

Scales Corporation Limited

**condensed consolidated interim financial statements
for the six months ended 30 June 2025**

Scales Corporation Limited

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Scales Corporation Limited

Directory

Board of Directors

Mike Petersen (Chair)
Andrew Borland (Managing Director)
Tony Batterton
Miranda Burdon
Nick Harris
Alan Isaac

Audit and Risk Management Committee

Alan Isaac (Chair)
Nick Harris
Tony Batterton

Nominations and Remuneration Committee

Tony Batterton (Chair)
Mike Petersen

Finance and Treasury Committee

Tony Batterton (Chair)
Andrew Borland
Mike Petersen

Health & Safety and Sustainability Committee

Miranda Burdon (Chair)
Andrew Borland

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Auditor

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151 Cambridge Terrace
Christchurch 8013

Bankers

ANZ Bank New Zealand Limited

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267 High Street
Christchurch 8011

Coöperatieve Rabobank U.A., New Zealand Branch

Level 4
32 Hood Street
Hamilton 3204

Westpac New Zealand Limited

Level 4
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Christchurch 8011

Solicitors

Anthony Harper

Level 9
Anthony Harper Tower
62 Worcester Boulevard
Christchurch 8013

Chapman Tripp

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PwC Tower
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Corporate Advisor

Maier & Associates

17 Albert Street
Auckland 1010

Share Registry

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159 Hurstmere Road
Takapuna
North Shore City
Auckland 0622

Scales Corporation Limited

Consolidated statement of comprehensive income for the six months ended 30 June 2025

		Unaudited		Audited
		Six months ended	30 June	Year ended
		30 June	30 June	31 December
		2025	2024	2024
	Note	\$000's	\$000's	\$000's
Revenue	5	371,892	318,101	584,627
Cost of sales		(255,642)	(233,089)	(439,602)
		116,250	85,012	145,025
Administration and operating expenses		(33,678)	(29,123)	(64,234)
Impairment of property, plant and equipment		(132)	-	(2,732)
Share of profit of entities accounted for using the equity method		4,875	3,956	6,402
Other income		787	3,372	7,810
Other losses		(313)	(1,738)	(4,178)
EBITDA		87,789	61,479	88,093
Amortisation		(273)	(306)	(744)
Depreciation		(7,140)	(5,616)	(12,007)
Depreciation of right-of-use asset		(5,229)	(4,397)	(9,285)
EBIT		75,147	51,160	66,057
Finance revenue		1,389	1,401	3,465
Finance cost		(1,785)	(2,025)	(4,819)
Finance cost of lease liability		(2,013)	(1,749)	(3,774)
PROFIT BEFORE INCOME TAX EXPENSE		72,738	48,787	60,929
Income tax expense		(15,165)	(10,717)	(10,892)
PROFIT FOR THE PERIOD		57,573	38,070	50,037
Profit for the period is attributable to:				
Equity holders of the Company		48,596	28,149	30,726
Non-controlling interests		8,977	9,921	19,311
		57,573	38,070	50,037
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:				
Basic earnings per share (cents)	7	34.1	19.8	21.6
Diluted earnings per share (cents)	7	33.9	19.8	21.5

The notes to the financial statements form part of and should be read in conjunction with this statement.

Scales Corporation Limited

Consolidated statement of comprehensive income for the six months ended 30 June 2025 (continued)

	Unaudited Six months ended		Audited Year ended 31
	30 June 2025	30 June 2024	December 2024
	\$000's	\$000's	\$000's
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Gain (loss) on cash flow hedges	40,734	(10,136)	(41,941)
Income tax relating to cash flow hedges	(11,406)	2,838	11,743
Share of other comprehensive income of joint ventures	3,550	(362)	(4,473)
Income tax relating to share of other comprehensive income of joint ventures	(315)	154	452
Foreign exchange (loss) gain on translating foreign operations	(660)	1,692	3,630
	31,903	(5,814)	(30,589)
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	-	-	(110)
Income tax relating to buildings	-	-	(1,736)
Revaluation of apple trees	-	-	12,561
Income tax relating to apple trees	-	-	(3,517)
Deferred tax effect on sale of buildings	-	-	821
Remeasurement of net defined benefit liability	-	-	487
Income tax relating to remeasurement of net defined benefit liability	-	-	(74)
	-	-	8,432
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	31,903	(5,814)	(22,157)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	89,476	32,256	27,880
Total comprehensive income for the period attributable to:			
Equity holders of the Company	80,499	22,335	8,374
Non-controlling interests	8,977	9,921	19,506
	89,476	32,256	27,880

The notes to the financial statements form part of and should be read in conjunction with this statement.

