

# **Scales Corporation Limited**

## **Growing Your Diversified Agribusiness**



**Annual Results Presentation**  
**For the Year Ended 31 December 2020**  
**26 February 2021**

**Scales**   
growing New Zealand

# Agenda

1. Operating Summary
2. Sustainability
3. Financial Overview
4. Divisional Performance
5. Capital Management
6. Governance
7. Trading Outlook
8. Appendices





# Operating Summary

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# Operating Summary

- Scales' sound foundations generated strong 2020 operating performance:
  - Underlying\* EBITDA \$53.9m up 2% on 2019 (\$52.7m).
  - Underlying\* NPAT \$33.8m down 7% on 2019 (\$36.4m).
  - Statutory Profit for the Year \$26.6m (2019: \$121.6m\*\*).
- Volumes up but earnings down at Mr Apple:
  - Mr Apple own-grown export volumes of 3,915k TCEs up 2% on 2019 and up 3% on forecast.
  - Horticulture division Underlying EBITDA of \$31.4m (2019: \$39.7m). Volumes and prices in Asia and Middle East adversely affected by lockdowns, whilst European and UK markets were up.
  - Diversity of channels and markets supported earnings resilience.
  - Phase 2 of the orchard redevelopment finished, 36 ha redeveloped during 2020 winter.
- Exceptional performance in Food Ingredients:
  - Underlying EBITDA of \$23.1m (2019: \$13.5m), increase of 71%.
  - Divisional performance supported by diversification in geographical supply network and sources of protein.
  - Strong growth in petfood demand following increased pet adoption rates during lockdowns.

\* Underlying Results exclude some New Zealand International Financial Report Standards (NZ IFRS) non-cash and other adjustments. Management and the Board believe that Underlying Results more accurately demonstrate the change in operational performance of the Group. Underlying Results are shown before the deduction of share of NPAT for Non-Controlling Interests (Fern Ridge and Shelby) of \$5.6m (2020) vs \$3.6m (2019). A reconciliation of Underlying to Reported Measures is provided in Appendix I.

\*\* 2019 results include the gain on sale of Polarcold (\$68.9m net of interest) and gain on sale and revaluation gain on the establishment of Meateor NZ (of \$9.8m and \$9.8m respectively).



# By the Numbers

**5,739,000**

TCEs of apples  
exported<sup>1</sup>  
(2019: 5,953,000)

**\$470.7m**

Revenue  
(2019: \$484.6m)

**35,502**

TEU<sup>2</sup> equivalents  
managed  
(2019: 39,438)

**15%**

ROCE<sup>3</sup>  
(2019: 16%)

**19.0 cents**

Dividends declared  
per share

**115,700 MT**

Petfood ingredients  
sold<sup>4</sup>

**\$97.6m**

Net cash  
(2019: \$104.9 net cash)

**3,915,000**

TCEs of own-grown  
apples exported  
(increase of 2%)

1. Tray carton equivalent, a measure of apple and pear weight, defined as 18.6kg packed weight which equates to 18.0kg sale weight. Includes own grown and external grower volumes including those volumes exported by Fern Ridge Fresh.
2. TEU is a Twenty-foot Equivalent Unit is a unit of cargo capacity to describe container volumes.
3. Return on Capital Employed, calculated as EBIT divided by Capital Employed, where Capital Employed is calculated as non-current assets plus working capital (excluding cash, overdrafts and borrowings, NZ IFRS 16 right of use asset and lease liability, dividends declared, derivative assets/liabilities and employee loans).
4. Includes 100% of volumes from Meateor NZ; i.e. total volumes controlled directly and indirectly by the Meateor Group.

# 2020 Achievements

## Unity and teamwork allowed Scales to deliver

- All business operations continued during lockdowns, including during the critical apple harvest period.
- Safety and wellbeing of staff prioritised at all times.
- All staff paid in full, without use of New Zealand government subsidies.
- Leadership efforts recognised through presentation of INFINZ Leadership Award to Andy Borland.
- Continued to pay dividends as scheduled.
- Continued to provide earnings guidance which was ultimately met.







**Sustainability**

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# Sustainability – Overview and Environment

## Looking to the future

### Overview

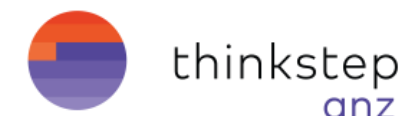
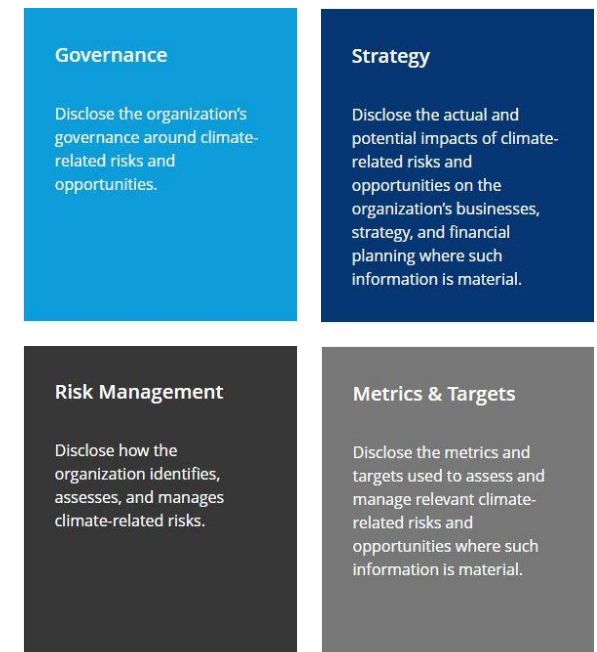
- Maintained business operations during lockdowns, including during peak harvest and production period.
- Partnered with thinkstep-anz to undertake an indepth materiality assessment:
  - Included a 'Three Horizons' workshop to obtain a futurist view of the business.
- Inaugural TCFD\* Report being prepared for 2020 annual report:
  - Based on the 4 themes contained within the TCFD's recommended framework.

### Environment

- Ongoing projects to reduce energy, fuel and waste to landfill, along with other footprint-reducing initiatives:
  - 2,300m of Extenday reflective groundcover diverted from landfill and recycled.
- Electricity audits conducted in Mr Apple orchards.
- Third annual Toitū Envirocare carbonreduce certification undertaken.
- Climate change risks and opportunities identified for Mr Apple.

