

Global Proteins Investor Presentation



June 2024

SCALES CORPORATION LIMITED - Bringing Nutrition to the World

Global Growth Opportunity

Global Petfood Market

Large and growing market underpinned by powerful global trends

US\$100B+ MARKET, SUPPORTED BY MACRO TAILWINDS ...



LARGE AND GROWING PET POPULATION

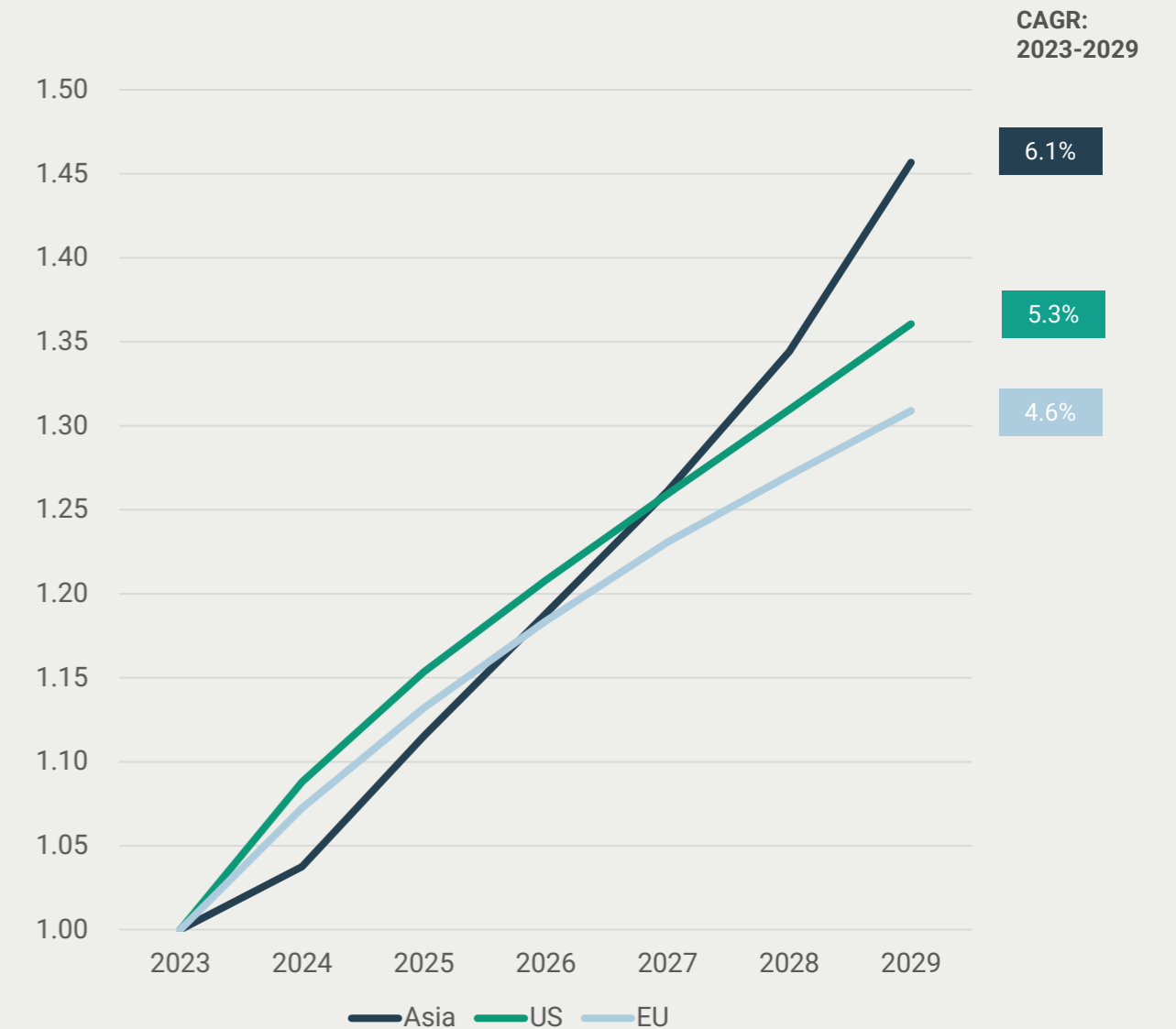
- Families in the U.S, Brazil, EU and China have over **half a billion dogs and cats** alone, with more than **half of the global population estimated to have a pet at home**¹
- Trends in pet ownership are closely linked to global demographic changes – in the US, **millennials now account for a third of all pet owners**, the largest proportion of any generation¹
- While the pandemic accelerated pet ownership, household formation among millennials and Gen Z will likely sustain it. **65% of 18-34 year olds plan to acquire or add a pet in the next 5 years** (from 2021)³
- Emergence of “pet culture” and humanisation leading to increased number of pets kept for companionship alone¹
- The expanding middle class is driving pet population growth in emerging markets – **China’s pet population rose 113% between 2014–2019**, coinciding with relaxation of ownership restrictions and a falling birth rate¹



INCREASING PRICE PREMIUMISATION

- **Rising incomes** are seeing people **spending more** on their pets¹
- Pet ownership is associated with **improved mental and health outcomes**¹
- The premium price segment remains the most dynamic. Companies strengthen their positions in this segment by addressing demand for health, value-added products and sustainability
- **Premiumisation driving majority of petfood segment growth**, between 2019 and 2022, **78% of the petfood market growth was from the premium segment**, with trends in science-based nutrition, expandable consumption (treats and wet cat) and emerging growth areas (fresh, supplements) driving growth²

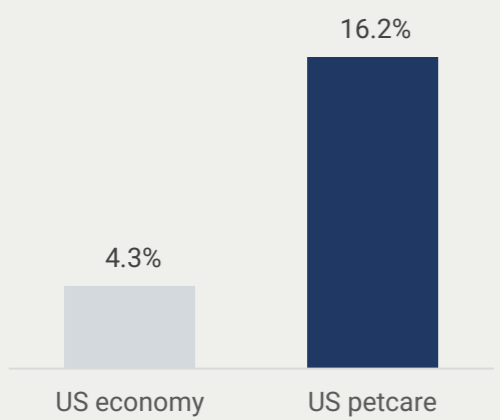
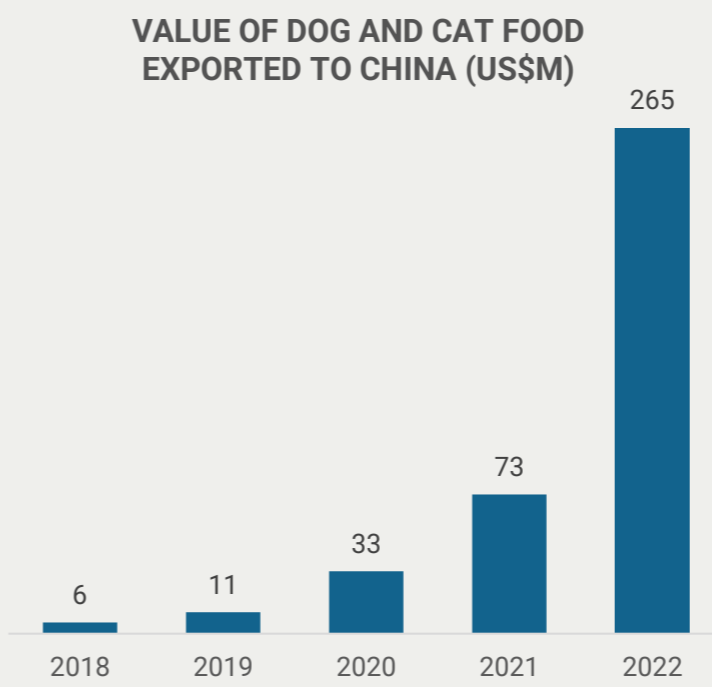
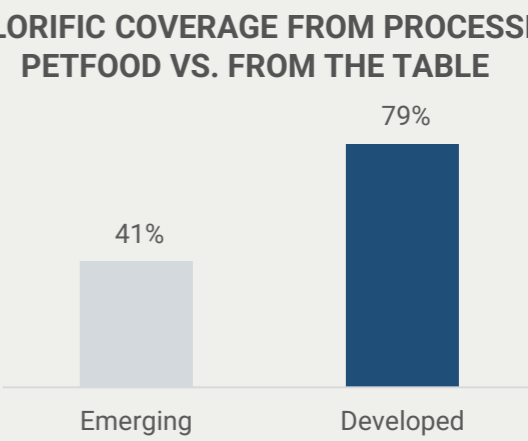
... THAT IS EXPECTED TO GROW AT 5-6% P.A. OVER THE NEXT 5 YEARS⁸



Note: Sources and references provided in Appendix

Favourable Industry-Specific Factors




Resilient consumer market, supported by health trends, increased trade and petfood penetration