Scales Corporation Limited

Consolidated statement of changes in equity for the six months ended 30 June 2025

	Note	Share capital \$000's	Reserves \$000's	Retained earnings \$000's	Attributable to owners of the Company \$000's	Non- controlling interests \$000's	Total \$000's
Unaudited							
Six months ended 30 June 2025							
At 1 January 2025		105,771	61,033	200,785	367,589	13,927	381,516
Profit for the year		-	-	48,596	48,596	8,977	57,573
Other comprehensive income for the period		-	31,903	-	31,903	-	31,903
Total comprehensive income for the period		-	31,903	48,596	80,499	8,977	89,476
Recognition of share-based payments		-	511	-	511	-	511
Shares fully vested		1,663	(679)	(127)	857	-	857
Dividends	6	-	-	(12,703)	(12,703)	(5,086)	(17,789)
Acquisition of non-controlling interest	13	-	-	(22,915)	(22,915)	(1,167)	(24,082)
Balance at 30 June 2025		107,434	92,768	213,636	413,838	16,651	430,489
Unaudited							
Six months ended 30 June 2024							
At 1 January 2024		103,445	99,435	170,472	373,352	11,596	384,948
Profit for the year		-	-	28,149	28,149	9,921	38,070
Other comprehensive loss for the period		-	(5,814)	-	(5,814)	-	(5,814)
Total comprehensive income for the period		-	(5,814)	28,149	22,335	9,921	32,256
Recognition of share-based payments		-	339	-	339	-	339
Shares fully vested		1,289	(418)	(131)	740	-	740
Dividends	6	-	-	(6,042)	(6,042)	(8,536)	(14,578)
Balance at 30 June 2024		104,734	93,542	192,448	390,724	12,981	403,705
Audited							
Year ended 31 December 2024							
At 1 January 2024		103,445	99,435	170,472	373,352	11,596	384,948
Profit for the year		-	-	30,726	30,726	19,311	50,037
Other comprehensive loss for the period		-	(22,352)	-	(22,352)	195	(22,157)
Total comprehensive income for the period		-	(22,352)	30,726	8,374	19,506	27,880
Reclassification of revaluation reserve		-	(16,182)	16,182	-	-	-
Recognition of share-based payments		-	710	-	710	-	710
Shares sold		256	-	-	256	-	256
Shares fully vested		2,070	(578)	(221)	1,271	-	1,271
Dividends	6	-	-	(16,374)	(16,374)	(17,175)	(33,549)
Balance at 31 December 2024		105,771	61,033	200,785	367,589	13,927	381,516

The notes to the financial statements form part of and should be read in conjunction with this statement.

Scales Corporation Limited

Consolidated statement of financial position as at 30 June 2025

		Unaudited Six months ended 30 June 2025 \$000's	Unaudited Six months ended 30 June 2024 \$000's	Audited Year ended 31 December 2024 \$000's
	Note			
EQUITY				
Share capital		107,434	104,734	105,771
Reserves	8	92,768	93,542	61,033
Retained earnings		213,636	192,448	200,785
Equity attributable to Scales Corporation Limited shareholders		413,838	390,724	367,589
Equity attributable to non-controlling interests		16,651	12,981	13,927
TOTAL EQUITY		430,489	403,705	381,516
CURRENT ASSETS				
Cash and bank balances		44,426	39,878	53,753
Trade and other receivables		137,134	116,775	38,025
Current tax assets		564	1,488	5,363
Other financial assets	9	4,643	3,306	2,230
Agricultural produce		83,289	65,734	26,648
Inventories		30,671	39,883	24,962
Prepayments		2,979	4,555	3,876
		303,706	271,619	154,857
Assets held for sale	14	19,100	28,950	19,100
TOTAL CURRENT ASSETS		322,806	300,569	173,957
NON-CURRENT ASSETS				
Property, plant and equipment		239,319	243,237	238,689
Investments accounted for using the equity method		63,045	60,102	57,212
Goodwill		38,305	38,406	40,630
Defined benefit plan net asset		555	62	597
Other financial assets	9	50,390	35,218	37,188
Computer software		845	995	1,055
Right-of-use asset		69,349	61,222	59,597
TOTAL NON-CURRENT ASSETS		461,808	439,242	434,968
TOTAL ASSETS		784,614	739,811	608,925
CURRENT LIABILITIES				
Trade and other payables		106,095	86,800	29,852
Dividend declared	6	11,082	6,048	10,332
Borrowings		34,000	25,500	-
Current tax liabilities		12,691	7,454	397
Other financial liabilities	9	6,257	20,135	41,918
Lease liability		12,415	12,666	13,464
TOTAL CURRENT LIABILITIES		182,540	158,603	95,963
NON-CURRENT LIABILITIES				
Borrowings		77,900	96,273	41,259
Deferred tax liabilities		23,646	15,389	18,578
Other financial liabilities	9	5,569	11,120	18,688
Lease liability		64,470	54,721	52,921
TOTAL NON-CURRENT LIABILITIES		171,585	177,503	131,446
TOTAL LIABILITIES		354,125	336,106	227,409
NET ASSETS		430,489	403,705	381,516