\* Task Force on Climate-related Financial Disclosures.

### TCFD themes





# Sustainability – Health & Safety and Other

## Health & safety first

### Health & Safety

- Expansion and development of a number of health & safety initiatives, including:
  - The company-wide forklift training framework.
  - Guarding and traffic management focus.
  - Critical risk in-depth assessment.
  - Cross-company learning and auditing.
- Decrease in number and severity of incidents.



### Other

- Supported both local and overseas communities with apple donations, including Wuhan at the onset of the pandemic and half a million apples to New Zealand food parcel organisations.
- Realignment of GAP\* certifications.
- GRASP\*\* audit of the Mr Apple external supply chain for worker welfare practices.
- Implementation of updated corporate policies and introduction of a sensitive information policy.
- Pay equality review completed with pleasing results.

\* Good Agricultural Produce.

\*\* GLOBAL GAP Risk Assessment on Social Practice.





# Financial Overview

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# Group Financial Performance

## Solid result in a disruptive year

- Revenue of \$470.7m, down 3% on 2019 (\$484.6m).
- Underlying EBITDA of \$53.9m, up 2% on 2019 (\$52.7m).
- Underlying NPAT of \$33.8m, down 7% on 2019 (\$36.4m), reflecting lower interest income.

Income Statement									
\$Millions	Revenue			EBITDA			NPAT		
	2020	2019	% chg. <sup>1</sup>	2020	2019	% chg. <sup>1</sup>	2020	2019	% chg. <sup>1</sup>
Underlying	470.7	484.6	-3%	53.9	52.7	2%	33.8	36.4	-7%
NZ IFRS & other adjustments:									
Gain on sale of Polarcold, net of interest				-	-		-	68.9	
Fair value gain on recognition of investment in joint venture				-	9.8		-	9.8	
Gain on disposal of Meateor New Zealand business				-	9.8		-	9.8	
Impairment of non-current assets <sup>2</sup>				(4.3)	-		(4.3)	-	
NZ IFRS 16 Leases				10.3	9.5		(0.7)	(1.0)	
Other NZ IFRS adjustments				(3.1)	(1.9)		(2.1)	(2.3)	
Reported <sup>3</sup>	470.7	484.6	-3%	56.7	79.9	-29%	26.6	121.6	-78%

### Notes:

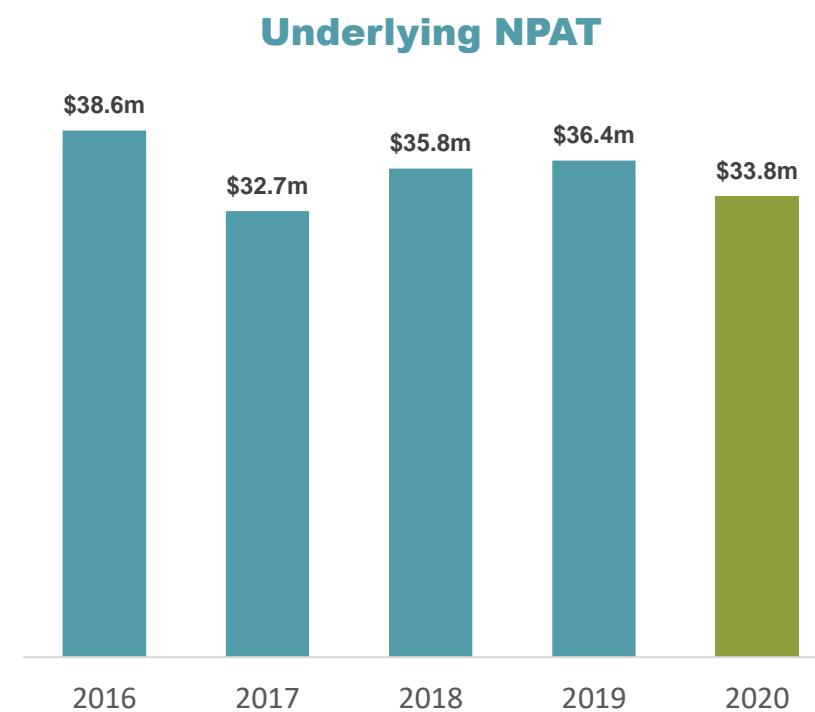
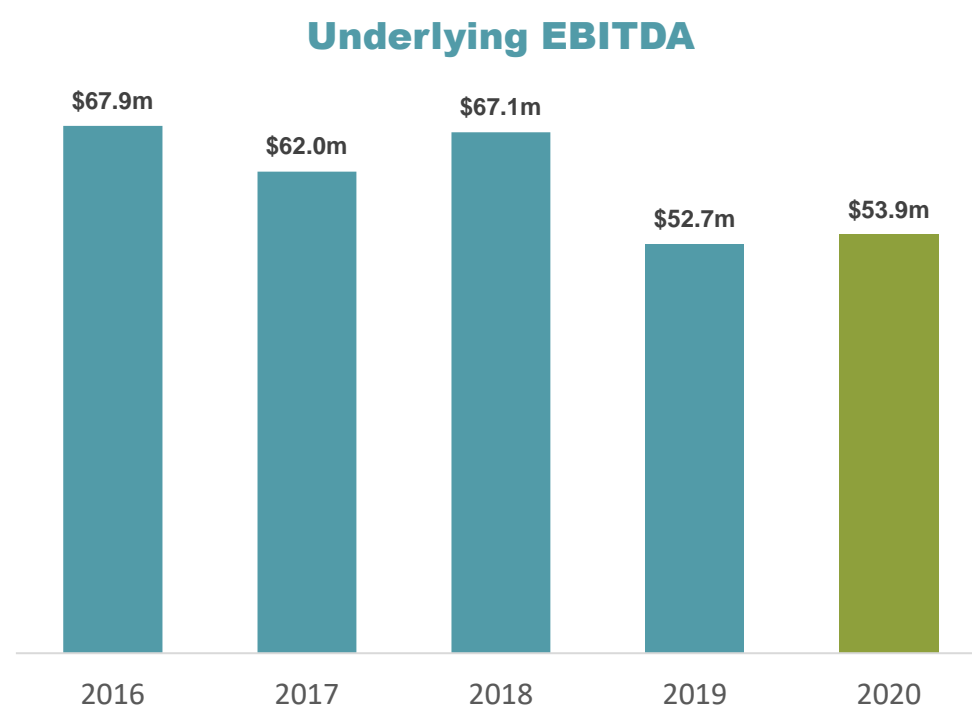
1. %'s are calculated based on non-rounded figures, figures may not sum due to rounding.

