

Group CEO's address – Rob Gordon, Group CEO

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

It is wonderful to be with you all here in person for a SunRice Annual General Meeting – our first face-to-face AGM since 2019.

And after two years of extraordinary challenges – including the dual impacts of Australian drought, COVID-19 and unprecedented disruption to global supply chains – I am proud that our business has bounced back so quickly and was able to deliver strong performance in Financial Year 2022.

Your business delivered an outstanding result in the last Financial Year, which shows that we are back on track as the investment in line with our strategy of the past few years is starting to deliver benefits, as is the return of Australian rice and the continued strength of our international rice supply capability.

And while we still face an uncertain and dynamic trading environment, we believe the business is well positioned for Financial Year 2023 and the future.

Before I step through our Financial Year 2022 highlights, I wanted to briefly show this slide which demonstrates how we have continued to transform your business from a renowned Australian company, into a global food company, known for its high-quality branded products across multiple categories, channels and geographies, many with market-leading share.

Financial Year 2022 highlights

Revenue, naturally determined paddy price and dividend were all at the highest levels in the Group's history in Financial Year 2022 – and Net Profit After Tax more than doubled compared with the prior year.

This outstanding result followed two years of near record-low Australian rice production, a period in which the company diverted resources to maintain supply of key markets with rice from other origins, while still progressing investment in new acquisitions and other organic growth initiatives.

I'll step through a few of the highlights:

- Group revenue was \$1.3 billion for the year, up 30% on the prior period
- Earnings Before Interest, Tax, Depreciation and Amortisation was \$91.3 million, up 86% on the prior year
- Net Profit After Tax was \$48.7 million, up 167% on the prior year
- Earnings Per B Class Share were 77.2 cents, up 123% on the prior corresponding period
- A record naturally determined pool paddy price of \$428 per tonne for our popular bold medium grain was also delivered, while fixed price contracts of between \$475 to \$625 were paid for specialty varieties
- And this improved performance allowed the Group to distribute total dividends of 40 cents per B Class Share for the year, inclusive of a special dividend of 5 cents per share, which was also a record.

There were a range of key contributors to the strong financial results, including the return of Australian rice and the performance of some of our profit businesses, as well as realisation of benefits from the ongoing execution of our Growth Strategy:

- Australian Riverina rice supply increased to 417,000 paddy tonnes in 2021, up from 45,000 paddy tonnes in the prior year
- There were market share gains in microwave rice products, underpinned by our investment in onshore manufacturing capability and in-house innovation
- A focus on containment of costs across the business, and increases to sale prices and volumes to help mitigate external headwinds
- Investing cash outflows of \$54 million, driven by strategic acquisitions and capital expenditure to maintain core assets.

Segment performance snapshot

This slide briefly shows the results of each of our segments. If shareholders would like more detail on individual segment performance – this presentation, and our more detailed Financial Year 2022 Results Presentation, are both available on the ASX and our website.

History of performance

Before I step through some of the key deliverables against our Growth Strategy in the year, I wanted to take a step back.

While we've seen record performance across a number of key financial metrics in Financial Year 2022, what this slide shows is our financial performance through the cycle and highlights a number of longer-term indicators demonstrating:

- How we have transformed the earnings of the business away from being exposed to the Australian agricultural production cycle to being positioned in a diverse range of industries and markets, with leading consumer food brands in core categories
- How we have consistently delivered dividends to our B Class Shareholders, while maintaining a strong and flexible balance sheet to fund growth initiatives
- The support for the Australian rice industry through drought and the benefits of prompt access to high-value markets when Australian rice returns
- And finally, the benefit of having invested in SunRice shares versus the general Australian share market over the last 10 years.

If you look at the graph in the top left, you can see how earlier in this 10-year time series the dark grey columns – which are the Australian crops – were closely tied to the overall Group revenue.

In recent years, we can see that even when Australian production fell away dramatically due to drought, our top-line was largely maintained due to investment in diversification of our earnings base into non-rice categories, and the performance of our international rice supply capability.

The bottom left shows that while profitability was impacted – we remained profitable and then the top right shows that we continued delivering consistent dividends through the cycle.

And the bottom row shows a Total Shareholder Return of 443% in the 10 years from 1 May 2012 to 29 April 2022, compared to an ASX 300 accumulation index TSR of 154% over that same time period. We also invested \$151 million in capital expenditure in the business in the five years since Financial Year 2017, and a further \$113 million in strategic acquisitions aligned to our Growth Strategy in that same five-year period.

Our approach has been focused on optimising returns for both classes of our shareholders and to complete the picture, we have also paid out approximately \$2.2 billion in paddy price payments to our A Class Shareholders and other Australian rice growers in the 10 years since 2012.

