

SCALES CORPORATION LIMITED

Bringing Nutrition to the World

2024 Annual Shareholders' Meeting

5 June 2024



Agenda

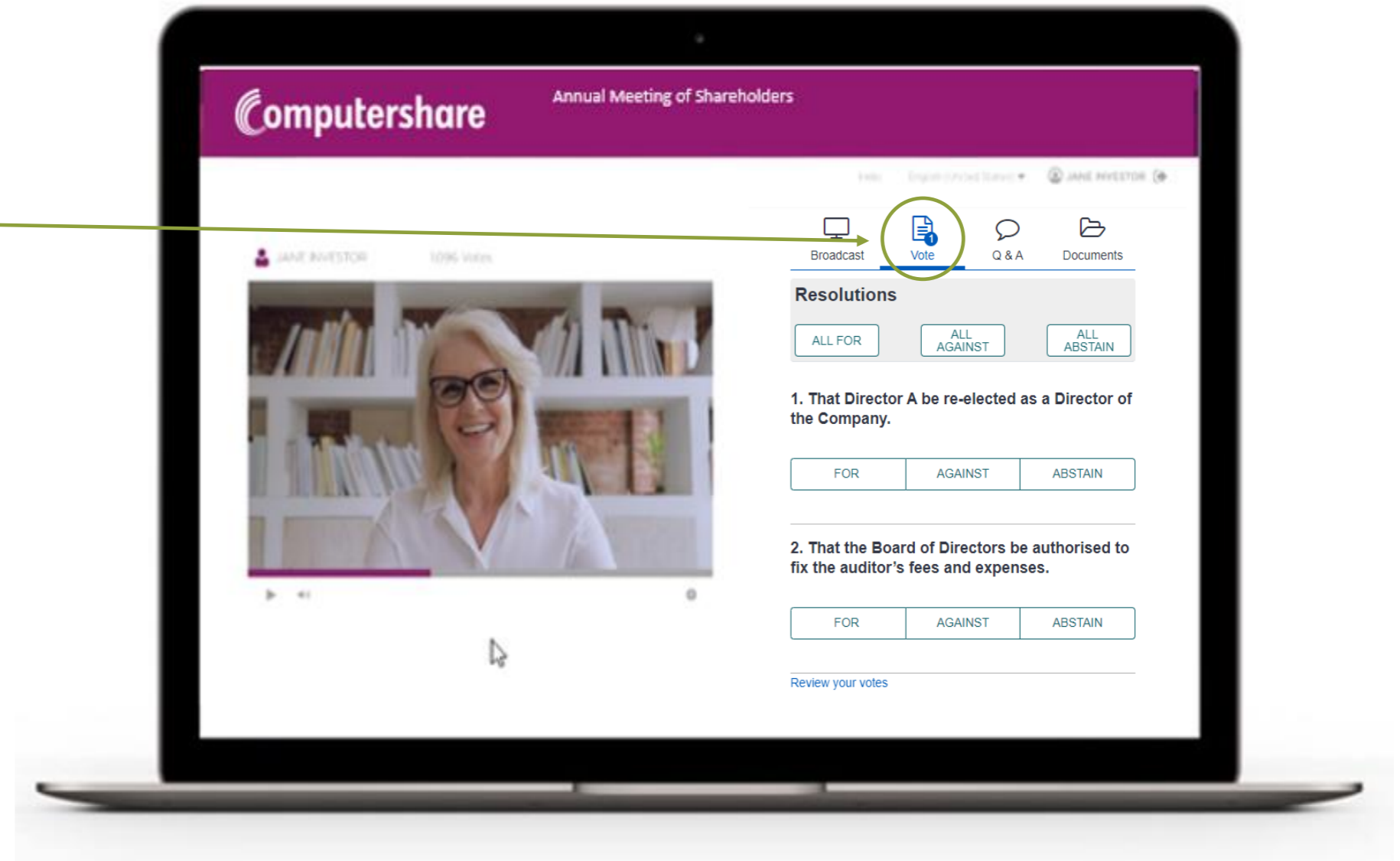
1. Welcome and Chair's Review
2. Managing Director's Review
 - a) Review of 2023
 - b) Climate-Related Disclosures
 - c) Business Update
 - Transaction with Bostock Group
 - Analysis of Global Proteins
 - d) Outlook
3. Ordinary Resolutions
4. Voting and Questions



How to Participate in Virtual/Hybrid Meetings - Voting

Shareholder and proxyholder voting

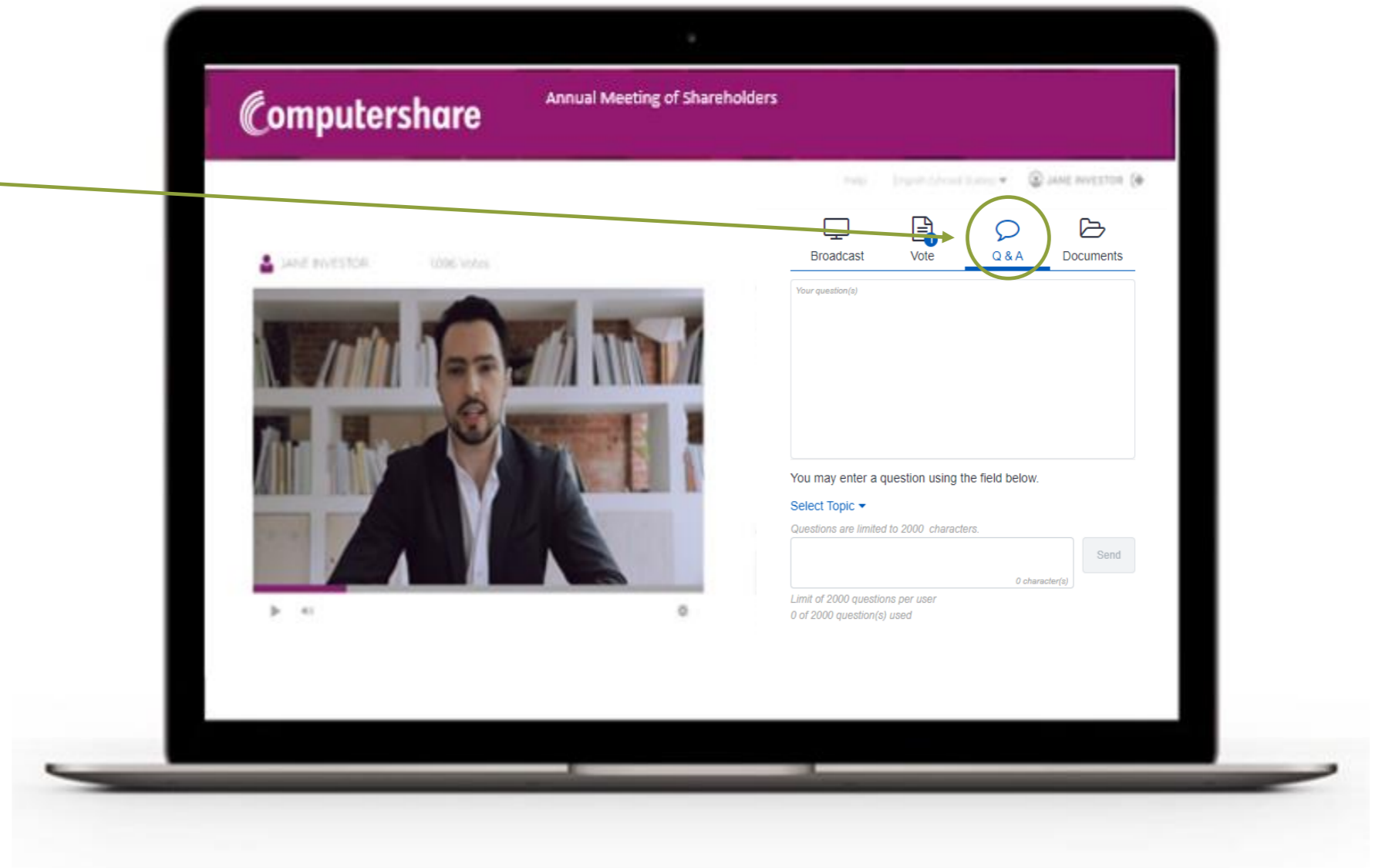
- Once the voting has been opened, the resolutions and voting options will allow voting
- To vote, simply click on the 'Vote' tab, and select your voting direction from the options shown on the screen
- You can vote for all resolutions at once or by each resolution
- Your vote has been cast when the green tick appears
- To change your vote, select 'Change Your Vote'



How to Participate in Virtual/Hybrid Meetings - Q&A

Shareholder and proxyholder Q&A participation

- Written Questions:
 - Questions may be submitted ahead of the meeting
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1. Welcome and Chair's Review



Welcome and Chair's Review

- Delighted to welcome all shareholders and stakeholders to the meeting, both in person and online
- Delivered a commendable performance in 2023 in a testing year:
 - Employees, and their health and safety, continue to be our main concern, with several people initiatives implemented in 2023
 - Underlying result at the top end of FY23 Guidance range, dividends of 8.5 cents per share declared for FY23
 - Performance benefited from diversified strategy:
 - ✓ Strong performance by Global Proteins, reflecting the ability of the division to execute its strategy and adjust to market conditions
 - ✓ Admirable Horticulture result following the effects of Cyclone Gabrielle
 - ✓ Solid result from Logistics despite the impact of lower volumes and geopolitical tensions in key trade routes
- Very pleased to recently announce the acquisition of selected orchard assets and the remaining 50% of Profruit from Bostock Group:
 - Excited for the opportunities that this presents
 - Solidifies and accelerates our strategy to focus on the sale of Premium varieties to Asia and the Middle East markets
 - Extremely happy to have Profruit as a wholly-owned subsidiary in the Scales Group
- Increase in our Meateor Australia shareholding