The notes to the financial statements form part of and should be read in conjunction with this statement.

Scales Corporation Limited

Consolidated statement of cash flows for the six months ended 30 June 2025

	Unaudited		Audited
	Six months ended	30 June	Year ended
	30 June	30 June	31 December
	2025	2024	2024
Note	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers	270,180	242,046	590,424
Government grants received	-	25	25
Dividends and distributions received	1,727	-	1,546
Interest received	1,107	1,215	3,000
	273,014	243,286	594,995
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees	(273,986)	(238,510)	(481,705)
Interest paid	(3,798)	(3,774)	(8,593)
Income tax paid	(4,448)	(3,557)	(7,140)
	(282,232)	(245,841)	(497,438)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(9,218)	(2,555)	97,557
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Advances repaid	256	131	261
Sale of property, plant and equipment	199	7	34,000
	455	138	34,261
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(9,682)	(44,508)	(54,433)
Purchase of computer software	(63)	(141)	(507)
Acquisition of non-controlling interest	(41,434)	-	-
Acquisition of subsidiary, net of cash acquired	-	(10,947)	(11,080)
Advances to joint ventures	(2,667)	(10,269)	(17,338)
	(53,846)	(65,865)	(83,358)
NET CASH USED IN INVESTING ACTIVITIES	(53,391)	(65,727)	(49,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Drawdowns of seasonal facility borrowings	34,000	25,500	25,500
Drawdowns of term facility borrowings	40,733	56,000	56,000
Treasury stock sold	-	-	256
	74,733	81,500	81,756
<i>Cash was applied to:</i>			
Dividends paid	(11,953)	(6,035)	(12,083)
Dividends paid to non-controlling interests	(5,086)	(8,536)	(17,175)
Repayments of borrowings - seasonal	-	(3,437)	(28,937)
Repayments of borrowings - term	-	(29,087)	(87,087)
Repayments of lease liabilities	(4,525)	(4,258)	(9,075)
	(21,564)	(51,353)	(154,357)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	53,169	30,147	(72,601)
NET DECREASE IN NET CASH	(9,440)	(38,135)	(24,141)
Net foreign exchange difference	113	375	256
Cash and cash equivalents at the beginning of the period	53,753	77,638	77,638
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	44,426	39,878	53,753

The notes to the financial statements form part of and should be read in conjunction with this statement.

Scales Corporation Limited

Consolidated statement of cash flows for the six months ended 30 June 2025 (continued)

