

8 December 2021

## **SCALES CORPORATION DECLARES INTERIM DIVIDEND AND UPDATES 2021 GUIDANCE**

The directors of Scales Corporation Limited (NZX:SCL) have declared a fully imputed interim cash dividend for the 2021 financial year of 9.5 cents per share, to be paid on 14 January 2022. 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 actual Underlying Net Profit Attributable to Shareholders for each year.

With regard to Guidance for the twelve months to 31 December 2021, directors advise that Underlying Net Profit is now expected to be at the upper end of the previously advised range, of \$32.0 million to \$37.0 million (which implied an Underlying Net Profit Attributable to Shareholders range of \$23.5 million to \$28.5 million). This is mainly due to the continued strong performance of the Food Ingredients division.

Managing Director Andy Borland says “The 2021 year has been another challenging one across the Group. Consequently, it is very pleasing to positively update our forecast financial result for the year. Scales continues to benefit from our diversified nature and, in particular this year, from the strategic advantage that Scales Logistics brings to the Group”.

“Whilst 2021 has seen the continuation of disruption to domestic and international operations, Scales’ diversification has helped mitigate this disruption. We have also continued our dual focus on stabilising margins in Mr Apple and the wide-ranging growth initiatives within Food Ingredients. At Mr Apple, the latest phase of orchard redevelopment, predominantly into the Dazzle variety, was completed, and the new cool store adjacent to the Whakatu packhouse was fully operational. The multi-year automation project also commenced. For Food Ingredients, a number of initiatives to further extend our range of services and products are being pursued. Other investment opportunities, both within our existing business sectors and externally, continue to be reviewed.

### **Scales Corporation Limited**

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Looking ahead to the 2022 financial year, directors will now provide full year Guidance based on Underlying Net Profit Attributable to Shareholders, ensuring consistent earnings per share comparisons for each year. The Underlying Net Profit Attributable to Shareholders Guidance range for 2022 of \$23.5 million to \$28.5 million is at the same level as 2021 initial Guidance.

In providing Guidance for 2022, directors note:

- Selling prices within the horticultural division are forecast to be generally consistent with 2021;
- In addition to the increased costs for logistics incurred during 2021, the Group will incur further significant shipping cost increases. Whilst some of these increases will abate over time, there will be an additional negative impact for 2022;
- The on-going shortage of labour across the agri sector, reiterating the importance of Mr Apple's automation project;
- The Group has again assumed that the current initiatives within the horticulture industry to source seasonal labour will be sufficient to meet requirements;
- It is also assumed that businesses will continue to operate on a business-as-usual basis, considering the current COVID-19 settings in New Zealand;
- The Group will continue to focus a material level of capital expenditure on gross margin improvement initiatives within Mr Apple for the 2022 year;
- The Guidance range implies:
  - i. an Underlying Net Profit range of between \$30.5 million and \$35.5 million; and
  - ii. an Underlying EBITDA range of between \$62.0 million and \$67.0 million.

Both ranges are in line with initial Guidance for 2021.

- A further update will be provided as part of the 2021 year-end announcement, scheduled for February 2022.

### ***About Scales Corporation***

Scales Corporation is a diversified agribusiness group. It comprises three operating divisions: Horticulture, Food Ingredients and Logistics. The company's diverse spread of activities gives Scales broad exposure to New Zealand's 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](http://www.scalescorporation.co.nz).

### ***Contact***

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