



Ricegrowers Limited (SunRice) CEO's address – Rob Gordon, Group CEO

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

It is a pleasure to be with you here in Leeton, in the heart of the Riverina, to provide my final update on the performance of your company as the SunRice Group CEO.

At last year's AGM, I was able to stand here and share that the SunRice Group had delivered record Group revenue, naturally determined paddy price and total fully franked dividend following two years of extraordinary challenges.

I am proud to stand before you once again and report that your company delivered another impressive financial performance in Financial Year 2023, with Group revenue, naturally determined paddy price and total fully franked dividend exceeding the records set last year.

These results demonstrate the flexibility and resilience of our business model and strategy, and our ongoing focus on delivering value for both A Class and B Class Shareholders. We were also able to deliver this outstanding financial performance despite a number of headwinds, including a high inflationary environment which drove a material increase in key business input costs.

Our ability to withstand the headwinds we faced throughout Financial Year 2023 reflects the strength of our brands and market positioning, and draws from the various organic and strategic growth initiatives we've delivered in recent years. It is also the result of the efforts of our talented workforce of over 2,000 people around the world who are aligned behind our Growth Strategy, our values and our purpose.

And while we continue to face macro-economic pressures, the business has had a strong start to Financial Year 2024.

Financial Year 2023 highlights

Financial Year 2023 was an outstanding year for the SunRice Group, in which we achieved record Group revenue with growth across all segments. The business also delivered the highest naturally determined paddy price for A Class Shareholders and highest total dividend for B Class Shareholders in its history.

As this slide shows, some of our highlights from Financial Year 2023 include:

- Topline revenue of \$1.64 billion, up 23% on the prior period;
- Earnings Before Interest, Tax, Depreciation and Amortisation of \$117 million, up 18% on the prior period;
- Net Profit After Tax of \$54.8 million, up 12% on the prior period;
- A naturally determined paddy price of \$461 per tonne for medium grain Reiziq; and
- A total fully franked dividend of 50 cents per B Class Share, representing a 60% payout ratio and a dividend yield of 8.1% based on the B Class Share price applicable on 30 April 2023.

There was a range of factors which drove the strong performance in Financial Year 2023, including:

- Abundant Riverina rice production, with the CY22 Riverina rice crop 65% larger than CY21, supporting strong sales volumes in key premium markets, expansion in territories impacted by



drought and improving the profitability of the Group's segments that rely on inputs from the Australian Rice Pool Business;

- Sales price increases across most of the Group's segments and product categories, which helped to offset inflationary pressures;
- Favourable changes in product mix in some markets; and;
- CopRice's continued recovery, with the segment returning to profitability and benefiting from the first full year contribution of Pryde's EasiFeed which was acquired in January 2022.

The Group was able to accelerate profitable growth and maintain balance sheet flexibility despite facing a number of headwinds, including widespread and worsening inflationary pressures, exchange rate volatility and global supply chain disruptions which added \$79 million of freight and distribution costs compared to Financial Year 2022.

Segment performance

I would now like to briefly discuss the results of each of our segments, which are displayed on this slide.

Looking first at the Australian Rice Pool Business, this segment benefited from the largest harvest in five years, supporting a strong increase in revenue to \$335 million, up 36% on the prior year. The larger crop provided the base for higher sales volumes in both domestic and international markets, including territories impacted by drought. Pool returns were also supported by a low Australian dollar which supported rice exports and sales price increases across the segment's portfolio, which followed current trends in world rice prices and helped to partially offset the significant inflationary pressures incurred during the year.

In our International Rice segment, while revenue increased by 18% on the prior year to \$735 million, the segment did face a number of challenges which weighed on profitability in Financial Year 2023 as their impact was only partly offset by countering sales prices increases taken during the year, due to the time lag in their implementation. These challenges included disrupted and limited access to rice supply from China, increases in international rice prices, volatility in foreign exchange and ongoing disruption to local and international supply chains. As a result, EBITDA decreased by 9% against the prior year to \$39.9 million.

Turning to our Rice Food segment, EBITDA increased by 40% on the prior year to \$11.1 million and revenue increased by 6% to \$113 million. The segment benefited from a focus on new product launches, sales price increases across several product categories and reduced costs from the greater availability of broken rice for rice flour production. However, ongoing disruption to supply chains partially offset these benefits.

