

NZX Release

16 April 2025

SCALES INCREASES INVESTMENT IN SHELBY FOODS

Scales Corporation Limited (NZX:SCL) today announced it has acquired a further 7.5% holding in subsidiary Shelby JV LLC (**Shelby**) for USD 24.4 million.

Scales Corporation's Managing Director, Andy Borland says "We are delighted to lift our investment in Shelby. Since the time of our initial investment in the business in 2018 we have been looking for an opportunity to increase our holding."

"Shelby's performance has been fundamental to Scales' success in recent years, with earnings growth since our initial investment materially exceeding expectations. We are excited by the platform that exists for further expansion through the various initiatives that have been put in place."

"We are also pleased to be able to recognise our joint venture partner, Brett Frankel, for his contribution to this success, and we are aligned in our commitment and motivation to take this business into its next phase. That phase includes refreshed commitments to the business by Shelby's founder, including to long-term succession planning within the management team"

The valuation and corresponding purchase price reflects:

- The strong historical and forecast earnings growth
- The improved structure of the business, which includes longer term contracts across its supply network and processing arrangements
- A more diversified and robust customer base, which we are leveraging across our global business
- The strategic importance of this business in realising our global single brand strategy
- The positive underlying macro trends for natural protein petfood ingredients businesses, as evidenced by recent M&A transactions

Scales Corporation Chair, Mike Petersen commented "This investment is very positive for Scales and aligns with our stated aspiration of increasing our share in the Global Proteins division's joint ventures over time. It is very pleasing to be able to increase our presence in the US petfood ingredient market, particularly at this time. Shelby's sales are almost exclusively to US customers and raw material supply is domestically sourced."



The transaction will be funded via USD term debt raised from Scales' current bank partners, with post-settlement gearing remaining at low levels. Settlement is on 16 April, with the earnings impact of the transaction applied to the full FY2025 year.

As a result of the investment, directors advise an increase in FY2025 earnings guidance for Underlying Net Profit after Tax Attributable to Shareholders, to between \$37 million and \$42 million. Guidance for FY2025 Underlying Net Profit after Tax reduces to between \$51.5 million and \$58.5 million, whilst Underlying EBITDA guidance remains unchanged.

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