RESILIENT TO RECESSIONS AND DOWNTURNS ⁴	THE HUMAN-ANIMAL BOND ¹	INCREASED US / CHINA TRADE ⁵	INCREASING PETFOOD PENETRATION HAS THE POTENTIAL TO PROVIDE SIGNIFICANT ORGANIC GROWTH ²																								
<ul style="list-style-type: none"> The pet industry is unique in its resilience to economic recessions and downturns Despite the financial crisis of 2008, the pet industry experienced a 5.1% growth in sales During the more recent 2020 COVID-19 recession, sales of pet products and services continued to grow at a faster rate than the overall U.S. economy, with a 16.2% growth compared to 4.3%  <table border="1"> <caption>US Economy vs US Petcare Growth</caption> <thead> <tr> <th>Category</th> <th>Growth Rate</th> </tr> </thead> <tbody> <tr> <td>US economy</td> <td>4.3%</td> </tr> <tr> <td>US petcare</td> <td>16.2%</td> </tr> </tbody> </table>	Category	Growth Rate	US economy	4.3%	US petcare	16.2%	<ul style="list-style-type: none"> Pets play increasingly important roles in single-person households, in families without children and for couples whose children have grown up and left the family home Millennials, adults between their early 20s and late 30s, represent a growing constituency of pet owners as they are more likely to have children later in life, work from home or in hybrid formats and have a higher income and level of education Older age groups are also increasingly likely to have pets for the companionship and health benefits that companion animals can provide Pet ownership provides a range of therapeutic, physiological, psychological, and psychosocial benefits to owners, including reduced blood pressure and risk of heart attacks, increased physical activity and improved mental health 	<ul style="list-style-type: none"> The United States has become the largest exporter of petfood products to China U.S. dog and cat food exports to China reached a record US\$264 million in 2022 – a 263% increase on 2021  <table border="1"> <caption>Value of Dog and Cat Food Exported to China (US\$M)</caption> <thead> <tr> <th>Year</th> <th>Value (US\$M)</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>6</td> </tr> <tr> <td>2019</td> <td>11</td> </tr> <tr> <td>2020</td> <td>33</td> </tr> <tr> <td>2021</td> <td>73</td> </tr> <tr> <td>2022</td> <td>265</td> </tr> </tbody> </table>	Year	Value (US\$M)	2018	6	2019	11	2020	33	2021	73	2022	265	<ul style="list-style-type: none"> Calorific coverage represents the number of dogs and cats which are consuming processed petfood rather than food leftover from the family table In emerging markets, pets consume almost half the amount of processed petfood to those in the developed world It is estimated that a 1% increase in calorific coverage in emerging markets equates to ~\$1 billion of additional market value  <table border="1"> <caption>Calorific Coverage from Processed Petfood vs. from the Table</caption> <thead> <tr> <th>Market Type</th> <th>Coverage (%)</th> </tr> </thead> <tbody> <tr> <td>Emerging</td> <td>41%</td> </tr> <tr> <td>Developed</td> <td>79%</td> </tr> </tbody> </table>	Market Type	Coverage (%)	Emerging	41%	Developed	79%
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Note: Sources and references provided in Appendix

Key Markets




Developed markets provide significant scale and continued growth from increases in pet population and premiumisation

	 USA	 WESTERN EUROPE	 ASIA PACIFIC
Dog and cat food retail market value 2023 (US\$b)	56.9	29.7	18.4
Household dog / cat ownership (%)	44% / 38%	21% / 24%	14% / 9%
Largest pet segments (retail market share 2023)	Premium Dry Dog Food: 22% Mid-Priced Dry Dog Food: 10% Premium Wet Cat Food: 9%	Premium Dry Dog Food: 13% Premium Wet Cat Food: 12% Mid-Priced Wet Cat Food: 12%	Premium Dry Dog Food: 16% Premium Wet Cat Food: 15% Mid-Priced Wet Cat Food: 14%
Top 10 petfood manufacturers market share (2023)	~76%	~56%	~43%

Source: Euromonitor. Asia (excl. Japan) includes: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore South Korea, Taiwan, Thailand and Vietnam

Key Markets

An opportunity to increase market share exists across all our geographies, adding to the expected organic market growth.





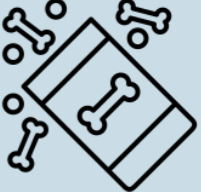





	 USA	 WESTERN EUROPE	 ASIA PACIFIC
Total meat ingredients 2023	2,995,175 tonnes	1,506,015 tonnes	237,926 tonnes
% Meat inclusion of total ingredients volume	28%	24%	8%
<p>Meat ingredients volume by species We estimate our serviceable market across Pork, Beef, Lamb, Fish and Poultry is ~50% of the above total meat ingredients volumes. This estimate is based off internal market knowledge, extrapolations from source data and excludes rendered meals and some by-products.</p>			
Global Proteins sales by market 2023	~129,000 tonnes	~1,600 tonnes	~6,600 tonnes*

Source: Euromonitor. Asia (excl. Japan) includes: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore South Korea, Taiwan, Thailand and Vietnam

*Include sales for New Zealand and Australia which are not captured in the Euromonitor APAC market data

Petfood Segments

Growing petfood segments with high levels of protein

	DRY DOG	WET DOG	DRY CAT	WET CAT	SNACKS & TREATS
					
MARKET SIZE (US\$B)	42	13	21	20	19
FORECAST MARKET GROWTH (CAGR: 2023-29)	4.7%	4.7%	6.7%	5.2%	5.5%
PROTEIN & FAT % IN FINISHED PRODUCT	20%	40%	20%	49%	30%
SCALES PROVIDE INGREDIENTS FOR					

Source: Euromonitor

Strong Growth Creating Challenges and Opportunities

Rapid Growth Causing Challenges for Manufacturers

Petfood manufacturers are investing to meet customer demand and are looking to mitigate supply chain risks

INCREASED INVESTMENT²...



COMPOUNDS EXISTING PRODUCTION CHALLENGES⁶...



CREATES AN OPPORTUNITY FOR GLOBAL PROTEINS

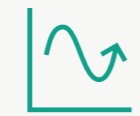
Increased investment across the major petfood brands to increase capacity

One large brand owner has stated they are having difficulties meeting their current demand, which is why they have ramped up their capex spend - **Between 2022 and 2025 they are investing CHF 3 billion all over the world.**

They have also stated that they are not concerned about demand or overcapacity and have actually been limiting marketing spend to manage it.



➤ **SUPPLY CHAIN RESILIENCE**



➤ **SCARCITY OF INGREDIENTS**



➤ **COMMITMENT TO NET ZERO**

➤ **ENVIRONMENTAL IMPACT OF SOURCING AND PACKAGING**

• Procuring raw materials, scarcity of ingredients and the need to manage resources to stay within the planetary limits have been identified as important issues and challenges for petfood manufacturers⁷

• To ensure new factories can be operated efficiently, petfood manufacturers are developing longer-term, strategic supply relationships with key protein suppliers, such as Meateor, Shelby and Esro Petfood

SCALES GLOBAL PROTEINS BUSINESSES...

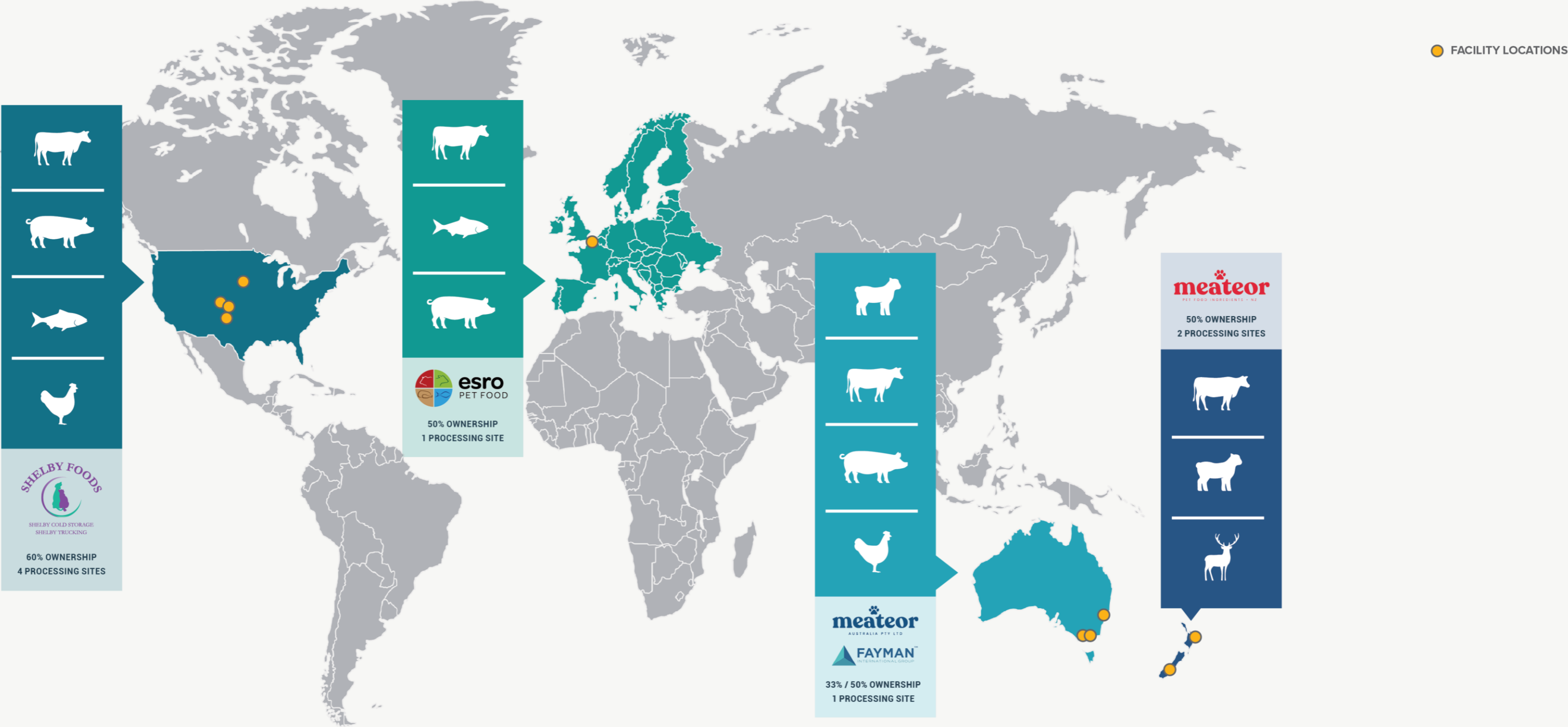
- ✓ Integrated into the supply chains of the largest global petfood manufactures
- ✓ Are able to aggregate and offer multiple ingredient products to simplify their supply chain and logistics
- ✓ Have a proven track record of providing a reliable, in specification and on-time service. Important for their just in time operations.
- ✓ Are strategically investing – our recent investments provide capacity for growth and a diverse production platform to solve our customers' challenges and leverage industry tailwinds