Our People

~600
permanent staff members

39
operational sites*

47 years
longest serving employee

36%
permanent female staff
Scales-wide

>1,200
RSE workers

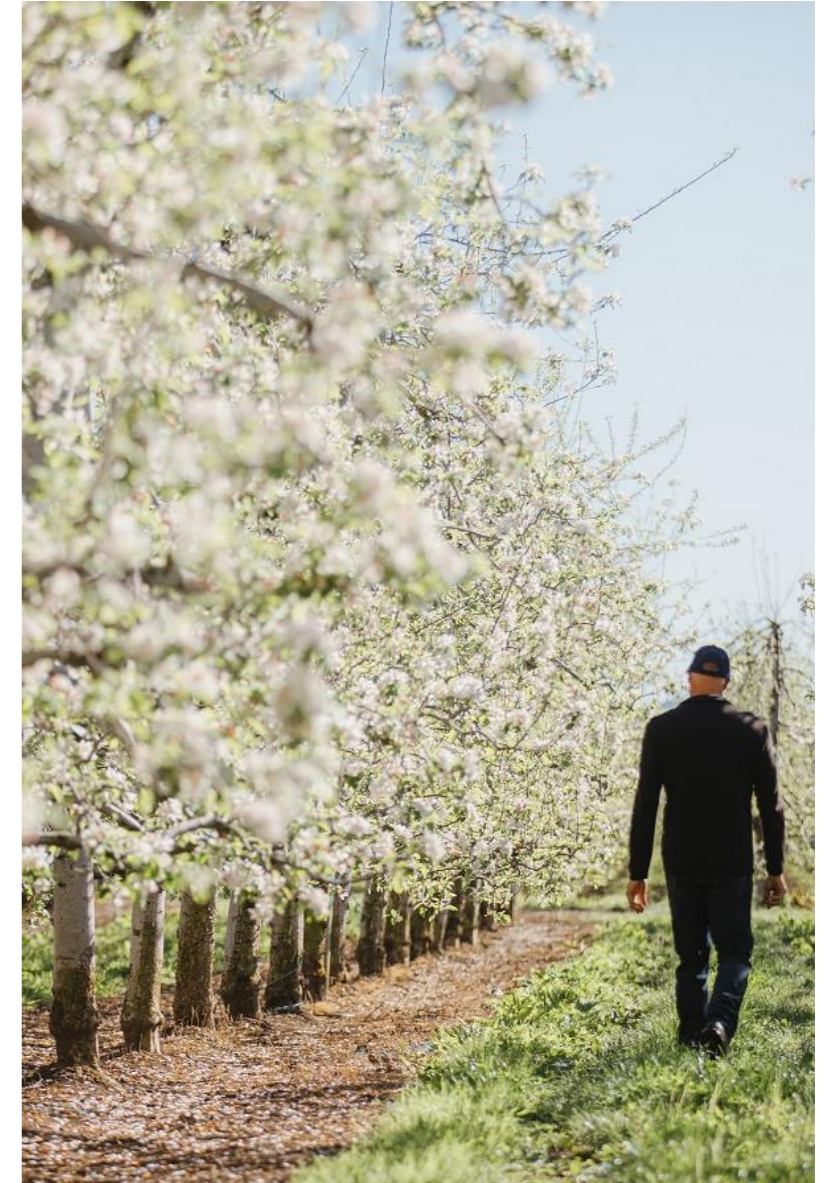
43%
female senior leadership /
management staff

* Owned or leased

Our Teams

Focussed on the development of skilled teams in all of our Group businesses

- Our people are a significant asset:
 - Very pleased to welcome the Esro team to the Group in August 2023
 - Seeking to expand our Global Proteins teams, including in our joint venture businesses, to support their growth
 - Looking forward to fully integrating the Profruit team and welcoming the team members that will join us through the Bostock transaction
- Excited by the talent development across the Group, with some exceptional emerging leaders who are leveraging the deep experience we have across our divisions
- A big thank you to all Scales staff for their continued effort, hard work and dedication



Governance

Completed our Board refreshment and succession programme

- Tony Batterton appointed as Independent Non-Executive Director:
 - Effective 22 August 2023
 - Tony brings extensive private equity, investment banking and governance experience
- Pleased to announce the appointment of Nadine Tunley as Chief Risk Officer of Scales:
 - Newly created position to focus on health and safety, sustainability and compliance
 - Nadine will retire from the Board on 31 August 2024
 - No intention at this stage to seek a replacement
- Also pleased to announce our continued support of the Institute of Directors Future Directors programme, welcoming Emma Wheeler as our sixth Future Director





2. Managing Director's Review

Managing Director's Review - Agenda

- a) Review of 2023
- b) Climate-Related Disclosures
- c) Business Update
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4590

12/21/23
4932

a. Review of 2023

2023 in Numbers

\$565.4m
revenue
(2022: \$619.2m)



\$12.0m
net cash
(2022: \$27.0m)

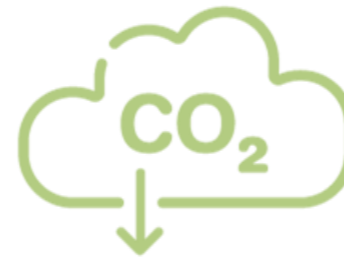


10.8%
ROCE
(2022: 13.5%)



8.5 cents
dividends declared
per share
(2022: 19.0 cents)

First
Climate-Related
Disclosures report
prepared



First
Sustainability Policy and
Emissions Inventory
Policy developed



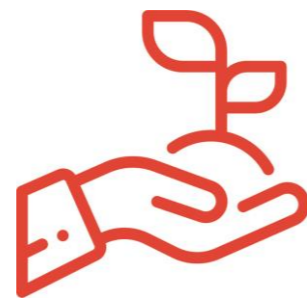
137,477 MT
petfood ingredients sold*
(2022: 158,595 MT)



26,010 TEUs
of ocean freight managed
(2022: 27,580 TEUs)



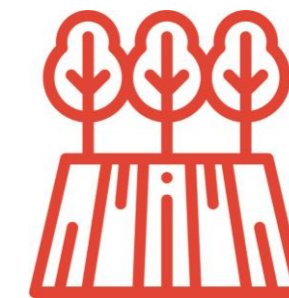
3,920,000
TCEs of apples exported**
(2022: 4,580,000)



5.8m litres
of juice sold
(2022: 5.7m litres)



2,733,000
TCEs of own-grown
apples exported
(2022: 3,324,000)



* Includes 100% of volumes from relevant businesses, i.e. total volumes controlled directly and indirectly by Global Proteins, but excludes volumes sold by Meateor Australia and Esro Petfood

** Mr Apple, outside growers and Fern Ridge Fresh

Our Staff

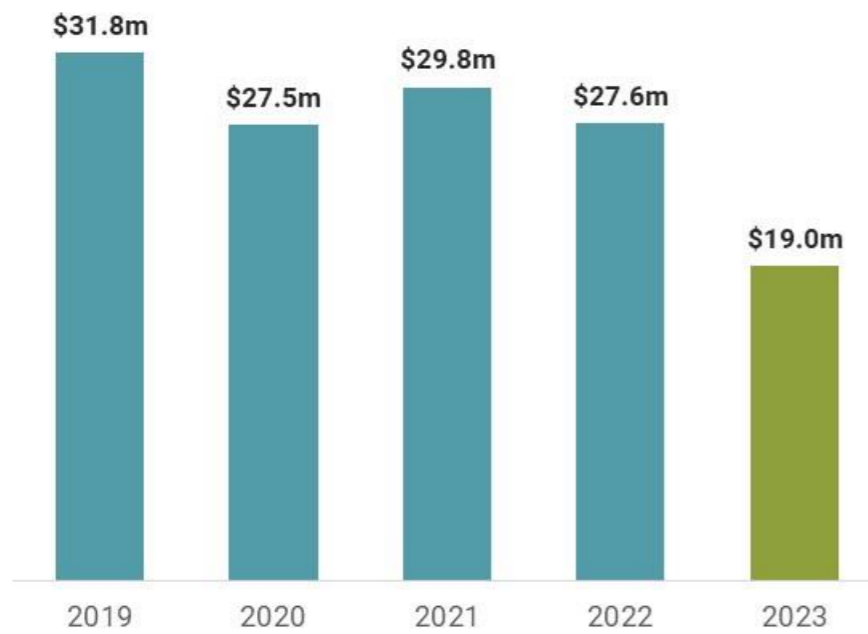
Our staff are the standout performers of Scales

- Indebted to our team for the hard work and dedication following the cyclone event:
 - A larger than predicted recovery effort following Cyclone Gabrielle required extensive orchard remediation
 - Accordingly, our primary focus was on supporting our people and community with tailored assistance, wellbeing initiatives, medical checks and practical support
- Health, safety and wellbeing is one of our top priorities and continues to be a focus for our everyday operations:
 - Mr Apple shifted to a Health, Safety and Wellbeing Partnership model, meaning more on-site support, proactive action and a reduction in its Lost Time Injury (LTI) rate of 43% since 2022
 - Supported by the ongoing use of an in-house Injury Management Specialist (physiotherapist) to work with on-orchard and post-harvest teams on injury prevention and recovery
- Continue to partner with Pacific Island governments to develop RSE recruitment plans that meet the goals of both their respective communities and Mr Apple