	Unaudited		Audited
	Six months ended	30 June	Year ended
	30 June	30 June	31 December
	2025	2024	2024
Note	\$000's	\$000's	\$000's
Represented by:			
Cash and bank balances	44,426	39,878	53,753
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	44,426	39,878	53,753
NET CASH GENERATED BY OPERATING ACTIVITIES			
Reconciliation of profit for the year to net cash generated by operating activities:			
PROFIT FOR THE PERIOD	57,573	38,070	50,037
<i>Non-cash items:</i>			
Depreciation (including on right-of-use asset)	12,369	10,013	21,292
Share of equity accounted results	(4,875)	(3,956)	(6,402)
Gain on rights transferred	35	-	(3,113)
Gain on fair value equity investment	-	(3,304)	(3,367)
Hedging instruments	(1,111)	1,809	4,790
Deferred tax	(6,323)	(1,085)	6,455
Fair value loss on interest-free related party loans, net of interest income	162	1,463	1,663
Share-based payments	511	339	710
Amortisation	273	306	744
Change in value of call and put options	-	89	2,515
(Gain) loss on lease modification	9	(36)	(79)
Foreign exchange on related party loans	(996)	7	(682)
(Gain) loss on disposal of property, plant and equipment	107	(7)	(1,225)
Impairment on revaluation	132	-	2,732
Interest capitalised into loans	(282)	-	(465)
<i>Operating cash receipts not included in profit for the period:</i>			
Dividends received from equity accounted entities	1,640	-	1,545
<i>Changes in net assets and liabilities:</i>			
Trade and other receivables	(100,406)	(78,151)	1,009
Agricultural produce	(56,641)	(41,512)	(2,426)
Inventories	(6,210)	7,908	24,175
Prepayments	878	183	884
Trade and other payables	76,897	57,064	(532)
Current tax assets and liabilities	17,040	8,245	(2,703)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(9,218)	(2,555)	97,557

For and on behalf of the Board of Directors who authorised the issue of these interim financial statements on 22 August 2025.


Mike Petersen, Chair


Andy Borland, Managing Director

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

1. GENERAL INFORMATION

Scales Corporation Limited (the "Company" or "Scales") is a for-profit entity domiciled and registered under the Companies Act 1993 in New Zealand. It is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. The Group consists of Scales, its subsidiaries and joint ventures. The principal activities of the Group are to manufacture and trade food ingredients, grow apples, provide logistics services, export products, provide insurance services to companies within the Group and operate processing facilities.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice ("GAAP"). They comply with the New Zealand Equivalent to International Accounting Standard 34 (NZ IAS 34) *Interim Financial Reporting* and International Accounting Standard 34 (IAS 34) *Interim Financial Reporting*, as applicable to for-profit orientated entities. The significant accounting policies applied by the Group during the period have been applied consistently to all periods presented in these condensed consolidated interim financial statements. These financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report for the year ended 31 December 2024.

The information is presented in thousands of New Zealand dollars unless otherwise stated.

3. SEASONALITY OF BUSINESS

Higher volumes are processed through the Global Proteins plants in the first half of the year due to the seasonal nature of the meat industry.

There is greater utilisation of Logistics services over the first half of the year as seasonal products are shipped to export markets.

The Horticulture business segment is subject to seasonal fluctuation. The apple crop has been picked, with packing and the export programme well underway, as at 30 June. At 30 June the harvested crop held in inventory is valued at fair value less estimated costs to sell. At 31 December the unharvested crop is valued at fair value less estimated costs to sell. Both the harvested crop at 30 June and the unharvested crop at 31 December are included in agricultural produce.

4. SEGMENT INFORMATION

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. No single external customer's revenue accounts for 10% or more of the Group's revenue. All non-current assets are located in New Zealand, Australia, the Netherlands and the United States of America.

The Group's operations comprise the following operating segments:

Global Proteins: processing and marketing of proteins such as petfood ingredients, edible meat and offal products.

Meateor Foods Limited, Meateor Foods Australia Pty Limited, Meateor Group Limited, Meateor US LLC, Shelby JV LLC Group (Shelby Cold Storage LLC, Shelby Exports Inc, Shelby Foods LLC, Shelby JV LLC, Shelby Properties LLC, Shelby Trucking LLC), Meateor GP Limited, Meateor Pet Foods Limited Partnership, Scales FI Group Holdings Pty Limited, Meateor Australia Pty Limited, FI Group Holdings Pty Limited Group (FI Group Holdings Pty Limited, Fayman International Group Pty Limited and Fayman New Zealand Limited), ANZ Exports Pty Limited and Esro Petfood B.V.

Horticulture: orchards, fruit packing, juice concentrate processing and marketing. Mr Apple New Zealand Limited, New Zealand Apple Limited, Fern Ridge Produce Limited, Longview Group Holdings Limited and Profruit (2006) Limited.

Logistics: logistics services. Scales Logistics Limited and Scales Logistics Australia Pty Ltd.

Other: Scales Corporation Limited, Geo. H. Scales Limited, Scales Employees Limited, Scales Holdings Limited and Selacs Insurance Limited.