Note: Sources and references provided in Appendix

Scales Global Proteins Growth Platform

A Global Platform

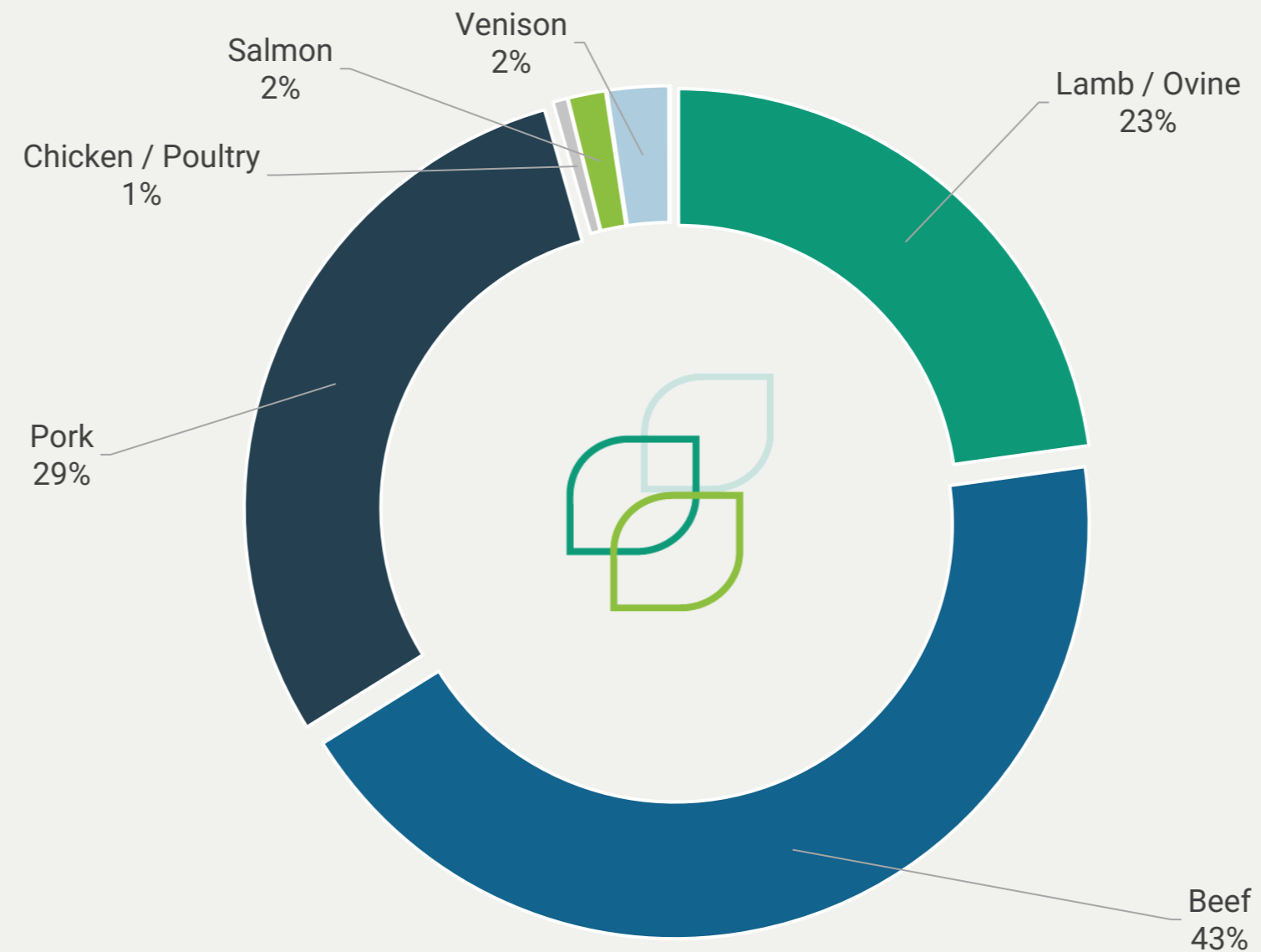
Scales Global Proteins division is strongly positioned to benefit from growing global demand for the reliable supply of diverse proteins.



Scales Petfood Species Breakdown

Species diversification is a key focus, with more recent emphasis on our 'new' categories

- Salmon is a key opportunity as another high value species
- There is an opportunity to leverage our sales channels and relationships to grow this product category, and we will be investigating strategies to further develop our supply relationships
- This includes growth in our existing European operations and discussing supply agreements in the US



A Global Platform

Deep industry executive experience across Global Proteins, which we are leveraging to develop our sales teams across the division



Brett Frankel: President Shelby Foods

Brett established Shelby Foods in 2007 and has been its President since inception. Brett has over 20 years' experience in petfood, having had a senior procurement role prior to starting Shelby

Chris Flotron: Executive Vice President Shelby Foods

Chris has been with Shelby since 2019. Prior to Shelby Chris was in senior procurement roles at Nestle Purina for 25 years. This included managing the meat protein categories

Richard Bondarenko: Director of Operations Shelby Foods

Richard has been at Shelby for 5 years, managing their operations across both owned and toll processing sites. Prior to Shelby, Richard was in senior roles at Smithfield foods and Darling Ingredients



John Sainsbury: CEO Meateor Group

John has been with Meateor in various management roles for over 20 years. Prior to that, John worked in senior management, marketing and operational roles in the United States

Kate Gower-James: Market Manager

Kate has been with Meateor for 2 years, having previously worked at Atkins Ranch, and AFFCO. Kate has been a key member of the team commercialising the new Melbourne plant

George Latta: Vice President of Group Business Development

George is a recent addition to the Global Proteins team, having come from Synlait after spending 7 years across various sales and business development roles



Tim Harty: General Manager

Tim has had over 20 years' experience in the export meat industry, in marketing and operational roles, both in New Zealand and overseas

Harry Clinton-Baker: Sales Manager

Harry joined Meateor in 2021 and is responsible for sales and customer development both domestically and internationally



Leon Coolen: Managing Director

Leon joined Esro Petfood in 2023. Leon came from Thai Union Ingredients where he was Managing Director for 5 years, and prior to that was CEO of Friesland Huishan Dairy

