

Annual Shareholders' Meeting

12 June 2019

SCALES CORPORATION – 2019 ANNUAL SHAREHOLDERS' MEETING

The attached presentation will be given at Scales Corporation Limited's Annual Shareholders' Meeting starting at 4.30pm today in the Napier Conference Centre Ballroom, 48 Marine Parade, Napier.

1. 2019 Scales Corporation Limited Annual Shareholders' Meeting – Chair and Managing Director's Addresses
2. 2019 Scales Corporation Limited Annual Shareholders' Meeting – Presentation

ENDS

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About Scales Corporation

Scales Corporation is a diversified agribusiness group comprising of 3 operating divisions: Horticulture, Logistics and Food Ingredients. The company's activities give Scales broad exposure to New Zealand's agribusiness sector and multiple markets and customers. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it employs almost 500 permanent staff New Zealand wide. Find out more at www.scalescorporation.co.nz.

Address by the Chair: Tim Goodacre

[SLIDE 2: AGENDA]

My name is Tim Goodacre. I'm Chairman of Scales and it's my pleasure to welcome you all to this, the one hundred & seventh annual meeting of the company and the fifth annual meeting since Scales became a publicly listed company in July 2014.

Some housekeeping matters before we start. First, I'd like to remind you, as a matter of courtesy, to turn your mobile phones to silent. If there is an emergency and we need to leave the venue, please do so through the marked exits. Centre staff will be available to help us.

I'm pleased to confirm that we have a quorum and therefore declare the 2019 Annual Shareholders' Meeting of Scales Corporation Limited open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on 13 May.

The order of proceedings today is that I'll briefly comment on the highlights of the last 12 months followed by an address by Andy Borland, our Managing Director. We'll then attend to the resolutions. While voting is taking place there will be an opportunity for you to ask questions. We'll conclude with an opportunity for you to raise any matters of a general nature.

In terms of the formal business, we'll cover each resolution in turn and invite questions specific to those items. It will then be time to vote on the resolutions. I'll outline the process for the discussion and voting on the resolutions at that point in the agenda.

At the close of the meeting we hope you will join us for refreshments.

I'd like to introduce my fellow Directors – they are:

- Andy Borland, Managing Director;
- Nick Harris, Chair of Scales' Health and Safety Committee and an independent director;
- Mark Hutton, Chair of Scales' Nominations and Remuneration Committee and Scales' Finance and Treasury Committee and also an independent director;
- Alan Isaac, Chair of Scales' Audit and Risk Management Committee and also an independent director;
- Tomakin Lai, Director;
- Nadine Tunley, an Independent Director; and
- Teresa Steele-Rika, our Future Director.

I'd also like to note that members of Scales' management and staff are in attendance as well as our external auditors, Deloitte, and our lawyers, Anthony Harper.

[SLIDE 3: CHAIR'S REVIEW]

2018 was a record-breaking year for Scales with a number of highlights, which was made possible by the entire team at Scales. I'd like to share some examples:

- The Horticulture team achieved record revenue of \$255 million and continued to develop new brands such as Dazzle™ and Posy™.
- Storage and Logistics experienced significant divestment activity with Polarcold and Liqueo both being sold.
- Scales Logistics delivered a standout performance with a 48% increase in EBITDA.
- And in Food Ingredients, the acquisition of a controlling interest in Shelby and entering into a joint venture with Alliance underpinned the start of our refreshed investment strategy, which Andy will take you through in more detail later. In addition, the division achieved a record EBITDA of \$10.2 million.

We also continued to embrace best-practice corporate governance principles:

- We began measuring our impact in our key Sustainability focus areas, such as undertaking an inaugural staff engagement survey.
- And at the start of 2019, we were pleased to announce the appointment of Tomakin Lai and Nadine Tunley as Directors, expanding our Board and ensuring the continuation of a strong business relationship with China Resources Ng Fung.

