

9 December 2022

2022 INTERIM DIVIDEND & TRADING UPDATE AND 2023 GUIDANCE

The directors of Scales Corporation Limited (NZX:SCL) have declared a fully imputed interim cash dividend for the 2022 financial year of 6.0 cents per share, to be paid on 16 January 2023. Due to the late finalisation of the 2022 apple season, directors have agreed to split the annual dividend payments for the 2022 financial year into three instalments. The second payment will be announced with the year end results and the third scheduled in early July as usual.

The directors reiterate their commitment to paying an annual cash dividend level of no less than 19 cents per share whilst the company holds Net Cash, although at a level no greater than Underlying Net Profit Attributable to Shareholders for each year.

With regard to Guidance for the twelve months to 31 December 2022, directors confirm the Underlying Net Profit Attributable to Shareholders range of \$23.5 million to \$28.5 million remains achievable, although it is very unlikely that this will now be at the top of the range. The recent change to the trading outlook and higher level of uncertainty regarding the year end result is due to the unprecedented delay in finalising the apple sales season.

A further update will be provided as part of the 2022 year-end announcement, scheduled for February 2023.

Managing Director Andy Borland notes “For the 2022 apple season Mr Apple continues to finalise sales, primarily in our key markets of China and Europe. As a result of the widely reported market turbulence in both markets, final results are still some weeks away and cashflows from sales and outstanding receivables are materially slower than normal years. We are also in the process of resolving a significant crop insurance claim in relation to the 2022 apple season.

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As previously reported, Scales continues to benefit from our diversified nature and, in particular this year, from the growth of the Global Proteins division, both organically and via acquisition. The division is forecast to report a record 2022 result and a positive outlook for 2023”.

Looking ahead to the 2023 financial year, directors advise an Underlying Net Profit Attributable to Shareholders Guidance range of \$23.5 million to \$28.5 million, which is at the same level as 2022 initial Guidance.

In providing Guidance for 2023, directors note:

- Apple volumes and selling prices within the horticultural division are forecast to be generally consistent with 2021 levels;
- Key markets of China and Europe are expected to perform on a business-as-usual basis, near levels seen prior to COVID-19 and other market disruptions;
- The Group will delay the material level of capital expenditure on gross margin improvement initiatives within Mr Apple for the 2023 year;
- Due to the recent announcements concerning the Global Proteins initiatives in Australia it is expected the 2023 first half result will incur material start up operating costs;
- The Guidance range implies:
 - an Underlying Net Profit range of between \$35 million and \$42 million; and
 - an Underlying EBITDA range of between \$68 million and \$77 million.

About Scales Corporation

Scales Corporation is a diversified agribusiness group. It comprises three operating divisions: Global Proteins, Horticulture, and Logistics. The company’s diverse spread of activities gives Scales broad exposure to the agribusiness sector. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it has operations across New Zealand, Australia and the United States. Find out more at www.scalescorporation.co.nz.

Contact

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