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

4. SEGMENT INFORMATION (CONTINUED)

	Global Proteins \$000's	Horticulture \$000's	Logistics \$000's	Other \$000's	Eliminations \$000's	Total \$000's
Unaudited						
Six months ended 30 June 2025						
Total segment revenue	126,385	193,784	73,278	2,677	(24,232)	371,892
Inter-segment revenue	-	-	(22,468)	(1,764)	24,232	-
Revenue from external customers	126,385	193,784	50,810	913	-	371,892
Segment profit (loss) before income tax	31,064	40,630	5,450	(4,406)	-	72,738
Segment assets	172,430	548,357	30,276	33,551	-	784,614
Segment liabilities	16,037	206,043	19,415	112,630	-	354,125
Unaudited						
Six months ended 30 June 2024						
Total segment revenue	141,733	134,471	56,341	2,796	(17,240)	318,101
Inter-segment revenue	-	-	(15,542)	(1,698)	17,240	-
Revenue from external customers	141,733	134,471	40,799	1,098	-	318,101
Segment profit (loss) before income tax	28,062	22,328	2,886	(4,489)	-	48,787
Segment assets	169,000	520,111	29,840	20,860	-	739,811
Segment liabilities	29,972	166,015	20,129	119,990	-	336,106
Audited						
Year ended 31 December 2024						
Total segment revenue	266,791	248,875	98,797	3,789	(33,625)	584,627
Inter-segment revenue	-	-	(30,223)	(3,402)	33,625	-
Revenue from external customers	266,791	248,875	68,574	387	-	584,627
Segment profit (loss) before income tax	51,892	16,018	5,205	(12,186)	-	60,929
Segment assets	166,557	365,174	24,114	53,080	-	608,925
Segment liabilities	37,559	129,288	15,612	44,950	-	227,409

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

5. REVENUE

	Unaudited		Audited
	Six months ended	30 June	Year ended
	30 June	30 June	31 December
	2025	2024	2024
	\$000's	\$000's	\$000's
By nature:			
Revenue from the sale of goods	304,033	266,102	496,741
Revenue from the rendering of services	70,148	53,143	90,319
Fees and commission	204	-	24
Net foreign exchange (loss) gain	(6,018)	(4,160)	(7,228)
Rental revenue	3,525	3,016	4,771
	371,892	318,101	584,627
By segment and type:			
Global Proteins - sale of petfood ingredients	119,043	135,686	255,805
Global Proteins - other	7,342	6,047	10,986
Horticulture - sale of agricultural produce	178,353	125,212	233,827
Horticulture - agricultural produce related services	11,702	6,243	10,277
Horticulture - other	3,729	3,016	4,771
Logistics services	50,810	40,799	68,574
Other	913	1,098	387
	371,892	318,101	584,627

6. DIVIDENDS

During the six months ended 30 June 2025 the Company paid an interim dividend of 7.25 cents per share and declared a final dividend of 7.75 cents per share in respect of the year ended 31 December 2024. This final dividend was paid on 11 July 2025.

During the six months ended 30 June 2024 the Company paid interim dividends totalling 4.25 cents per share and declared a final dividend of 4.25 cents per share in respect of the year ended 31 December 2023. This final dividend was paid on 12 July 2024.

7. EARNINGS PER SHARE

	Unaudited		Audited
	Six months ended	30 June	Year ended
	30 June	30 June	31
	2025	2024	December
	2025	2024	2024
Profit attributable to equity holders of the Company (\$000's):	48,596	28,149	30,726
Weighted average number of shares:			
Ordinary shares	142,569,527	142,062,077	142,200,207
Effect of dilutive ordinary shares (non-vested Senior Executive Share Scheme)	612,611	26,524	416,550
Weighted average number of ordinary shares for diluted earnings per share	143,182,138	142,088,601	142,616,757
Earnings per share (cents):			
Basic	34.1	19.8	21.6
Diluted	33.9	19.8	21.5

