

NZX & Media Release

10 August 2023

SCALES CORPORATION ANNOUNCES INVESTMENT IN PETFOOD INGREDIENT BUSINESS IN EUROPE

Scales Corporation Limited (NZX:SCL) today announced it had finalised an agreement to expand its Global Proteins division through the subscription for a 50% shareholding in a newly established petfood ingredient processing operation, Esro Petfood BV. This joint venture will be based in Europe alongside Esro Food Group ('Esro'). Esro is a key player in Europe's animal by-product processing, with factories in The Netherlands, Belgium and Spain. Esro has the ambition to diversify its activities from solely edible products to include petfood ingredients. Esro is owned by the Netherlands based Rooijackers family, the Fayman family (who Scales invested alongside last year in their Australian business) and Rabobank Investment, the investment franchise of Rabobank. Scales is providing lending facilities for a combined €15 million to fund capital expenditure for two petfood ingredient processing plants in Europe. This investment will be funded initially from Scales' existing cash reserves. Scales and Esro have appointed Leon Coolen to be CEO of the joint venture. Mr Coolen has extensive experience in leading global food and petfood ingredients businesses. Scales will also have two directors on the board of the joint venture.

Managing Director Andy Borland says "We are very pleased to be partnering with Esro to expand our Global Proteins division into the European market. We are also very pleased to be expanding our relationship with the Fayman family and developing new relationships with the Rooijackers family and Rabobank Investment, both of whom have strong networks in Europe. We look forward to continuing to explore and uncover new market opportunities using our complementary knowledge and expertise."

"Esro is an established and respected business with a long history of processing and selling edible by-products. We are excited to be able to combine Esro's existing processing and procurement strength with Scales' specialist knowledge of the petfood industry to be able to offer our petfood customers a truly global solution for their ingredient procurement requirements."

"Esro Petfood BV will be headquartered in The Netherlands. Its first plant will be based in Belgium, where an existing processing facility that was previously used by Esro for edible by-product processing, is being converted to a dedicated petfood ingredient plant. Construction of the new plant

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is underway and we expect the site to be operational in the last quarter of 2023. The joint venture is also considering options for a second site, but a final decision on this is unlikely prior to 2024.”

“These new European petfood ingredient plants complement the existing petfood ingredients businesses Scales and our shareholding partners operate in the USA, NZ and Australia.”

Esro CEO Joris Rooijackers said “we are delighted to have a strong partner like Scales, who has extensive experience and a strong reputation in the petfood market. Now that we have joined forces, we are convinced that this business can make a strong contribution to our operating result in the future”.

Mike Petersen, Chair of Scales Corporation said “this investment continues to demonstrate our commitment to Global Proteins, both in terms of expanding our geographical reach as well as the range of products that we are able to supply.”

“This investment is unlikely to have any impact on earnings until the plant has completed the necessary approvals and is operating seamlessly at full capacity. Accordingly, the Board does not anticipate a positive impact on earnings until part way through the 2024 financial year.”

Contact

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About Scales Corporation

Scales Corporation is a diversified agribusiness group. It currently comprises three operating divisions: Global Proteins, Horticulture and Logistics. The company’s diverse spread of activities gives Scales broad exposure to the agribusiness sector. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it has operations across New Zealand, Australia and the United States. Find out more at www.scalescorporation.co.nz.