Chris Kwekkeboom: Purchase Director

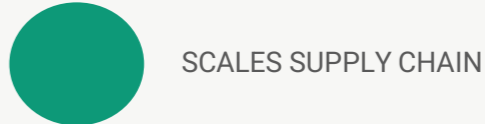
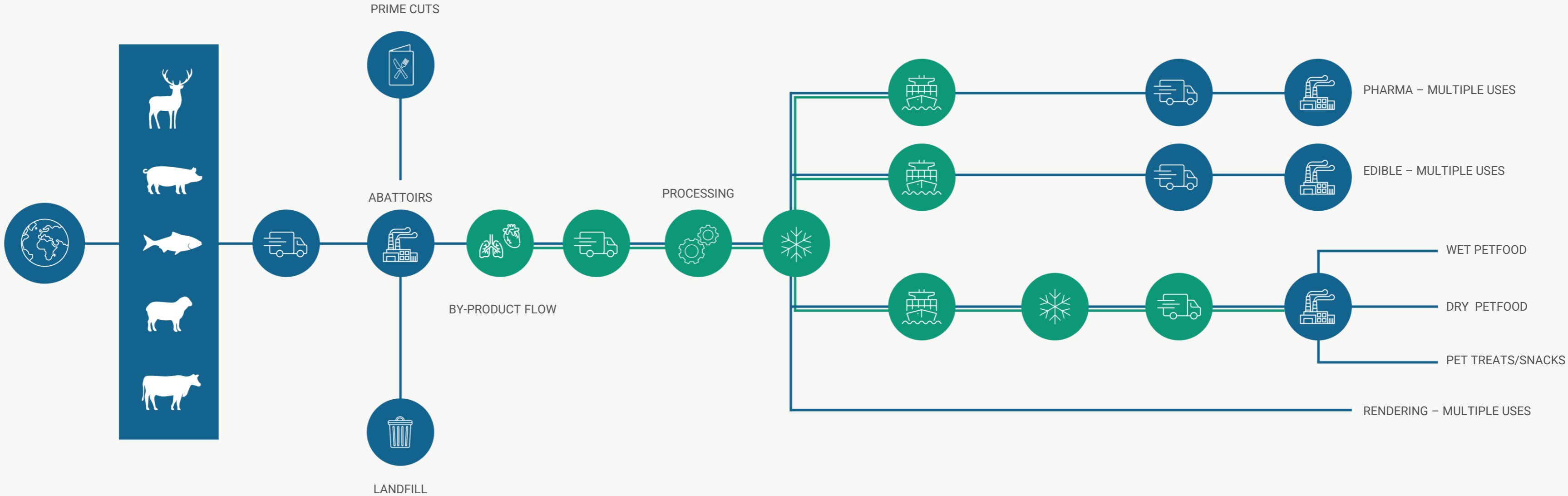
Chris comes to Esro with 30 years experience in sales and procurement of meat by-products, including a long tenure with CTH – a Darling ingredients brand

Rik Poels: Commercial Manager

Rik joined Esro Petfood in 2023 after 8 years at AFB international which is a petfood ingredient company specialising in palatability enhancers

Global Proteins Supply Chain

Global procurement strategies, logistics network and integrated customer relationships provide a unique supply chain advantage

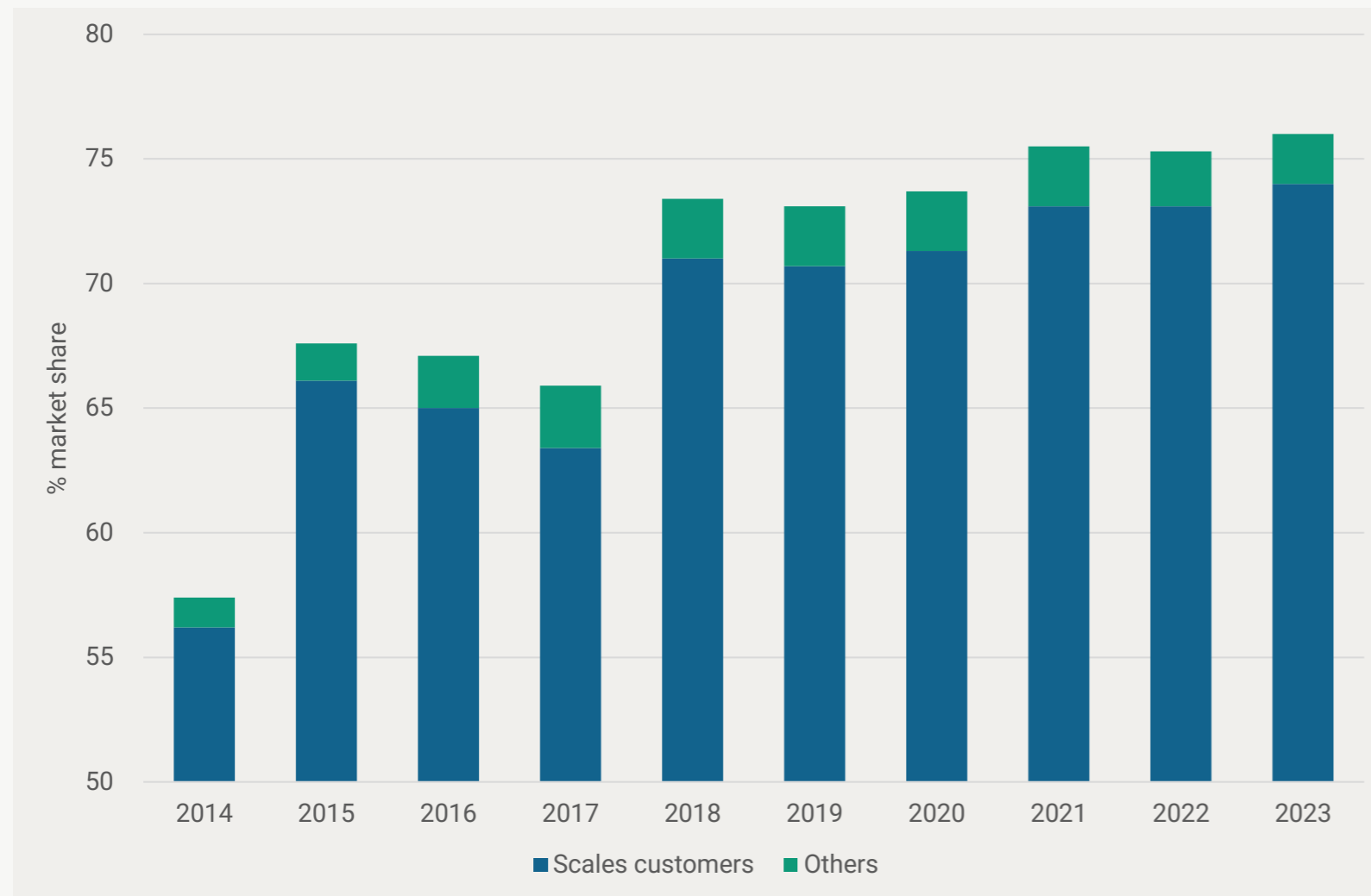


Market Participants

Our Customers are Large and Growing

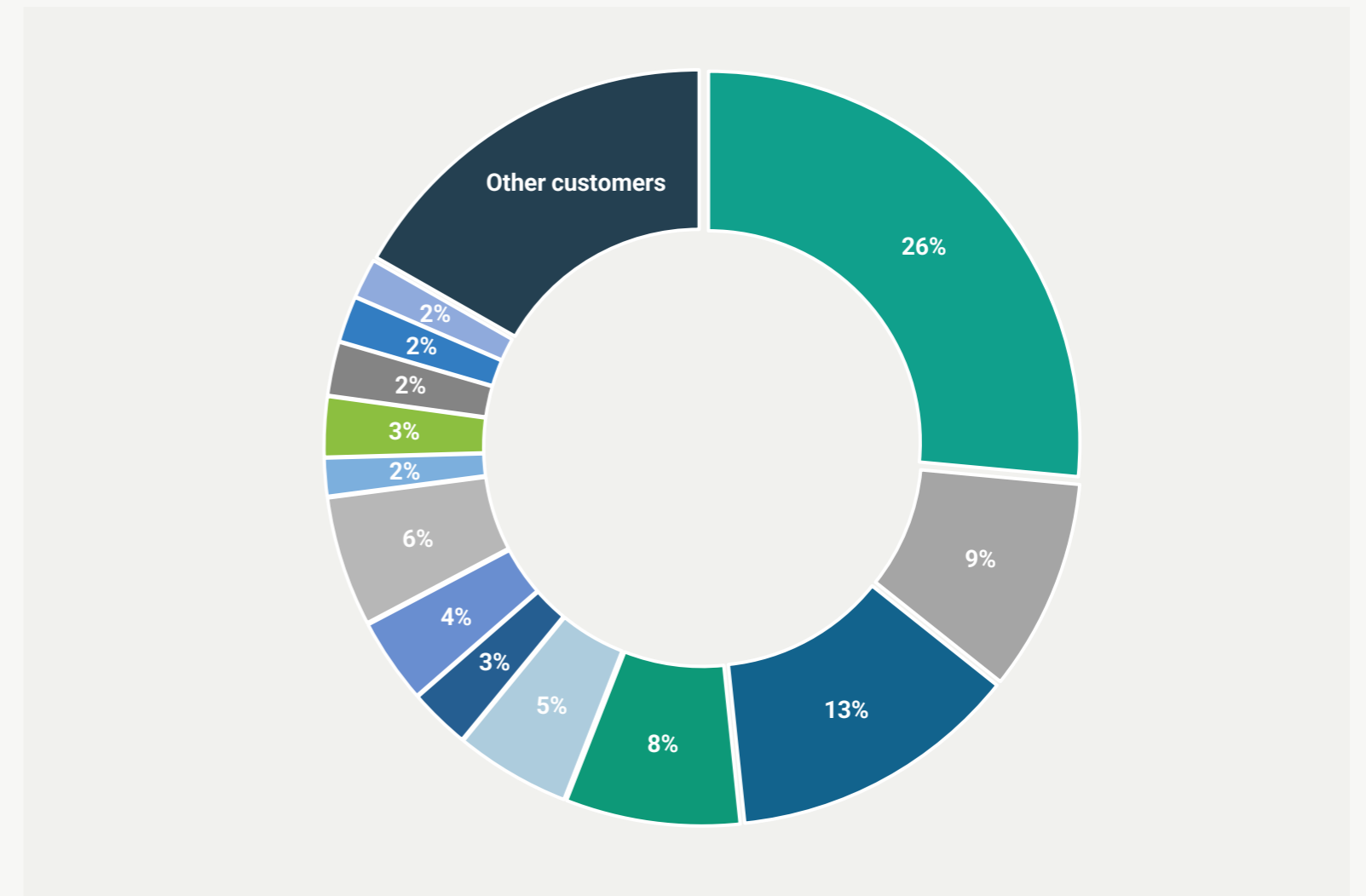
We supply 8 of the top 10 largest global petfood brand owner's – there is further opportunity to support their growth ambitions

MARKET SHARE OF THE 10 LARGEST GLOBAL PETFOOD BRAND OWNERS IN THE US⁸



Our customers continue to grow and over the past 10 years, have increased their combined market share from ~56% to ~74% in the US.

