

## Chairman's address – Laurie Arthur, Chairman

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It is great to be here with you all today – our first AGM held face-to-face in Jerilderie for three years. And it was pleasing to see so many of our growers at the Australian Rice Growers' Conference held in the Riverina earlier this month, which SunRice was proud to support.

I also acknowledge those A and B Class Shareholders, and other valued stakeholders, who are viewing today's Annual General Meeting virtually.

We were pleased to see a return to strong financial performance in Financial Year 2022, with the company able to reward our A and B Class Shareholders with a naturally determined paddy price and a total dividend both at the highest levels in the company's history.

The resurgence in Riverina rice production in the 2021 season to 417,000 paddy tonnes represented a near tenfold increase from the prior year's crop of 45,000 paddy tonnes – our second-lowest crop on record.

This underpinned the return of Australian rice to our most premium markets and allowed the Rice Pool Business to absorb its fair share of overheads – a significant turnaround from the prior year when the Group absorbed a significant loss from the Rice Pool Business unit due to under recoveries.

That, coupled with the realisation of benefits from strategic growth initiatives, and continued leveraging of our multi-origin, multi-price point capability – saw strong financial performance, with Group revenue for the year also a record.

We are now processing and marketing the recently harvested 2022 crop, which at approximately 688,000 paddy tonnes was the largest in five years.

And as we look ahead to planting for the next Riverina crop, conditions are favourable. Water availability and water pricing are at the most optimal levels for rice production in many years which should underpin a large crop.

We were pleased this week to announce an upgrade to the lower end of the CY22 pool range from \$390 to \$400 per paddy tonne for medium grain Reiziq, and we are finalising contracting and pool arrangements for the 2023 crop that will be planted from October.

This upgrade – and the delivery of a record naturally determined pool price in CY21 of \$428 per paddy tonne – were achieved in spite of significant challenges, particularly in relation to global supply chains.

Of particular note are the continued high sea freight and other manufacturing input costs. In Financial Year 2022 the company incurred approximately \$34 million in unplanned and additional freight costs at Group level, approximately \$17.5 million of which was borne by the Rice Pool Business. This impacted the final paddy price by approximately \$50 per tonne.

Despite efforts across our markets to recover at least part of the additional costs in the form of sale prices, these supply chain constraints prevented a higher pool price being realised in CY21.



When I reflect on the past 10 years, it is evident how much SunRice has evolved.

It almost appeared that after the devastating Millennium Drought, Riverina rice production would rebound to our old planning base of a little over 1 million tonnes.

And while the 2013 crop was 1.16 million tonnes – three of the nine crops that followed were severely impacted by reduced water availability.

Fortunately, tough lessons from the drought had not been forgotten and SunRice had already embarked on our multi-origin international rice sourcing strategy and this continues apace today, with our Californian and Vietnamese mills as stand out examples.

This investment, foresight and flexibility has generally held our growers and our shareholders in good stead over this decade.

International markets require long-term investment and consistent supply of high-quality product. Short-term exit from these markets is not possible without a serious loss of market share.

For our Australian growers and A Class Shareholders, our multi-origin sourcing strategy has enabled them to weather production downturns and when conditions allow – do what they do best and grow some of the finest paddy in the world.

For our B Class Shareholders, this sourcing strategy, combined with other strategic initiatives has enabled SunRice to reward them with consistent dividends, including the record fully franked 40 cents per B Class Share total dividend distribution for Financial Year 2022.

There are a number of important items being considered at today's Annual General Meeting. The Board is seeking support from A Class Shareholders to adopt the Remuneration Report for the year ended 30 April 2022, and also for the re-election of our Non-Executive Director Luisa Catanzaro.

Luisa was re-elected at the 2020 Annual General Meeting for a two-year term, which was done in order to stagger Board re-elections so as to avoid having all three independent Non-Executive Non-Grower Directors being due for re-election in the same year. This aligns with best practice governance and ensures continuity on the Board.

We will hold a separate B Class Meeting immediately following the conclusion of the Annual General Meeting, where B Class Shareholders will be asked to endorse a new Non-executive Director Share Rights Plan.

I will go into more detail regarding these resolutions later in today's proceedings.

