIN, and you will join the conference instantly.

An Investor Presentation has been made available on the ASX ahead of the call, and also goes into further detail regarding segment performance.

Authorised by Rob Gordon, Group CEO, SunRice Group

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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/>