Finally, Scales continues its participation in the Future Directors programme. We were pleased to welcome Teresa Steele-Rika to the Board table for 2018-19 and we are also confirming Jemma McCowan, General Marketing Manager at New Zealand King Salmon, as our new Future Director shortly.

[SLIDE 4: CULTURE & SHAREHOLDER ALIGNMENT]

Last year I made specific comments about the strong Scales' culture. I sincerely believe this culture is at the root of Scales' ongoing success and its ability to meet and deal with the many challenges of an agribusiness. I believe it is what sets us apart from others with our strong leadership team based around strong and very capable individuals. The Board's ongoing message to Andy is to continue to nurture and build on this base which can easily be eroded without care and vigilance.

And, as outlined in the Annual Report, we continue to believe that it is important to compensate senior team members through a balance of shorter term incentives and long term business interests. We also believe that it's important for senior team members to be incentivised appropriately and be a stakeholder. As a result, during 2018, the Board agreed to a number of enhancements to the existing Long Term Incentive Scheme (or LTI Scheme) and the current scheme was extended for a further 3 year period with the Total Shareholder Return gross hurdle rate increased to 20%.

On a related matter, I'd also like to quickly touch on the topic of overseas ownership. Our current level of overseas share ownership is 19.76%, well below the 25% threshold that would move Scales into being an overseas person. However, as we noted last year, we wish to avoid a shareholder unintentionally tipping us into overseas person status.

Scales welcomes the Treasury consultation on changes to the Overseas Investment Act 2005 and, in particular, the proposal to amend the treatment of New Zealand listed companies. To enable listed issuers to reliably determine their overseas ownership, Scales supports the alternative proposal put forward by NZX and the Capital Markets 2019 taskforce that the Act be amended to exclude New Zealand listed bodies corporate from the definition of "overseas person" if no, one "overseas person" (alone or together with its associates) holds more than 25% of the shares in the NZ listed entity.

[Pause]

Before I go further, I'd like to take this opportunity to note my appreciation for the efforts and contribution made by all Scales team members over the course of the year. This is particularly important since the year has been a period of transition for some of our group companies as we say farewell to the Liqueo and Polarcold teams. We wish everyone in those businesses well within their new organisations.

On the other hand, we're excited to welcome the team from Shelby and very much look forward to working with them, as we are with our new joint venture partner, Alliance. Scales has a unique culture and we believe that the cultures of Shelby and Alliance will very much be compatible with that of the Group, ensuring that the passion of the management and staff will continue to contribute significantly to the success of Scales.

Without our team, Scales would not be the organisation that it is today.

Andy will cover the acquisition of Shelby and the partnership with Alliance. He'll also talk about our Horticulture orchard and market strategy which has been a cornerstone of our success to date.

As shareholders you will be asking "what next for Scales?". The Board is committed to growing the Scales' business and will continue to look at any opportunities, either by acquisition and/or by organic growth that fit our growth strategy. This means opportunities in the agribusiness sector with an export focus, particularly in Asia, and where we believe we can differentiate our business and add value via a strong New Zealand aligned brand. This is, as you can appreciate, an ongoing focus, and opportunities that fit are not easy to find, but we have money in the bank to take advantage of any opportunity that arises. As we've previously said, we take what could be termed a conservative approach in these matters, but we prefer to say we are careful in how we approach these growth matters.

We'll keep you posted on progress.

I'll now invite Andy to address you. At the conclusion of Andy's presentation, we'll move to the formal business of the meeting. While voting is taking place, you'll have an opportunity to ask questions – we respectfully ask that if you have a question you save it for this time. As always, the Board welcomes any feedback from shareholders on any of the matters raised during today's presentation or other matters in relation to the Group.

Address by the Managing Director: Andy Borland

[SLIDE 5: MANAGING DIRECTOR'S REVIEW]

Thank you, Tim, and good afternoon ladies and gentlemen. In this section of today's presentation, I'll be covering:

- Key highlights from our 2018 year.
- Sustainability and governance progress.
- Strategy update.
- And an opportunity to look at year in progress and investor returns.