2. Further Fixed Asset (Land & Buildings) positive revaluations offset by declining on-orchard valuations recorded in Reported EBITDA.

3. Earnings are shown before the deduction of share of NPAT for Non-Controlling Interests (Fern Ridge and Shelby) of \$5.6m (2020) vs \$3.6m (2019).

# Trends in Group Financial Performance

- Movement in Underlying EBITDA from 2019 onwards reflects changes in Group structure.
- Historic results are unadjusted for businesses that have been sold or acquired.





# Divisional Financial Performance Overview

- Horticulture – record export volumes, strong sales into Europe and UK.
- Food Ingredients – strong petfood demand continued into 2H20.
- Logistics – in line with prior periods.

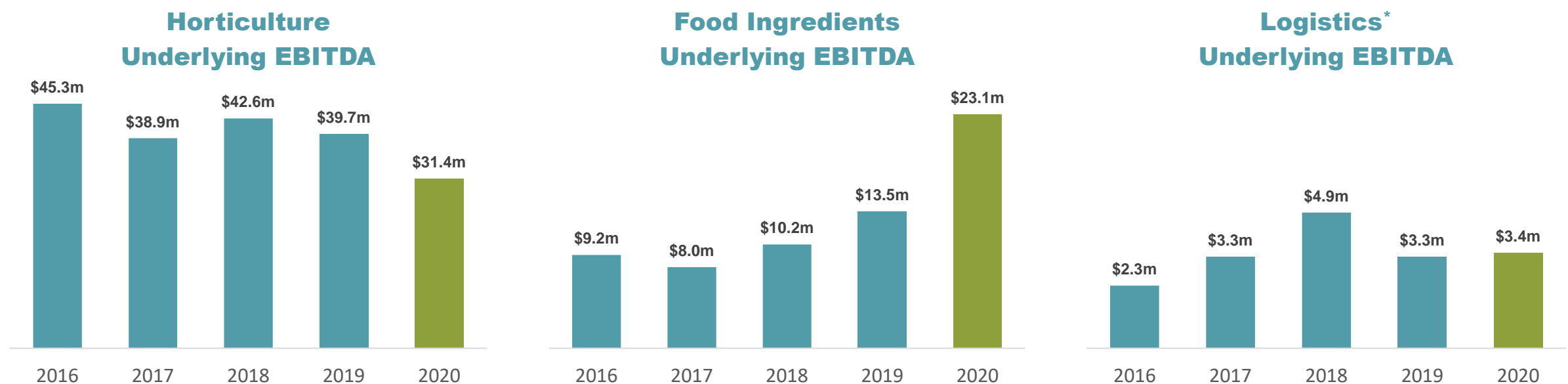
Divisional Performance							
							% chg.
\$Million	1H20	2H20	2020	1H19	2H19	2019	2020 v 2019
Horticulture	32.4	(1.0)	31.4	41.3	(1.6)	39.7	-21%
Food Ingredients	11.0	12.1	23.1	5.1	8.4	13.5	71%
Logistics	3.2	0.3	3.4	3.1	0.3	3.3	4%
Corporate	(2.2)	(1.9)	(4.1)	(2.1)	(1.7)	(3.7)	8%
Underlying EBITDA	44.4	9.5	53.9	47.3	5.4	52.7	2%
Underlying NPAT	29.2	4.6	33.8	30.1	6.3	36.4	-7%

Notes:

1. Prepared on an Underlying basis. A reconciliation to NZ IFRS is provided in the Appendices.
2. %'s are calculated based on non-rounded figures, figures may not sum due to rounding.
3. NZ IAS 41 Agriculture requires unsold agricultural produce to be measured at fair value less costs to sell meaning the expected profit on unsold fruit is recognised in the interim result, giving rise to seasonality in profitability as shown above.

# Trends in Divisional Performance

- The graphs below demonstrate the change in earnings amongst the divisions.



\* Previously 'Storage and Logistics' up to and including 2018. Shows performance of continuing business only.



# Balance Sheet

## Steady financial position

- Changes in assets reflect:
  - Capital expenditure (Mr Apple coolstore, orchard redevelopment and other projects).
  - Construction of new coolstore enabled the Group to sell its Havelock North packhouse (assets held for sale).
  - Revaluation of FX derivatives (in line with NZ IFRS requirements).



Balance Sheet		
\$Millions	2020	2019
<b>Current Assets (Excluding Cash)</b>		
Trade and other receivables	19.5	20.6
Inventories	25.8	26.4
Unharvested agricultural produce	24.0	21.6
Other	16.6	8.2
Assets held for sale	2.6	-
	<b>88.4</b>	<b>76.9</b>
<b>Current Liabilities (Excluding Overdraft, Borrowings and Dividends Declared)</b>		
Trade and other payables	(25.1)	(19.8)
Lease liability	(10.1)	(9.4)
Other	(5.9)	(7.2)
	<b>(41.1)</b>	<b>(36.5)</b>
<b>Net Working Capital</b>	<b>47.4</b>	<b>40.4</b>
<b>Non-Current Assets</b>		
Land and buildings at fair value	109.2	96.8
Apple trees at fair value	31.0	33.9
Other property, plant and equipment	41.2	35.0
Investments, intangibles and goodwill	68.4	69.6
Right of use asset	77.9	78.8
Other	18.1	7.1
	<b>345.7</b>	<b>321.2</b>
<b>Capital Employed</b>	<b>393.1</b>	<b>361.6</b>

Note: Figures may not add due to rounding

# Balance Sheet (continued)

## Ongoing ability to invest in growth opportunities

- Net cash as at 31 December 2020 of \$97.6m (2019: \$104.9m), comprising:
  - Cash and term deposits of \$150.6m (2019: \$159.4m).
  - Borrowings of \$53.1m (2019: \$54.6m).



