

1 August 2024

Letter to A Class Shareholders and Riverina rice growers

Enclosed is a letter from the Chairman to A Class Shareholders and Riverina rice growers regarding the announcement of CY25 Pool Arrangements. The letter also encloses a SunRice Group presentation which will be presented by Group CEO Paul Serra today at the Rice Connect Industry Breakfast in Moama, NSW.

Authorised by Kate Cooper, General Counsel and Company Secretary

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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/>

1 August 2024

Dear Growers,

Announcement of the CY25 pool arrangements

I am writing to you regarding the CY25 pool arrangements that SunRice Group CEO Paul Serra will be announcing at the SunRice Industry Breakfast this morning at the Rice Connect conference in Moama.

The Board and I are cognisant of providing you with timely information well ahead of the planting window, which commences in October this year for the CY25 crop to be harvested from March 2025 and marketed well into 2026.

In my letter to Growers of 15 May 2024 and subsequent SunRice Group and RGA presentations in early June across the Riverina, we recommended a CY25 planting base from growers that was 30% less than last year's crop (CY24) to assist us to maximise paddy prices for our Riverina growers in light of the carry over volumes and current market conditions. I also noted that we would continue to monitor the CY25 crop outlook as the planting window approached and return with any updates.

The industry finds itself in a unique situation that is unparalleled in the last decade. Due to favourable growing conditions, over the last three years our growers have grown on average a crop size at or above our optimal milling and storage systems, resulting in a healthy but full effective carry over position. In addition, a number of factors continue to weigh on anticipated paddy returns, including increased medium grain rice supply from Northern Hemisphere markets returning from drought conditions and the disruption to the global shipping industry, particularly in the Red Sea.

CY25 Pool Arrangements

As we approach the CY25 seed ordering period, we are seeking to balance this combination of factors, including managing our AGS storage network and optimising our milling program to align with demand in our premium markets to maximise grower returns.

With this in mind, we are today announcing a **two-pool system** that will target a total of 500,000 paddy tonnes (comprising 450,000 paddy tonnes of medium grain and 50,000 tonnes of specialty varieties).

Operation of the two pool system

Further details regarding the operation of the two-pool system and key upcoming ordering dates are set out in the **enclosed** presentation delivered by Paul Serra today at the Rice Connect Industry Breakfast.

In summary, pool allocations for medium grain will be determined on your farm average 3-year final delivered tonnage as follows:

- **Pool 1:** will be calculated on the average of your last three years' delivered tonnage x 75%; and
- **Pool 2:** any surplus delivered above your Pool 1 allocation.

If you wish to grow additional rice above the Pool 1 allocation, it is important to note that at this stage returns for Pool 2 are expected to be significantly lower than \$200/tonne. We realise the returns for Pool 2 may be unattractive, however this expected outcome also illustrates the impact that a crop size in excess of 500,000 paddy tonnes could have on the overall paddy return under a single pool system given the current environment.



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As we shared with you earlier in the year, a two-pool system is designed to help maximise returns for all growers, rather than diluting returns given the current supply and demand outlook.

Special Varieties

For special varieties, Expressions of Interest will be offered to all growers, for a total of up to circa 50,000 paddy tonnes. Priority allocation for special varieties will be given to those growers who have grown the relevant variety in the past three years, in line with their average seed orders. However, please note the medium grain Pool 75% allocation methodology does not apply to special varieties. For further details regarding this process for special varieties, please see page 18 of Paul Serra's presentation.

If you have any further questions regarding the CY25 pool arrangements, please don't hesitate to contact me on 0428 500 232, or feel free to reach out to your local Grower Director, or Grower Services on 1800 654 557 or growerservices@sunrice.com.au.

We will also be hosting pre-season grower meetings later in August to answer your questions and will come back to you with further details on these meetings shortly.

Sincerely,

A handwritten signature in black ink, appearing to read "Laurie Arthur".

Laurie Arthur
Chairman



SunRice Group Update

Paul Serra, Group CEO

1 August 2024





Important notice & disclaimer

This presentation has been prepared by Ricegrowers Limited (SunRice) and provides summary information only.

SunRice has prepared this presentation in good faith believing the statements made in it to be true as at the date of the presentation. SunRice is not otherwise warranting the accuracy of the information provided, noting that the presentation includes forward-looking statements reflecting SunRice's current expectations.