Going forward we will need a suite of initiatives to help further de-risk the business from the vagaries of the agricultural cycle; but we don't have all the answers yet.

Our new bold medium grain variety V071 was released as part of its first large-scale commercial trial for the 2021 crop – and data recently released by the NSW Department of Primary Industries showed it out-yielded our predominant Reiziq variety in all regions.

We will offer it again this coming season alongside Reiziq and our other specialty varieties, and if this new variety continues to perform, it should help to enhance the profitability of rice production, particularly in the tougher years.

This leads me to Sustainability.

When I travel to the Riverina, I see the pride our growers take in passing their land onto future generations, in a better state than when they started to farm it. Our growers do not see this as a chore, but as a responsibility they embrace.

Our SunRice Sustainability Strategy has similarly strong foundations, and Rob will outline some of the highlights from the past year shortly in his address.

While Riverina rice production has pleasingly increased off the back of improved seasonal conditions, water availability and water pricing in recent years – this is not the time to ignore serious equity issues that continue to impact annual cropping industries' access to water.

We continue to pursue a range of strong advocacy initiatives in this space in conjunction with the Ricegrowers' Association of Australia.

Another significant event in Financial Year 2022 was the decision of the NSW Government to continue the structured marketing – or NSW rice vesting – arrangements for a further five-year period through to 30 June 2027.

I believe this decision acknowledges the freight scale advantages and export price premiums SunRice has been able to generate as a consequence of the vesting arrangements, with these benefits able to be passed through to our Riverina growers in the form of higher paddy prices thanks to the unique structure of our industry and company.

The Board retained a strong focus on engagement with our A and B Class Shareholders throughout the year. A significant program of grower consultation and engagement with our growers occurred around the changes to our company's A Class Share criteria, which were approved at the 2021 Annual General Meeting.

The Board has remained focused on three key objectives with these changes:

- To encourage more consistent Riverina supply to maximise benefits to the company
- To reduce the Board's discretion in managing the A Class Share register, and
- To stabilise the A Class Share register.

The changes to the A Class Share criteria were designed to achieve these objectives, while ensuring continued alignment of A and B Class Shareholders, not causing any value shift between our two classes of shareholders, and being in the interests of the company as a whole.

The Board has been pleased to implement the new structure this year, allowing a second A Class share to be issued to some of our more consistent growers. Over the past week, 225 new A Class Shares have been issued to our growers, and we are continuing to talk to a number of individual growers as we close out our review of the applications received this year. The Second A Class Share is intended to recognise our consistent growers in a way that is fair and objective so as to avoid growers looking to acquire additional A Class shares through family members or companies.



Under the new structure, one of the key principles is that the Board will not generally issue more than two A Class Shares directly or indirectly to any individual person and we have been mindful of this principle when exercising the Board's discretion, under the Constitution, to issue A Class Shares.

I would encourage all rice growers who meet our delivery quotas to apply for their A Class Share, to have a say in the direction of their company. The fact that we as growers control this company is something that remains very dear to my heart.

The other important change approved at the 2021 AGM was a further reduction in the size of the Board, to better align the Board size with best practice.

I acknowledge Gillian Kirkup, who stepped down as a Grower Director of the SunRice Board in December 2021 as part of this reduction in the size of the Board.

Gillian served as a Grower Director on the Board since 2005, and made an immense contribution not only to SunRice, but the broader Australian rice industry.

During the past year the Board also oversaw an external review of Board skills and composition, and a refresh of the skills matrix; a realignment of the role and responsibility of the Board's committees; and a review and refresh of the risk management framework.

I would like today to acknowledge John Culleton, who this month concluded his appointment as the Chair of the Rice Marketing Board of NSW. I thank John for his support of the NSW rice industry during his time as Chair, and welcome Victoria Taylor as the Acting Chair of the RMB.

Victoria has a longstanding connection to the Riverina rice industry and a strong understanding of our position in complex world rice markets. The SunRice Board looks forward to working closely with her and the other RMB Directors.

I also thank the President of the Ricegrowers' Association of Australia, Rob Massina, and the RGA more broadly, as well as SunRice's strong Management team, and my fellow Board members.

I look forward to working collaboratively to ensure the continuing success of your company into the coming year and into the future.

I would now like to invite our Group CEO Rob Gordon to speak.

Thank you.