2. GROUP CEO'S ADDRESS – ROB GORDON, GROUP CEO

Thank you Laurie and good morning to everyone who has joined us.

At last year's AGM in Jerilderie I don't think any of us could have predicted that we would be gathering for this year's AGM in this fashion. While we had intended to hold our meetings physically in Jerilderie and online, with the continued escalation of COVID-19 cases in Victoria and NSW, we took the decision to move to online-only.

While we felt this was a necessary thing to do for the wellbeing of our shareholders and the community, we appreciate it's a different medium and I thank you for your patience.

This is reflective of the many changes we've had to make to the business in response to the extraordinary circumstances associated with the global COVID-19 pandemic.

Please note our standard disclaimer notice on screen, which includes the non-standard elements of SunRice's share structure. Today's presentation has already been lodged with the ASX and on our website if you would like to read this in detail later.

We have a full agenda today covering:

- The 70th anniversary of the company
- Context for the Financial Year 2020, and challenges faced, including the Australian bushfires and of course COVID-19
- Our FY2020 Financial Results
- An update on our strategy, and highlights
- The outlook for the 2021 Riverina rice season, and steps taken by the company to build momentum
- A look ahead at Financial Year 2021.

Before we start on this agenda, I wanted to acknowledge and highlight that 2020 is in fact our 70th anniversary.

I am incredibly proud to have led the company for the past eight years, and am thankful for the ongoing strong support of the Board and Chairman and for the opportunity to be able to build on the achievements of the generations that have gone before.

Of course, a lot has changed in the 70 years since Ricegrowers' Co-operative Mills Limited formed in 1950, and this slide shows just a selection of those key developments.

From building the Deniliquin Mill, to establishing Trukai Industries Limited and acquiring CopRice in the 1970s; to establishing our rice research division in the 1980s.

Then in the 1990s, our Solomon Islands business, SolRice, was acquired, as was Riviana Foods – further diversifying the company's earnings into non-rice products. In the 2000s SunRice became the new trading name for RCL, and in 2005 the company was corporatised, becoming Ricegrowers Limited.

We listed on the NSX in 2007, hit $1 billion in revenue in 2012, and of course, last year, listed on the Australian Securities Exchange.

Over that time we have become an international company, selling products to more than 50 markets and having operations in 9 countries around the world, and diversifying our supply sources through acquisition of processing mills in California and Vietnam, and sourcing rice from 12 different countries including Australia.

Today we are not just a company responsible for marketing the Australian rice crop, but a truly international FMCG and global rice food business with a tremendous reputation. The Riverina is our heritage, and remains a critical part of our business, and we have taken those values and implanted them in every place around the world in which we operate.

Despite the fact SunRice has built such strong branded positions around the world and diversified its earnings and structure, the heart of our business remains based in the Riverina and therefore we are still exposed to the Australian agricultural cycle.

I want to share with you what we've achieved through that cycle, since coming out of the Millennium Drought in 2012:

- Our share performance has increased by 106%, outperforming the S&P/ASX 200 Consumer Staples Index which had growth of 56%
- We've paid out more than $2 billion in Riverina paddy payments, and more than $148 million in fully franked dividends to B Class Shareholders
- The Group's Net Tangible Assets grew 53%, with more than $234 million invested in capital expenditure
- Total shareholder return increased by 210% between 2012 and 2020, which outperformed the ASX 200 Consumer Staples Index which had an increase of 112% in that same period
- And we've improved the strength of our balance sheet, with gearing reduced from 40% to 15%.

Of course the two most recent years have once again been affected by drought, low water availability and high water prices in the Riverina.

But as you'll see later in the presentation we haven't lost the focus on growing your business so that when we come out of this low point in the Australian agricultural cycle we should return to even greater success.

At the start of last year, with a crop of only 54,000 tonnes available from the Riverina – representing 5% of our global demand – we knew that the overhead recovery of our asset base would be challenging and planned accordingly.

But we did carry in approximately 300,000 tonnes of crop from 2018 – which although lower yielding – allowed us to set aside the 54,000 tonne crop and combine it with the 2020 crop to mill in the current Financial Year.

We also activated our international sourcing capability to bridge the gap between the small Riverina crop and global demand of more than 1 million paddy tonnes.

However as the year progressed, it became truly extraordinary, with the challenges posed by the drought conditions exacerbated by a number of other significant headwinds:

- Papua New Guinea, our biggest market, and the rest of the Pacific continued to experience deteriorating economic conditions
- The devastating bushfires which hit Australia last summer had a negative impact on our at home entertaining business and the Riviana Foods segment, with barbecues banned in many parts of Australia
- And continued devaluation of foreign exchange (mainly the AUD and PNG Kina against the USD and Euro) impacted the profitability of a number of our segments, including Rice Food, Riviana Foods, Trukai, SolRice and our International Rice segment.