Within Riviana Foods, while the segment achieved record revenue of \$215 million in Financial Year 2023, there were a number of factors which impacted profit margins. These included the sharp rise in the cost of imported products, driven by a weakening Australian dollar and rising commodity costs due to geopolitical issues, and ongoing systemic disruption to the global shipping industry. As a result and similarly to the International Rice segment, EBITDA decreased by 55% on the prior year to \$6.3 million due to the time lag in implementing countering pricing measures.

Our CopRice business continued its recovery and delivered record revenue of \$236 million in Financial Year 2023 and improved EBITDA from the prior year of \$12.4 million. Despite ongoing challenges, CopRice's return to profitability was driven by the continued momentum in the Australian ruminant business and companion animal portfolio, and the first full year contribution of Pryde's EasiFeed, which delivered ahead of expectations.

Finally, looking at our Corporate segment, EBITDA for the period increased by 79% on the prior year to \$26.3 million. The increase reflects the higher levels of Brand and Asset Financing Charges that were received from



the Australian Rice Pool business during Financial Year 2023, driven by the improved availability of Riverina rice and the corresponding increase in branded sales levels of Australian rice, together with a sharp rise in the cost of capital due to interest rate hikes.

If Shareholders would like further detail on individual segment performance, our more detailed Financial Year 2023 Results Presentation is available on the ASX and our investor website.

FY2023 Sustainability Highlights

Sustainability remains integral to how we create value for our stakeholders and Financial Year 2023 saw a continued focus on embedding sustainability across the Group and improving how we track our performance.

In Financial Year 2023:

- We saw progress against the Australian rice industry's aspirational target to achieve an average of 1.5 tonnes of paddy rice per megalitre of water by 2027;
- We committed to setting Science Based Targets including developing our roadmap to Net Zero no later than 2050;
- We became a Foundation Supporter of the National Plastics Recycling Scheme to assist with meeting Australia's National Packaging Targets; and
- We commenced a 1MW solar photovoltaic installation at our Woodlands Mill in California.

We also commenced several development programs that will grow the domestic capability and capacity of certain markets in which we operate, in addition to the many community programs we support, which saw us donate \$1.1 million to community organisations.

This included launching a public-private partnership with the Australian Centre for International Agricultural Research (ACIAR) and other parties including the University of Queensland, to establish a traceable, quality-assured value chain for tropical medium grain rice in the Mekong Delta in Vietnam. We also launched our Trukai Smart Farmer Program in Papua New Guinea, which is a two-week course delivered in partnership with the PNG University of Technology, to help support the broader development of a commercial rice-growing industry in Papua New Guinea.

History of performance through the cycle

The financial performance the SunRice Group delivered in Financial Year 2023 demonstrates the strength of our business model and strategy. It also builds – as shown on this slide – on our strong history of performance through the cycle following the Millennium Drought and highlights how the realisation of a number of strategic initiatives has enabled us to consistently deliver value to both A and B Class Shareholders.

We have been able to increase grower returns over time, including delivering record paddy prices over the past two years. Between Financial Year 2012 and Financial Year 2023, we have delivered an average Compound Annual Growth Rate of 5.5% for the paddy price we pay to growers.

We have delivered consistently strong dividends and increased returns for our B Class Shareholders. Since the beginning of Financial Year 2012, we have delivered a Total Shareholder Return of 634% compared to the ASX300 cumulative index Total Shareholder Return of 262%.

We have also continued to invest in the growth of our business, investing \$411 million since the beginning of Financial Year 2012, including \$119 million in strategic acquisitions and \$292 million in capital expenditure.



The SunRice Group has been able to achieve this growth and deliver value to both classes of shareholders while maintaining a strong focus on capital management and balance sheet flexibility. Net debt of 2.5 times EBITDA, core debt of 0.6 times EBITDA and gearing of 34% at 30 April 2023 reflect this and demonstrate how the Group is well placed to take advantage of future organic or strategic growth opportunities.