These statements are expressed in good faith and the expectations and beliefs are genuinely held but no representation or warranty is being made by SunRice that the matters stated in this presentation will in fact be achieved or prove to be correct. Forward-looking statements are subject to risks, uncertainties and assumptions that could cause the actual results or achievements of SunRice to differ materially from expectations.

These risks and uncertainties include changes in rice crop harvests, global rice market supply and demand, supply chain costs and availability; increased costs and demand for production inputs; changes in product pricing assumptions, changes in equipment life or capability; and environmental or social factors which may affect a licence to operate.

SunRice does not undertake to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events. All figures are expressed in Australian dollars unless stated otherwise.

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For more details of the non-standard elements of SunRice's structure see: investors.sunrice.com.au



Agenda

Global context

CY25 Australian context

Next steps

Questions & answers





The global context

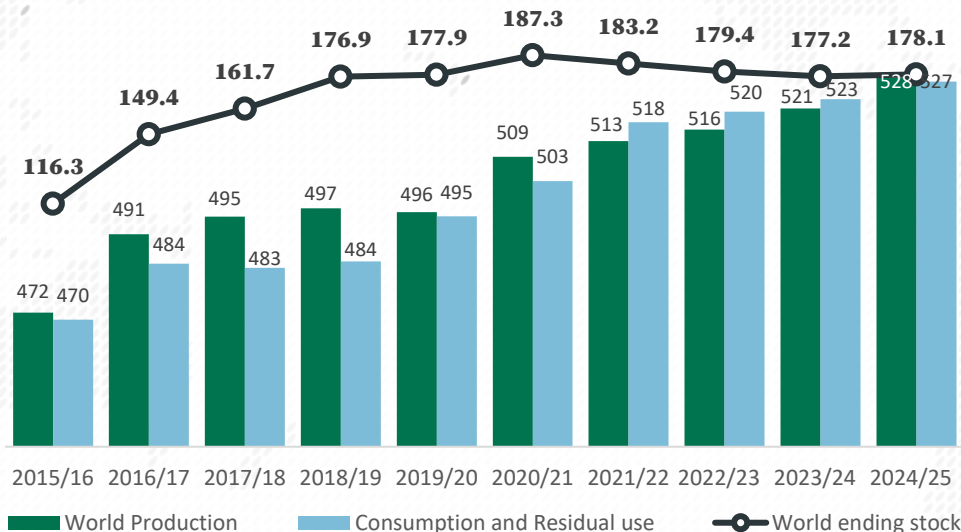


GLOBAL RICE PRODUCTION

Record forecasted

Global rice production is forecast to reach a record high of 528.2 million metric tons in 2024/25.