[SLIDE 6: YEAR IN REVIEW]

Starting with the year in review, I'll begin by providing an overview of the financial and operational highlights of the 2018 financial year.

[SLIDE 7: SCALES BY THE NUMBERS]

2018 was a year when all businesses performed well and enjoyed favourable climatic and trading conditions, resulting in new records being set. Our share price remained stable, healthy dividends were maintained and we made significant gains on our key strategic priorities.

I'll go through the divisional detail in more detail over the next few slides, but the slide behind me highlights just some of the financial and volumetric measures that demonstrate the significant scale of our Group-wide activities.

[SLIDE 8: TRENDS IN FINANCIAL PERFORMANCE]

As you can see from the 5 year performance graphs, the 2018 result represented a correction from 2017's challenging conditions and cemented the growth we delivered in 2015 and 2016.

We continue to drive this growth in our Continuing businesses, both organically and by acquisition, and believe our refreshed strategy is the cornerstone to this being a success.

[SLIDE 9: GROUP FINANCIAL PERFORMANCE]

This next slide provides more detail on our income statement for 2018.

As mentioned, Underlying revenue (which included Polarcold for the full year and Liqueo until its time of sale in August) was a record \$464.7 million, up 18% on 2017. Profitability measures were also up with Underlying EBITDA and NPAT up 8% and 9%, respectively.

Our results for the current 2019 year will exclude both Liqueo and Polarcold for the full year. However, we'll include a full year of trading from Shelby.

[SLIDE 10: 2018 DIVISIONAL HIGHLIGHTS]

This next slide lays out some divisional highlights.

In Horticulture, Andrew van Workum, his team and the team at Fern Ridge delivered very pleasing results. New Zealand continues to hold a premium position in world markets for apple production and export and the New Zealand apple industry was, for the fourth year running, named the most competitive on the global stage by The World Apple Review, against 33 major apple growing countries.

During the year we continued our investments in orchard redevelopment, our brands, new varieties and our key markets, and I'll talk about this in more detail later.

Storage & Logistics saw significant changes over the last year as a result of the divestment of Liqueo and Polarcold, and has now been renamed the "Logistics" division.

Scales Logistics delivered a standout performance with a 48% increase in EBITDA. This result was driven by a 19% increase in ocean freight volume and a 49% increase in airfreight volume. I'd like to thank Kent and his team for a fantastic 2018.

Some significant changes were also made to the Food Ingredients division. Our controlling interest in Shelby adds 80,000MT of petfood ingredient sales to the Group and increases the geographical diversity of proteins that we source. Our 50/50 JV partnership with Alliance is also another strategically important transaction for us, which will expand relationships with customers and allow us to move into higher, added-value ingredients.

Notwithstanding the acquisition of Shelby, there was pleasing growth in both revenues and profitability within the Food Ingredients division. I'd like to thank John and our partners at Profruit for their leadership in achieving another great result for 2018.

[SLIDE 11: DIVESTMENT SUMMARY]

This slide provides a summary of the return metrics surrounding the divestment of Liqueo, Polarcold and 50% of Meateor. We realised sale proceeds of approximately \$200 million and both Liqueo and Polarcold were sold at excellent profitability multiples. As we've previously stated, the proceeds from these divestments will be used to pursue other agribusiness opportunities – more about that later.

[SLIDE 12: TRENDS IN DIVISIONAL PERFORMANCE]

The charts behind me show the strong trends in underlying performance across our 3 business divisions and, as you can see, all 3 divisions have continued to demonstrate strong year-on-year earnings growth.

[SLIDE 13: BALANCE SHEET]

In respect of our Balance Sheet, this remains strong.

Our 2018 reported balance sheet showed increases in capital employed and net debt due to Shelby, capital expenditure and inventory & working capital investments.

