

NZX Release

16 July 2024

## **SALE OF APPLE ORCHARDS**

Scales Corporation Limited (NZX:SCL) today announced that it has entered into an agreement to sell two apple orchards, owned by subsidiary Mr Apple New Zealand Limited (*Mr Apple*), to a fund managed by Craigmores Sustainables (*Craigmores*) for a combined acquisition price of \$34 million. The orchards sold are Te Papa and Blyth and the total planted orchard area of both properties is 186 hectares. The transaction is subject to approval by the Overseas Investment Office.

As part of the transaction, applicable fruit from both orchards will be supplied to Mr Apple for packing, storage and marketing under a long-term agreement. In addition, to assist with orchard transition, Blyth orchard will be leased back to Mr Apple until the end of the 2027 season and Mr Apple will provide short-term management services for the Te Papa orchard.

Managing Director Andy Borland comments “we have worked closely with Craigmores for a number of years and are pleased to be able to further develop our partnership with them. Craigmores and Scales are strongly aligned in our shared vision to see the New Zealand horticulture industry and the wider community thrive through continued investment and growth”.

The sale of the orchards is expected to result in a decrease in Mr Apple’s pre IFRS16 Underlying EBITDA of \$4 million across the medium-term. Scales notes that when combined with the impact of the Bostock transaction, as announced on 16 May 2024 (which was expected to increase Scales’ pre IFRS16 Underlying EBITDA by \$10-\$12 million) there will be a net impact across the two transactions of a medium-term increase in pre IFRS16 Underlying EBITDA of \$6-\$8 million.

### ***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 Scales. Today it has operations across New Zealand, Australia, United States and Europe. Find out more at [www.scalescorporation.co.nz](http://www.scalescorporation.co.nz)