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

8. RESERVES

	Revaluation	Cash flow hedge	Share of joint ventures	Equity-settled employee benefits	Foreign exchange translation	Pension plan reserve	Total reserves
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Unaudited							
Six months ended 30 June 2025							
At 1 January 2025	82,194	(24,798)	(1,927)	1,171	4,099	294	61,033
Other comprehensive income	-	29,328	3,235	-	(660)	-	31,903
Recognition of share-based payments	-	-	-	511	-	-	511
Shares fully vested	-	-	-	(679)	-	-	(679)
Balance at 30 June 2025	82,194	4,530	1,308	1,003	3,439	294	92,768
Unaudited							
Six months ended 30 June 2024							
At 1 January 2024	90,357	5,400	2,094	1,039	469	76	99,435
Other comprehensive income (loss)	-	(7,298)	(208)	-	1,692	-	(5,814)
Recognition of share-based payments	-	-	-	339	-	-	339
Shares fully vested	-	-	-	(418)	-	-	(418)
Balance at 30 June 2024	90,357	(1,898)	1,886	960	2,161	76	93,542
Audited							
Year ended 31 December 2024							
At 1 January 2024	90,357	5,400	2,094	1,039	469	76	99,435
Other comprehensive income (loss)	8,019	(30,198)	(4,021)	-	3,630	218	(22,352)
Transfer to retained earnings	(16,182)	-	-	-	-	-	(16,182)
Recognition of share-based payments	-	-	-	710	-	-	710
Shares fully vested	-	-	-	(578)	-	-	(578)
Balance at 31 December 2024	82,194	(24,798)	(1,927)	1,171	4,099	294	61,033

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

9. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES

	Unaudited Six months ended		Audited Year ended 31
	30 June 2025	30 June 2024	December 2024
	\$000's	\$000's	\$000's
Current financial assets at fair value:			
Foreign currency derivative instruments	4,021	2,503	1,470
Interest rate swap contracts and forward rate agreements	622	803	760
	4,643	3,306	2,230
Non-current financial assets:			
<i>At fair value:</i>			
Foreign currency derivative instruments	13,009	10,114	3,636
Interest rate swap contracts and forward rate agreements	1	238	504
Joint venture call option	-	149	-
Shares in unlisted companies	200	375	185
<i>At amortised cost:</i>			
Employee loans	3,714	2,712	3,113
Related party loans	33,466	21,630	29,750
	50,390	35,218	37,188
Current financial liabilities at fair value:			
Foreign currency derivative instruments	6,257	5,500	23,700
Put option	-	14,635	18,218
	6,257	20,135	41,918
Non-current financial liabilities at fair value:			
Foreign currency derivative instruments	5,185	11,120	18,688
Interest rate swap contracts and forward rate agreements	384	-	-
	5,569	11,120	18,688

Foreign currency derivative instruments

The Group is exposed to currency risk as a result of normal trading transactions denominated in foreign currencies. The Group uses foreign currency derivative financial instruments to manage its currency risk. The fair value of foreign currency derivative financial instruments at the reporting date is determined on a discounted cash flow basis whereby future cash flows are estimated based on forward exchange rates and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. The Group's forward foreign exchange contracts and foreign exchange options are classified as Level 2 in the fair value hierarchy.

These foreign currency instruments are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from movements in foreign currency exchange rates on anticipated future transactions. It is anticipated that the sales will take place during the 2025 to 2030 financial years at which stage the amount deferred in equity will be released into profit or loss.

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

9. FINANCIAL INSTRUMENTS AND FAIR VALUE DISCLOSURES (CONTINUED)

Interest rate swap contracts and forward rate agreements

The Group is exposed to interest rate risk as it borrows funds at floating interest rates. Management monitors the level of interest rates on an ongoing basis and uses interest rate swaps and forward rate agreements to manage interest rate risk.

Under interest rate swap contracts and forward rate agreements, the Group agrees to exchange the difference between fixed and floating interest rate amounts calculated on agreed notional principal amounts. Such contracts, some of which may commence in future reporting years, enable the Group to mitigate the risk of changing interest rates on the cash flow exposures of the issued floating rate debt. The fair value of these contracts at the reporting date is determined by discounting the future cash flows using the forward interest rate curves at reporting date and the credit risk inherent in the contracts. The average contracted fixed interest rate is based on the notional principal amount at balance date. The Group's interest rate swap contracts and forward rate agreements are classified as Level 2 in the fair value hierarchy.

These interest rate swap contracts and forward rate agreements, exchanging floating rate interest amounts for fixed rate interest amounts, are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from floating interest rates on borrowings. The interest rate swap and forward rate agreement payments, and the interest payments on the loans occur simultaneously, and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

10. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

Certain directors or senior management have relevant interests in companies with which Scales has transactions in the normal course of business. A number of Scales' directors are also non-executive directors of other companies. Any transactions undertaken with these entities have been entered into in the ordinary course of business on a third party arm's-length basis.