In addition to all of these challenges, you would be of course aware that the global COVID-19 pandemic has had a dramatic impact on many Australian businesses, including in our sector, with many of our peers cancelling dividends, raising fresh capital to strengthen their balance sheets and finding themselves under financial stress.

I would now like to share some detail on how your company has responded and managed through these very troubled times.

Our approach to COVID-19 has been focused on three key pillars:

- Implementing new working arrangements to protect the health and wellbeing of our staff
- Maintaining business continuity and production to the highest levels possible
- And keeping in close contact with our key stakeholders, including our customers and suppliers.

Throughout this crisis our operational staff in Australia and around the world have continued to work to ensure that our products – which are a critical food staple in high demand in many of our markets – could continue to be produced and delivered to customers.

Our office-based employees have continued to launch new products, source rice, manage complex disrupted supply chains and do their level best to continue business as usual, despite working from home.

And some five months later, they’re still working from home.

And to make life even more difficult, on the weekend prior to our office-based employees working from home, we experienced heightened cyber security activity, which impacted upon some of our key systems.

I just want to acknowledge all of the people in our organisation who contributed to managing such difficult circumstances.

I’m immensely proud of the ingenuity and commitment of our employees:

- Our CopRice employees have had to find new ways of doing business given restrictions in NSW and Victoria limited their ability to travel onto farms.

- In our facilities in the Riverina, a number of employees who had been made redundant due to the small 2019 crop agreed to stay on for a period of time to help us respond to the sudden spike in demand.
- We put in place additional safety measures in our facilities – which meant that each time an employee suspected they had COVID-19, we shut down the facility and undertook a deep clean.
- We also redesigned our offices for social distancing, and registered our Australian premises as being COVID-safe.
- Employees across our global Group have found new ways to stay connected with each other and their customers, suppliers and key stakeholders despite the inability to travel, and the extra burden of restrictions, including for some the responsibility of juggling home schooling.
- We had increased demand for many of our retail products, with demand in some cases more than 200% of forecasts due to changes in consumer shopping patterns. This sudden spike in demand exceeded existing levels of supply. We ramped up production to respond to this event, however, there was a real change in the channel mix of our business, with customer relationships being challenged at times.
- The restrictions in Australia and other markets saw a collapse in demand for our food service products, with sales in this channel down by as much as 60%
- States of emergency were declared in Solomon Islands and PNG
- Martial law was imposed in Jordan, and remains in place today
- Price freezes imposed by some Governments due to food security and affordability concerns, preventing us from recovering the negative impact of foreign exchange fluctuations
- A number of complex supply chain disruptions, including access to some ports being interrupted and shipments being put on 'go slow' between particular destinations
- Severe export restrictions on rice imposed in Cambodia and Vietnam, highlighting our key role in providing food security for Pacific Island nations.

Perhaps these impacts on our business are best illustrated by a couple of examples:

- Our stock destined for Middle East markets in time for Ramadan became trapped in an Italian port when Italy closed its borders. We sent back-up stock, but this was delayed as shipping companies took advantage of low oil prices and avoided the direct route via the Suez, travelling a longer route which meant that the inventory arrived after the celebrations.

And in Hawaii, our largest market serviced from SunFoods, cruise ship and tourist volumes were decimated as can be seen in the chart on-screen showing the reduction in domestic and international arrivals.

I hope this provides an insight into why I'm so proud of the dynamic response our employees have demonstrated in delivering this strong result in spite of such difficult circumstances.

As we continue to respond to the COVID-19 pandemic, the safety of our people, customers and suppliers continues to be of the utmost importance to us, as well as ensuring that the role we play in food security is fulfilled in every market in which we operate.

So, against that backdrop, what are the key numbers for Financial Year 2020?

In Financial Year 2020 we delivered group revenue of $1.13 billion and Net Profit After Tax of $22.7 million, down 5% and 31% year-on-year respectively, and declared a fully franked dividend of 33 cents per B Class Share. We also paid high paddy prices of between $500 and $1350 per tonne dependent on varieties. Our balance sheet remained strong, with gearing of only 15%.

To deliver these results in the face of the above challenges stands us apart from our peers on the ASX and highlights the resilience and strength of our business model.

As I highlighted earlier, we successfully met global demand for our products of in excess of 1 million paddy tonnes, with only 5% of this volume available from the 2019 Riverina harvest.

Flexing of this capability enabled us to maintain our leading positions in many of the approximately 50 markets in which we sell branded products globally.