Balance Sheet (continued)		
\$Millions	2020	2019
<b>Non-Current or Other Liabilities</b>		
Deferred tax liabilities	(25.6)	(19.4)
Lease liability	(70.2)	(70.7)
Other financial liabilities	(3.2)	(4.0)
Dividends declared	(13.4)	(13.3)
	<b>(112.3)</b>	<b>(107.4)</b>
<b>Net Cash/(Debt)</b>		
Cash less overdraft	46.0	17.4
Term deposits	104.6	142.0
Borrowings	(53.1)	(54.6)
	<b>97.6</b>	<b>104.9</b>
<b>Total Equity</b>	<b>378.4</b>	<b>359.0</b>



# Divisional Performance

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# Horticulture – Financial Performance

## Record export volumes

- Revenue of \$246.0m (2019: \$264.8m).
- Underlying EBITDA of \$31.4m (2019: \$39.7m):
  - Strong sales into Europe and UK.
  - Volumes and prices in Asia and Middle East adversely affected by timing of lockdowns on consumers.
  - Diversification of markets and varieties proved beneficial.
- Solid volume performance, especially in context:
  - 3,915k TCEs, 2% increase on 2019 (3,822k TCEs).
  - Export packout of 76% (2019: 79%).
  - Continuing to premiumise. 57% of all own-grown apples now 'premium'.

Financial Performance - Horticulture			
\$Millions	2020	2019	% change
Revenue	246.0	264.8	-7%
Underlying EBITDA	31.4	39.7	-21%
Underlying EBIT	21.9	30.9	-29%



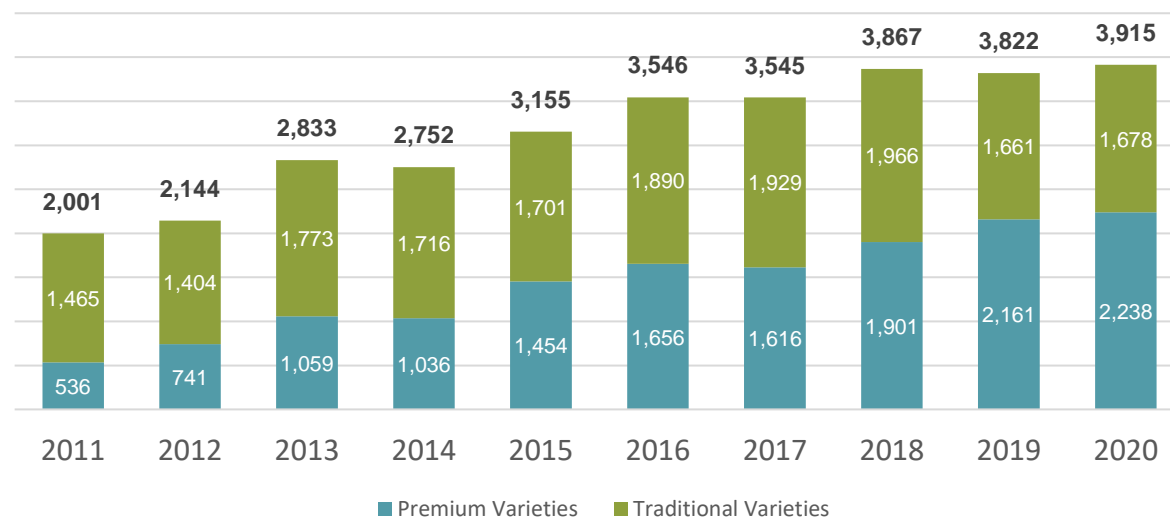


# Horticulture – Own-Grown Volumes

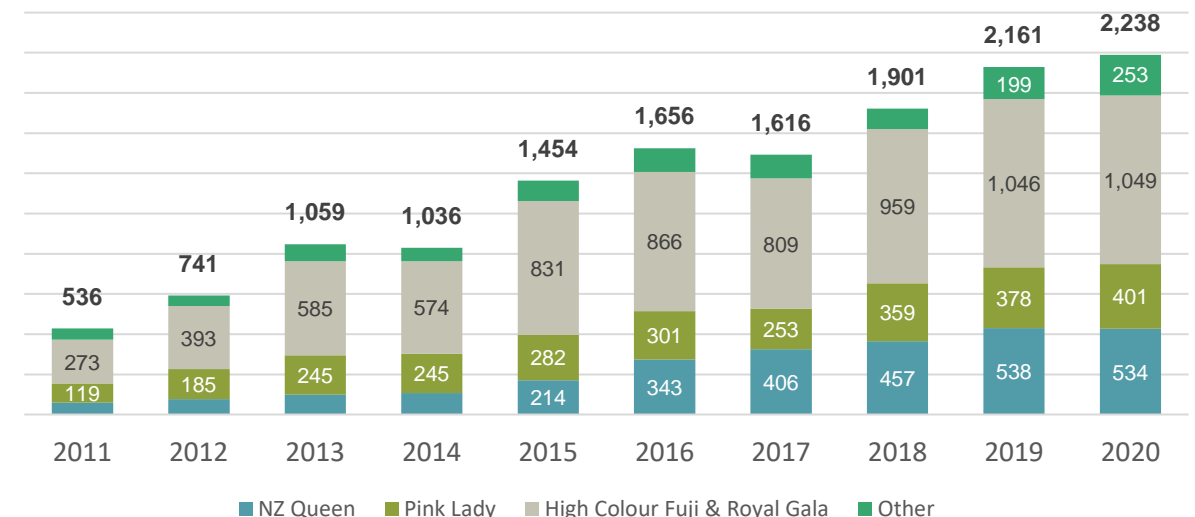
## Growth in premium volumes in changing markets

- Increase of 4% in premium variety volumes compared to 2019:
  - Similar or increased volumes across most premium varieties.
  - Significant % increases in volumes of new premium varieties (Dazzle™ and Posy™).
  - European markets performed well in 2020, Mr Apple's exposure to a broad range of markets enables it to shift sales to respond to market factors.