Also presented is a pro forma balance sheet, which restates our December 2018 position to include the Polarcold and Meateor transactions. As you can see, rather than a net debt position, we would have held a net cash position of \$117 million. Capital employed would have decreased, but net assets increased.

[SLIDE 14: SUSTAINABILITY AND GOVERNANCE UPDATE]

The next section I'd like to cover is sustainability and governance.

[SLIDE 15: SUSTAINABILITY]

In 2017 we identified areas of focus within the sustainability area and, in 2018, we started measuring and setting targets for reducing our impact in those areas.

Our top priorities were in the areas of people, energy and waste...

[SLIDE 16: SUSTAINABILITY - INITIATIVES]

... and this next slide summarises a few of the initiatives that were carried out throughout the group.

One of our most significant initiatives was the company-wide staff engagement survey. Undertaking this survey is one of the steps to becoming an Employer of Choice and allowed us to understand what that means to our staff and where we are on that road. As well as the survey highlighting many areas for celebration, it also drew attention to a few areas of focus, which we've already started to address.

Health and Safety remains a top focus area for ALL staff, management and directors with a number of initiatives undertaken. It is important to us that our staff are, and also feel, safe at work and we will continue to invest in innovations around this area. We were also proud to be a finalist in The New Zealand Workplace Health & Safety Awards this year. The judges noted that we have a very modern and innovative way of Health and Safety thinking.

And we were pleased to complete our first carbon footprint calculation and to start to develop strategies to reduce our emissions, particularly in the areas where we have direct control.

[SLIDE 17: SUSTAINABILITY - MEASUREMENTS]

This next slide summarises a few of the many measurement statistics that Karen Morrish and her team have started to compile. Accurate measurement is key to being able to assess our progress and achieve changes. We'll be revisiting these, and other, measures on a regular basis.

[SLIDE 18: GOVERNANCE]

At the start of 2019, we were pleased to announce the appointment of 2 new directors to our Board:

- Tomakin Lai, as a Non-Executive Director; and
- Nadine Tunley, as a Non-Executive Independent Director.

Both are prominent additions to the Board table and you'll have the opportunity to hear from Tomakin and Nadine during the formal resolution part of the meeting.

[SLIDE 19: STRATEGY UPDATE]

Moving on to a review of our Refreshed Strategy, as announced last year.

[SLIDE 20: A FOCUS ON AGRI-BUSINESS]

We announced that our strategy for 2018 and onwards would be a greater focus on agribusiness, continuing to look for diversification opportunities. However, it is also important to us that we capitalise on our in-house expertise and market knowledge with whichever opportunities we pursue.

[SLIDE 21: MACRO ECONOMIC TRENDS]

There are several macro-economic trends that substantiate our reasons for focusing on agribusiness. The food & agribusiness sector has a significant part to play in the sustainability of our planet and we firmly believe that we need to leave our businesses better for the next generation of managers and owners. There is also the need to create a more sustainable food system, to feed the growing world population. Part of this solution is likely to be a move to a wider mix of less intensive food production, producing lower green-house gas emissions and providing environmental as well as health benefits.

[SLIDE 22: STRATEGY PROGRESS]

This focus provides us with a wide range of opportunities, as indicated by our initial investments within our Food Ingredients division.

We have, and continue to, review a wide range of opportunities in a variety of agribusiness sectors. We hope to invest further in the near term. However, we will not rush into any investment decisions and will ensure that we wait for the right business, with the right culture and prospects in the right sector.

[SLIDE 23: HORTICULTURE - ORCHARD STRATEGY]

Mr Apple is looking to drive future profitability through 3 initiatives:

Firstly, continued focus on premium varieties to Asia / Middle East. This sees us maintain the momentum from our early 2010's orchard redevelopment strategy and, as shown in the chart on the bottom right, has seen the Asia and Middle East region emerge as our most significant export market. This market is set to continue to grow through the forecast period as orchard redevelopment (which has resulted in plantings of Braeburn in particular - historically a UK / European variety - being replaced by new plantings of Dazzle and Posy).