SCALES GLOBAL CUSTOMER SPREAD (BASED ON VOLUME)



Despite servicing some of the largest companies in the industry, we maintain a diversified customer mix

Note: Sources and references provided in Appendix

Scales Global Proteins Supplier Network

Our deep local partnerships and supplier relationships provide customer expansion opportunities



SUPPLIER DYNAMICS

- Highly concentrated among large abattoirs
- By-products are not their core business (focus is on Prime cuts)
- Their large scale requires efficient and reliable pick up of by-product
- Products largely sold domestically

OUR POSITIONING

- Optimal site location relative to suppliers and customers
- In-plant collection and cooling systems
- Network infrastructure and in-house trucking brokerage to manage strict logistics requirements
- Medium to long-term supply commitments in place
- Inter-generational relationships with suppliers (duration of 40 + years)



SUPPLIER DYNAMICS

- Large number of small to mid size abattoirs fragmented across the region
- Efficient network design is critical to manage by-product collection & customer supply
- Products largely sold within the region

OUR POSITIONING

- Intend to grow our network across multiple sites
- Our partners have in-plant collection systems
- Ability to take all product (edible and inedible)
- Leveraging our partner logistics and supply network capability
- Intergenerational supply relationships through our partners



SUPPLIER DYNAMICS

- Large abattoirs fragmented by geography and company
- Seasonal supply
- Proximity to suppliers is critical
- Predominantly export market therefore reliant on international networks and logistics

OUR POSITIONING

- Inter-generational relationships with suppliers
- In-plant collection and cooling systems with two key suppliers
- Ability to take all product (edible and inedible)
- Located close to abattoirs and ports to increase efficiency

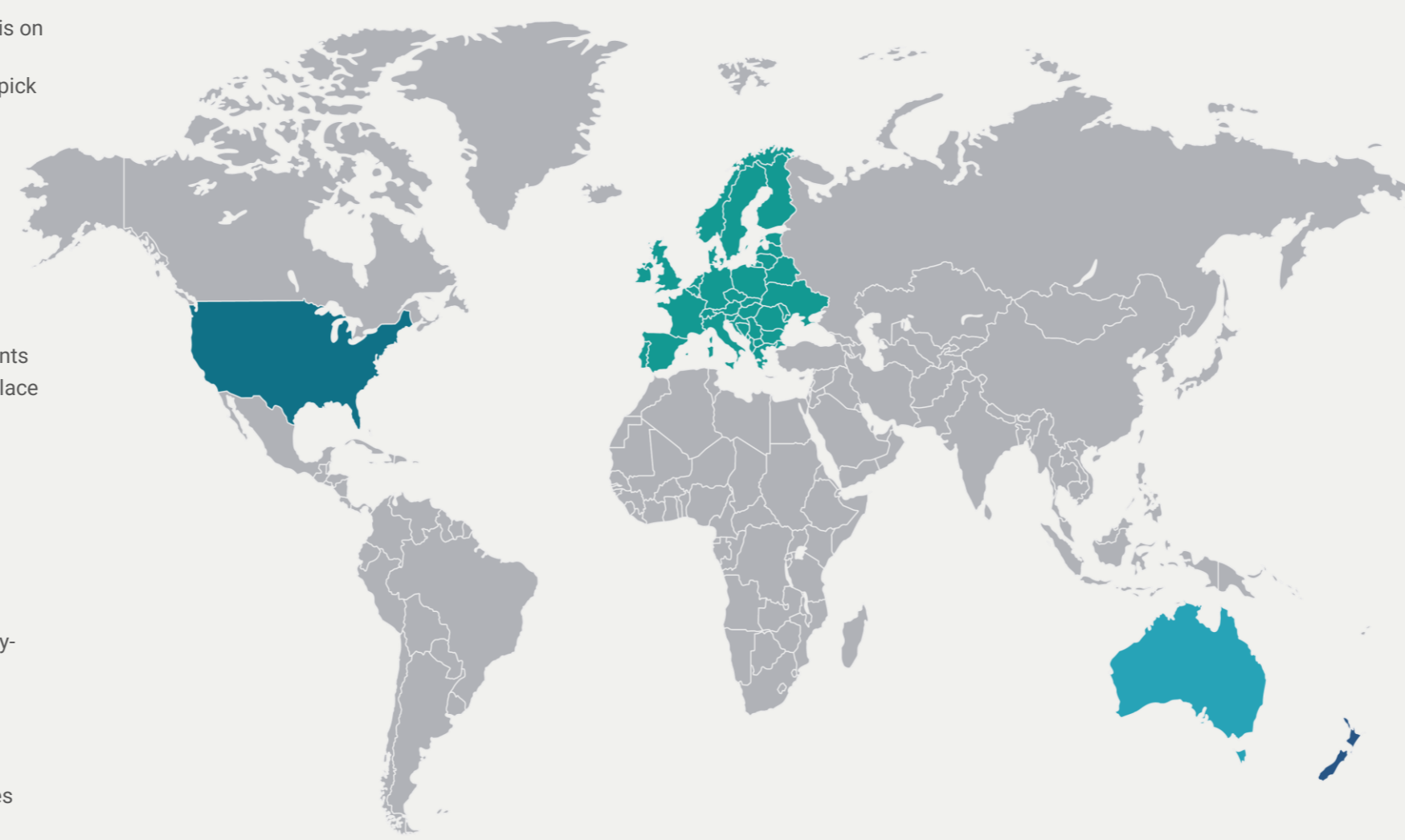


SUPPLIER DYNAMICS

- Abattoirs geographically spread across the country
- Seasonal supply of diverse species mix
- Proximity to suppliers is critical
- Domestic and export markets. Export reliant on international networks and logistics

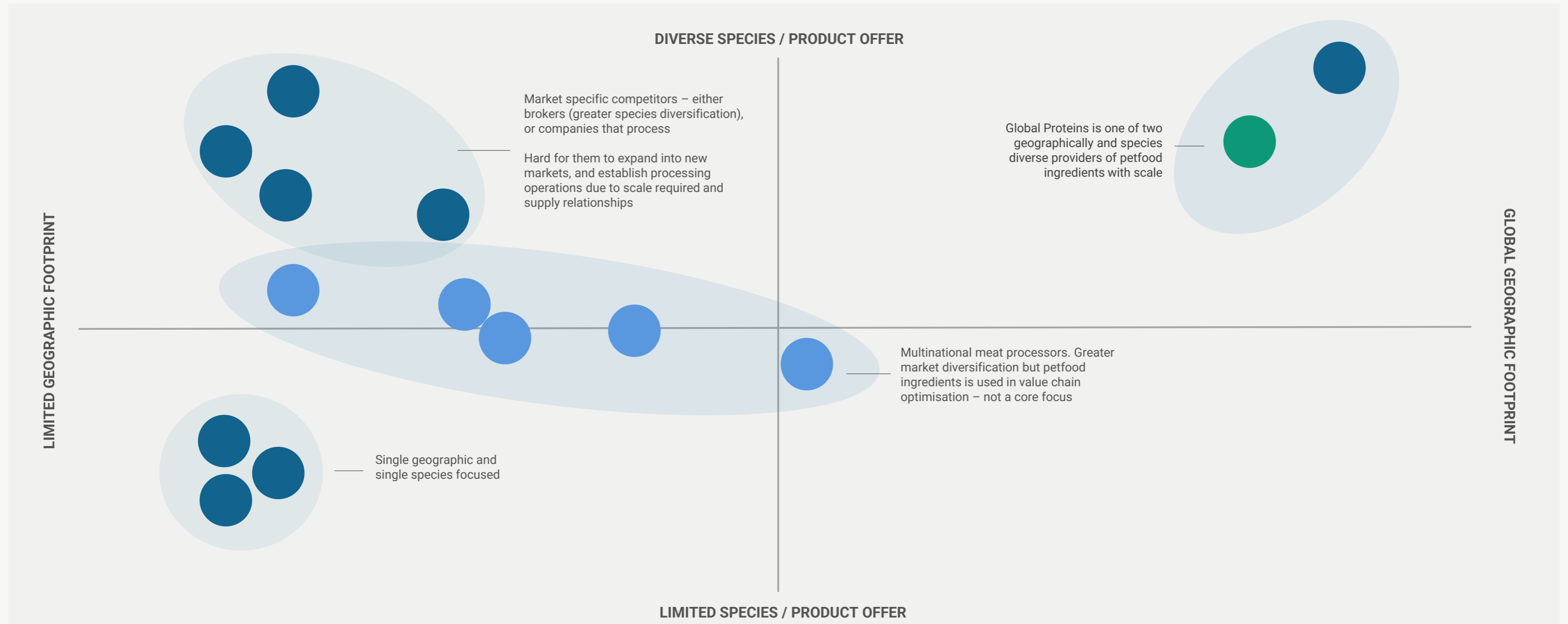
OUR POSITIONING

- Investment partnership with world's largest lamb processor
- Long-standing relationships with suppliers
- Extensive domestic network
- Strong relationships with international customers
- Providing reliable supply of high-demand species (e.g. lamb)