Mr Apple Own Export Volumes (TCE 000s)



Growth in Premium Volumes (TCE 000s)



# Horticulture – Pricing & Other KPIs

## Prices impacted by lockdowns

- Pricing within different geographies affected by:
  - Timing of lockdowns.
  - Impact on logistics and purchasing patterns.
  - Economic effect on consumers
  - Mix of varieties purchased.
- Favourable movements in FX rates, specifically the NZD:USD.
  - Whilst cover is in place for 2021, recent strength in the NZD will likely see an adverse shift in FX impacts for 2021.
- Including volumes sold on behalf of other growers, the Horticulture division sold a total of 5,739k TCEs of apples (2019: 5,953k TCEs):
  - During 2020, some of Fern Ridge's apple volumes were replaced by sales of kiwifruit (kiwifruit volumes not reported).

### Horticulture KPIs

Apple Prices by Variety (NZD / TCE, FOB)			
	2020	2019	% change
Premium Varieties	36.9	39.8	-7%
Traditional Varieties	30.1	29.3	3%
<b>Weighted Average all Apples</b>	<b>34.0</b>	<b>35.2</b>	<b>-3%</b>

FX Rates (avg. achieved)			
	2020	2019	% change
NZD:USD	0.64	0.67	4%
NZD:EUR	0.57	0.57	0%
NZD:GBP	0.51	0.48	-6%
NZD:CAD	0.87	0.87	0%

Volumes (TCE 000s)			
	2020	2019	% change
Mr Apple own-grown volumes	3,915	3,822	2%
External grower volumes*	1,824	2,132	-14%
<b>Total volume exported</b>	<b>5,739</b>	<b>5,953</b>	<b>-4%</b>

\* External grower volumes comprise external grower volumes handled by Mr Apple (1,216k TCEs) and Fern Ridge Fresh (607k TCEs)



# Horticulture – Margin Improvement

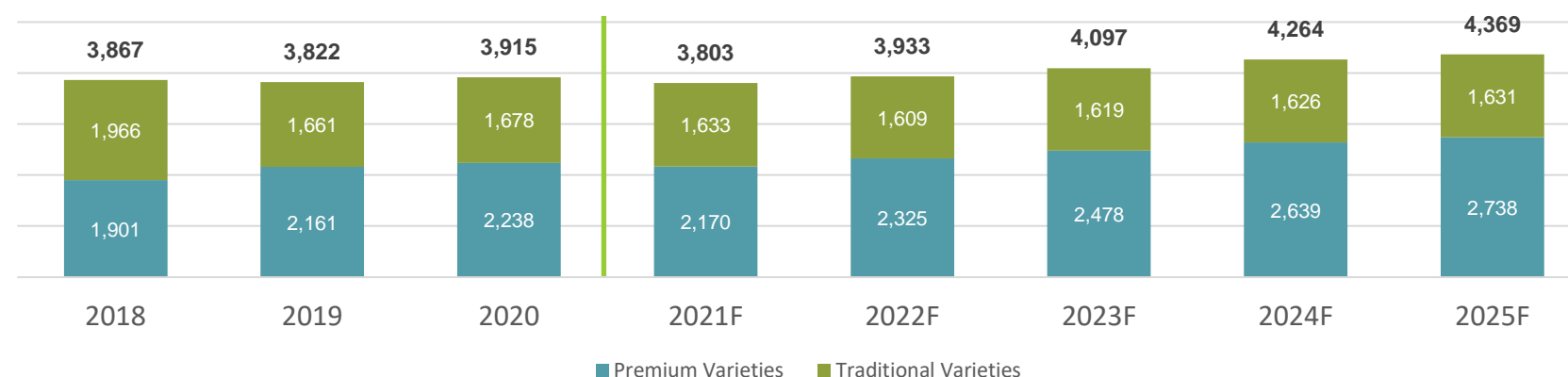
## Margin improvement is the key focus in the Horticulture division

- The company acknowledges headwinds in margins and is focused on initiatives to maintain current margins:
  - New Whakatu coolstore is now operational. Coolstore was finished on time and on budget and is expected to provide operational and logistics efficiencies, including the sale of its Havelock North packhouse to achieve greater centralisation.
  - Increased yields and prices from redeveloped orchards. More than 140 ha of orchard was planted / redeveloped between 2018 and 2020 predominantly in the high-value, branded, Dazzle™ variety. Plantings adopt new ‘2-dimensional’ techniques enabling efficiencies in pruning, thinning and picking. Commercial scale from 2023 onwards.
  - The environment for the availability and cost of labour has changed. As a result the company will accelerate automation initiatives particularly in post-harvest facilities. Scales expects to commit to automation initiatives through 2021.



Inside the new Whakatu coolstore

### Mr Apple Own Export Volumes (TCE 000s)



# Horticulture – Market Strategies

## Identifying innovative strategies for our key markets

- Ongoing in-market branding initiatives and marketing activations, particularly in Asia and Middle East:
  - Asia and Near Markets comprise ~62% of export sales.
  - Retail category management being implemented in Vietnam and Thailand.
  - Additional marketing resource added with the appointment of a senior marketing manager.
- Continued importance of the China market:
  - China represented approximately 17% of Mr Apple export volumes in 2020, in line with 2019.
  - Retail trade (e-commerce, supermarket and fruit chain stores) represented over 50% of all Mr Apple China sales in 2020.
- Innovations in product development and launches:
  - Flagship store on TMALL (Alibaba) to be operational Q2 2021.
  - TMALL will market and sell a range of Mr Apple products directly to China consumers.
  - Dazzle™ launched in 2020 through high end Chinese retailers such as Hema to have target promotions in both Vietnam and China in 2021.