Secondly, driving improved returns, product ownership and branding presence through increased sales of our own apples. Recent focus has been on the Posy and Dazzle brand and variety, which complement our early investment in establishing the Diva brand. We've recently redeveloped 80 hectares into the Posy and Dazzle varieties, with significant further redevelopment planned for this year and next and, accordingly, we remain committed to the Hawke's Bay area.

Thirdly, pursuing opportunities in automation. Our scale means that we are particularly well-placed to embrace automation to help address rising costs, specifically access to labour.

[SLIDE 24: HORTICULTURE - MARKET STRATEGY]

During 2016 we embarked on a marketing strategy for Mr Apple, initially focussing on business-to-business marketing but with a view to appealing directly to consumers. A number of strategies were employed and this has led to a shift in market channel revenue for Mr Apple, with an increased proportion of sales to retail and the emergence of e-commerce sales.

On the right hand side of this slide a few photos of a recent Mother's Day promotion held in China in conjunction with 7-Fresh, a premium supermarket / metro store.

[SLIDE 25: HORTICULTURE – NEW VARIETIES]

On this slide are images of our new Posy variety being launched in China. We note the use of specialised packaging, online sales, and photos of the product in store.

[SLIDE 26: LOGISTICS – AUSTRALASIAN STRATEGY]

As shown in the charts on the bottom of this slide, Australasian agricultural products have experienced strong recent growth. This historical growth is expected to continue through, at least, the near future.

Scales Logistics has developed a specialist expertise in food and perishable produce providing an end-to-end logistics service for its key customers. Some 5 years ago, our specialist airfreight cargo division, Balance Cargo, was launched to provide time-critical freight solutions. In 2017, we expanded both our breadth of expertise as well as our geographical footprint through the acquisition of OceanAir. OceanAir had deep sector knowledge of the kiwifruit and avocado sectors as well as a position in the Melbourne market. And, in late 2018, Balance Cargo opened its Auckland branch, which has been designed specifically to focus on perishable product and the dairy sector.

[SLIDE 27: FOOD INGREDIENTS - GLOBAL STRATEGY]

As previously mentioned, we were delighted to welcome Shelby to Scales and, post year-end, partner with the Alliance Group. We believe these transactions will provide a basis for continued growth in the division, and set us on the journey to it becoming a \$25 million EBITDA division.

Market research suggests that the worldwide petfood ingredients sector is an attractive investment proposition, with the worldwide petcare industry being estimated at over US\$100 billion and growing. By itself, the China petfood market has been valued at US\$1.7 billion, with continued growth forecast.

Accordingly, our global strategy is to be a key provider of petfood ingredients to a wide range of international brands and our transactions in this area provides us with a significant foothold towards satisfying this strategy.

[SLIDE 28: OUR DEVELOPING OVERSEAS PRESENCE]

Through both organic growth and acquisition, Scales has developed an international network spanning 4 separate geographies. In addition to New Zealand, we have a growing presence in Australia – through our Logistics division, as

well as our Food Ingredients division, the latter of which sources finished product from this market. We've launched ourselves into the United States market through the investment into Shelby, giving us an in-market presence for this key region for our petfood ingredients. Finally, we're developing stronger ties with China, including through our continued participation in Primary Collaboration New Zealand and with the support of our cornerstone shareholder China Resources Ng Fung.

For the US and China markets we've also engaged in-market representatives to help us promote the direct interests of Scales' subsidiaries. In the United States, Shelby recently hired Richard Bondarenko, who has spent more than 35 years in the meat and pet food industry there, and who is available to consult to Meateor's other businesses, including the Meateor JV with Alliance. In Shanghai, PCNZ employee Jacky Qin provides in-market management services to Mr Apple, helping us to sell more apples for higher prices.

In addition, Scales sell products to over 40 different countries.

[SLIDE 29: OUTLOOK AND INVESTOR MATTERS]

So, time now to look at how we're trading in 2019.