(b) Key management personnel remuneration

The compensation of the directors and executives, being the key management personnel of the Group, is as follows:

Short-term employee benefits and directors' fees
Share-based payments
Post-employment benefits

Unaudited		Audited
Six months ended		Year ended
30 June	30 June	31
2025	2024	December
\$000's	\$000's	\$000's
7,119	5,817	8,431
282	206	456
303	168	342
7,704	6,191	9,229

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

10. RELATED PARTY DISCLOSURES (CONTINUED)

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31
	2025	2024	December
	\$000's	\$000's	\$000's
(c) Transactions with equity accounted entities			
Revenue from sale of goods	-	3,127	3,228
Revenue from services	10,990	6,417	14,364
Gain (loss) on related party loans	-	1,649	(1,663)
Dividends and distributions received	1,640	-	1,545
Interest received	1,118	646	1,621
Materials and services received	(1,877)	(3,011)	(7,617)
Trade receivables at balance date	2,310	2,260	1,563
Trade payables at balance date	(7)	(264)	-
Related party loans	33,466	21,630	29,750

11. CAPITAL COMMITMENTS

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31
	2025	2024	December
	\$000's	\$000's	\$000's
Commitments entered into in respect of apple trees	-	1,295	-
Commitments entered into in respect of property, plant and equipment	1,929	-	3,194
	1,929	1,295	3,194

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

12. UNDERLYING PERFORMANCE OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

"Underlying EBITDA", "Underlying finance costs", "Underlying finance revenue" and "Underlying NPAT" are non-GAAP financial performance measures. The Directors and management believe that these profit measures provide meaningful information that is helpful to investors and gives them a better understanding of a company's financial performance when presented in addition to GAAP (NZ IFRS) information. The Underlying profit measures provided align more closely with the operating result of the Joint Ventures. "EBITDA" is a non-GAAP measure and is defined internally by management as Earnings before Interest, Tax, Depreciation and Amortisation.

Details of each of the Group's material joint ventures at the end of the reporting period are as follows:

Joint ventures	Principal activity	Country of incorporation	Holding		Balance date
			2025	2024	
ANZ Exports Pty Ltd	Trading company	Australia	42.50%	42.50%	30 June
Esro Petfood B.V	Trading company	The Netherlands	50%	50%	31 December
FI Group Holding Pty Ltd	Trading company	Australia	50%	50%	30 June
Meateor Australia Pty Ltd	Trading company	Australia	50%	50%	30 June
Meateor Pet Foods Limited Partnership	Trading company	New Zealand	50%	50%	31 December

Underlying financial performance of Meateor Pet Foods Limited Partnership:

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31
	2025	2024	December
	\$000's	\$000's	\$000's
Underlying/NZ IFRS EBITDA	3,335	2,473	4,697
Depreciation and amortisation	(651)	(361)	(1,643)
Finance revenue	-	-	-
Finance cost	(172)	(439)	(937)
Income tax expense	-	-	-
Underlying/NZ IFRS NPAT	2,512	1,673	2,117
Share of Meateor Pet Foods Limited Partnership Underlying NPAT included in Group Underlying EBITDA	1,256	837	1,059

Underlying items presented above are equal to their respective NZ IFRS basis for all periods presented.

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Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

12. UNDERLYING PERFORMANCE OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Underlying financial performance of ANZ Exports Pty Ltd and FI Group Holding Pty Ltd:

	Unaudited Six months ended	Audited Year ended
	30 June 2025	30 June 2024
	\$000's	\$000's
Underlying/NZ IFRS EBITDA	9,762	7,212
Depreciation and amortisation	(28)	(28)
Finance revenue	232	4
Finance cost	(811)	(986)
Income tax expense	(3,241)	(1,906)
Underlying/NZ IFRS NPAT	5,914	4,296
Share of ANZ Exports Pty Ltd and FI Group Holding Pty Ltd Underlying NPAT included in Group Underlying EBITDA	2,945	2,165
		5,270

Underlying items presented above are equal to their respective NZ IFRS basis for all periods presented.

