

SCOTT TECHNOLOGY LIMITED

HALF YEAR RESULTS 2023



 **SCOTT**

INDEX TO THE FINANCIAL STATEMENTS

For the Six Months Ended 28 February 2023

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 28 February 2023

		6 mths 28 Feb 2023 (Unaudited) \$'000s	6 mths 28 Feb 2022 (Unaudited) (Restated) \$'000s	12 mths 31 Aug 2022 (Audited) \$'000s
	Note			
Revenue	2	126,533	113,823	221,757
Other operating income		246	569	2,003
Share of joint ventures' net surplus		119	435	329
Raw materials, consumables used and other expenses		(75,061)	(69,856)	(130,425)
Employee benefits expense		(37,277)	(32,864)	(69,746)
OPERATING EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)		14,560	12,107	23,918
Interest received		80	28	560
Depreciation and amortisation		(3,920)	(4,087)	(8,053)
Finance costs		(1,025)	(654)	(1,508)
NET PROFIT BEFORE TAX		9,695	7,394	14,917
Taxation expense		(1,869)	(2,687)	(2,260)
NET PROFIT FOR THE PERIOD AFTER TAX FROM CONTINUING OPERATIONS		7,826	4,707	12,657
Profit/(Loss) from discontinued operation (net of income tax)		-	32	(12,567)
NET PROFIT FOR THE PERIOD AFTER TAX		7,826	4,739	90
Other Comprehensive (Loss) / Income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Movement in Foreign Currency Translation Reserve		(576)	2,685	4,822
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX		7,250	7,424	4,912
<i>Net profit for the period after tax from continuing operations is attributable to:</i>				
Members of the parent entity (used in the calculation of earnings per share)		7,858	4,689	12,639
Non controlling interests		(32)	18	18
		7,826	4,707	12,657
<i>Total comprehensive income is attributable to:</i>				
Members of the parent entity		7,282	7,406	4,894
Non controlling interests		(32)	18	18
		7,250	7,424	4,912
<i>Total comprehensive income/(loss) attributable to members of the parent entity arises from:</i>				
Continuing operations		7,250	7,392	17,479
Discontinued operation		-	32	(12,567)
		7,250	7,424	4,912
Earnings per share to shareholders from continuing operations (weighted average shares on issue):				
		Cents Per Share	Cents Per Share	Cents Per Share
Basic		9.8	5.9	15.9
Diluted		9.8	5.9	15.9
Net Tangible assets per ordinary share (at period end)				
Basic		47.2	40.3	38.7
Diluted		47.2	40.3	38.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 28 February 2023

	Fully Paid Ordinary Shares (Unaudited) \$'000s	Retained Earnings (Unaudited) \$'000s	Foreign Currency Translation Reserve (Unaudited) \$'000s	Non- Controlling Interests (Unaudited) \$'000s	Total (Unaudited) \$'000s
Six Months Ended 28 February 2023 (Unaudited)					
Balance at 31 August 2022	86,315	13,316	1,061	(286)	100,406
Net profit for the period after tax	-	7,858	-	(32)	7,826
Other comprehensive income for the period net of tax	-	-	(576)	-	(576)
Dividends paid (4.0 cents per share)	-	(3,212)	-	-	(3,212)
Issue of shares under dividend reinvestment plan	1,752	-	-	-	1,752
Balance at 28 February 2023	88,067	17,962	485	(318)	106,196

	Fully Paid Ordinary Shares (Unaudited) \$'000s	Retained Earnings (Unaudited) \$'000s	Foreign Currency Translation Reserve (Unaudited) \$'000s	Non- Controlling Interests (Unaudited) \$'000s	Total (Unaudited) \$'000s
Six Months Ended 28 February 2022 (Unaudited)					
Balance at 31 August 2021	82,701	19,559	(3,761)	(304)	98,195
Net profit for the period after tax	-	4,721	-	18	4,739
Other comprehensive income for the period net of tax	-	-	2,685	-	2,685
Dividends paid (4.0 cents per share)	-	(3,147)	-	-	(3,147)
Issue of shares under dividend reinvestment plan	1,792	-	-	-	1,792
Balance at 28 February 2022	84,493	21,133	(1,076)	(286)	104,264

	Fully Paid Ordinary Shares (Audited) \$'000s	Retained Earnings (Audited) \$'000s	Foreign Currency Translation Reserve (Audited) \$'000s	Non- Controlling Interests (Audited) \$'000s	Total (Audited) \$'000s
Twelve Months Ended 31 August 2022 (Audited)					
Balance at 31 August 2021	82,701	19,559	(3,761)	(304)	98,195
Net profit for the period after tax	-	72	-	18	90
Other comprehensive income for the period net of tax	-	-	4,822	-	4,822
Dividends paid (8.0 cents per share)	-	(6,315)	-	-	(6,315)
Issue of shares under dividend reinvestment plan	3,614	-	-	-	3,614
Balance at 31 August 2022	86,315	13,316	1,061	(286)	100,406