[SLIDE 30: TRADING UPDATE]

Overall, I'm happy to report that we're experiencing a positive start to the year.

We can reconfirm recently released Guidance to the market of a \$32 million to \$37 million Net Profit range for the year, implying an Underlying EBITDA range of \$49 million to \$55 million. This compares to Underlying EBITDA of \$48.5 million in 2018 on a like-for-like basis.

In our Horticulture division, the harvest is almost complete with a total pick of 4.9m cartons from our own orchards (including Longview). Whilst this is down 4% on last year, it is in line with the changes anticipated from the orchard redevelopment programme. We're also on track for the forecast export volumes, previously noted.

It's been a positive start to the year in the Logistics division, with Scales Logistics' activity expected to remain around 2018 levels.

And in Food Ingredients, one off supply and pricing issues during 2018 / 2019 will negatively impact on first half trading in Australasia, however ongoing petfood ingredient demand remains strong. Sale volumes are expected to be significantly higher due to the inclusion of Shelby.

[SLIDE 31: SHAREHOLDER RETURNS]

My final slide summarises shareholder returns.

In respect of dividends, we've declared dividends of 19 cents per share in respect of 2018, slightly higher than 2017's 18 cents per share – a level that we're committed to retaining whilst the company holds net cash. The 2018 dividend represents 75% of our 2018 Underlying Net Profit.

We're also pleased to report Total Shareholder Returns (that's cash dividends paid plus or minus the movement in Scales' share price as a proportion of the \$1.60 IPO price) of nearly 260% - a Compound Annual Growth Rate of 31%. I hope you'll agree this is an impressive yield.

And this concludes my presentation.

As mentioned by Tim, an opportunity to ask questions will be made available during the voting on the resolutions. In the meantime, I'll pass back to Tim to cover the business of today's meeting.

Address by the Chair: Tim Goodacre

[SLIDE 32: ORDINARY BUSINESS AND RESOLUTIONS]

Thank you, Andy.

We'll now move to the business of the meeting and the procedure for this part of the meeting. The first 6 resolutions are ordinary resolutions and are required to be passed by a simple majority of votes. The final resolution is a special resolution and is required to be passed by a minimum of 75% of votes.

The resolutions that we'll be voting on today are as follows:

- Resolution 1: Authorisation for the Directors to fix the auditor's remuneration for the coming year.
- Resolution 2: Re-election of Alan Isaac as a Non-Executive Independent Director.
- Resolution 3: Election of Andy Borland as an Executive Director.
- Resolution 4: Election of Tomakin Lai as a Non-Executive Director.
- Resolution 5: Election of Nadine Tunley as a Non-Executive Independent Director.
- Resolution 6: Authorisation that the maximum total pool of Directors' remuneration payable by Scales to Directors be increased.
- A Special Resolution: Authorisation to amend Scales' Constitution as a result of our transition to the new NZX Listing Rules on 1 May 2019.

Current best practice for Shareholder voting is by way of poll. Accordingly, in my capacity as Chair I require that a poll be held for each of the resolutions.

Shareholders who are entitled to vote and proxies who have discretion as to how they vote have received a Voting / Proxy Form when they registered upon arrival at the meeting. If you completed a postal vote, you do not need to complete another Voting / Proxy form.

If you have not received a Voting / Proxy form, please go to the Computershare desk at the back of the room where their representatives will be able to assist you. After voting, you should place your Voting / Proxy form in one of the ballot boxes which will be passed around the room. I'll invite you to vote after all the resolutions have been introduced to the meeting.

I and my fellow directors hold undirected proxies:

- With respect to Resolution 1, authorisation for the Directors to fix the auditor's remuneration for the coming year: 442,780 shares.
- With respect to Resolution 2, re-election of Alan Isaac as Non-Executive Independent Director: 449,480 shares.
- With respect to Resolution 3, election of Andy Borland as Executive Director: 482,480 shares.
- With respect to Resolution 4, election of Tomakin Lai as Non-Executive Director: 497,714 shares.
- With respect to Resolution 5, election of Nadine Tunley as Non-Executive Independent Director: 491,712 shares.