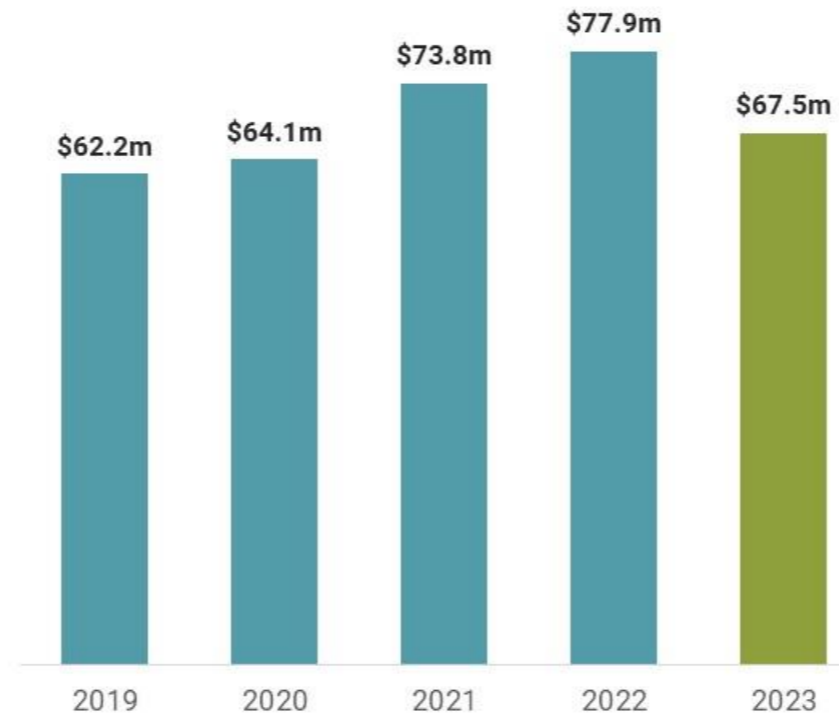


Trends in Group Financial Performance

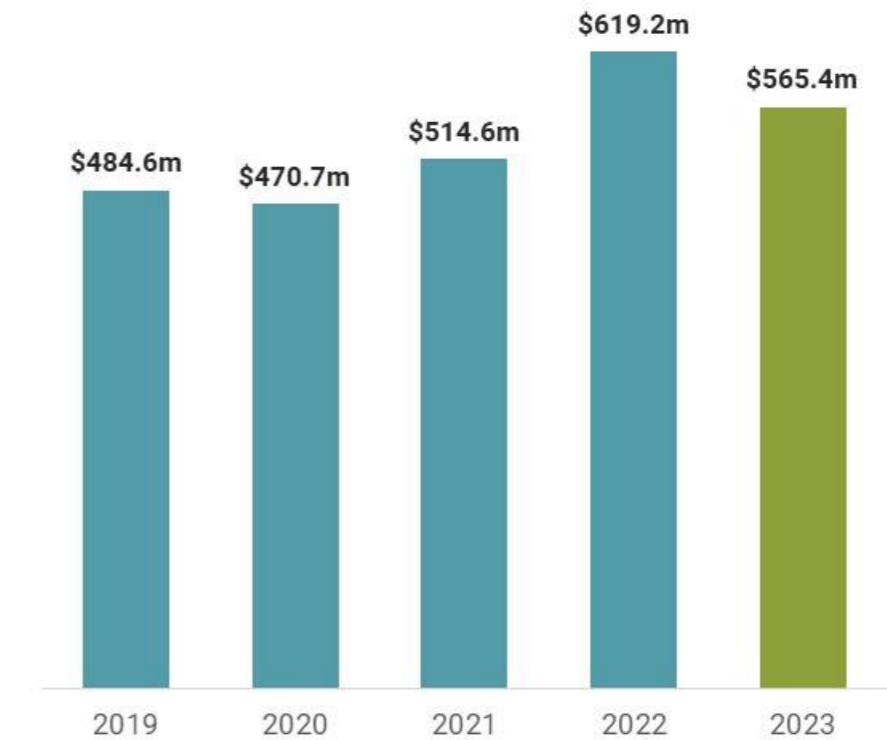
Underlying NPAT
Attributable to Shareholders



Underlying EBITDA



Revenue



Group Financial Performance

Positive results in a testing year

- Reported NPAT Attributable to Shareholders of \$5.2m, down 73% (2022: \$19.4m):
 - The impact of Cyclone Gabrielle and market conditions resulted in goodwill impairment and asset write-downs at Mr Apple (post-tax earnings impact of \$10.9m)
- Underlying NPAT Attributable to Shareholders of \$19.0m, down 31% (2022: \$27.6m)
- Underlying NPAT of \$38.4m, down 17% (2022: \$46.4m)
- Underlying EBITDA of \$67.5m, down 13% (2022: \$77.9m)
- Revenue of \$565.4m, down 9% (2022: \$619.2m)

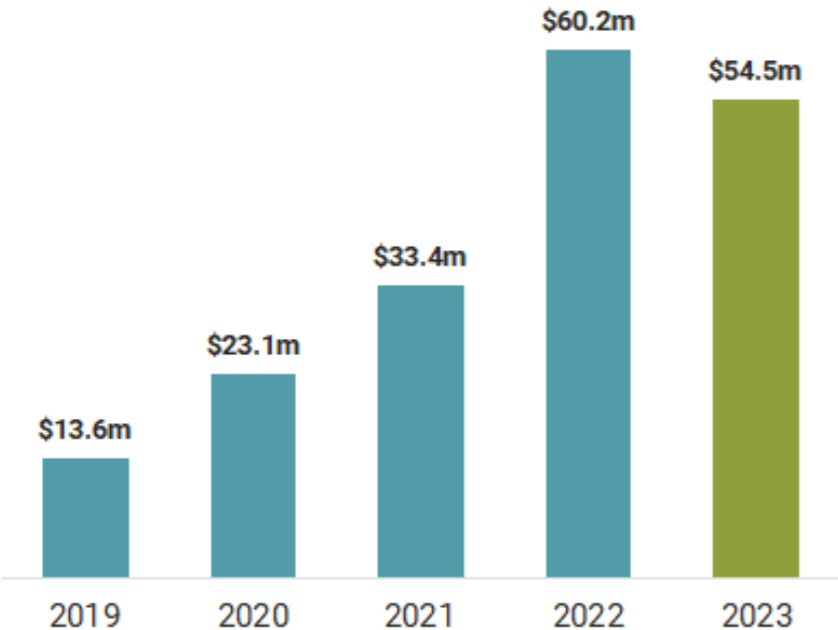
Income Statement												
\$m	NPAT Attributable to Shareholders			NPAT			EBITDA			Revenue		
	2023	2022	% chg. ¹	2023	2022	% chg. ¹	2023	2022	% chg. ¹	2023	2022	% chg. ¹
Underlying (excluding NZ IFRS 16)	19.2	28.1	-32%	38.6	46.9	-18%	55.9	66.6	-16%	565.4	619.2	-9%
NZ IFRS 16 Leases	(0.1)	(1.9)		(0.1)	(1.9)		11.7	9.4		-	-	
NZ IFRS 16 Leases - renewal reassessment ²	(0.1)	1.4		(0.1)	1.4		(0.2)	2.0		-	-	
Underlying (including NZ IFRS 16)	19.0	27.6	-31%	38.4	46.4	-17%	67.5	77.9	-13%	565.4	619.2	-9%
NZ IFRS & other adjustments:												
Impairment of non-current assets and goodwill	(10.9)	(2.7)		(10.9)	(2.7)		(11.9)	(3.7)		-	-	
Other NZ IFRS adjustments ³	(2.8)	(5.5)		(2.8)	(5.5)		(2.0)	(5.6)		-	-	
Reported⁴	5.2	19.4	-73%	24.7	38.2	-35%	53.7	68.5	-22%	565.4	619.2	-9%

Notes:

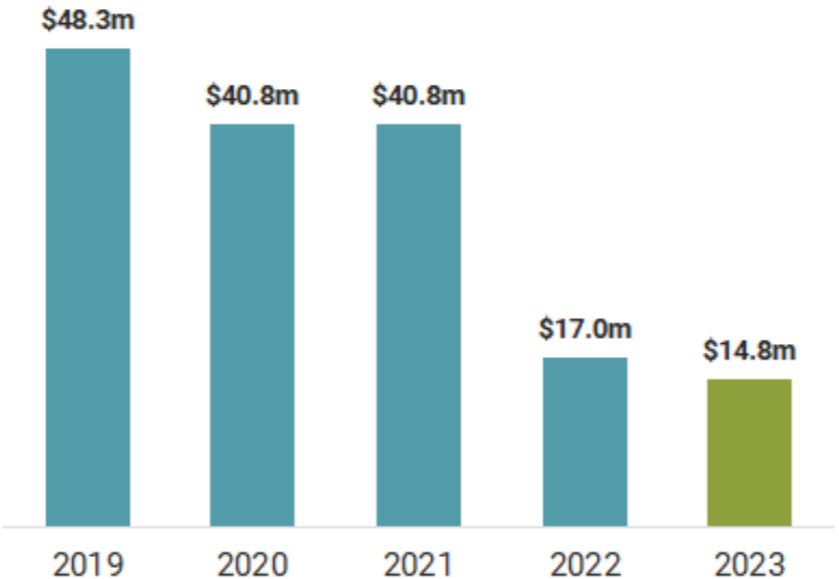
1. %'s are calculated based on non-rounded figures, figures may not sum due to rounding
2. Reflects a reset to the NZ IFRS 16 Leases calculation for Mr Apple
3. Includes a change in the gross liability on put options of \$4.1m in 2023 (2022: \$4.2m)
4. A full reconciliation between Underlying and Reported earnings is provided in Appendix A