CONSOLIDATED BALANCE SHEET

As at 28 February 2023

		28 Feb 2023 (Unaudited)	28 Feb 2022 (Unaudited)	31 Aug 2022 (Audited)
	Note	\$'000s	\$'000s	\$'000s
Current assets				
Cash and cash equivalents		29,960	13,748	8,478
Trade debtors		35,803	31,767	40,003
Other financial assets	5	1,366	1,303	938
Sundry debtors		8,804	4,939	5,251
Inventories		32,789	28,512	31,328
Contract assets		29,979	29,483	18,073
Receivable from joint ventures	7	431	124	431
Tax Receivable		216	372	881
TOTAL CURRENT ASSETS		139,348	110,248	105,383
Non-current assets				
Property, plant and equipment		17,551	17,197	17,112
Investment in joint ventures		796	784	677
Other financial assets	5	143	93	99
Sundry debtors		3,866	-	4,608
Goodwill		50,688	56,264	50,117
Deferred tax		3,062	3,365	3,365
Intangible assets		6,193	9,948	7,158
Development assets		8,246	2,798	8,837
Right of use assets		11,731	10,074	9,532
TOTAL NON-CURRENT ASSETS		102,276	100,523	101,505
TOTAL ASSETS		241,624	210,771	206,888
Current liabilities				
Bank overdraft		4,829	15,090	4,543
Trade creditors and accruals		45,154	24,293	35,102
Lease liabilities		3,114	3,194	3,290
Other financial liabilities	5	1,359	1,415	1,291
Contract liabilities		43,144	24,451	26,307
Employee entitlements		9,128	7,561	9,369
Provision for warranty		1,318	1,228	1,323
Current portion of term loans		1,315	11,403	945
Deferred settlement on purchase of business		-	854	-
Onerous contracts provision		4,454	7,938	5,241
TOTAL CURRENT LIABILITIES		113,815	97,427	87,411
Non-current liabilities				
Other financial liabilities	5	143	521	182
Employee entitlements		838	753	719
Lease liabilities		9,575	7,622	7,145
Term loans		11,057	184	11,025
TOTAL NON-CURRENT LIABILITIES		21,613	9,080	19,071
Equity				
Share capital		88,067	84,493	86,315
Retained earnings		17,962	21,133	13,316
Foreign currency translation reserve		485	(1,076)	1,061
Equity attributable to equity holders of the parent		106,514	104,550	100,692
Non-controlling interests		(318)	(286)	(286)
TOTAL EQUITY		106,196	104,264	100,406
TOTAL LIABILITIES AND EQUITY		241,624	210,771	206,888

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 28 February 2023

	Note	28 Feb 2023 (Unaudited) \$'000s	28 Feb 2022 (Unaudited) \$'000s	31 Aug 2022 (Audited) \$'000s
Cash Flows From Operating Activities				
<i>Cash was provided from / (applied to):</i>				
Receipts from operations		133,367	111,296	224,625
Interest received		80	28	560
COVID-19 wage subsidies received		-	436	436
Payments to suppliers and employees		(106,524)	(118,369)	(217,713)
Taxation paid		(901)	(2,230)	(1,600)
Net cash inflow / (outflow) from operating activities	4	26,022	(8,839)	6,308
Cash Flows From Investing Activities				
<i>Cash was provided from / (applied to):</i>				
Purchase of property, plant, equipment and intangible assets		(1,558)	(589)	(2,312)
Sale of property, plant and equipment		282	72	877
Purchase of development asset		(10)	(588)	(6,574)
Purchase of business		-	(497)	(705)
Proceeds from discontinued operations		-	-	896
Net cash (outflow) from investing activities		(1,286)	(1,602)	(7,818)
Cash Flows From Financing Activities				
<i>Cash was provided from / (applied to):</i>				
Repayment of borrowings		(464)	(681)	(1,599)
Dividends paid (less amount reinvested the dividend reinvestment scheme)		(1,442)	(1,354)	(2,686)
Proceeds from borrowings		1,296	1,254	2,396
Lease payments		(1,897)	(1,694)	(3,392)
Interest paid		(1,033)	(668)	(1,516)
Net cash (outflow) from financing activities		(3,540)	(3,143)	(6,797)
Net increase / (decrease) in cash held		21,196	(13,584)	(8,307)
Add cash and cash equivalents at start of period		3,935	12,242	12,242
Balance at end of period		25,131	(1,342)	3,935
<i>Comprised of:</i>				
Cash and cash equivalents		29,960	13,748	8,478
Bank overdraft		(4,829)	(15,090)	(4,543)
		25,131	(1,342)	3,935

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 28 February 2023

1. SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The unaudited interim financial consolidated financial statements (Interim Financial Statements) presented are those of Scott Technology Limited ("Company") and its subsidiaries ("Group").