Underlying financial performance of Meateor Australia Pty Ltd:

	Unaudited Six months ended	Audited Year ended
	30 June 2025	30 June 2024
	\$000's	\$000's
Underlying/NZ IFRS EBITDA	5,701	(766)
Underlying/NZ IFRS depreciation and amortisation	(1,514)	(1,548)
NZ IFRS finance revenue	-	3,300
Adjustment	-	(3,300)
Underlying finance revenue*	-	-
NZ IFRS Finance cost	(1,467)	(3,277)
Adjustment	564	2,284
Underlying finance cost*	(903)	(993)
Underlying/NZ IFRS income tax expense	(1,373)	3,533
Underlying NPAT**	1,911	226
Adjustment	(564)	1,017
NZ IFRS NPAT	1,347	(620)
Share of Meateor Australia Pty Ltd Underlying NPAT included in Group Underlying EBITDA	956	194
Total share of Australian Joint Ventures Underlying NPAT included in Group Underlying EBITDA	3,901	2,359
		4,924

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Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

12. UNDERLYING PERFORMANCE OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

* Underlying finance costs and underlying finance revenue are non-GAAP measures that are defined by management as respectively finance costs and finance revenue exclusive of the unwinding discount on the related party loan, the Fayman acquisition settlement adjustments.

**Underlying NPAT excludes an adjustment of \$564k (Group share \$282k) for six months ended 30 June 2025 [30 June 2024: \$1.02m (Group share \$334k); 31 December 2024: \$459k (Scales share \$57k)].

The adjustments are non-cash entries in relation to the interest-free related party loan: the gain on initial recognition of the loan and subsequent unwinding of the discount. The entries are included in NZ IFRS NPAT and are excluded from Underlying NPAT.

Underlying financial performance of Esro Petfood B.V.:

	Unaudited		Audited
	Six months ended		Year ended
	30 June	30 June	31
	2025	2024	December
	\$000's	\$000's	\$000's
Underlying EBITDA	80	(1,544)	(1,914)
Underlying depreciation and amortisation	(1,380)	(528)	(1,384)
Underlying finance revenue/finance revenue	-	-	-
Underlying finance costs/finance cost	(1,060)	(461)	(1,383)
Underlying income tax expense	579	638	1,170
Underlying NPAT	(1,781)	(1,895)	(3,511)
Share of Esro Petfood B.V. Underlying NPAT included in Group Underlying EBITDA	(891)	(948)	(1,756)

Esro Petfood B.V. generated an Underlying loss of \$1.78m (Scales share of \$890k) for six months ended 30 June 2025 [30 June 2024: Underlying loss of \$1.89m (Scales share of \$948k); 31 December 2024: Underlying loss of \$3.51m (Scales share of \$1.75m)].

For the NZ IFRS reporting purposes, no losses in respect of the joint venture were recognised for all of the above periods presented: given Group does not guarantee the joint venture's liabilities, losses in the joint venture are not recognised once the carrying value of the investment in the joint venture is reduced to zero.

13. INCREASED INVESTMENT IN SHELBY FOODS

On 16 April 2025 the Group acquired a further 7.5% interest in Shelby JV LLC for USD \$24.35m, bringing the total Group ownership interest to 67.5%. As part of the acquisition, the put option over 5% of Shelby JV LLC was cancelled.

The transaction has been accounted for as an equity transaction. The incremental directly attributable transaction costs incurred to acquire the additional 7.5% interest were deducted from parent equity. The difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid was recognised directly in equity and attributed to the owners of the parent.

Scales Corporation Limited

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2025

14. ASSETS HELD FOR SALE

As at 30 June 2025 the Whakatu Coolstore, located at 14 Groome Place, Whakatu, Hastings, owned by the Group subsidiary Mr Apple New Zealand ("Mr Apple") is classified as held for sale at an amount of \$19.1m. The sale is unconditional with settlement taking place 29 August 2025. The coolstore will be classified as held for sale until settlement occurs. The Whakatu Coolstore asset is included in the Horticulture segment.

Subsequent to 31 December 2024, Mr Apple entered into an agreement to sell the Whakatu Coolstore for \$24.0m. As part of the transaction, Mr Apple will lease back the coolstore from the purchaser under a long-term agreement.

15. EVENTS OCCURRING AFTER BALANCE DATE

There were no other events occurring subsequent to balance date which require adjustment to, or disclosure, in the financial statements.