- With respect to Resolution 6, authorisation that the maximum total pool of Directors' remuneration payable by Scales to Directors be increased: 520,517 shares.
- With respect to the Special Resolution, authorisation to amend Scales' Constitution as a result of our transition to the new NZX Listing Rules on 1 May 2019: 648,667 shares.

Your Board supports these resolutions and we intend to vote all these shares in favour of these resolutions.

There will be an opportunity to ask questions on, or speak to, each resolution being put to shareholders. I ask that, in the interests of fairness to all shareholders attending this meeting, anyone wishing to speak to a resolution be as concise as possible and be considerate to other shareholders who may also wish to ask questions.

[SLIDE 33: RESOLUTION 1]

Resolution 1 relates to the remuneration of auditors. The proposed ordinary resolution is to authorise the Directors to fix the auditor's remuneration for the coming year. In accordance with the Companies Act, Deloitte has been automatically reappointed as Scales' auditor. As is usual with audit fees, due to the complexity and changing nature of the company's affairs, it is not possible to fix the remuneration at the beginning of the year.

I now move, as an ordinary resolution, that the Board is authorised to fix the auditor's remuneration for the coming year.

I now invite discussion on the resolution.

[Discussion]

There appears to be no [further] discussion.

We'll now move to the next resolution.

[SLIDE 34: RESOLUTION 2]

Resolution 2 relates to the re-election of Alan Isaac.

The NZX Listing Rules state that Directors must not hold office (without re-election) past the third annual meeting following the Director's appointment, or 3 years, whichever is longer. Accordingly, Alan Isaac is required to retire at this meeting.

Alan was first appointed a Director of the company in June 2014. Alan, being eligible, offers himself for re-election, and the Board unanimously supports his re-election and recommends that shareholders vote in favour of Resolution 2.

I now invite Alan to briefly address the meeting on his proposed re-election

Over to you Alan.

[Personal remarks from Alan]

Thanks Alan.

I now move, as an ordinary resolution, having retired by rotation, that Alan Isaac be re-elected as a Non-Executive Independent director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 35: RESOLUTION 3]

Resolutions 3 through 5 relate to the election of Directors appointed since the last Annual Meeting. The NZX Listing Rules state Directors appointed by the Board must not hold office (without re-election) past the next annual meeting following the Director's appointment.

Resolution 3 relates to the election of Andrew (or, Andy, as we know him) Borland.

Andy joined Scales in 2007 and became Managing Director in 2011. He was reappointed during the year by the Board as Executive Director on 25 March 2019 prior to expiry of his term. Andy, being eligible, offers himself for election, and the Board unanimously supports his election.

I now invite Andy to briefly address the meeting on his proposed election.

[Address from Andy Borland]

Thank you, Andy.

I now move, as an ordinary resolution, having retired by rotation, that Andy Borland be elected as an Executive Director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 36: RESOLUTION 4]

Resolution 4 relates to the election of Tomakin Lai.

Tomakin was appointed during the year by the Board as Non-Executive Director on 28 January 2019. Tomakin, being eligible, offers himself for election, and the Board unanimously supports his election.

I now invite Tomakin to briefly address the meeting on his proposed election.

[Address from Tomakin Lai]

Thank you, Tomakin.

I now move, as an ordinary resolution, having retired by rotation, that Tomakin Lai be elected as a Non-Executive Director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 37: RESOLUTION 5]

Resolution 5 relates to the election of Nadine Tunley.

Nadine was appointed during the year by the Board as Non-Executive Director on 26 February 2019. Nadine, being eligible, offers herself for election, and the Board unanimously supports her election.

I now invite Nadine to briefly address the meeting on her proposed election.

[Address from Nadine Tunley]

Thank you, Nadine.