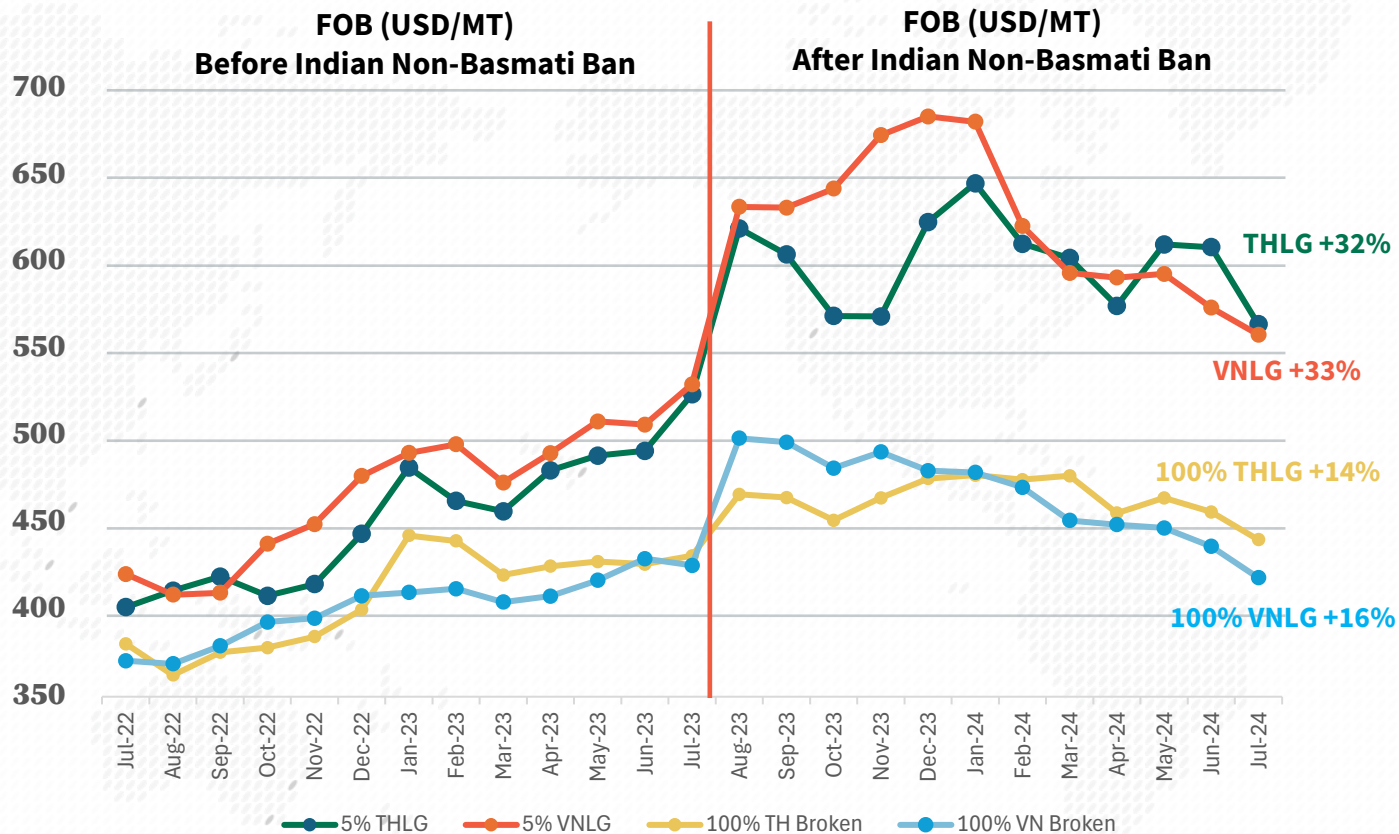
Global Rice Production, Consumption and Ending Stock (Million MT, Milled)



Source: Rice Outlook: July 2024, RCS-24F, 16 July 2024 USDA, Economic Research Service

