

NZX & Media Release

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SCALES CORPORATION ANNOUNCES INVESTMENT IN PETFOOD AND EDIBLE PROTEINS BUSINESSES IN AUSTRALIA

Scales Corporation Limited (NZX:SCL) today announced the entry into two agreements to expand its Global Proteins division in Australia. The agreements are:

- The subscription for a 33% interest in a newly established petfood processing operation to be based in Melbourne. Scales will be partnering with two recognised industry participants who bring extensive supply relationships
- Concurrently, Scales has entered into an agreement to purchase 50% of the Australian operations of Fayman International, including a 42.5% interest in ANZ Exports (collectively Fayman International and ANZ Exports are referred to hereinafter as “Fayman International”)

The combined initial investment from Scales is estimated at A\$27 million, to be funded from Scales’ existing cash reserves.

Managing Director Andy Borland says: “the investments announced today demonstrate Scales 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.”

“As demand for proteins increases, access to global supply and key growth markets becomes increasingly important. Australia’s product mix, growth, and proximity to Asia make it a strategically important supply base for both our petfood customers and edible by-products markets. The partnership that we have entered into significantly strengthens our diversity of proteins and our supplier base. The investment also unlocks potential synergies in our sea-freight logistics activities.”

“We are very pleased to be able to invest in a bricks-and-mortar processing facility in Australia. The facility shall be focused on the production of petfood ingredients from inedible meat by-products, similar to the ingredient processing operations currently operating in New Zealand and the USA. The business, to be known as “Meateor Australia Pty Ltd” is investing in state-of-the-art equipment to develop a high-quality processing facility. The facility is expected to be operational in Q1 2023 and will scale up to full production later in the same year. Our partners include the Fayman family, who bring extensive supply relationships to the operation.”

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“Fayman International has been successfully developed and grown over the past 40 years and has strong relationships with suppliers and customers.”

Marvin Fayman, Chairman of Fayman International says: “the Fayman family believes Scales is an ideal partner to help Fayman International continue to grow and to provide improved solutions to our supplier partners, for both their edible and inedible meat by-products. We are excited to partner with the Meateor and Scales team and look forward to leveraging the opportunities available to both businesses.”

Scales’ directors note that the investments are unlikely to have a material effect on earnings for FY22 and also note the possibility for some disruption to earnings whilst the investments are integrated and ahead of Meateor Australia becoming fully operational.

Contact

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About Scales Corporation

Scales Corporation is a diversified agribusiness group. It 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