Trends in Divisional Underlying EBITDA

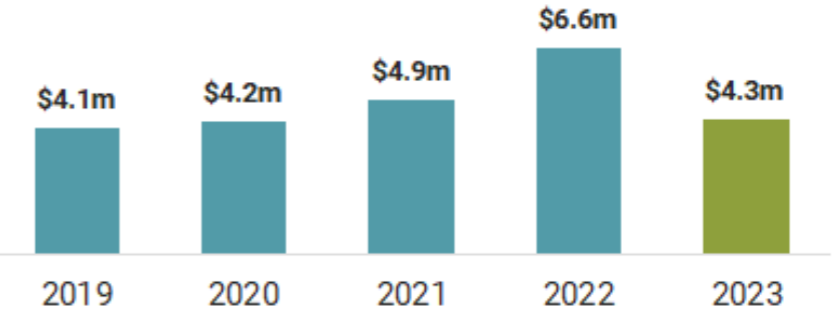
Global Proteins



Horticulture



Logistics

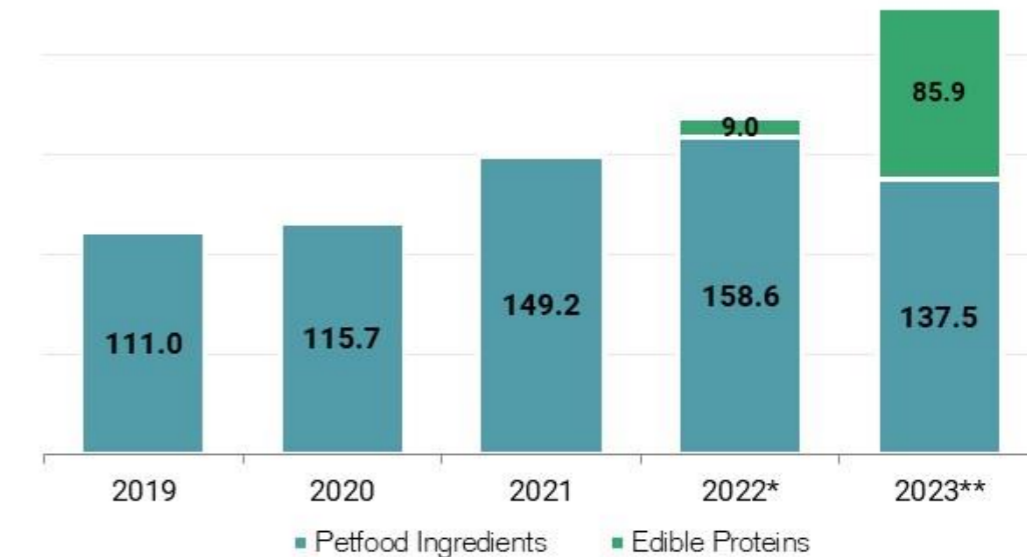


Global Proteins – Performance

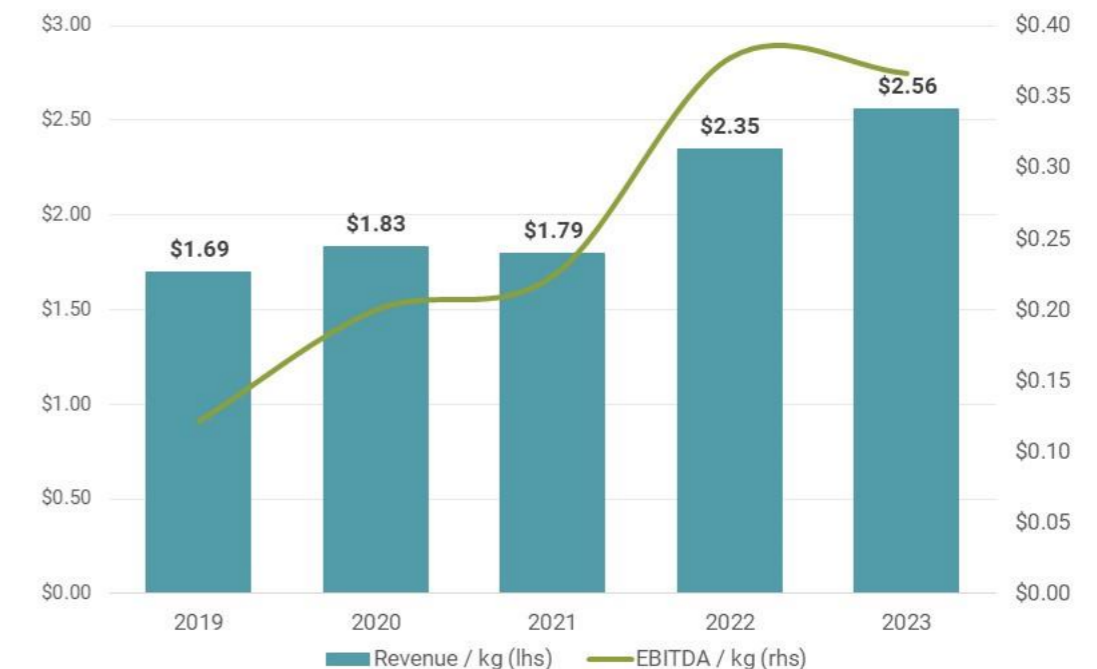
Solid results during post-COVID inventory rebalancing

- Decrease in petfood ingredients volumes, revenue and Underlying EBITDA reflects:
 - Petfood ingredient customers returning to lower, pre-COVID, inventory levels resulting in lower volumes sold
 - Transition of Australian business and start-up phase of Esro Petfood
- Pleasing performance from Fayman, complementing our petfood ingredients operations
- Pleased to note that the FY23 profit margins were in line with FY22
- Revenue and EBITDA per KG sold have been improving over time with our strategic initiatives

Global Proteins - Volumes Sold (MT 000s)



Petfood Ingredients - Revenue and Underlying EBITDA / KG



* 2022 edible protein volumes are for a 2 month period

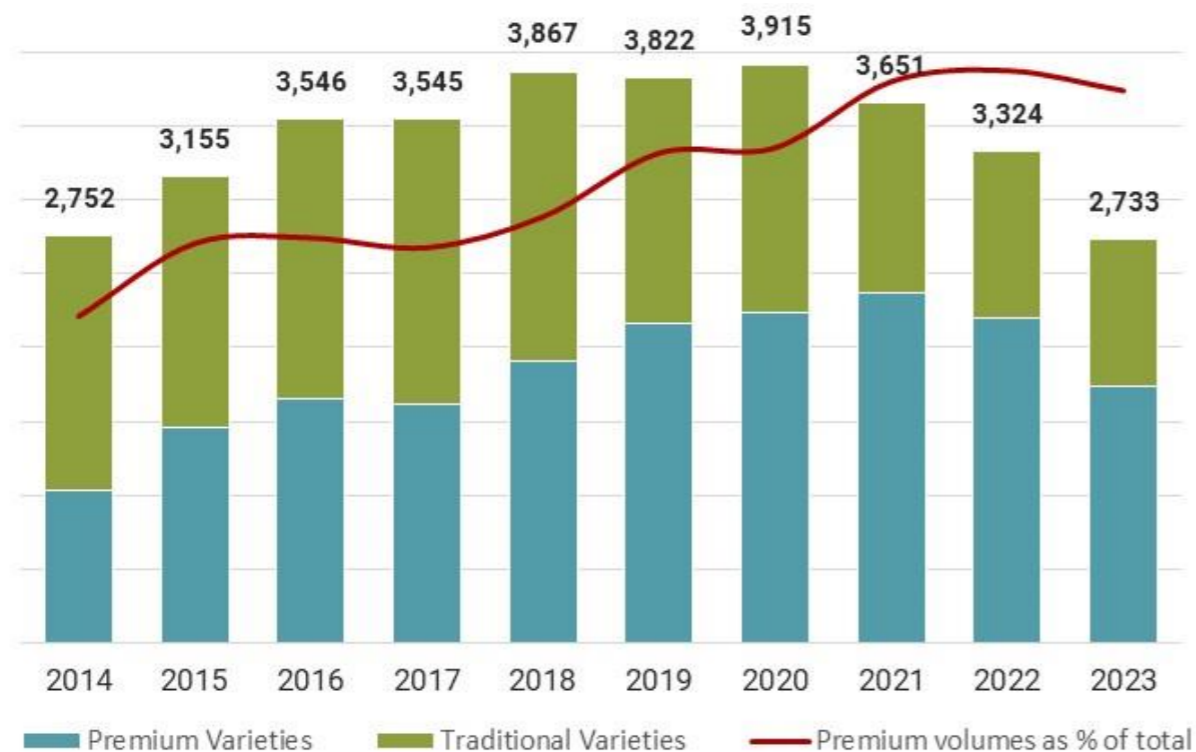
** 2023 petfood ingredient volumes exclude those sold at Meateor Australia and Esro Petfood, both operational by 4Q23

Horticulture – Performance

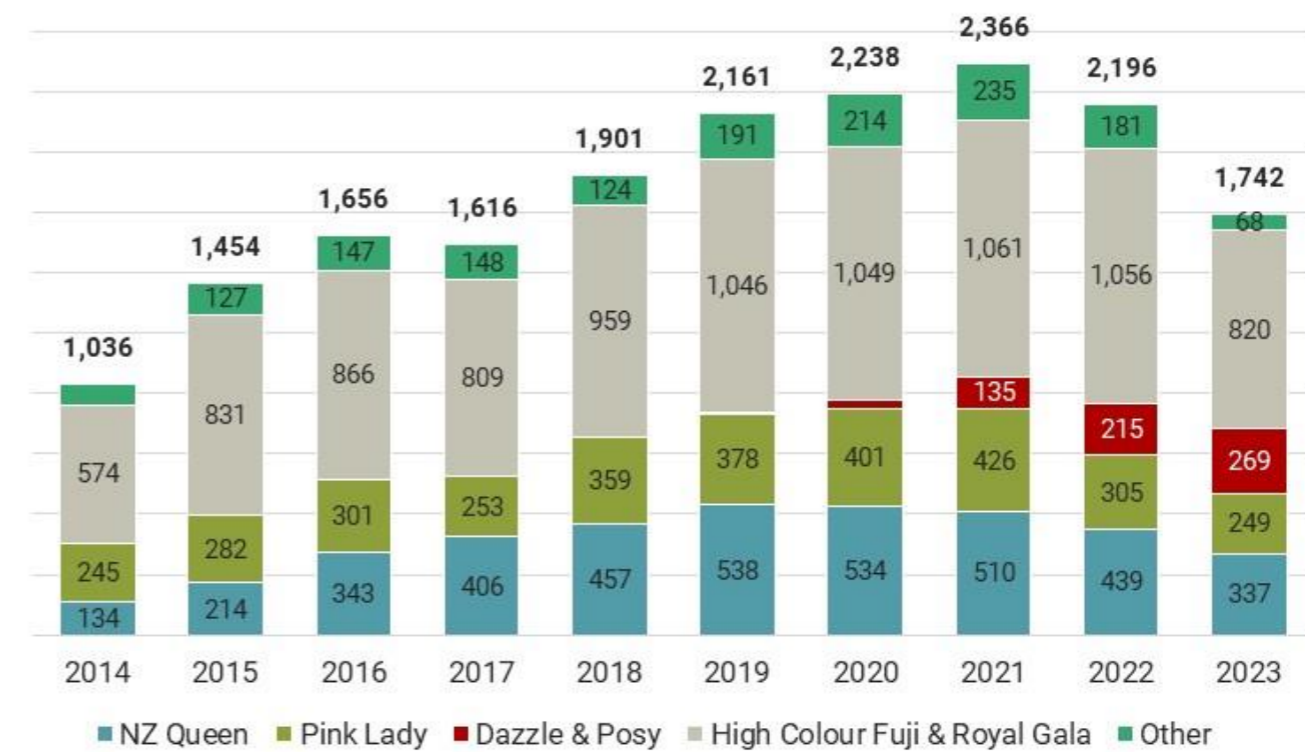
Commendable results given significant physical, financial and volumetric impacts of Cyclone Gabrielle