The Company is a profit oriented entity, registered in New Zealand under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its annual financial statements comply with these Acts. The Company is listed with NZX Limited and its ordinary shares are quoted on the NZX Main Board.

The Group's principal activities are the design, manufacture, sales and servicing of automated and robotic production lines and processes for a wide variety of industries in New Zealand and abroad.

BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with the requirements of the NZX Listing Rules.

The Interim Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). The Interim Financial Statements also comply with IAS 34 "Interim Financial Reporting" and other applicable financial reporting standards as appropriate for profit orientated entities. They also comply with International Financial Reporting Standards ("IFRS").

The Interim Financial Statements have been prepared on the basis of historical cost, except where otherwise identified.

The presentation currency used in the preparation of the financial statements is New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

NON-GAAP FINANCIAL INFORMATION

The Group uses operating earnings/ (loss) before interest, tax, and depreciation and amortisation (EBITDA), and Net Tangible Assets per ordinary shares (at period end) to describe financial performance as it considers these line items provide a better measure of underlying business performance.

These non-GAAP measures do not have a standard meaning prescribed by GAAP and therefore may not be compatible to similarly titled amounts reported by other entities.

ACCOUNTING POLICIES

All accounting policies have been applied on a basis consistent with those used in the audited financial statements of Scott Technology Limited for the year ended 31 August 2022. These Interim Financial Statements should be read in conjunction with the policies disclosed in the annual financial statements.

The Group has adopted all mandatory new and amended standards and interpretations. None had a material impact on these financial statements.

There are no new or amended standards that are issued but not yet effective that are expected to have a material impact on the Group.

RECLASSIFICATION OF PRIOR PERIOD COMPARATIVES

Segments and Cash Generating Units (CGUs)

The previously reported segment and CGU of Australasia was split in the second half of the 2022 financial year into the new segments and CGUs of New Zealand and Australia. As a result of the split of New Zealand and Australia, the interim 2022 reported segment and CGU of New Zealand and Australia has been split out in Note 2 Revenue and Note 3 Segment Information in order to report comparative figures for the new segments/CGUs of New Zealand and Australia.

Segment Reporting - Sources of Revenue by Industry

For the period ended 28 February 2023, the Group has redefined its sources of revenue from contracts with customers from Systems, Products and Services to revenue by industry, namely Meat, Mining, Materials Handling, and Rest of Business, which better reflect the specific nature and application of Group's systems technology, products and services across its geographic manufacturing segments and CGUs. The sources of revenue are also allocated between sales and service revenue across these industries.

The main impact of this reclassification is a reallocation of revenue between the old and new categories. Comparative figures for the six month period ended 28 February 2022 and 12 months ended 31 August 2022 included under Note 2 Revenue from Contracts With Customers have been restated in order to report comparative figures under the new classifications.

Summary of accounting policies continued

Discontinued Operation

On 16 June 2022, the Group discontinued its robotic solutions and integration operation in Marion, Ohio (RobotWorx). The comparative Consolidated Statement of Comprehensive Income, Note 2 and Note 3 for the six months ended 28 February 2022 have been restated in line with the audited financial statements of Scott Technology Limited for the year ended 31 August 2022.

AUDIT

The Interim Financial Statements for the six months ended 28 February 2023 are unaudited. Comparative balances for

the six months ended 28 February 2022 are also unaudited, whilst the comparative balances for the 12 months ended 31 August 2022 are audited.

AUTHORISATION

The Interim Financial Statements were authorised by the Board of Directors on 12 April 2023. The annual financial statements for the year ended 31 August 2022 were authorised by the Board of Directors on 18 October 2022.

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from contracts with customers from the transfer of goods and services over time and at a point in time in the following major geographic manufacturing regions (segments) and revenue streams.