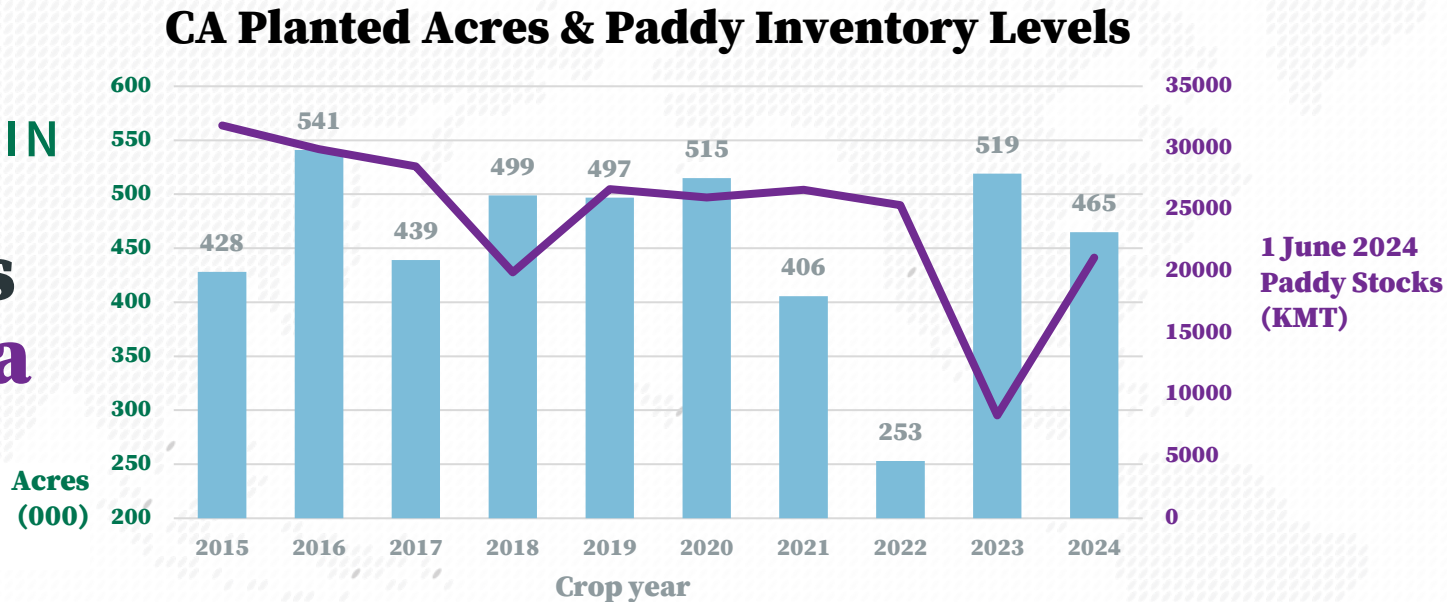


LONG GRAIN Global pricing





MEDIUM GRAIN Supply dynamics California



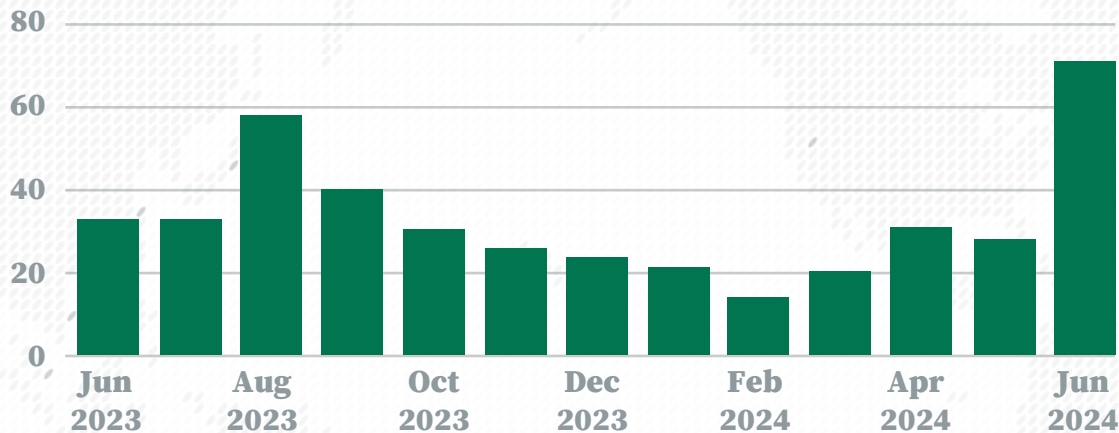
US MA pricing has dropped from \$1700/t in 2023 down to \$725/t in most recent tender in March 2024 due to excess supply.



MEDIUM GRAIN Supply dynamics Vietnam



Vietnam monthly Japonica rice exports* (‘000 mt)



Vietnamese Japonica rice exports surged by 115% year-on-year and 152% month-on-month in June 2024. Fresh Japonica crops are expected to be available from late August to mid-September.

*Source: Japonica Rice Market Report July 2024



MEDIUM GRAIN

Supply dynamics

South America

Increasing supply of medium grain from South America also adds further pricing pressure in premium markets.

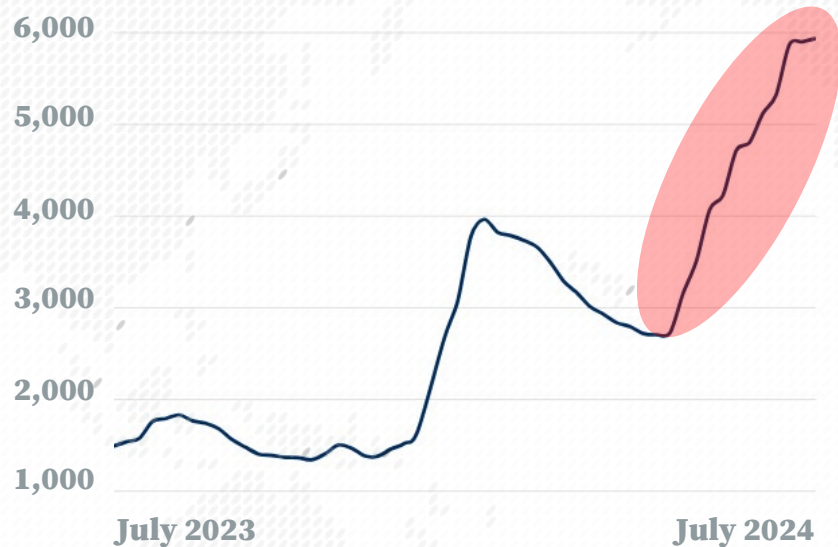




Shipping costs

JULY 2023
TO 2024

Drewry World Container Index (\$US/40ft)