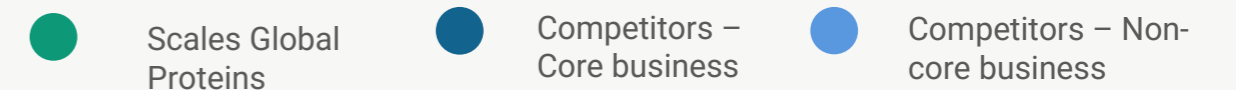


Scales Global Proteins Competitors

Scales are one of the only global providers of offal, MDM, slurries and blends across a range of diverse species



Source: Scales estimates



Our Strategy and Execution

Our Strategic Pillars

Critical factors in becoming a global integrated partner with both our customers and suppliers

GLOBAL SUPPLY AND LOGISTICS EXCELLENCE

- Network design to ensure supply chain excellence and on-time delivery even in the most challenging environments
- This includes, co-location and in-plant collection systems to secure raw material, and deliver efficiencies to our customer
- Building capability in new geographies that leverages our processing knowledge and operational excellence
- Sourcing globally to improve supply continuity for our customers

DEEPENING CUSTOMER RELATIONSHIPS

- Working with our customers to understand future growth, investment and supply requirements
- Integrated business planning, underpinned by new product development, and further co-locations



SPECIES AND PRODUCT DIVERSIFICATION

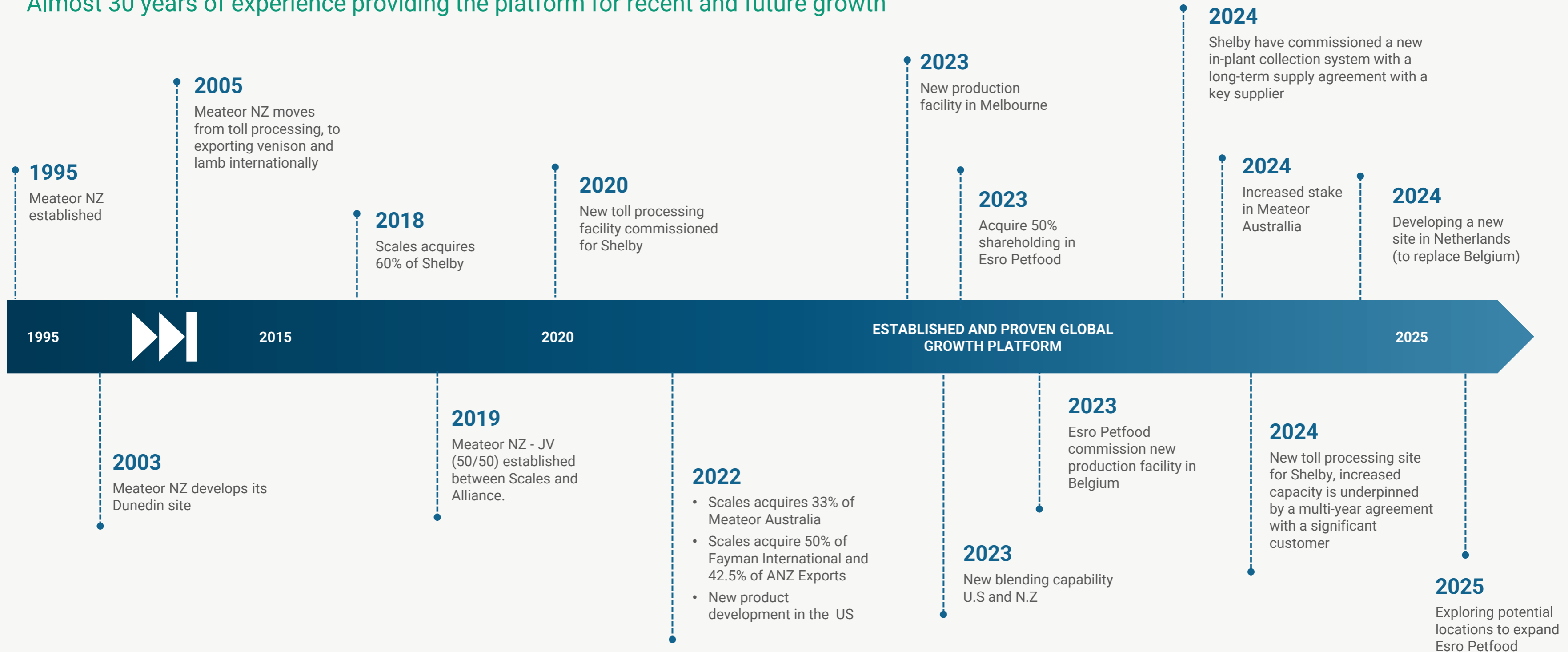
- Leverage supply relationships to aggregate product and simplify their supply chain
- Expand species offering to become a 'one stop shop' for our customers
- Expand product 'type' offering frozen, fresh, blends, powders to simplify the procurement process for our customers and facilitate consolidation of supplier accounts

VALUE-ADD THROUGH INNOVATION AND SUSTAINABILITY

- Aligning sustainability objectives and data management with our customers
- Consistent investment in innovation and technology to improve products and operations
- Explore niche product development to align to key customer trends, specifically around sustainability and functional health products

A Proven Track Record

Almost 30 years of experience providing the platform for recent and future growth

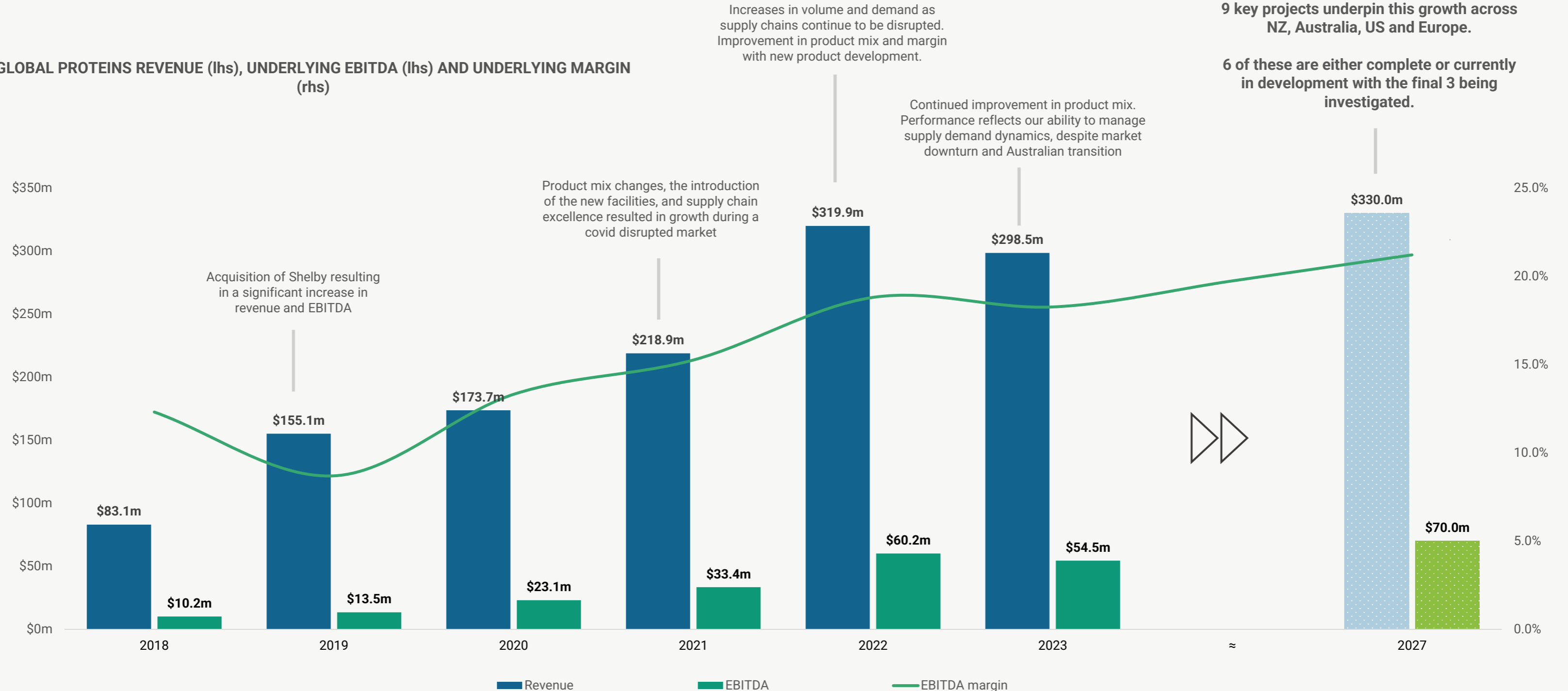


Financial Performance

Strong Growth – Global Proteins

Global Proteins FY23 target of \$25 mill EBITDA was achieved in FY21 – target has now been reset to \$70 mill in FY27