I now move, as an ordinary resolution, having retired by rotation, that Nadine Tunley be elected as an Independent Non-Executive Director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 38: RESOLUTION 6]

Resolution 6 relates to a proposal to increase the maximum total pool of Directors' remuneration available for your Board of Directors by \$100,000 per annum, from a total fee pool of \$500,000 per annum to \$600,000 per annum, effective from the close of the Annual Meeting. This resolution is subject to the passing of Resolution 5. Shareholder approval is required under NZX Listing Rule 2.11.1.

An appropriate fee structure is important to ensure that your Company can continue to attract and retain the right directorial skills and experience to govern your business, and that those Directors are being fairly remunerated for the work they do.

The proposed increase in the Directors' fee pool reflects the appointment of an additional Director during the 2019 financial year and provides the Board with a remuneration fee pool considered appropriate to remunerate a Board of six Non-Executive Directors, including for associated committee work.

Accordingly, even where this resolution may be passed by shareholders, it will not be effective unless Resolution 5 (Election of Nadine Tunley as a Director, which shall have the effect of increasing the size of the Board to six Non-Executive Directors), is also passed by shareholders.

I now move, as an ordinary resolution, that the maximum total pool of Directors' remuneration payable by Scales to Directors (in their capacity as Directors) be increased by \$100,000 per annum, from \$500,000 per annum to \$600,000 per annum.

In accordance with the NZX Listing Rules, the directors and their associated persons are restricted from voting on this resolution.

Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 39: SPECIAL RESOLUTION]

This special resolution seeks shareholder approval to alter Scales' Constitution.

The amendments to the Constitution are procedural in nature as a result of Scales' transition to the new NZX Listing Rules on 1 May 2019, details of which were provided in the Notice of the Annual Meeting.

It should be noted that if any of the proposed amendments are inconsistent with the NZX Listing Rules, the NZX Listing Rules (as amended by any waiver or ruling granted to Scales) will prevail. A copy of the NZX Listing Rules is available at www.nzx.com.

The Board unanimously recommends shareholders vote in favour of the alterations to Scales' Constitution.

Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 40: VOTING & QUESTIONS]

If you wish to vote on all of these motions, you should use either the Voting / Proxy Form that was sent to you with the Notice of Meeting or an alternative voting form given to you by Computershare when you entered the meeting.

When you cast your vote, please tick one box to select “for”, “against” or “abstain”, alongside each resolution in the section named Step 1: Voting Instructions / Voting Form.

If you hold a proxy on behalf of a shareholder, you will need to cast that shareholder’s votes in order for them to be counted. The Voting / Proxy Form given to proxy holders, sets out the number of proxy votes held and records directed votes.

If there are no undirected votes, the proxy holder needs only to sign the voting form. Where there are undirected votes, proxy holders may vote these as they see fit by ticking the appropriate box.

Finally, in all cases, please ensure the voting form is signed. I remind you that you are voting on each separate resolution as detailed in the Notice of Meeting. After voting, you should place your Voting / Proxy Form in one of the ballot boxes which will be passed around the room. If anyone is unsure how to complete the voting form or doesn’t have a form, please go to the registration desk where someone will be able to help you.

Once all the votes have been cast, they will be counted by the Company’s share registrar, Computershare, and scrutinised by the Company’s auditor. The results of today’s meeting will be released to the NZX on the completion of verification of voting.

Please prepare your forms and cast your votes now, while we take questions.

[Can I now ask Computershare to bring the ballot boxes forward.]

Questions

At this point we’ll open the floor to any questions on the financial results, the business update or any other matters you would like to raise.

[Questions]

[After no more questions]

Are there any items of general business to be discussed?

There appears to be no further business for discussion.

Ladies and gentlemen, that brings us to the end of formal business for Scales Corporations’ 2019 Annual Shareholders’ Meeting. Thank you for taking the time to participate today.

I would now like to invite you to join us for refreshments.

Thank you.

[ENDS]