This disciplined approach has established solid foundations for the SunRice Group and positioned the business ideally to pursue still larger growth opportunities ahead.

Growth Strategy in action

We have continued growing the global demand for our branded rice products which exceeds the volume supply capability from Australia. This has allowed us to do two things:

- Continue meeting global demand with our other international sources when Australian production is impacted by drought
- Adopt a 'good, better, best' model, where we use our multi-origin rice supply capability to meet demand in approximately 50 global markets at multiple price points, with Australian rice always sold in our most premium markets when it's available.

This strategy allows SunRice to supply our customers and consumers with high-quality rice products at different price points, highlighting the complementary nature of our multiple supply chains and supporting continued growth into the future.

We have continued investing in our Growth Strategy, including through the difficult years. A core focus in recent years has been acquisitive growth of our profit businesses, with transformative and value-accretive investments in our CopRice and Riviana Foods businesses being key highlights.

Other examples of execution of our Growth Strategy in Financial Year 2022 included:

- The acquisition of Pryde's EasiFeed, in the high-value branded equine market which is already contributing strongly at both the top and bottom lines of the CopRice segment
- Continuing to develop our internal innovation capabilities, leveraging our brands and deep insights with consumers, to launch products which meet global food trends, an example of which is our new 'Our Best Yet' microwave rice range
- And ongoing integration of acquisitions from prior years, like KJ&Co Brands which we purchased in Financial Year 2021, and which is delivering transformative earnings for Riviana Foods.

We have built significant capability in mergers and acquisitions in recent years, maintaining a pipeline of strategic and organic growth opportunities which continue to be actively assessed against our financial investment criteria.



Our people are critical to the execution of our Growth Strategy, and their effort and dynamism was a key aspect of our ability to successfully navigate a range of challenging factors over the last few years in particular.

We engaged our employees across the Group in Financial Year 2022 to refresh our purpose, vision, mission, values and behaviours, and we are implementing a range of specific initiatives to attract and retain our key talent.

Sustainability Strategy in action

Sustainability remains at the heart of our business and remains integral to how we create shared value for our stakeholders.

We continued making significant progress during the year against our Sustainability Strategy – including the finalisation and adoption of specific targets underneath each of our six priority areas – water efficiency, climate resilience, waste reduction, resilient communities, respecting human rights, and food security and quality.

We also finalised climate scenario workshops and analysis and released our detailed response to the recommendations of the Task Force on Climate-related Financial Disclosures.

Importantly, we continued delivering for our communities, donating close to 500,000 meals to those in need and investing \$1.04 million in community organisations.

Outlook

As we progress into Financial Year 2023, we are still expecting top-line revenue to build.

While the last Financial Year finished strongly, this one has started with worsening inflationary pressures on key business inputs and costs, and continuing volatility and disruption to global shipping, which is placing pressure on earnings.

In the last year the company has incurred approximately \$34 million in unplanned and additional shipping costs at the Group level, approximately \$17.5 million of which was borne by the Rice Pool business. Put another way, this increased cost per paddy tonne by \$50 in the last year alone. Despite efforts across our markets to recover at least part of the additional costs in the form of sale prices, this increase in shipping costs still impacted the final CY21 pool price.

And of course, the Ukraine crisis has led to a step change in the cost of products imported from Europe for our Riviana business. We remain focused on recovering the additional costs incurred progressively throughout the year.

Against that backdrop, the continued resurgence of Australian rice, coupled with our multi-origin, multi-market international rice supply capability has SunRice well placed to benefit this year from an environment in which many key markets are under-supplied, largely due to the impact of severe drought on a number of Northern Hemisphere rice-growing regions.

The Riverina crop of approximately 688,000 paddy tonnes recently harvested is underpinning a positive expected contribution to both classes of shareholders through strong returns in the Australian Rice Pool Business and favourable inputs in several of our Profit Businesses, again demonstrating the complementary nature of our business model.

We're again expecting another large crop due to continuing strong seasonal conditions.



We have built a diversified portfolio and maintained balance sheet strength and flexibility, which means we are well placed to take advantage of further expansion opportunities, either organically or through acquisitions.

And the continued execution of our Sustainability Strategy remains a core priority for Financial Year 2023, with all business units now pursuing individual sustainability plans aligned to our new Group targets and ambitions.

We've acquired value-accretive businesses which are supporting growth and diversification of earnings, and our capability in international rice supply – together with the return of Australian rice – has your company well positioned for Financial Year 2023 and beyond.

I look forward to working with all of our important stakeholders to continue delivering value in the year ahead.

Thank you all for your time today, and back to you Laurie.