- Decrease in revenue and Underlying EBITDA primarily due to lower volumes
- Pleasingly, margins remained in line with 2022
- Continued increased focus on Premium varieties
- Strong performance from Dazzle™ and Posy™ within the Asia and Middle East markets

Mr Apple Own Export Volumes (TCE 000s)



Movement in Premium Volumes (TCE 000s)



Horticulture – Remediation of Damaged Orchards

Evidence of the “fruits” of our team’s hard work

- Total planted orchard area currently around 1,100 hectares, approximately only 5% below the total area at the same time last year



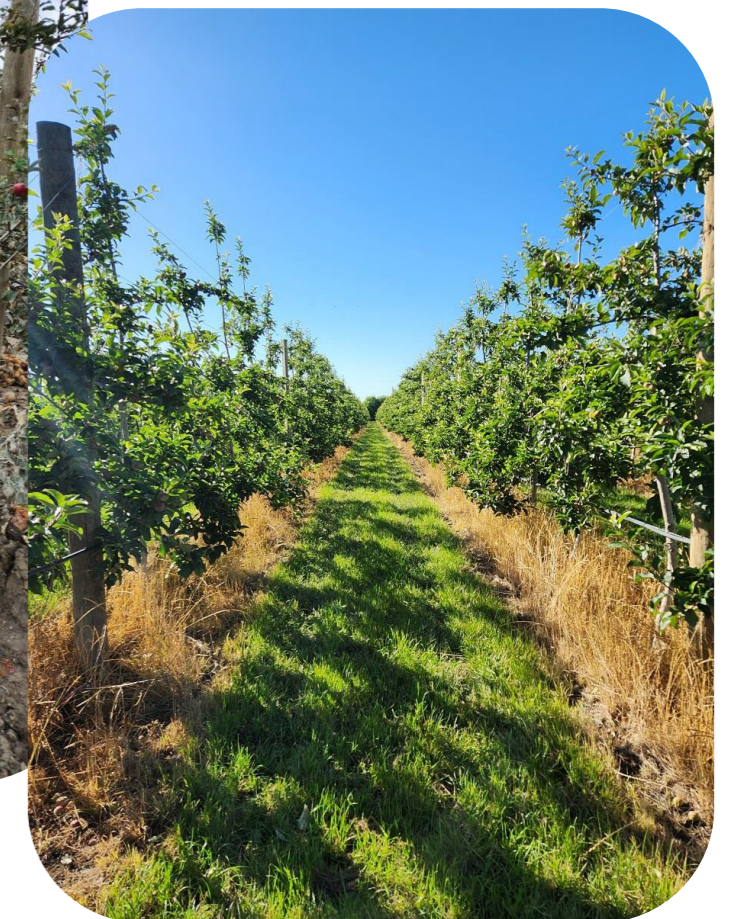
Before



After



Before



After

Logistics – Performance

Steady results delivered by the Logistics division

- Decrease in revenue and Underlying EBITDA:
 - Ocean freight volumes impacted by Cyclone Gabrielle and geopolitical tensions in key trade routes
 - Airfreight volumes in part affected by a slow start to the stone fruit season
- The division continues to bring extremely important strategic value to the Group



Balance Sheet

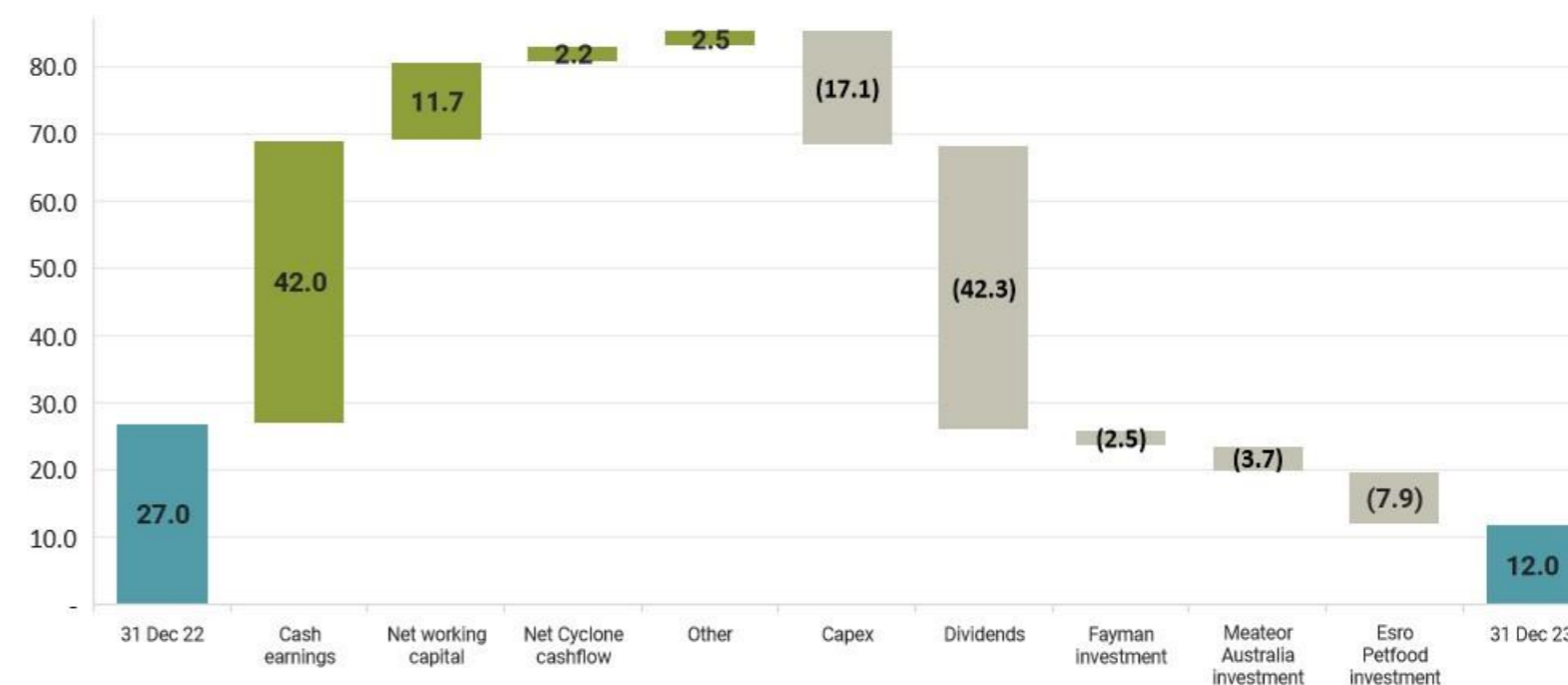
Scales continues to operate with a strong financial position

- Movement in Net Cash primarily relates to:
 - Capital expenditure (a significant proportion being Cyclone-related, principally in respect of the re-planting and grafting of trees)
 - Dividend payments (including payments to minority shareholders)
 - Investment in Fayman, Meateor Australia and Esro Petfood
- Group Return on Capital Employed (ROCE) affected by lower FY23 earnings

Financial Position		
\$m	2023	2022
Capital employed*	441.0	445.7
Return on Capital Employed	10.8%	13.5%
Net Cash / (Interest Bearing Debt)	12.0	27.0
Other Liabilities	(74.5)	(83.9)
Net Assets	384.9	391.8

* Capital Employed is calculated as non-current assets plus working capital (excluding cash, overdrafts and borrowings, dividends declared, derivative assets / liabilities and employee loans)

Net Cash Reconciliation (\$m)



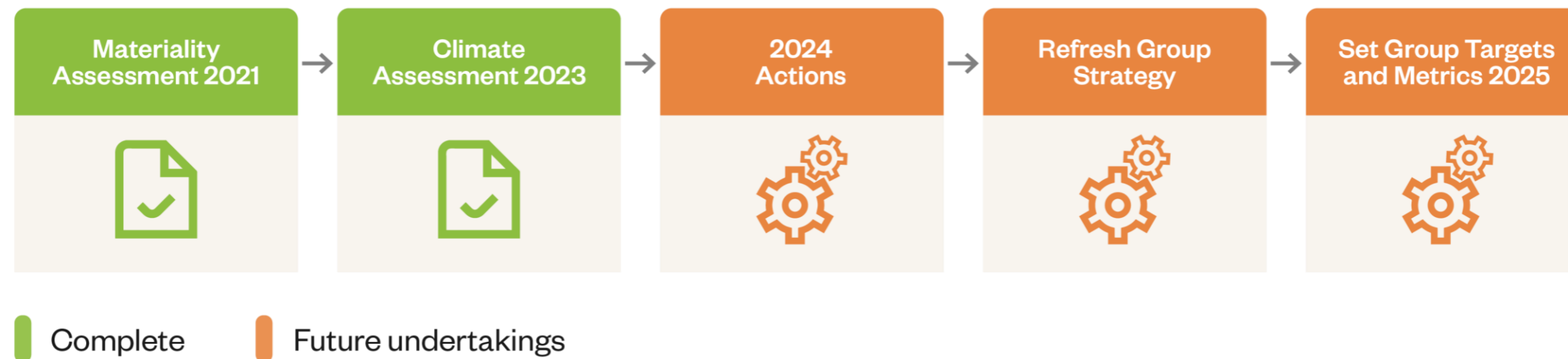


b. Climate-Related Disclosures

Climate-Related Disclosures

Inaugural Climate-Related Disclosures (CRD) Report published

- Using 3 climate scenarios we undertook a climate assessment process across the 3 divisions
- The intention is that these will inform our strategic refresh as we continue to embed climate risk and opportunity into business processes, which will include group targets as an outcome of our Group strategic refresh
- Whilst we have not yet completed a standalone transition plan, we are already undertaking several transition initiatives which will address the climate challenges and opportunities identified in our CRD report