Six months ended 28 February 2023 (Unaudited)		Meat	Mining	Materials Handling	Rest of Business	Total	
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	
New Zealand manufacturing	Sales	10,238	9,867	579	8,428	29,112	
	Service	2,283	6,388	212	615	9,498	
	Segment revenue	12,521	16,255	791	9,043	38,610	
	Inter-segment revenue	(5,748)	(2,089)	1,330	(7,470)	(13,977)	
	Revenue from external customers	6,773	14,166	2,121	1,573	24,633	
	<i>Timing of revenue recognition</i>						
	- Over time	4,551	-	1,818	949	7,318	
- At a point in time	2,222	14,166	303	624	17,315		
		6,773	14,166	2,121	1,573	24,633	
Australia manufacturing	Sales	2,780	-	-	7,996	10,776	
	Service	3,396	-	-	2,056	5,452	
	Segment revenue	6,176	-	-	10,052	16,228	
	Inter-segment revenue	(1,819)	1,892	-	(184)	(111)	
	Revenue from external customers	4,357	1,892	-	9,868	16,117	
	<i>Timing of revenue recognition</i>						
	- Over time	2,857	-	-	7,936	10,793	
- At a point in time	1,500	1,892	-	1,932	5,324		
		4,357	1,892	-	9,868	16,117	
Americas manufacturing	Sales	4,783	-	11,289	599	16,671	
	Service	3,690	542	3,962	7	8,201	
	Segment revenue	8,473	542	15,251	606	24,872	
	Inter-segment revenue	7,155	16	1,526	7,615	16,312	
	Revenue from external customers	15,628	558	16,777	8,221	41,184	
	<i>Timing of revenue recognition</i>						
	- Over time	2,395	-	12,907	7,875	23,177	
- At a point in time	13,233	558	3,870	346	18,007		
		15,628	558	16,777	8,221	41,184	
Europe manufacturing	Sales	5,669	-	22,216	1,141	29,026	
	Service	1,577	-	8,256	215	10,048	
	Segment revenue	7,246	-	30,472	1,356	39,074	
	Inter-segment revenue	139	-	(2,856)	3,702	985	
	Revenue from external customers	7,385	-	27,616	5,058	40,059	
	<i>Timing of revenue recognition</i>						
	- Over time	-	-	19,360	4,728	24,088	
- At a point in time	7,385	-	8,256	330	15,971		
		7,385	-	27,616	5,058	40,059	

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

2. Revenue from contracts with customers continued

Six months ended 28 February 2023 continued (Unaudited)		Meat	Mining	Materials Handling	Rest of Business	Total
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
China manufacturing	Sales	-	-	-	7,749	7,749
	Service	-	-	-	-	-
	Segment revenue	-	-	-	7,749	7,749
	Inter-segment revenue	273	181	-	(3,663)	(3,209)
Revenue from external customers		273	181	-	4,086	4,540
<i>Timing of revenue recognition</i>						
- Over time		-	-	-	4,086	4,086
- At a point in time		273	181	-	-	454
		273	181	-	4,086	4,540
Total manufacturing	Sales	23,470	9,867	34,084	25,913	99,334
	Service	10,946	6,930	12,430	2,893	33,199
	Segment revenue	34,416	16,797	46,514	28,806	126,533
	Inter-segment revenue	-	-	-	-	-
Revenue from external customers		34,416	16,797	46,514	28,806	126,533
<i>Timing of revenue recognition</i>						
- Over time		9,803	-	34,085	25,574	69,462
- At a point in time		24,613	16,797	12,429	3,232	57,071
		34,416	16,797	46,514	28,806	126,533

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

2. Revenue from contracts with customers continued

Six months ended 28 February 2022 (Unaudited) (Restated)		Meat	Mining	Materials Handling	Rest of Business	Total	
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	
New Zealand manufacturing	Sales	12,084	11,681	607	12,460	36,832	
	Service	2,188	5,675	260	132	8,255	
	Segment revenue	14,272	17,356	867	12,592	45,087	
	Inter-segment revenue	(6,001)	(2,822)	-	(5,960)	(14,783)	
	Revenue from external customers	8,271	14,534	867	6,632	30,304	
	<i>Timing of revenue recognition</i>						
	- Over time	4,437	-	607	5,827	10,871	
- At a point in time	3,834	14,534	260	805	19,433		
		8,271	14,534	867	6,632	30,304	
Australia manufacturing	Sales	7,640	931	-	13,679	22,250	
	Service	2,354	-	-	1,765	4,119	
	Segment revenue	9,994	931	-	15,444	26,369	
	Inter-segment revenue	2,719	2,822	-	(107)	5,434	
	Revenue from external customers	12,713	3,753	-	15,337	31,803	
	<i>Timing of revenue recognition</i>						
	- Over time	5,700	-	-	13,601	19,301	
- At a point in time	7,013	3,753	-	1,736	12,502		
		12,713	3,753	-	15,337	31,803	
Americas manufacturing	Sales	1,262	-	3,715	260	5,237	
	Service	1,638	-	3,871	-	5,509	
	Segment revenue	2,900	-	7,586	260	10,746	
	Inter-segment revenue	2,889	-	-	-	2,889	
	Revenue from external customers	5,789	-	7,586	260	13,635	
	<i>Timing of revenue recognition</i>						
	- Over time	-	-	3,715	-	3,715	
- At a point in time	5,789	-	3,871	260	9,920		
		5,789	-	7,586	260	13,635	
Europe manufacturing	Sales	3,315	-	16,911	803	21,029	
	Service	825	-	8,187	312	9,324	
	Segment revenue	4,140	-	25,098	1,115	30,353	
	Inter-segment revenue	128	-	-	10	138	
	Revenue from external customers	4,268	-	25,098	1,125	30,491	
	<i>Timing of revenue recognition</i>						
	- Over time	-	-	16,911	821	17,732	
- At a point in time	4,268	-	8,187	304	12,759		
		4,268	-	25,098	1,125	30,491	