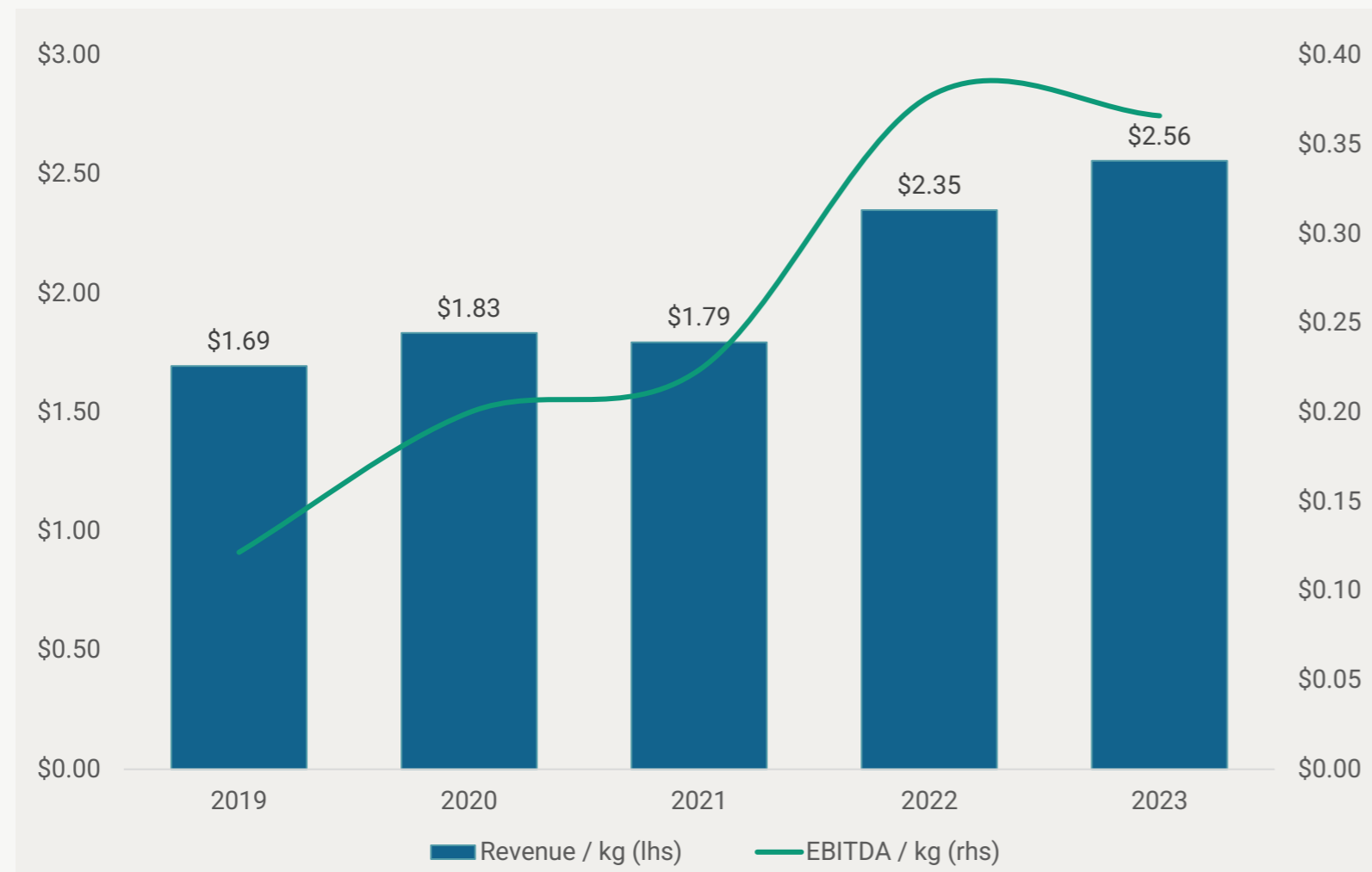
GLOBAL PROTEINS REVENUE (lhs), UNDERLYING EBITDA (lhs) AND UNDERLYING MARGIN (rhs)



Financial Performance – Petfood only

Strong unit economics for the Petfood businesses

PETFOOD REVENUE (LHS) AND EBITDA (RHS) (NZ\$ / KILOGRAM)



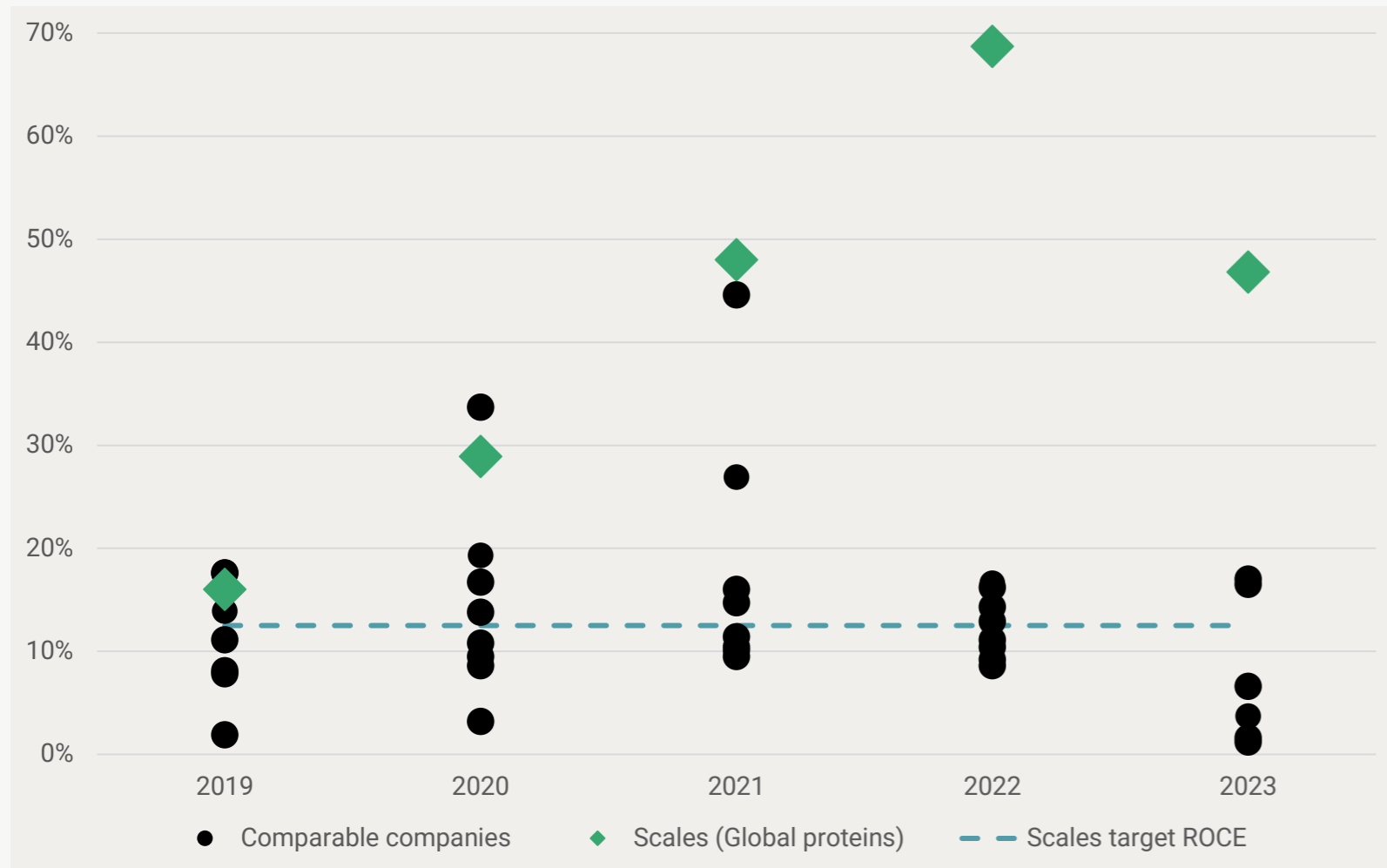
KEY PERFORMANCE DRIVERS

- Increased % processed vs traded product which drives greater margins
- Shift to higher volume, higher margin species
- Introduction of blending and new product development at key North American facilities, leading to increased yields and higher margins
- Leveraging our supply chain excellence and reliability during COVID to drive overall division growth
- Ability to manage supply / demand dynamics maintaining margin despite lower volumes
- Future margins will be impacted by business and product mix changes as our strategic initiatives come to maturity