Source: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Contract Volumes

- Spot rates increased by circa 600% partially mitigated by long term contracts

Global Impacts

- Red Sea hostilities
- Panama Canal drought
- Global network congestion
- US & Europe early Christmas trade orders
- US tariff avoidance – pre-US Election



CY25: Australian context

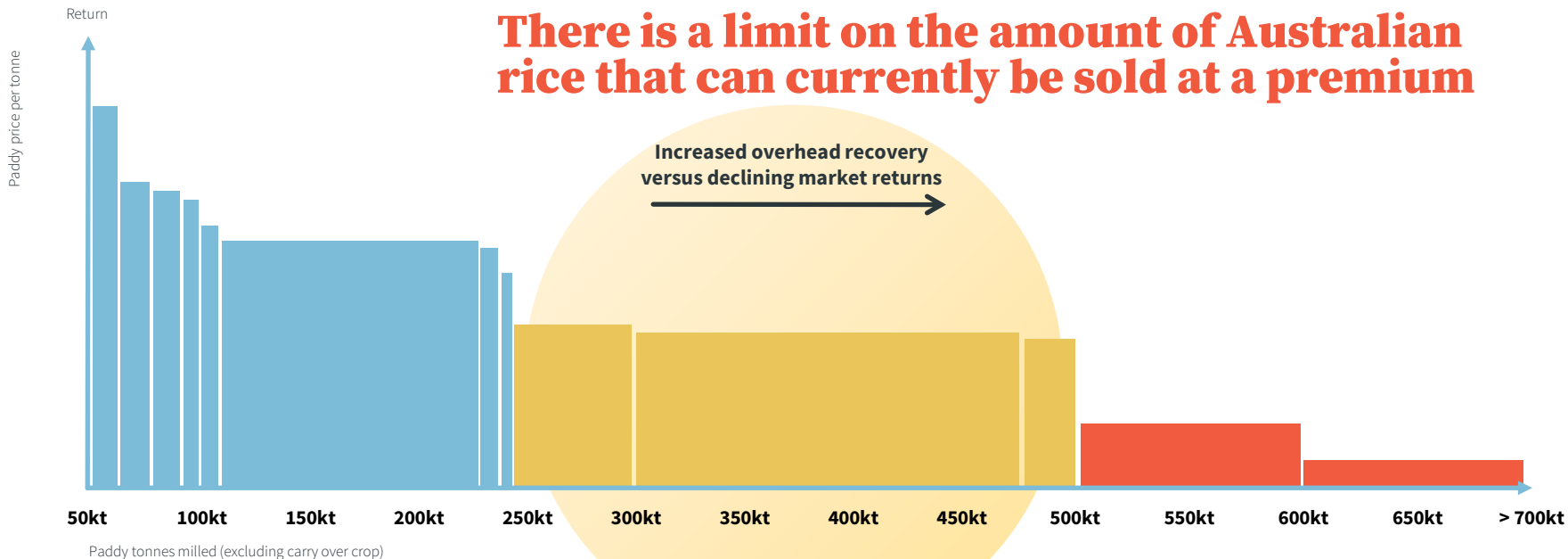




The law of diminishing returns

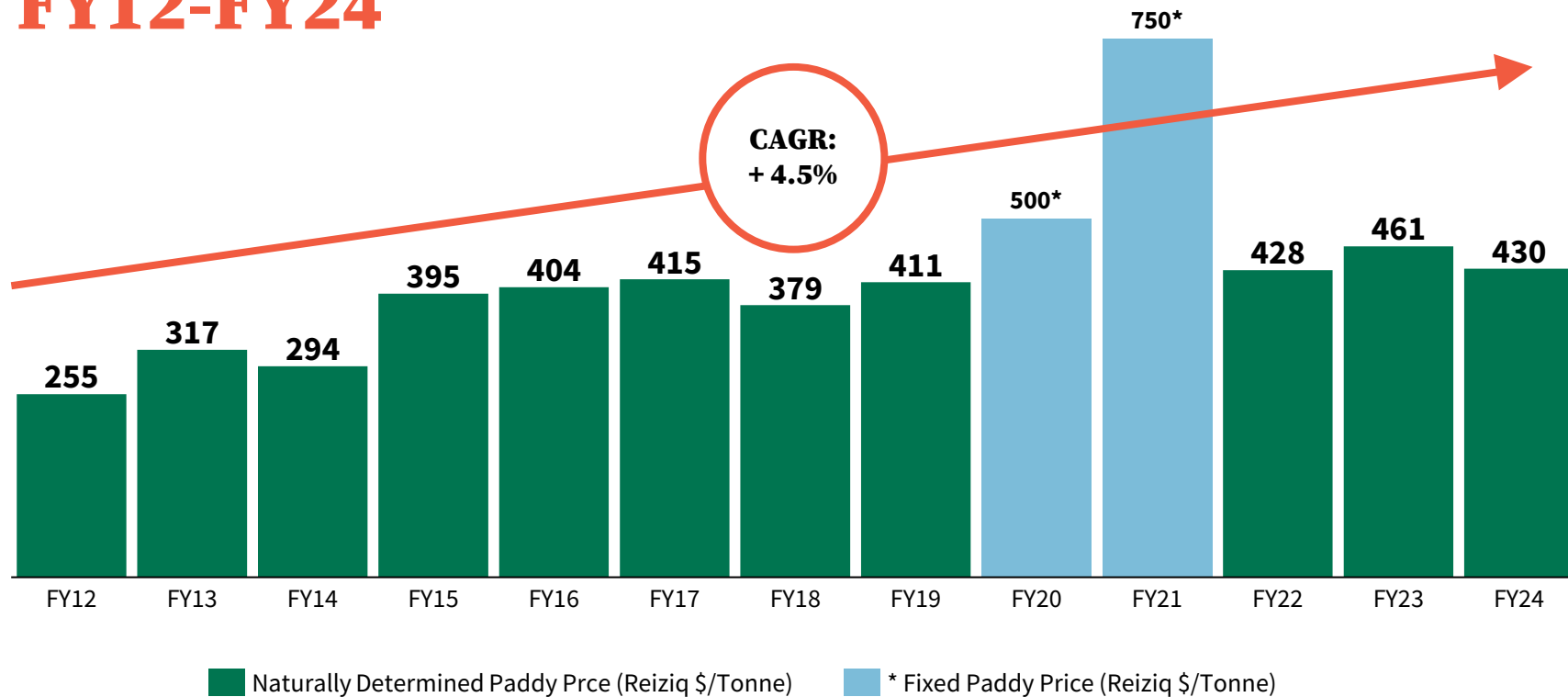
Returns to pool growers are a weighted average of all of our markets. There is a finite amount of premium export markets.

There is a limit on the amount of Australian rice that can currently be sold at a premium



Illustrative only

Paddy price FY12-FY24





Australian supply

Southern Murray-Darling Basin
Water Availability

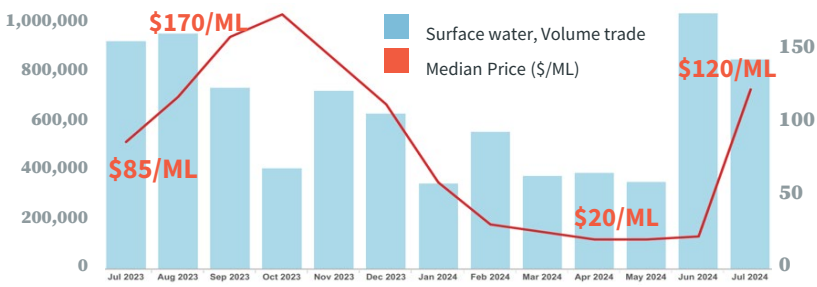
Climate Driver Update, 23 July 24

- There is about an equal chance of either ENSO remaining neutral or La Niña developing during the remainder of 2024.
- The long-range forecast predicts **wetter than average conditions for SE Australia for August to October.**

