



## ASX ANNOUNCEMENT

8 December 2020

### SunRice Group to make strategic acquisition of KJ&Co Brands

- SunRice Group intends to acquire 100 per cent of branded food importer, KJ&Co Brands, for a purchase price of \$50 million AUD <sup>1</sup>
- KJ&Co Brands will be acquired by SunRice's subsidiary, Riviana Foods, and there is strong alignment between the product portfolios of these businesses
- Acquisition is expected to be earnings per share accretive in the first full year of ownership and deliver strategic benefits
- Investment demonstrates continued delivery of SunRice Group's 2022 Growth Strategy

The SunRice Group has entered into a securities purchase agreement to acquire 100 per cent of KJ&Co Brands, an importer of branded food products across multiple categories in the Australian retail market, through its Riviana Foods subsidiary.

Commenting on the acquisition, SunRice Group CEO Mr Rob Gordon said:

*"This acquisition is strongly aligned to the SunRice Group's 2022 Growth Strategy, and will complement the existing brands we have in our Riviana Foods business, while significantly increasing the scale of the Riviana Foods business," Mr Gordon said.*

*"The Group has a keen focus on leveraging our strong balance sheet to pursue value-accretive merger and acquisition opportunities which further grow and diversify our earnings – particularly in our Riviana Foods and CopRice segments.*

*"This acquisition is expected to deliver ongoing benefits to the Group, and be earnings per share accretive in the first full year of ownership.*

*"This acquisition will further diversify Riviana Foods' presence across new categories within the Australian retail market. KJ&Co Brands has experienced strong revenue growth and increase of market share across key categories in recent years, and we believe there is potential to continue that growth.*

*"The acquisition supports the strategy of Riviana Foods to build greater share of 'Special Occasions', and to leverage its sales, supply chain and procurement capabilities."*

### Transaction details

The SunRice Group will acquire 100 per cent of the KJ&Co Brands business for \$50 million AUD. <sup>2</sup>

The SunRice Group will take ownership of the current KJ&Co brand portfolio, which includes Toscano (European bread, pizza bases, specialty breads and chilled dessert products); Hart&Soul (convenient healthy soups, ready meals, recipe bases and side dish products); Bare Bakers ('free-from' products, including gluten-free snacks and desserts); and a number of other smaller brands.

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<sup>1</sup> & <sup>2</sup> Subject to completion adjustments

KJ&Co Brands' products are sold into the Australian retail market, including through Coles and Woolworths, and distributed in New Zealand. The business generated gross revenues of \$59 million AUD in the financial year ended 30 June 2020 based on its unaudited financial statements.

The transaction is subject to satisfaction of a number of conditions precedent, including there being no material adverse change in the business, with completion anticipated in December 2020. The purchase price will be funded from existing cash reserves and available debt facilities.

KJ&Co Brands' existing management team intend to transition across to the SunRice Group as part of the transaction.

**Authorised by Kate Cooper, Company Secretary, SunRice Group.**

**Investor Inquiries:**

Ben Walsh  
Morrow Sodali  
0452 077 042 / [investors@sunrice.com.au](mailto:investors@sunrice.com.au)

**Media Inquiries:**

Julian Luke  
Head of Corporate Affairs, SunRice  
0414 548 504 / [jluke@sunrice.com.au](mailto:jluke@sunrice.com.au)

**About SunRice's structure**

*The structure of Ricegrowers Limited (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 Active Growers. The right to vote is based on one member, one vote and 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 have the right to vote at general meetings of SunRice and may only vote on proposals involving a variation to their class rights or if required for the purposes of the ASX Listing Rules. 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/>*