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

2. Revenue from contracts with customers continued

Six months ended 28 February 2022 continued (Unaudited) (Restated)		Meat	Mining	Materials Handling	Rest of Business	Total
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
China manufacturing	Sales	-	-	-	1,268	1,268
	Service	-	-	-	-	-
	Segment revenue	-	-	-	1,268	1,268
	Inter-segment revenue	265	-	-	6,057	6,322
	Revenue from external customers	265	-	-	7,325	7,590
	<i>Timing of revenue recognition</i>					
	- Over time	-	-	-	7,325	7,325
	- At a point in time	265	-	-	-	265
		265	-	-	7,325	7,590
	Total manufacturing	Sales	24,301	12,612	21,233	28,470
Service		7,005	5,675	12,318	2,209	27,207
Segment revenue		31,306	18,287	33,551	30,679	113,823
Inter-segment revenue		-	-	-	-	-
Revenue from external customers		31,306	18,287	33,551	30,679	113,823
<i>Timing of revenue recognition</i>						
- Over time		10,137	-	21,233	27,574	58,944
- At a point in time		21,169	18,287	12,318	3,105	54,879
		31,306	18,287	33,551	30,679	113,823

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

2. Revenue from contracts with customers continued

12 months ended 31 August 2022 (Audited) (Restated)		Meat	Mining	Materials Handling	Rest of Business	Total
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
New Zealand manufacturing	Sales	19,230	26,639	174	14,561	60,604
	Service	4,800	12,134	465	671	18,070
	Segment revenue	24,030	38,773	639	15,232	78,674
	Inter-segment revenue	(14,824)	(5,488)	5,274	(12,688)	(27,726)
	Revenue from external customers	9,206	33,285	5,913	2,544	50,948
	<i>Timing of revenue recognition</i>					
	- Over time	2,070	454	5,449	1,053	9,026
- At a point in time	7,136	32,831	464	1,491	41,922	
	9,206	33,285	5,913	2,544	50,948	
Australia manufacturing	Sales	12,592	1,090	-	21,507	35,189
	Service	5,356	-	-	4,327	9,683
	Segment revenue	17,948	1,090	-	25,834	44,872
	Inter-segment revenue	7,773	4,446	-	(421)	11,798
	Revenue from external customers	25,721	5,536	-	25,413	56,670
	<i>Timing of revenue recognition</i>					
	- Over time	14,547	27	-	21,331	35,905
- At a point in time	11,174	5,509	-	4,082	20,765	
	25,721	5,536	-	25,413	56,670	
Americas manufacturing	Sales	2,534	-	11,314	836	14,684
	Service	3,812	-	7,010	-	10,822
	Segment revenue	6,346	-	18,324	836	25,506
	Inter-segment revenue	6,189	1,042	-	19,727	26,958
	Revenue from external customers	12,535	1,042	18,324	20,563	52,464
	<i>Timing of revenue recognition</i>					
	- Over time	173	-	11,314	19,518	31,005
- At a point in time	12,362	1,042	7,010	1,045	21,459	
	12,535	1,042	18,324	20,563	52,464	
Europe manufacturing	Sales	7,164	-	34,980	1,688	43,832
	Service	1,848	-	16,100	632	18,580
	Segment revenue	9,012	-	51,080	2,320	62,412
	Inter-segment revenue	589	-	(5,274)	158	(4,527)
	Revenue from external customers	9,601	-	45,806	2,478	57,885
	<i>Timing of revenue recognition</i>					
	- Over time	-	-	29,706	1,782	31,488
- At a point in time	9,601	-	16,100	696	26,397	
	9,601	-	45,806	2,478	57,885	

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

2. Revenue from contracts with customers continued

12 months ended 31 August 2022 (Audited) (Restated)		Meat	Mining	Materials Handling	Rest of Business	Total	
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	
China manufacturing	Sales	(273)	-	-	10,566	10,293	
	Service	-	-	-	-	-	
	Segment revenue	(273)	-	-	10,566	10,293	
	Inter-segment revenue	273	-	-	(6,776)	(6,503)	
	Revenue from external customers	-	-	-	3,790	3,790	
	<i>Timing of revenue recognition</i>						
	- Over time	-	-	-	3,222	3,222	
- At a point in time	-	-	-	568	568		
		-	-	-	3,790	3,790	
Total manufacturing	Sales	41,247	27,729	46,468	49,158	164,602	
	Service	15,816	12,134	23,575	5,630	57,155	
	Segment revenue	57,063	39,863	70,043	54,788	221,757	
	Inter-segment revenue	-	-	-	-	-	
	Revenue from external customers	57,063	39,863	70,043	54,788	221,757	
	<i>Timing of revenue recognition</i>						
	- Over time	16,790	481	46,469	46,906	110,646	
- At a point in time	40,273	39,382	23,574	7,882	111,111		
		57,063	39,863	70,043	54,788	221,757	