Source: [Climate Driver Update \(bom.gov.au\)](https://www.bom.gov.au/climate/updates/2024/07/23/)

We are expecting a positive response to growing rice in CY25 based on water markets and expected wet conditions

Allocation Water: Median Price and Volume Traded July 23 to July 24



Source: [Water Information Dashboard: Water Information: Bureau of Meteorology \(bom.gov.au\)](https://www.bom.gov.au/water/dashboards/)

Total volume held in storage at 17 July 2024



Southern Basin
13,069 of 16,296 GL

Source: [Murray – Darling Basin Government Storages \(mdba.gov.au\)](https://www.mdba.gov.au/government-storage/)



Market and system optimisation

- This is a unique situation, unparalleled in the last 10 years.
- Due to favourable growing conditions over the past three years, our growers have grown, on average, a crop size above our milling capacity.
- As a result, we are in a healthy but full effective carry over position.
- We are seeking to optimise our milling capacity, whilst managing our storage network, in line with premium market demand to maximise grower returns.

Two pool system (Medium Grain)

Optimal paddy tonnes for CY25 is 500kt (comprising 450kt medium grain and ~50kt special varieties)

The allocation methodology is based on total three-year average volume of 600kt

Pool 1: 75% (approx. 450kt medium grain)

Pool 2: 25% (100kt medium grain).

Given the strong grower response to plant rice and full storage system, to maximise paddy returns we are implementing a two-pool system

MG Pool 1

450,000 paddy tonnes

Volume reflects optimal milling capacity and premium market demand

Pricing:

Within the range of historical paddy price returns, subject to market conditions.*

Calculation :

Determined by farm three-year average delivered MG tonnage

x 75%

**Illustrative only not indicative of future pricing*

MG Pool 2

Excess MG above 450,000 paddy tonnes

Excess volume above expected premium market demand will go to lower returning markets

Pricing:

Modelling at this stage suggests significantly less than \$200/t.

Calculation:

Surplus above Pool 1 allocation based on delivered MG tonnage

Example for an individual farm

Assuming 3-year MG average of 1,000 delivered paddy tonnes

Assuming a farm delivered 1,000t on average, applying the 75% means that the maximum Pool 1 allocation for this farm is 750t. Any additional volume would go into Pool 2 as per the example below:

Final Tonnage	MG Pool 1 Allocation	MG Pool 2 Allocation
750t	750t	0t
1,000t	750t	250t
1,250t	750t	500t

Note: allocation is determined on your 3-year average farm tonnage delivered and allocations may increase if the full 500kT (both MG and special varieties) is not exhausted in first window.



Special varieties

Expressions of Interest (EOI) for special varieties will be offered to all growers*. Priority will be given to those growers who have grown the relevant variety in the past 3 years, in line with their average seed orders. If less than 50kt of special varieties are taken up, the balance of the remaining volume will be offered to growers (who have grown in the previous 3 years) in a two-step process:

**Please note the MG Pool 1 75% allocation methodology does not apply to special varieties.*

Step One:

- Growers will be asked to submit an Expression of Interest (EOI) to Grower Services on or before **26 August** for hectares they intend to grow for the following varieties: Koshi, Topaz, Langi, Opus and Doongara.

Step Two:

- Grower Services will then allocate hectare contracts for special varieties based on a farm's 3-year average seed orders by **9 September**.
- Any remaining hectares will be allocated on a fair and transparent basis to be determined and communicated at the relevant time.
- If contracts are not filled through this process, then the remaining volume will be re-offered to all growers from **10 September** until such time they are filled.



Next steps



The CY25 Seed Ordering Process

1 August	Announcement of two pool process for CY25.
16 August	Seed circular sent to growers.
19 August	Grower Services emails each grower the allocation split of seed order for MG Pool 1 & Pool 2.
26 August	Grower submits EOI for special varieties (ha contracts): Koshi, Topaz, Opus, Langi, Doongara.
9 September	Medium grain seed orders open. Grower Services allocate ha contracts for speciality varieties (seed orders then placed).
10 September >	If contracts for special varieties are not filled, contracts re-offered to all growers from 10 September until filled.
20 September	Existing medium grain seed orders confirmed by Grower Services and seed can be issued.



Q&A



Making a difference
to places and lives
everywhere through
nourishing and
delicious products.