While in our 2022 Growth Strategy we wanted to drive topline revenue growth, the chart on the right of screen demonstrates how we've managed to maintain revenue while reinventing our supply chains in response to reduced production in Australia.

Further, the Financial Year 2020 bottom line results were delivered despite:

- Having to absorb under-recoveries in the Rice Pool business,
- Incurring redundancy costs of $4.5 million associated with reducing our Riverina employment due to the small 2019 crop
- Incurring $4.5 million in non-recurring costs associated with the increased level of risk due to COVID-19
- And negative foreign exchange impacts for our importing businesses of approximately $8.5 million.

The result was further supported by the implementation of cost savings of more than $10 million across the Group. In addition, we have had ongoing reductions in employment in our Riverina operations due to the low production, with headcount in the Riverina reducing by approximately 200 positions between November 2018 and April 2020.

The continuous financial discipline exercised by the Group resulted in the generation of a positive net cash flow in year despite the challenging conditions experienced. We also reduced the level of debt from $132 million to $122 million, and successfully refinanced the Group's debt in April 2020, extending its average maturity for a further two years with facility tranches maturing now in 2023 and 2024. In the current economic environment, the credit market has been severely disrupted by COVID-19 resulting in toughening conditions in accessing banking facilities.

Our ability to secure and refinance long-term debt with favourable terms and conditions is a testament to the resilience and strength of our balance sheet, and the confidence of our banking syndicate.

This slide briefly shows the results of each of our segments and some commentary on key drivers. If Shareholders would like more detail on individual segment performance – this presentation, and our more detailed FY2020 Financial Results Presentation, are both available on the ASX and our website.

I wanted to spend a bit of time focusing on the impact on the business of the extremely low Riverina production these past two years, and how we responded.

With Australian supply dropping from approximately 802,000 paddy tonnes in 2017, to 623,000 tonnes in 2018 – and then to 54,000 tonnes and 45,000 tonnes in 2020 – we have totally reinvented our supply chains.

As this slide shows, for the current financial year we are sourcing rice from 12 countries and are forecast to supply more than 1 million paddy tonnes of rice to our customers around the world.

Many other companies would just go into loss-making territory when faced with this sort of a challenge – but we were determined to maintain profitability, and to find alternative supply sources to ensure we met our global demand of more than 1 million paddy tonnes to keep premium markets open and available for when Australian rice production returned.

This meant our teams mobilising more than 60 changes of source for products sold into markets across the Australasian, Pacific, Middle East and Asian regions across the last Financial Year.

This involved:

- Finding a grain that was suitable for the end market, including testing to ensure it matched our stringent quality and sensory specifications
- Identifying partners in each of our markets with packing capability in the right format
- Adjustments to our marketing programs
- Securing enough margin from these markets to recover two sets of overheads – the under-recovery of our underutilised assets in the Riverina, and then the additional overheads in the particular market from the new supply chain.

Our teams not only managed this successfully but they maintained an active pipeline of new product development and other initiatives to drive growth in coming years.

We have also continued to build our people capability – hiring great talent, particularly across our offices in the Asian region, to drive further expansion and growth.

I will go through some of these initiatives in the coming slides.

Throughout all of these challenges, we haven’t taken our eye off the ball when it comes to delivering against our Growth Strategy.

An active capital investment program was maintained for much of the year, with the pursuit of new value-accretive merger and acquisition opportunities to further diversify and increase earnings.

In total, we have invested approximately $70 million in the 2019 and 2020 Financial Years in strategic, expansionary and other capital expenditure.

Highlights of the execution of our Growth Strategy last year included:

- Continued improvement and scaling of our Lap Vo Mill in Vietnam, which achieved profitability in its first full year of operation
- Commissioning the new $10 million bran stabilisation plant in Leeton, which is producing valuable rice bran products for the Rice Food and CopRice segments
- The launch of Low GI Instant Rice cups in China, focusing on hospital and online channels as an option for diabetics

- Extension of our healthier rice-based snacks range to Rice Puffs and Rice Cracker Chips, as well as expanding our geographic footprint in snacks to the Middle East and Asia
- Acquiring and upgrading for a combined $6 million the FeedRite assets to expand CopRice's pet food production capabilities
- Establishing production of Brown Rice Chips in Australia, which will allow for greater product innovation and further export opportunities
- Commencement of a $4.5 million upgrade to Leeton's microwave rice facilities to reduce operating costs and improve product innovation and quality
- Repurposing the Coleambally Mill into Australia's largest ruminant nutrition plant for less than $3 million
- And activation of new supply sources, including in South America.

And as we look forward to FY2021, we are continuing to accelerate pursuit of both organic growth opportunities and key initiatives on the merger and acquisition front.