3. SEGMENT INFORMATION

The Group's reportable segments under NZ IFRS 8 are:

- New Zealand Manufacturing
- Australia Manufacturing
- Americas Manufacturing
- Europe Manufacturing
- China Manufacturing

Information regarding the Group's reporting segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment. For the purposes of NZ IFRS 8, allocations are based on the operating results by segment. The Group does not allocate certain resources (such as senior executive management time) and central administration costs by segment for internal reporting purposes as these allocations would not result in a meaningful and comparable measure of profitability by segment.

Six months Ended 28 February 2023 (Unaudited)	Manufacturing						Total
	New Zealand	Australia	Americas	Europe	China	Unallocated	
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
Sales	16,368	10,580	32,390	29,757	4,239	-	93,334
Service	8,265	5,537	8,794	10,302	301	-	33,199
Total Revenue	24,633	16,117	41,184	40,059	4,540	-	126,533
Segment profit / (loss)	11,521	830	3,354	3,840	781	-	20,326
Depreciation and amortisation	(408)	(1,466)	(297)	(1,484)	(77)	(188)	(3,920)
Share of net surplus in joint ventures	119	-	-	-	-	-	119
Interest revenue	-	2	35	25	15	3	80
Central administration costs	-	-	-	-	-	(5,885)	(5,885)
Finance costs	(310)	(32)	(60)	(151)	-	(472)	(1,025)
Net profit / (loss) before taxation	10,922	(666)	3,032	2,230	719	(6,542)	9,695
Taxation (expense) / benefit	(975)	248	(671)	(465)	(6)	-	(1,869)
Net profit / (loss) after taxation	9,947	(418)	2,361	1,765	713	(6,542)	7,826

Notes to and forming part of the consolidated financial statements continued

For the Six Months Ended 28 February 2023

3. Segment information continued

Six months Ended 28 February 2022 (Unaudited)	Manufacturing						Total \$'000s
	New Zealand	Australia	Americas	Europe	China	Unallocated	
	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s	
Sales	21,932	28,483	7,534	21,077	7,590	-	86,616
Service	8,372	3,320	6,101	9,414	-	-	27,207
Total Revenue	30,304	31,803	13,635	30,491	7,590	-	113,823
Segment profit / (loss)	9,577	2,622	(258)	3,316	295	-	15,552
Depreciation and amortisation	(582)	(1,398)	(281)	(1,572)	(62)	(192)	(4,087)
Share of net surplus in joint ventures	435	-	-	-	-	-	435
Interest revenue	-	-	-	-	28	-	28
Central administration costs	-	-	-	-	-	(3,880)	(3,880)
Finance costs	(77)	(59)	(69)	(173)	-	(276)	(654)
Net profit / (loss) before taxation	9,353	1,165	(608)	1,571	261	(4,348)	7,394
Taxation (expense) / benefit	(1,743)	(584)	133	(488)	(5)	-	(2,687)
Net profit / (loss) after taxation	7,610	581	(475)	1,083	256	(4,348)	4,707

Twelve Months Ended 31 August 2022 (Audited)	Manufacturing						Total \$'000s
	New Zealand	Australia	Americas	Europe	China	Unallocated	
	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s (Restated)	\$'000s	
Sales	32,795	48,529	40,378	39,110	3,790	-	164,602
Service	18,153	8,141	12,086	18,775	-	-	57,155
Total Revenue	50,948	56,670	52,464	57,885	3,790	-	221,757
Segment profit / (loss)	22,962	2,512	(1,334)	8,002	309	-	32,451
Depreciation and amortisation	(1,171)	(2,886)	(575)	(2,950)	(137)	(334)	(8,053)
Share of net surplus in joint ventures	329	-	-	-	-	-	329
Interest revenue	-	486	-	1	73	-	560
Central administration costs	-	-	-	-	-	(8,862)	(8,862)
Finance costs	(153)	(107)	(164)	(321)	-	(763)	(1,508)
Net profit / (loss) before taxation	21,967	5	(2,073)	4,732	245	(9,959)	14,917
Taxation (expense) / benefit	(3,282)	667	1,068	(736)	23	-	(2,260)
Net profit / (loss) after taxation	18,685	672	(1,005)	3,996	268	(9,959)	12,657

Revenue reported above represents revenue generated from external customers. Inter-segment sales, which are eliminated on consolidation, were \$15.2 million for the six months ended 28 February 2023, (six months ended 28 February 2022: \$15.8 million; twelve months ended 31 August 2022: \$40.8 million).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. Segment profit represents the profit earned by each segment without allocation of central administration costs and investment revenue.

4. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

	28 Feb 2023 (Unaudited) \$'000s	28 Feb 2022 (Unaudited) \$'000s	31 Aug 2022 (Audited) \$'000s
Net profit for the period	7,826	4,739	90
Adjustments for non-cash items and non operating activities:			
Depreciation and amortisation	3,920	4,108	8,053
Net (gain) on sale of property, plant and equipment	(100)	(27)	(49)
Deferred tax	303	2,063	2,063
Share of net surplus of joint ventures and associates	(119)	(435)	(329)
Non cash loss on discontinued operation	-	-	12,612
Interest expense	1,025	654	1,508
	5,029	6,363	23,858
Add/(less) movement in working capital:			
Trade debtors	4,200	(4,282)	(12,518)
Other financial assets – derivatives	(472)	(697)	(337)
Sundry debtors	(2,812)	231	(4,689)
Inventories	(1,461)	(5,387)	(10,857)
Contract assets	(11,906)	(4,997)	6,414
Contract liabilities	16,837	1,712	3,568
Onerous contract provision	(787)	(24)	(2,721)
Taxation receivable	665	(1,608)	(2,117)
Trade creditors and accruals	10,052	(5,803)	5,004
Other financial liabilities – derivatives	28	525	63
Employee entitlements	(121)	(680)	1,089
Provision for warranty	(5)	(2)	93
	14,218	(21,012)	(17,008)
Movements in working capital disclosed in investing/financing activities:			
Working capital relating to sale/(purchase) of business and non controlling interest	-	26	(622)
Movement in foreign exchange translation reserve relating to working capital	(1,051)	1,045	(10)
Net cash (outflow) / inflow from operating activities	26,022	(8,839)	6,308

As at 28 February 2023 a deposit for a large materials handling project had been received.

5. FINANCIAL INSTRUMENTS

The Group enters into foreign currency forward exchange contracts to hedge trading transactions, including anticipated transactions, denominated in foreign currencies.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition depends on the nature of the hedge relationship.

The Group designates certain derivatives as hedges of the fair value of firm commitments (fair value hedge) or as hedges of forecast future sales (cash flow hedge). Open firm commitments reflect contractual agreements to provide goods to customers at an agreed price denominated in a foreign currency on specified future dates.

	6 months 28 Feb 2023 (Unaudited)	6 months 28 Feb 2022 (Unaudited)	12 months 31 Aug 2022 (Audited)
	\$'000s	\$'000s	\$'000s
Assets			
<i>At fair value:</i>			
Fair value hedge of open firm commitments	1,140	1,375	1,037
Foreign currency forward contracts held as effective fair value hedges	237	9	-
Foreign exchange derivatives	132	12	-
	1,509	1,396	1,037
<i>Represented by:</i>			
Current financial assets	1,366	1,303	938
Non current financial assets	143	93	99
	1,509	1,396	1,037
Liabilities			
<i>At fair value:</i>			
Fair value hedge of open firm commitments	237	9	-
Foreign currency forward contracts held as effective fair value hedges	1,140	1,375	1,037
Foreign exchange derivatives	125	125	353
Interest rate swap contracts	-	427	83
	1,502	1,936	1,473
<i>Represented by:</i>			
Current financial liabilities	1,359	1,415	1,291
Non current financial liabilities	143	521	182
	1,502	1,936	1,473

The Group has categorised these derivatives, both financial assets and financial liabilities, as Level 2 under the fair value hierarchy contained within NZ IFRS-13.

The fair value of foreign currency forward exchange contracts is determined using a discounted cashflow valuation. Key inputs include observable forward exchange rates, at the measurement date, with the resulting value discounted back to present values.

There have been no changes in valuation techniques used for foreign currency forward exchange contracts during the current reporting period.

There were no transfers between fair value hierarchy levels during either the current or prior periods.

The fair value of financial instruments not already measured at fair value approximates their carrying value.

The fair value of foreign exchange contracts outstanding is recognised as other financial assets/liabilities.

6. CONTINGENT LIABILITIES

	6 months 28 Feb 2023 (Unaudited) \$'000s	6 months 28 Feb 2022 (Unaudited) \$'000s	12 months 31 Aug 2022 (Audited) \$'000s
Payment guarantees and performance bonds	16,193	24,209	23,371
Stock Exchange bond	75	75	75
Maximum contract penalty clause exposure	10,284	5,256	8,950

Payment guarantees are provided to customers in respect of advance payments received by the Group for contract work in progress, while performance bonds are provided to some customers for a period of up to one year from final acceptance of the equipment.

Scott Technology Limited has a payment bond to the value of \$75,000 (28 February 2022: \$75,000; 31 August 2022: \$75,000) in place with ANZ Bank New Zealand Limited in favour of the New Zealand Stock Exchange.