New box design for delivery through TMALL



Dazzle™ launch



# Food Ingredients - Performance

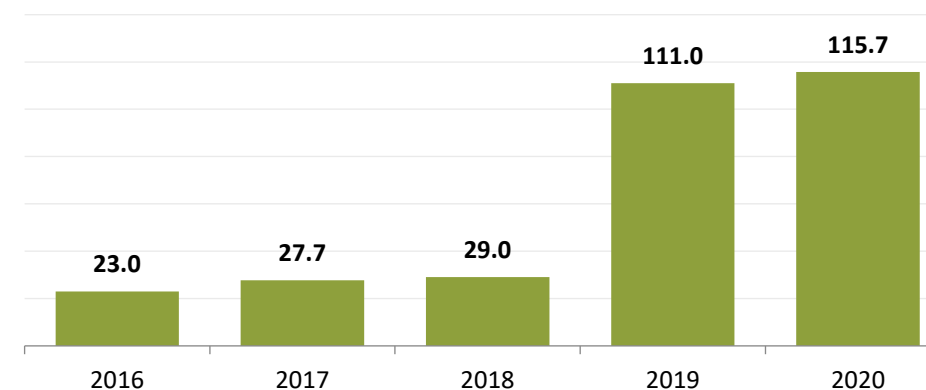
## Exceptional performance, taking advantage of growing global petfood demand

- Significant increases in revenue and profitability reflect geographical and protein diversification strategies:
  - 12% increase in revenue.
  - 71% increase in Underlying EBITDA, considerable progress towards the division's long-run EBITDA target.
  - 4% increase in volumes sold.
- Shelby entered into a new processing / warehouse agreement with toll processor in Dodge City, Kansas.
- Benefitted from growth in global petfood demand:
  - Attributable in part to increased pet ownership and adoption rates during COVID-19 pandemic\*.
  - Consumer demand and trends (e.g. humanisation of pets) for petfood continuing to drive growth.
- Profruit sales volumes up 6% compared to 2019:
  - High fruit brix and excellent yields.
  - Increased retail demand.

Financial Performance - Food Ingredients			
\$Millions	2020	2019	% change
Revenue	173.7	155.1	12%
Underlying EBITDA	23.1	13.5	71%
Underlying EBIT	22.0	12.5	76%

KPIs			
	2020	2019	% change
Food Ingredients Volume Sold (MT)	115,739	110,970	4%
Juice Concentrate Sold (000 L)	6,544	6,170	6%

### Petfood Ingredients Sold (MT 000s)

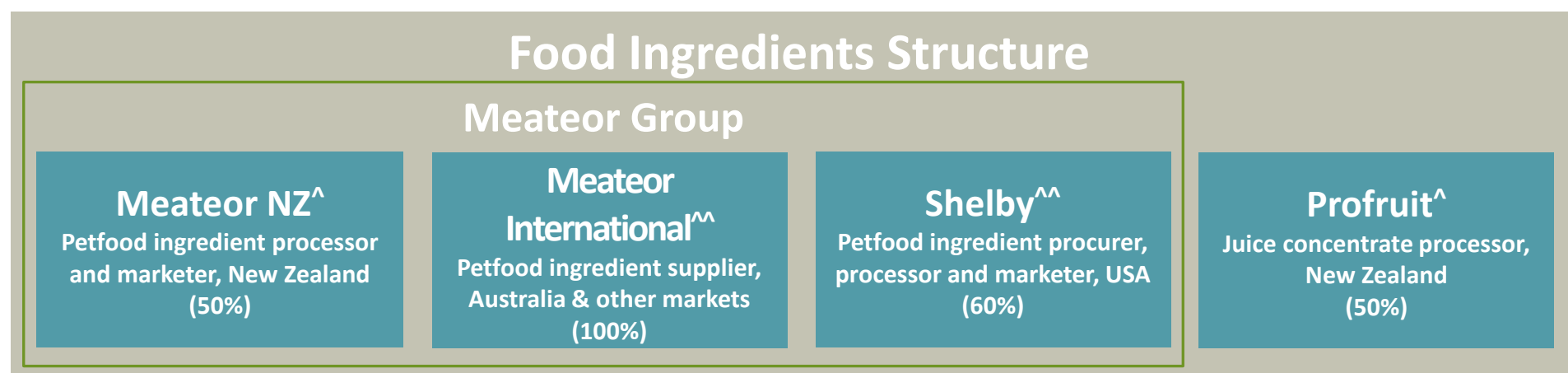


\* The American Pet Products Association estimated that 11.38 million U.S. households acquired a new pet during the pandemic, *COVID-19 Pulse Study, September 2020*.

# Food Ingredients – Strategy Update

## An attractive industry for investment

- The global petfood industry shows no sign of slowing:
  - Market value expected to be US\$168.3b by 2029, compared to US\$97b in 2019\*.
  - Market development being shaped by pet ownership and pet humanisation trends.
  - As an example, at least two new petfood plants are planned to be built in USA in 2021.
- The division continues to actively analyse and review both organic and external growth opportunities:
  - Actively investigating the high-growth China market.
  - Actively reviewing opportunities to expand product range, with added-value and functional petfoods.
  - Aiming to be a key provider to a range of international petfood brand owners.
  - Continuing to seek diversification in source and range of proteins.



\* <https://www.prnewswire.com/news-releases/global-pet-food-market-to-show-an-impressive-cagr-of-6-from-2019-to-2029-with-valuation-expected-to-reach-us-168-3-bn-finds-tmr-300999294.html>

^ Equity accounted. / ^^ Fully consolidated into Scales' financial results, with non-controlling interests deducted from NPAT.



# Logistics - Performance

## Stable returns in a challenging year

- Solid performance from the Logistics division in a year where activity was impacted by global supply chain disruptions:
  - Underlying EBITDA and Underlying EBIT up 4% and 9% respectively on 2019.
  - Ocean freight managed for the equivalent of 35,502 TEUs down 10% on 2019 (39,438 TEUs).
  - 5,656 tonnes of airfreight organised down 9% on 2019 (6,184 tonnes) due to effects of COVID-19.
- Impact of COVID-19 lessened due to focus on the agribusiness sector.

Financial Performance - Logistics			
\$Millions	2020	2019	% change
Revenue	77.9	87.1	-11%
Underlying EBITDA	3.4	3.3	4%
Underlying EBIT	3.2	2.9	9%

KPIs			
	2020	2019	% change
Ocean Freight Volume (TEUs)	35,502	39,438	-10%
Airfreight Volume (tonnes)	5,656	6,184	-9%



**Capital Management**

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# Capital Management

## Overall group target maintained, mix differs

- Return on Capital Employed (ROCE) parameters determined by business operations:
  - Horticulture partly impacted by a \$14m increase in capital employed (primarily orchard redevelopment and coolstore capex).
  - Horticulture ROCE levels expected to increase once redeveloped orchard reaches maturity (2023 onwards).
  - Group ROCE remains at the long-run target level.