Touching on organic growth projects first, our innovation pipeline remains strong right across the Group, with the launch of several initiatives aligned with our 2022 Growth Strategy. These include:

- Planned launch of our new infant rice-based product range in Australia and China
- Continued growth of our expanding rice snack portfolio through broader distribution channels internationally
- Development of a new market entry strategy for the Philippines and launching our brands in Europe
- Maintaining SunRice as a leading supplier of rice flour to food manufacturers focused on meeting demand for 'free-from' foods
- Increased product innovation and export opportunities following the establishment of Brown Rice Chip production in Australia
- Building CopRice's industry-leading animal nutrition business, with initiatives spanning dairy, sheep, beef, equine and companion animals
- In Riviana Foods, we are pursuing growth of the Always Fresh, Fehlbergs and Roza's Gourmet brands through continual new retail offerings.

And when it comes to strategic growth, as this slide shows, we are continuing to leverage our strong balance sheet to pursue and integrate value-accretive merger and acquisition opportunities across the Group:

- We are continuing to invest in upgrades to the FeedRite plant that CopRice acquired in Wangaratta – while this has been a cost to date, we are expecting this plant to come online later this year and deliver benefits
- And we just this month announced that we have signed a purchase agreement to acquire the beef and dairy business of Riverbank Stockfeeds, which will further expand CopRice's footprint into the Victorian market, and particularly the key Gippsland dairy market
- Looking ahead – there are a number of other acquisitions that we are currently exploring across the Group which if executed are expected to diversify and increase earnings and are aligned to our 2022 Growth Strategy.

The record low crops of the last two years – despite record high rice prices – are a reflection of the lack of water availability, and the very high water pricing, making rice growing almost impossible for most growers.

While in part caused by drought, we also believe those impacts have been exacerbated by state and national water reform – with the burden being disproportionately borne by annual irrigators in the southern Murray-Darling Basin.

As the Chairman has highlighted, we intensified our advocacy with State and Federal Governments, and other key stakeholders, around these issues as a Group.

Fortunately, the recent improvement in seasonal conditions in the southern Murray-Darling Basin gives us all reason for optimism for the coming Riverina rice crop.

Having kept premium markets open for Australian rice growers, we were pleased earlier this season to be able to offer fixed price contracting that was taken up very quickly, and then earlier this week to open a pool.

And the response has been very positive – we've already secured more volume than last year, and with pricing for other annual crops under pressure and SunRice's reputation for always paying, there is positivity towards rice this season.

Riverina rice production is at the heart of our business.

We've demonstrated resilience through the last two years of drought cycle, and if indeed the season does continue to improve, we should see the performance of the Australian Riverina rice business come back and also reap the benefits of our strategic initiatives.

While we have been able to manage well despite the last two years of low production, the Group is undeniably at its strongest when we have increased production in the Riverina.

This enables us to efficiently operate our milling, storage, and other assets, and have supply of high-quality Australian rice, which we can sell as value-added branded products to customers in our most premium markets.

However, we still have to deal with the year at hand.

The small Riverina crops harvested in 2019 and 2020, which are currently being processed, are expected to lead to a significant under-recovery of the Australian Rice Pool segment in FY21. It is anticipated that this will lead to a Paddy Price Supplement being required which would be similar in size to that applied in FY17.

We will be reliant on our international sourcing and our subsidiaries to once again do the heavy lifting on meeting global demand, overhead recovery and profit delivery for the business.

The combined paddy from the last two seasons, which we are currently processing, is expected to maintain a base milling program at the Deniliquin and Leeton mills until early next calendar year.

As water availability and markets develop between now and the October 2020 planting window, we're hopeful that the size of next year's crop (being C21) will mean that we more than recover the overheads of the pool and puts us in a position where we can re-engage some of the valued staff that we have had to let go.

Away from the Riverina, we continue to monitor a range of factors that have the potential to impact Group revenue and margins in the short-term, including:

- International rice prices
- The fluctuating Australian dollar affecting input costs in a number of the Group's segments
- Ongoing deteriorating economic conditions in key Pacific markets
- Aggressive pricing strategies from competitors
- Global uncertainty due to the COVID-19 pandemic
- And 'Out of home' dining channels remaining subdued, impacting Riviana's food service business.

With the ongoing volatility due to COVID-19, we will consider if we are able to provide reliable guidance to the market at the Half Year in December 2020.

Strategic growth opportunities and our international sourcing efforts have largely been able to compensate for the loss of the Australian crop these last two years.

If the Australian crop returns, we are well placed to accelerate growth, and the recovery of the Riverina would be an important part of our long-term success.

Thank you for your time today. I will now hand back to the Chairman and look forward to any questions you may have.