c. Business Update

Transaction with Bostock Group

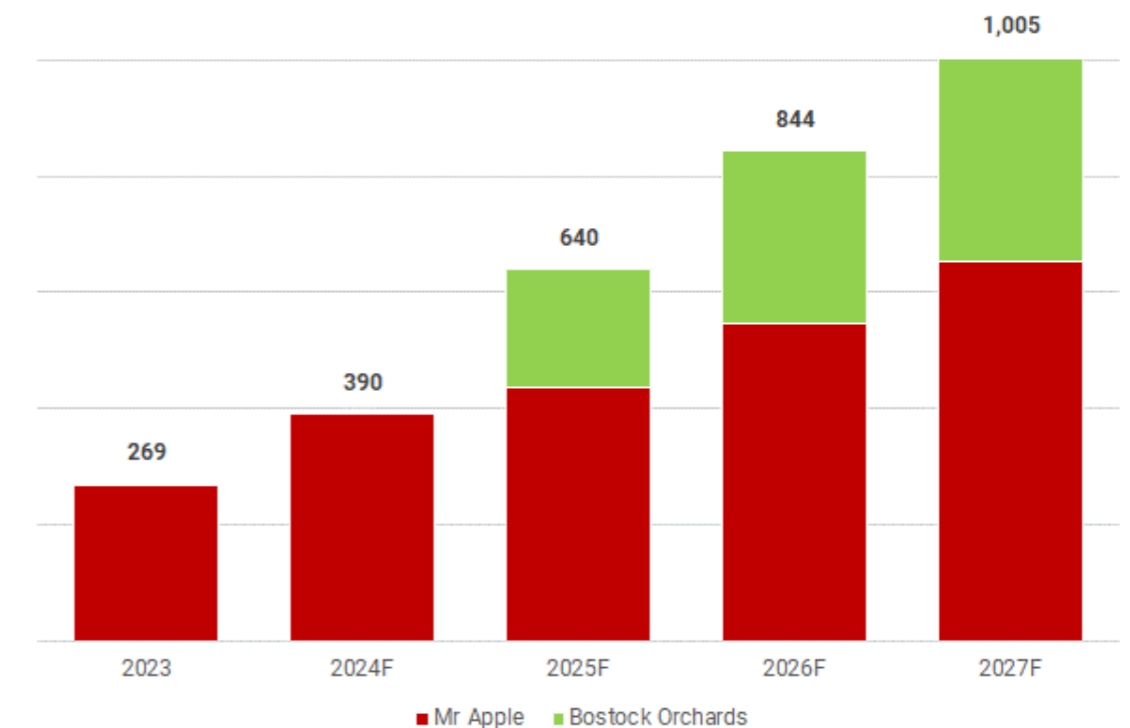


Summary of the Transaction

Acquisition of selected orchard assets and remaining 50% of Profruit from Bostock Group

- Acquisition of ~240ha of planted orchard:
 - ~114ha of owned orchard
 - Assignment of ~126ha of leased orchard
- Strong geographical alignment to existing Mr Apple orchards and increased utilisation of post-harvest infrastructure
- High concentration of Dazzle™ plantings (~110ha):
 - Accelerates Mr Apple with increased production, packing and export of Dazzle™
 - Acquired orchards also include High-Colour Fuji and Royal Gala plantings
- Premium fruit expected to represent nearly 80% of 2025 Mr Apple fruit sales (compared with 64% in 2023)
- Profruit to become a wholly-owned subsidiary of Scales
- Proposed sale of 2 orchards (Blyth and Te Papa) with a combined planted area of ~186ha:
 - Mr Apple's total orchard area is expected to be largely unchanged following the transactions

Dazzle™ & Posy™, Total Exported Volume (TCE 000s)



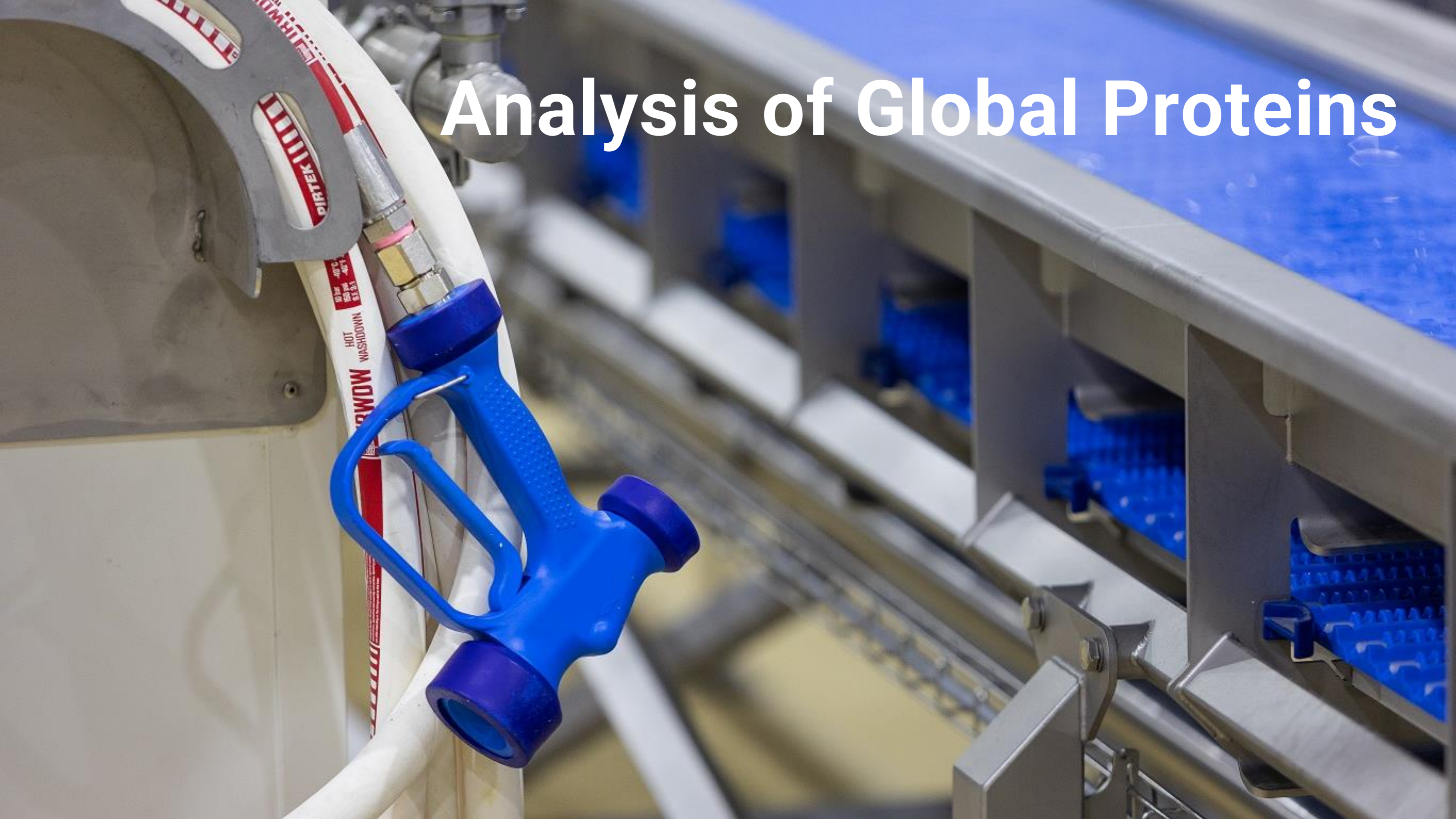
Other Impacts

The transaction is expected to contribute ~\$10m-\$12m p.a. to EBITDA over the medium-term, prior to orchard sales

- Profit contribution includes an increased share of Profruit earnings together with anticipated margins achieved by bringing the responsibility for shipping and marketing in-house
- Expected contribution is prior to the EBITDA impact from selling Blyth and Te Papa orchards
- The purchase price will initially be funded through a combination of debt and existing cash reserves:
 - Proceeds from the orchard sales will be used to retire additional debt raised
- The transaction is expected to complete in mid-June 2024:
 - The Mr Apple orchard sales are expected to conclude in the second half of the year



Analysis of Global Proteins



The Global Petfood Market

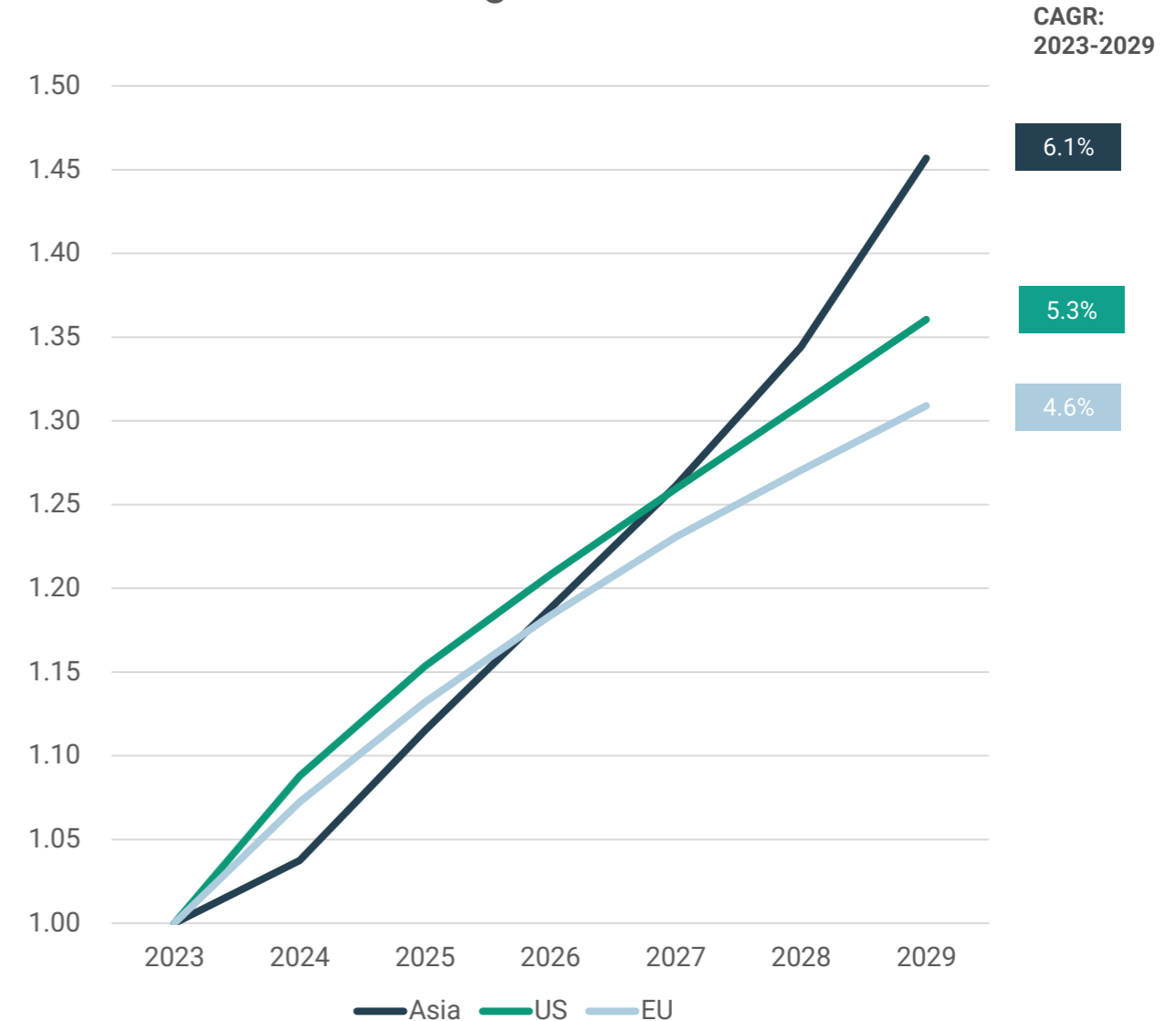
Large and growing market underpinned by powerful global trends