Delivering on our strategy

Throughout Financial Year 2023, we continued to execute our Growth Strategy to deliver on our objectives to increase returns to both classes of shareholders. Some notable achievements for the year include:

- Delivering strong financials, with record Group revenue of \$1.64 billion;
- Continuing to build our premium branded position, with the launch of the “Kokusai” brand in Costco stores in the U.S. and the Australia-United Kingdom Free Trade Agreement creating new opportunities for Australian short and medium grain rice;
- Achieving better returns in tender markets;
- Diversifying our earnings through the acceleration of the performance of the recently acquired KJ&Co and Pryde’s EasiFeed businesses;
- Expanding our resilient global supply chain, through conducting the second consecutive year of successful trials of Australian rice varieties in Argentina and the acquisition of the Australian Waffle Company, which provides some onshoring manufacturing capability;
- Achieving our highest ever employee engagement score; and
- The launch of several development programs under our Sustainability Strategy, which I have already spoken about.

Outlook

Looking ahead, the SunRice Group’s strong momentum from the second half of FY2023 has continued into the first quarter of Financial Year 2024.

Ongoing growth in Group revenue has so far been supported by a number of favourable conditions which we anticipate will continue throughout Financial Year 2024. These include the positive effects of cycling annualised price increases from FY2023, additional pricing reviews in FY2024, further expansion in international markets, and a weakening Australian dollar, which is supporting Australian rice exports.

Most of these factors are also currently driving an improvement in Group profitability, further supported by improvements in freight and logistics costs and the ongoing recovery of CopRice.

However, we continue to monitor and manage a number of headwinds which include volatility in exchange rates, particularly for our import businesses; surging energy prices; the global interest rate environment; and the impact of inflationary pressures on consumer spending. We also continue to monitor rice growing conditions offshore.

Maintaining balance sheet flexibility and a disciplined approach to capital management remains a core focus for the Group, and we continue to explore a well-developed pipeline of potential strategic opportunities, including acquisitions as well as the divestment of non-core and non-operating assets.

Turning to our Australian Rice Pool Business, as the Chairman said in his address, the estimated range for the CY23 pool currently remains at \$390 to \$450 per tonne for medium grain Reiziq, given our expectation of increased global supply and competition in key markets.



Based on current favourable seasonal conditions, including water availability, we are expecting a fourth consecutive year of abundant Australian rice production in CY24. The Group is also expecting a large amount of the CY23 crop to be carried over at the end of the financial year. Coupled with the Northern Hemisphere markets returning from drought earlier than expected, particularly in the United States, these factors have the potential to moderate returns for the Australian Rice Pool Business given the finite opportunities for placing Australian medium grain rice into premium markets. The Group is exploring options for managing these complexities whilst maximising returns to growers and will provide a further update when the CY24 seed circular is issued in the next few weeks.

Closing remarks

After almost 12 years with the SunRice Group, today marks my last day as CEO ahead of finishing up with the company on Friday.

Having navigated some of the worst years of drought and the disruption of COVID-19 in recent years, and with the business in a great position, I believe now is the right time for me to retire from the SunRice Group.

It has been such a privilege to be the CEO of the SunRice Group. I am proud to have led an organisation where as part of my role I was able to look at ways to help change health outcomes in the Pacific, to provide an important source of food security to underprivileged communities in the Middle East, and to support smallholder farmers in Vietnam to improve their farming practices and connect their products with international markets to improve their returns.

It's a truly unique role which I have thoroughly enjoyed holding, and I am proud of everything we have achieved for our people, growers, shareholders, customers and the Australian rice industry. I'm particularly proud that over the last decade the SunRice Group has improved paddy prices for our growers, acquired our Lap Vo mill in Vietnam, established a substantial trading hub in Singapore, listed on the ASX, revitalised our brands, developed and implemented our sustainability strategy and diversified our earnings through the acquisition of several businesses, including KJ&Co, Roza's Gourmet and Pryde's EasiFeed.

Most of all, I am proud of the talented workforce we have built and the highly capable management team we have in place. The strong position the business is in is a testament to their efforts, as well as everyone who has chosen to be part of the SunRice Group over the years.

It has been a pleasure to have had the opportunity to work closely with the incoming Group CEO, Paul Serra, over the past two months to provide a smooth leadership transition. Paul is a capable and accomplished executive, and I look forward to seeing the SunRice Group go from strength to strength under his leadership. Paul, I wish you every success as the new Group CEO.

Finally, I would like to sincerely thank the Board, our management team, our employees, growers and shareholders for their support during my tenure. I also want to acknowledge our Chairman and the Board for the assistance and guidance they have provided over the years, which I have valued.

Thank you all for your time today, and I'll now hand back to Laurie.