### Capital Management

#### Return on Capital Employed

	2020	2019
Horticulture	10%	17%
Food ingredients	29%	16%
Logistics	89%	70%
<b>Group</b>	<b>15%</b>	<b>16%</b>
Target	15%	15%



# Capital Expenditure

## Continuing to invest in growth initiatives

- 2020 expenditure included:
  - Mr Apple orchard redevelopment (\$4.9m) - approximately 36 hectares.
  - Mr Apple Whakatu coolstore build (\$11.5m) – coolstore completed on time and within budget (an additional spend of \$2.5m will be recognised in 2021).
  - Additional spend on RSE accommodation (\$2.0m).
- Majority of significant orchard redevelopment complete.
- Near term capex focus on automation and efficiencies for margin improvement.



First truck being unloaded at the Whakatu coolstore

### Capital Management

Operational Capital Expenditure		
\$Millions	2020	2019
Horticulture	4.3	3.1
Food Ingredients	0.5	0.2
Logistics	0.1	0.5
Other	0.0	0.0
	<b>4.9</b>	<b>3.8</b>

Growth Capital Expenditure		
\$Millions	2020	2019
Horticulture	19.5	11.9
	<b>19.5</b>	<b>11.9</b>
<b>Total Capital Expenditure</b>	<b>24.4</b>	<b>15.7</b>





**Governance**

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# Governance and Management

## Governing through a pandemic

- Good governance practices maintained during the year:
  - First virtual Annual Shareholders' Meeting successfully held in over 100 years of trading.
  - Board meetings undertaken via Zoom where necessary.
- Excellent leadership and teamwork from all staff.
  - Exceptional effort from the entire Scales team.
  - Proved ability to quickly adapt to new situation.
  - Staff health & safety prioritised.
- Andy Borland awarded INFINZ Leadership Award:
  - For demonstrating sustainable and impactful leadership over a 14 year (and counting) position.



Andy Borland with Nick-Scarlett (Caldwell Partners)





**Trading Outlook**

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# 2021 Outlook

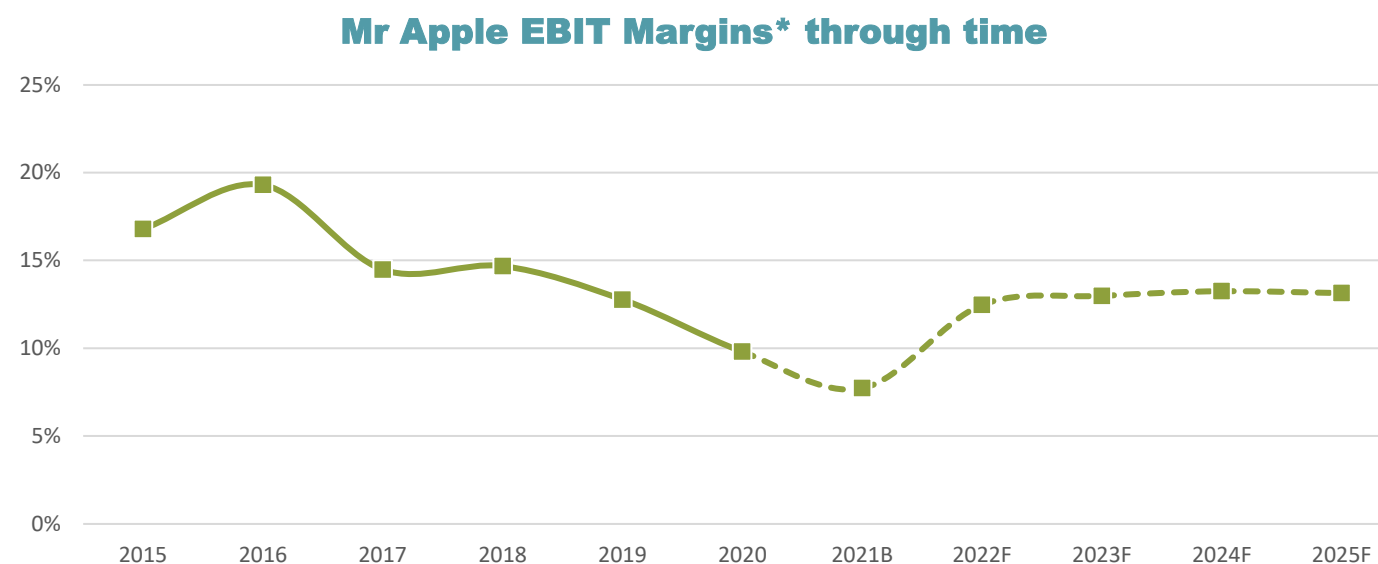
## Group update

- As a result of a combination of national weather events over the key growing period and continuing disruptions in global supply chains (particularly port side delays and costs), Scales has updated its full year 2021 Guidance.
- Directors have amended the full year Guidance range for Group:
  - Underlying Net Profit is now forecast to be between \$27.5m to \$33.5m.
  - The Guidance range implies an Underlying EBITDA range of between \$46.5m and \$53.5m.
  - This updates the previous announcement on 9 December 2020.
- The amendment reflects the combined changes in outlook over the last two months:
  - Significantly lower levels of stone fruit exports from the Otago region impacting on Scales Logistics.
  - The Tasman region expecting a significantly lower level of pip fruit exports impacting on third party export volumes for Mr Apple and Fern Ridge.
  - Mr Apple is now expecting that own-grown volumes will be lower than forecast.
  - Ongoing delays in shipping resulting in higher port side charges impacting on all Group business units.
  - Directors reconfirm all other assumptions previously stated on 9 December 2020.
- Directors note that, having completed a strong operating performance for 2020, it is clear the ripples from COVID-19 lockdowns are having a greater impact on our results for 2021, some of which are forecast to improve in the second half of the year.

# 2021 Outlook (continued)

## Horticulture division

- The outlook for Horticulture sales activity remains supportive at this time. Key observations include:
  - A lower national crop will lower in-market supply particularly for Europe and UK.
  - Early fruit shipments to Asia have been well received and sales are moving through the usual channels.
  - Mr Apple is expecting lower fruit volumes to be partially offset by higher in-market prices.
  - The 2021 apple crop is looking to be of good fruit-size, brix and colour.
- Directors reconfirm the view that the majority of challenges and additional costs being experienced domestically in 2021 by the Horticulture division will normalise, as currently experienced by in-market sales activity and pricing. Management expect margins to return to 2019 levels in the years ahead.