Trends

- Social and demographic changes, particularly across millennials and Gen Z – they now represent the largest proportion of pet owners and continue to grow due to the changes across their family and work environments
- This demographic is also more educated and has higher incomes, which is leading to increased spending, supported by humanisation of pets and the explosion of science-based nutrition products
- Older age groups are also more likely to have pets due to associated companionship and health benefits
- The increasing middle-class is leading to growth across emerging markets - we have seen large increases in pet ownership rates and spend across Asia, which have also coincided with other social and regulatory changes



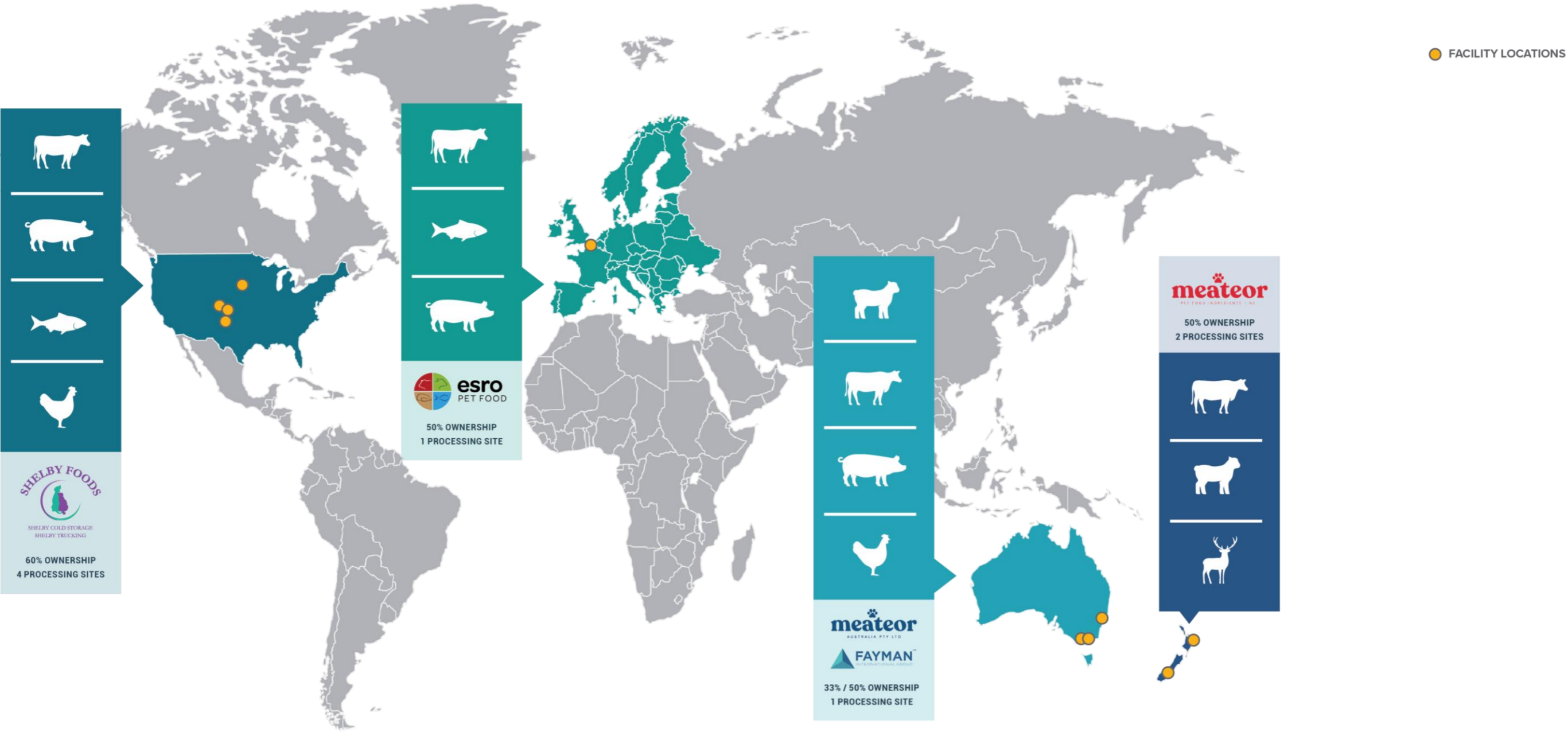
Market growth 2023-2029



>US\$100b market supported by macro trends, expected to grow at 5%-6% CAGR

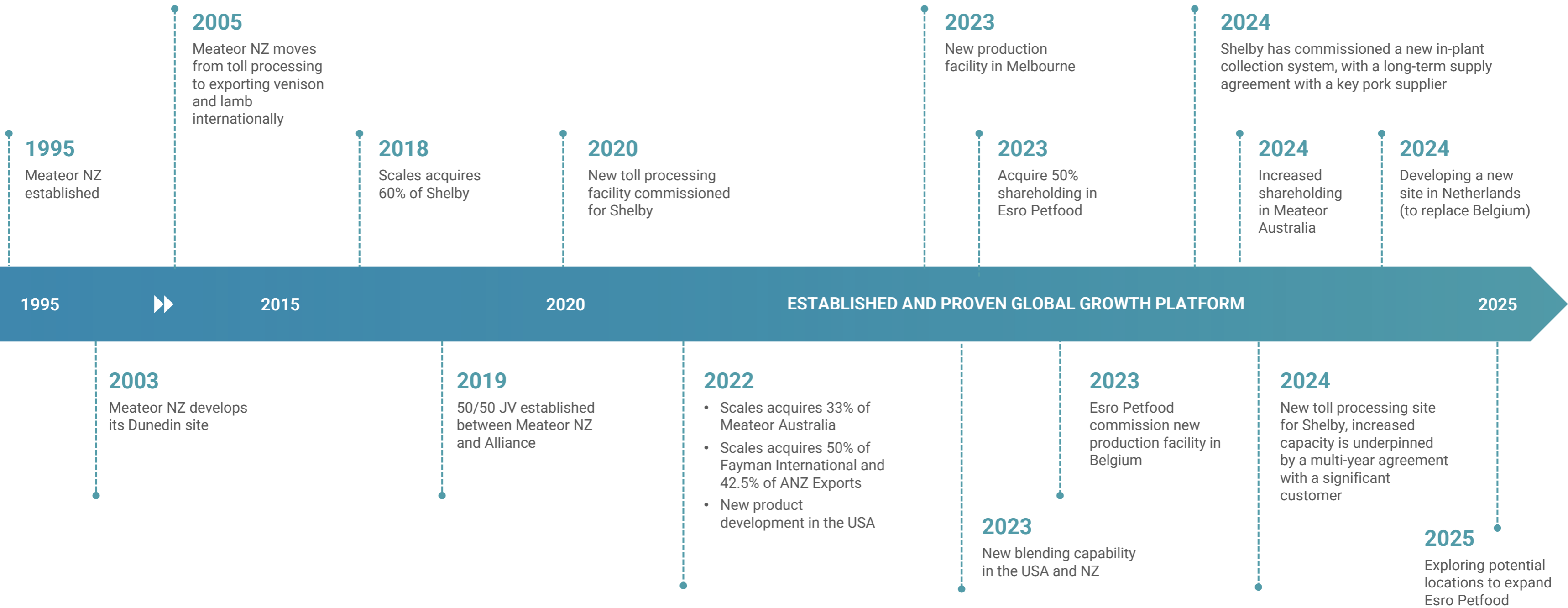
A Global Platform

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



A Proven Track Record

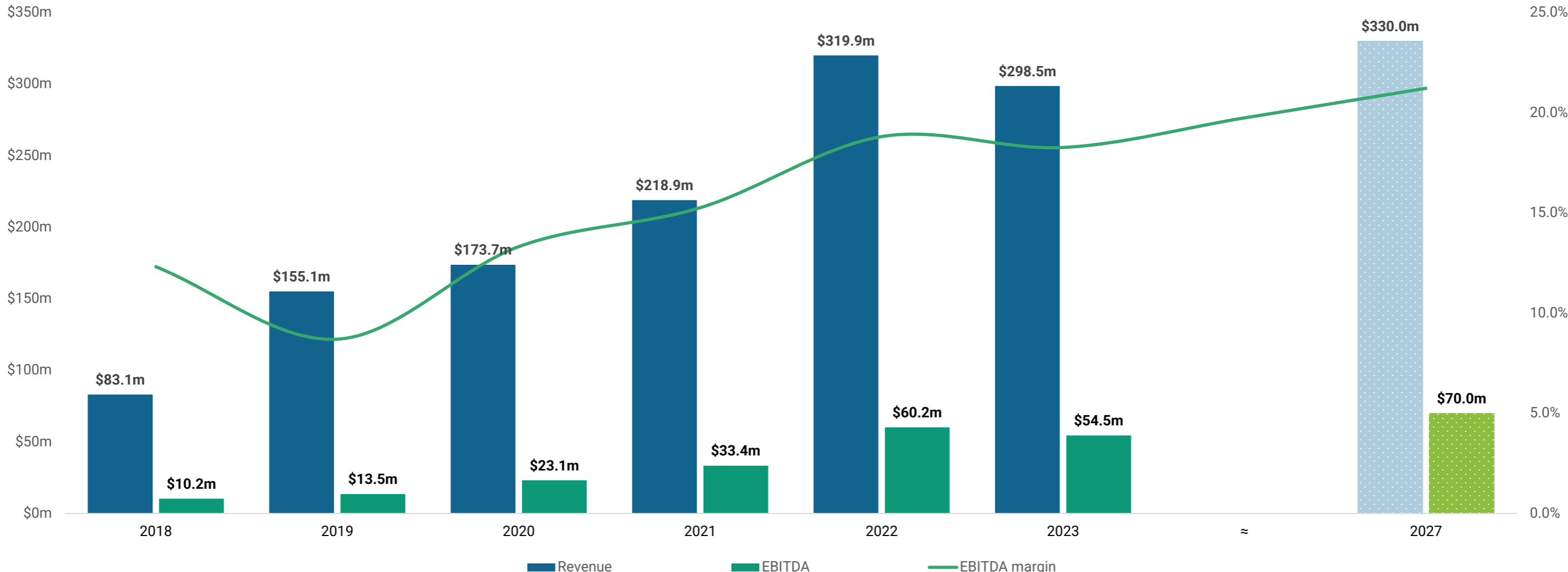
Almost 30 years of experience providing the platform for recent and future growth



Strong Growth - New Target of \$70m Underlying EBITDA

Global Proteins' strategic target of \$25m Underlying EBITDA by FY23 was achieved in FY21 – the new target is \$70m Underlying EBITDA by FY27

Global Proteins revenue (lhs), Underlying EBITDA (lhs) and Underlying EBITDA margin (rhs)



Scales' Ambition for Global Proteins

To be recognised by global petfood brands as the world's leading *natural proteins ingredient* supplier

dazzle

by Mr. Apple



d. Outlook

2024 Trading Update and Outlook

Pleased to re-confirm FY24 Guidance as previously advised of Underlying Net Profit after Tax Attributable to Shareholders of between \$30.0 million to \$35.0 million

Global Proteins

- Positive start to the year despite ongoing rebalancing of customers' petfood inventories
- Customer audits and approvals now complete at Meateor Australia, which was a significant milestone
- Strong performance from Fayman, increasing volumes across all major markets

Horticulture

- Harvest completed with total pick of ~3.9m TCEs:
 - Slower than expected recovery from the Cyclone and cold spring conditions impacted crop volume and fruit size