The Group has exposure to penalty clauses on its projects. These clauses relate to delivery criteria and are becoming increasingly common in international contractual agreements. There is a clearly defined sequence of events that needs to occur before penalty clauses are imposed.

7. RELATED PARTY TRANSACTIONS

	6 months 28 Feb 2023 (Unaudited) \$'000s	6 months 28 Feb 2022 (Unaudited) \$'000s	12 months 31 Aug 2022 (Audited) \$'000s
Joint Ventures			
Project work undertaken by the Group for RTL	503	-	229
Administration, sales and marketing fees charged by the Group to RTL	261	31	161
Sales revenue received by RTL from the Group	-	-	257
Advance from Scott Technology to RTL	431	124	431
Interest charged by RTL to Scott Technology on advance	-	13	14

Advances

Advances to joint ventures are unsecured, interest free and repayable on demand.

Substantial Shareholders

JBS Australia Pty Ltd owns a 52.84% shareholding in Scott Technology Limited (28 February 2022: 52.27%; 31 August 2022: 52.54%). The Group has recognised sales to JBS companies of \$15.1 million (28 February 2022: \$4.0 million; 31 August 2022: \$8.5 million), and has made purchases from JBS Companies of \$nil (28 February 2022: \$nil; 31 August 2022: \$nil). As at balance date the Group had \$3.4 million receivable from JBS Companies (28 February 2022: \$2.3 million; 31 August 2022: \$2.0 million).

The Group had a revolving credit facility with JBS that expired on 31 August 2022. This facility was not utilised during the comparative periods included in this report.

Dividends paid to JBS amounted to \$1.7 million (28 February 2022: \$1.6 million; 31 August 2022: \$3.1 million). All dividends have been reinvested in Scott Technology Limited under a dividend reinvestment plan.

8. SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the period which have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent periods.

The Board has resolved to pay an interim dividend for the six months ended 28 February 2023 of 4 cents per share (28 February 2022: 4 cents per share; 31 August 2022: 4 cents per share).

STATUTORY INFORMATION

For the Six Months Ended 28 February 2023

SUBSIDIARIES

Name of Entity	Balance Date	Country of Incorporation	Ownership Interest & Voting Rights	
			2023 %	2022 %
<i>Parent Entity</i>				
Scott Technology Limited	31 August	New Zealand	n/a	n/a
<i>New Zealand Trading Subsidiaries</i>				
Scott Technology NZ Limited	31 August	New Zealand	100	100
Scott Automation Limited	31 August	New Zealand	100	100
Scott Technology USA Limited	31 August	New Zealand	100	100
QMT General Partner Limited	31 August	New Zealand	93	93
QMT New Zealand Limited Partnership	31 August	New Zealand	92	92
Scott Technology Americas Limited	31 August	New Zealand	100	100
Scott Technology Europe Limited	31 August	New Zealand	100	100
<i>New Zealand Non Trading Subsidiaries</i>				
Scott LED Limited	31 August	New Zealand	100	100
Rocklabs Limited	31 August	New Zealand	100	100
<i>Overseas Subsidiaries</i>				
Scott Technology Australia Pty Ltd	31 August	Australia	100	100
Scott Automation & Robotics Pty Ltd	31 August	Australia	100	100
Scott Systems International Incorporated	31 August	USA	100	100
Scott Systems (Qingdao) Co Limited	31 December (*)	China	95	95
Scott Technology GmbH	31 August	Germany	100	100
Scott Technology Belgium bvba	31 August	Belgium	100	100
Scott Automation NV	31 August	Belgium	100	100
FLS Systems NV	31 August	Belgium	100	100
Alvey do Brazil Comercio de Maquinas de Automacao	31 December (*)	Brazil	100	100
Scott Automation a.s.	31 August	Czech Republic	100	100
Scott Automation SAS	31 August	France	100	100
Scott Automation Limited	31 August	United Kingdom	100	100
Normaclass	31 August	France	100	100
Rivercan S.A.	31 December (*)	Uruguay	100	100

(*) Determined by local regulatory requirements.

DIRECTORS

Stuart McLauchlan	Chairman and Independent Director
John Kippenberger	Executive Director
John Thorman	Independent Director and Audit Committee Chair
Derek Charge	Independent Director
Edison Alvares	Director (resigned September 2022)
Alan Byers	Director
Brent Eastwood	Director
John Berry	Director (appointed September 2022)
Penny Ford	Emerging Director

EXECUTIVES' DETAILS

John Kippenberger	Group Chief Executive Officer
Cameron Mathewson	Group Chief Financial Officer

DIRECTORY

The details of the company's principal administrative and registered office in New Zealand is:

Registered Office

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ENGINEERING  **SCOTT** TO HIGH PERFORMANCE