\* Historical results have been adjusted to remove hail insurance proceeds in 2015.



# Appendices

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# Appendix I - Reconciliation of Underlying to Reported Measures

Reconciliation of Divisional Underlying Profitability to Reported Profitability										
	Group		Horticulture		Food ingredients		Logistics		Corporate and eliminations	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>EBITDA</b>										
<b>Underlying</b>	<b>53.9</b>	<b>52.7</b>	<b>31.4</b>	<b>39.7</b>	<b>23.1</b>	<b>13.5</b>	<b>3.4</b>	<b>3.3</b>	<b>(4.1)</b>	<b>(3.7)</b>
Fair value gain on recognition of investment in joint venture	-	9.8	-	-	-	9.8	-	-	-	-
Gain on disposal of Meateor New Zealand business	-	9.8	-	-	-	9.8	-	-	-	-
Impairment of non-current assets	(4.3)	-	(4.3)	-	-	-	-	-	-	-
NZ IFRS 16 Leases	10.3	9.5	9.4	8.6	0.1	0.1	0.8	0.8	0.1	0.1
Equity settled employee benefits	(0.7)	(0.9)	-	-	-	-	-	-	(0.7)	(0.9)
Meateor NZ Sale - Working Capital Adjustment	(0.5)	-	-	-	(0.5)	-	-	-	-	-
Change in fair value gain on apple inventory	(0.8)	(0.3)	(0.8)	(0.3)	-	-	-	-	-	-
Change in gross liability for non-controlling interests	(0.6)	(0.3)	0.1	(0.1)	(0.8)	(0.2)	-	-	-	-
Transaction costs	(0.4)	(0.4)	-	0.0	-	-	-	-	(0.4)	(0.4)
Share based payments	-	(0.1)	-	-	-	-	-	-	-	(0.1)
<b>Reported</b>	<b>56.7</b>	<b>79.9</b>	<b>35.8</b>	<b>47.9</b>	<b>21.9</b>	<b>32.9</b>	<b>4.2</b>	<b>4.1</b>	<b>(5.1)</b>	<b>(5.0)</b>
<b>EBIT</b>										
<b>Underlying</b>	<b>43.0</b>	<b>42.5</b>	<b>21.9</b>	<b>30.9</b>	<b>22.0</b>	<b>12.5</b>	<b>3.2</b>	<b>2.9</b>	<b>(4.1)</b>	<b>(3.8)</b>
Fair value gain on recognition of investment in joint venture	-	9.8	-	-	-	9.8	-	-	-	-
Gain on disposal of Meateor New Zealand business	-	9.8	-	-	-	9.8	-	-	-	-
Impairment of non-current assets	(4.3)	-	(4.3)	-	-	-	-	-	-	-
NZ IFRS 16 Leases	2.0	1.7	1.8	1.5	0.0	0.0	0.2	0.2	0.0	0.0
Equity settled employee benefits	(0.7)	(0.9)	-	-	-	-	-	-	(0.7)	(0.9)
Meateor NZ Sale - Working Capital Adjustment	(0.5)	-	-	-	(0.5)	-	-	-	-	-
Change in fair value gain on apple inventory	(0.8)	(0.3)	(0.8)	(0.3)	-	-	-	-	-	-
Change in gross liability for non-controlling interests	(0.6)	(0.3)	0.1	(0.1)	(0.8)	(0.2)	-	-	-	-
Transaction costs	(0.4)	(0.4)	-	0.0	-	-	-	-	(0.4)	(0.4)
Share based payments	-	(0.1)	-	-	-	-	-	-	-	(0.1)
<b>Reported</b>	<b>37.6</b>	<b>61.8</b>	<b>18.7</b>	<b>32.0</b>	<b>20.8</b>	<b>31.8</b>	<b>3.4</b>	<b>3.1</b>	<b>(5.3)</b>	<b>(5.2)</b>
<b>NPAT</b>										
<b>Underlying</b>	<b>33.8</b>	<b>36.4</b>	<b>15.4</b>	<b>22.2</b>	<b>18.5</b>	<b>11.2</b>	<b>2.3</b>	<b>2.0</b>	<b>(2.4)</b>	<b>1.0</b>
Gain on sale of Polarcold	-	73.0	-	-	-	-	-	-	-	73.0
Add back interest on settlement of Polarcold, net of tax	-	(4.1)	-	-	-	-	-	-	-	(4.1)
Fair value gain on recognition of investment in joint venture	-	9.8	-	-	-	9.8	-	-	-	-
Gain on disposal of Meateor New Zealand business	-	9.8	-	-	-	9.8	-	-	-	-
Impairment of non-current assets	(4.3)	-	(4.3)	-	-	-	-	-	-	-
NZ IFRS 16 Leases, net of tax	(0.7)	(1.0)	(0.6)	(0.9)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.0)
Equity settled employee benefits	(0.7)	(0.9)	-	-	-	-	-	-	(0.7)	(0.9)
Meateor NZ Sale - Working Capital Adjustment	(0.5)	-	-	-	(0.5)	-	-	-	-	-
Change in fair value gain on apple inventory	(0.8)	(0.3)	(0.8)	(0.3)	-	-	-	-	-	-
Change in gross liability for non-controlling interests	(0.6)	(0.3)	0.1	(0.1)	(0.8)	(0.2)	-	-	-	-
Transaction costs	(0.4)	(0.4)	-	0.1	-	-	-	-	(0.4)	(0.4)
Share based payments	-	(0.1)	-	-	-	-	-	-	-	(0.1)
Tax effect of other NZ IFRS adjustments	0.9	(0.4)	1.4	0.1	(0.5)	(0.5)	-	-	-	0.0
<b>Reported</b>	<b>26.6</b>	<b>121.6</b>	<b>11.2</b>	<b>21.0</b>	<b>16.7</b>	<b>30.1</b>	<b>2.2</b>	<b>1.9</b>	<b>(3.6)</b>	<b>68.6</b>

# Appendix II - Disclaimer

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- 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 as detailed in Appendix I.
- Underlying Net Profit is calculated by adding back or (or deducting) the after-tax effect of certain non cash NZ IFRS and other adjustments as detailed in Appendix I.

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