ASX Announcement

22 June 2023

SunRice Group FY2023 Full Year Financial Results: Delivering strong financial performance and growth

SunRice delivered a net profit after tax of $54.8 million for FY2023, up 12% on FY2022

- **Record Group revenue of $1.64 billion, up 23%**
- **EBITDA of $117.0 million, up 28%**
- **Record naturally determined CY22 paddy price of $461 per tonne for medium grain Reiziq**
- **Record fully franked total dividend of 50 cents per B Class Share, including 40 cent final dividend, with a payout ratio of 60% and a dividend yield of 8.1%**
- **Impressive financial performance was underpinned by the strength of the Group's business model, ongoing execution of the Growth Strategy and abundance of Australian rice**

Outlook remains positive as we expect to continue to grow both revenue and profit in FY2024 and expect ongoing abundant supply of Riverina rice into FY2025

Investor webcast to be held at 9:30am AEST on Friday 23 June 2023 (details below)

The SunRice Group today released its financial results for the period ended 30 April 2023 (FY2023) with Group CEO, Mr Rob Gordon, commenting:

> *"FY2023 was an outstanding year for the SunRice Group, in which we delivered the highest Group revenue, naturally determined paddy price and total fully franked dividend in the company's 73-year history, despite a challenging inflationary environment.*
>
> *"This impressive financial performance reflects the strength and resilience of our strategy and business model, and the focused efforts of our people to deliver value for both classes of shareholders.*
>
> *"We also made further progress against our Sustainability Strategy and its six focus areas, including launching the Australia Vietnam Mekong Delta Sustainable Rice Value Chain Project and becoming a founding member of the National Plastics Recycling Scheme in Australia.*
>
> *"The Group is well positioned to continue its momentum in FY2024. We remain focused on maintaining a strong balance sheet, continuing to explore a well-developed pipeline of potential strategic opportunities, and reinforcing our established branded position."*

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

- The abundance of Australian rice, with the CY22 Riverina rice crop 65% larger than CY21, supporting strong sales volumes in key premium markets and expansion in new and existing territories impacted by drought. It also improved 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. Revenue growth was also supported by favourable changes in product mix in some markets;
- The continued recovery of the CopRice segment which returned to profitability in FY2023, driven by the positive impact of turnaround actions implemented, notably in the Australian ruminant business and companion animal portfolio, and the first full year contribution of Pryde's EasiFeed, which was acquired in January 2022;
- On the downside, the escalation in freight and distribution costs due to ongoing disruption to domestic and international supply chains; and
- Widespread inflationary pressures, which drove a material increase in key input costs including raw materials, labour and financing.

Final dividend

A total fully franked dividend of 50 cents per B Class Share, representing a 60% payout ratio, was declared for FY2023, comprising:

- Interim dividend of 10 cents per B Class Share declared on 15 December 2022; and
- Final dividend of 40 cents per B Class Share declared on 22 June 2023.

Based on the closing B Class Share price as at 30 April 2023 of $6.20, the total fully franked dividend of 50 cents per B Class Share represents a yield of 8.1%.

The CY22 record paddy price and FY2023 dividend once again demonstrate the Group's ongoing focus on delivering value to both A and B Class Shareholders and the complementary nature of the Rice Pool and Profit Businesses.

Our outlook

The strong revenue momentum observed in FY2023 is expected to continue into FY2024, albeit likely at a more moderate pace. It is anticipated that this momentum will be supported by the positive effects of cycling the annualised price increases from FY2023, and growth initiatives across the portfolio including further international expansion. Ample Australian rice production, with the recently harvested CY23 crop of approximately 500,000 paddy tonnes will underpin supply into key premium domestic and international markets while supporting profitability in a number of the Group's segments benefiting from the Riverina crop.

Group profitability is also expected to grow in FY2024, further underpinned by improvements in shipping conditions and costs, and the ongoing recovery of the CopRice segment as the benefits of its transformation program are realised.

The Group however continues to navigate an environment where input costs such as raw materials, labour and interest costs are expected to remain high. Combined with geopolitical uncertainties, volatility in foreign exchange rates and the impact of the current high inflationary environment on consumer spending trends, these factors may impact the expected earnings growth in FY2024.

<u>The outlook for the Australian Rice Pool</u>

While opportunities still exist in the short term for our Australian Rice and international supply chains, these are expected to be countered to a degree by the drought in the U.S. breaking earlier than originally expected. Given the likely resulting increase in competition in key markets in FY2024 and a reduction in global rice prices in both consumer and tender markets, the paddy price range of $390 to $450 per tonne announced in February 2023 for the CY23 crop remains in place at this stage. The outlook for CY24 crop plantings, which will be processed and marketed in FY2025, also remains positive with Southern New South Wales water storages currently over 90% full. This is expected to result in a fourth consecutive year of abundant Australian rice production in FY2025, with the Riverina storage and milling asset footprint expected to fully recover its operating costs.

<u>Our Strategy</u>

SunRice's Strategy has positioned the Group to grow, adapt and thrive in dynamic market conditions. The Group continues to have a disciplined approach to capital management, and while external conditions have not been favourable to more extensive merger and acquisition activity in FY2023, the Group continues to explore a well-developed pipeline of potential strategic opportunities, including acquisitions as well as non-core asset divestments. The company also remains focused on innovation and investment in new product development and strengthening the Group's established branded position.

Acquisition of the minority interest in Trukai Industries Limited (PNG)

SunRice also announced today that it has entered into a Share Buy-Back Agreement under which it will become the sole shareholder in Trukai Industries Ltd (Trukai). SunRice currently holds 66.23% of the shares issued in Trukai. Please refer to the relevant ASX announcement for more information.

Investor webcast call

The Company will hold a webcast call at **9:30am AEST on Friday 23 June 2023** to discuss the FY2023 Results. Please note that investors are required to register for the webcast by following this link: https://ccmediaframe.com/?id=TDro5J1v.

Once registered, a unique URL to join the webcast will be emailed to you as a calendar invite. To join the webcast, simply click on the URL in your calendar invite and you will join the conference instantly.

Investors wishing to join by phone can register by following this link: https://s1.c-conf.com/diamondpass/10029973-au7bf5.html.

Once registered, you will be provided with a dial in number, the **Passcode**, and your unique **PIN**. This information will also be emailed to you as a calendar invite. To join the webcast 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 website ahead of the webcast call, and 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/