- Export packout rate of picked fruit expected to be in line with years prior to 2023
- Initial pricing indications are in line with expectations
- Shipping costs have reduced faster than forecast

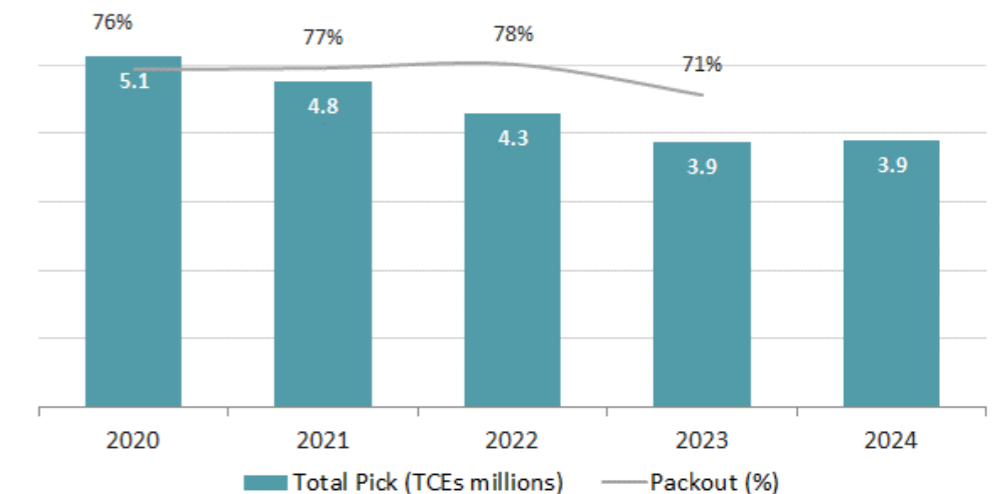
Logistics

- Higher volumes and channel mix has resulted in solid performance to date

Group

- Overall earnings expectations for the year remains unchanged, although divisional mix may differ

Mr Apple Pick and Packout





3. Ordinary Resolutions

Resolution 1

That the Board is authorised to fix the auditor's remuneration for the coming year

Resolution 2

Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Tony Batterton be elected as a Non-Executive Independent Director



- Tony's current external roles include:
 - Independent Non-Executive Director of Briscoe Group Limited
 - Partner and Director of Evergreen Partners
 - Non-Executive Director of NZ Fine Touring Group

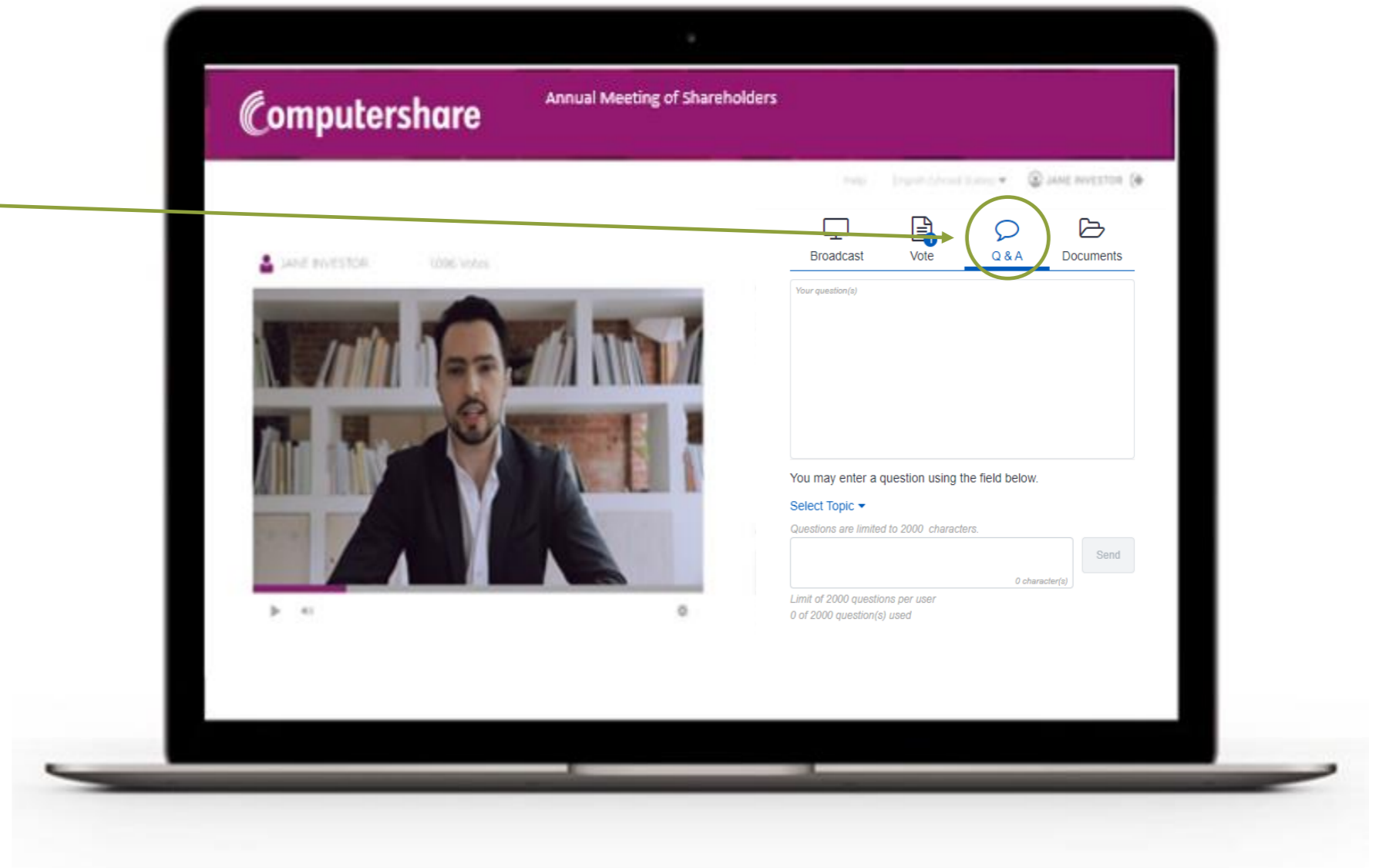
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Scales Corporation Limited 2024 Annual Shareholders' Meeting



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This presentation supplements our full year results announcement. It should be read subject to and in conjunction with the additional information in that release, and other material which we have released to the NZX.

This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about Scales Corporation Limited.

Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation include:

- EBITDA. We calculate EBITDA by adding back (or deducting) depreciation, amortisation, finance charges / (revenue), and taxation expense to net earnings / (loss) from continuing operations
- EBIT. We calculate EBIT by adding back (or deducting) finance charges / (revenue), and taxation expense to net earnings / (loss) from continuing operations
- Underlying EBITDA and EBIT are calculated by adding back (or deducting) certain non cash NZ IFRS and other adjustments
- Underlying Net Profit is calculated by adding back or (or deducting) the after-tax effect of certain non cash NZ IFRS and other adjustments

A full reconciliation of Underlying to reported measures is provided in our Annual Report.

We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

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