Return on Capital Employed

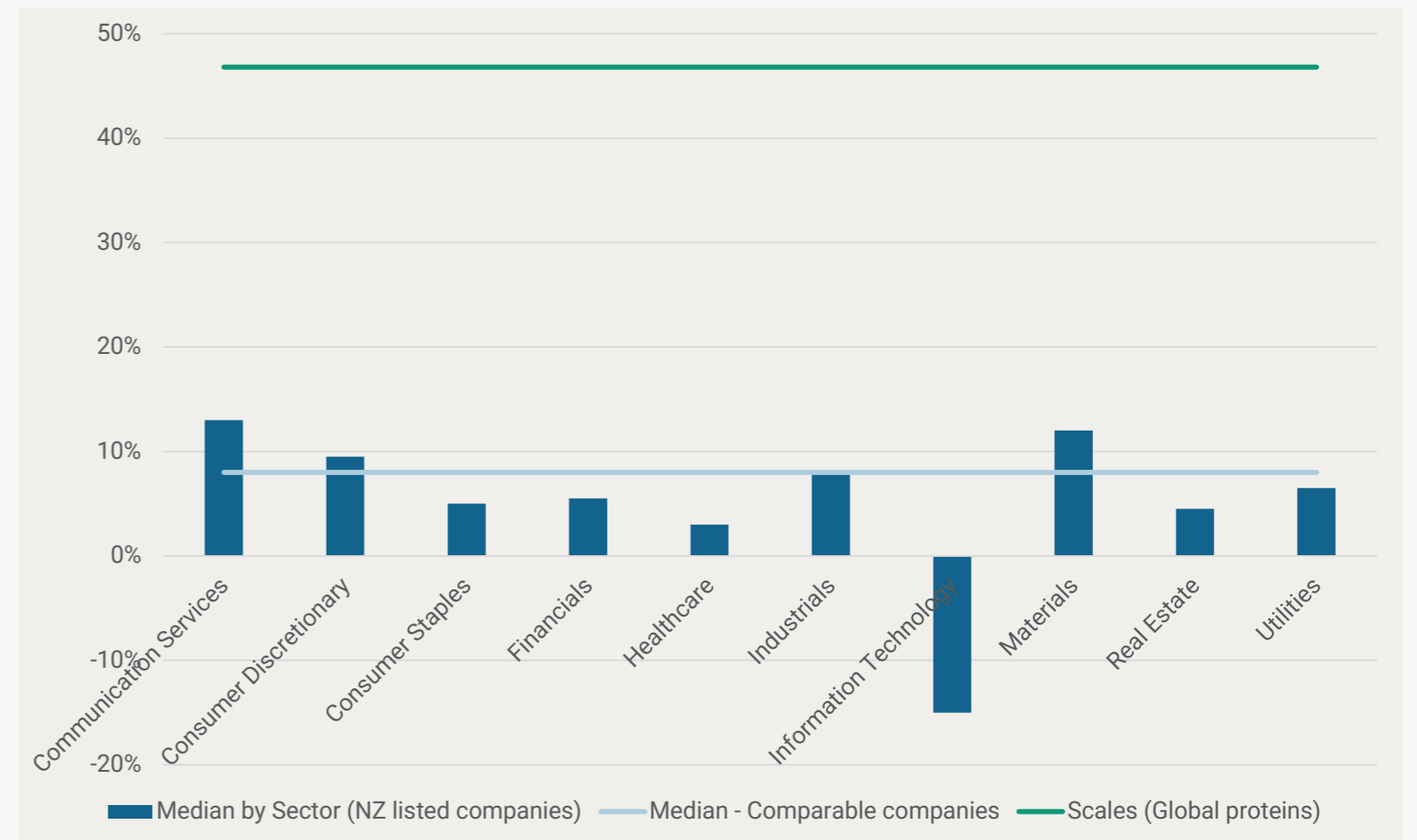
Above average returns on invested capital

GLOBAL PROTEINS ROCE VS COMPARABLE COMPANIES⁷



- Scales' goal is to generate a long-run average return on capital employed of 12.5% across the entire group
- Global Proteins continues to generate a ROCE that is well above the target – reaching 46.8% in 2023.

GLOBAL PROTEINS ROCE VS. COMPARABLE COMPANIES AND SECTOR MEDIAN (2023)⁷



- Comparable companies have a median ROCE of 12.5%
- Scales Global Proteins ROCE of 46.8% is significantly higher than comparable sectors in New Zealand

Note: Sources and references provided in Appendix

Outlook

Significant Embedded Growth Options

Short-to-medium term growth opportunities that build on our strategic pillars

GLOBAL SUPPLY AND LOGISTICS EXCELLENCE

- Upgrading our technology and systems to provide more transparency across our global supply chain. Starting roll out in 2024 with Meateor New Zealand
- Additional capacity, through a new toll processing site in the US. Will increase the US capacity by an initial 13,000 tonnes from 2025
- Commissioned an in-plant collection and cooling system, inside a key suppliers' facility in 2024. This provides raw material security, with a long-term supply agreement forming part of the deal
- Continued global expansion– developing a new site in the Netherlands to replace the Belgium facility. This will be located beside our partners edible plant, introducing additional supply chain efficiencies
- Investigating a second European site in 2025

DEEPENING CUSTOMER RELATIONSHIPS

- Simplifying our sales processes as we expand globally to manage key accounts while leveraging group inventory and sales opportunities. This has helped with the transition in Australia
- Have signed a long-term customer agreement, underpinning the increased capacity in the new toll processing site in the US
- Reliable delivery of initiatives across the other pillars will strengthen existing customer relationships and help to establish new supplier and customer relationships



SPECIES AND PRODUCT DIVERSIFICATION

- Increased salmon production through our Esro facility. Aiming to double salmon production in 2024
- In discussions on a long-term fish supply agreement in the US
- Investigating several options in poultry, including commodity and value add products
- Continue to develop new products through the NZ, EU and US plants, specifically fresh product and blends. Both the NZ and US blending lines are operational in 2024

VALUE-ADD THROUGH INNOVATION AND SUSTAINABILITY

- Actively exploring new material for niche products, including low carbon and regenerative ingredients. Trials are underway
- Emissions target setting 2025
- Continuing with our decarbonisation plans (see following slide)

Sustainability

We are committed to improvements across our network, to align with our customers' requirements



Scales Global Proteins Ambition

Recognised by global petfood brands as
the world's leading *natural proteins*
ingredient supplier

Global Proteins: Tipping the Scales

Our track record, strategy and aspirations to increase the shareholding in our joint ventures overtime provides a roadmap for growth



Our customers, supported by significant macro and industry trends, are growing strongly



Our Global Proteins division has the infrastructure, people and relationships in place to provide a foundation for growth



Our reputation and track record of supply chain excellence is resulting in more integrated customer opportunities



Our global footprint, supply security and diverse species offering is an asset that is difficult to replicate



Global Proteins agility and desire to invest in line with our customers' growth plans strengthens our position



A proven track-record of organic and inorganic growth, delivering compelling financial performance and return on capital

Appendix: References

References

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2. **Nestlé: Consumer Analyst Group of New York investor presentation (24 February 2023)**
<https://www.nestle.com/media/mediaeventscalendar/allevnts/cagny-conference-2023>
3. **Morgan Stanley: Why Pets Could be a Long-Tail Investment (7 April 2021)**
<https://www.morganstanley.com/ideas/us-pets-investing-trend>
4. **NASDAQ: The Pet Industry is a Recession-Resistant Category for Investors Seeking Long Term Gains – Here's Why (9 February 2023)**
<https://www.nasdaq.com/articles/the-pet-industry-is-a-recession-resistant-category-for-investors-seeking-long-term-gains>
5. **US Department of Agriculture: Rapid Growth for U.S. Pet Food Exports to China (18 July 2023)**
<https://fas.usda.gov/data/rapid-growth-us-pet-food-exports-china>
6. **Nestle Purina in Society Report**
<https://www.purina.eu/latest-news/articles/news-communities/purina-society-report-reveals-8-trends-will-shape-future>
7. **Source: S&P Capital IQ and Scales analysis**
Comparable companies include: Hormel Foods Corporation, JBS S.A., Marfrig Global Foods S.A., Nestlé S.A., Ridley Corporation Limited, The JM Smucker Company, Tyson Foods, Inc., Darling Ingredients Inc.
8. **Euromonitor data (2024 Pet Care publication)**