

# **Scales Corporation Limited**

**consolidated financial statements**

**for the year ended 31 December 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  
Paul Munro (Appointed 14 October 2025)  
Alan Isaac (Retired 14 October 2025)

### Audit and Risk Management Committee

Paul Munro (Chair) (Appointed 14 October 2025)  
Tony Batterton  
Nick Harris  
Alan Isaac (Chair) (Retired 14 October 2025)

### 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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New Zealand

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Christchurch 8140  
New Zealand

### Telephone

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### Website

[www.scalescorporation.co.nz](http://www.scalescorporation.co.nz)

### Auditor

**Deloitte Limited**  
Level 4  
151 Cambridge Terrace  
Christchurch 8013

### Bankers

**ANZ Bank New Zealand Limited**  
Level 3  
ANZ Centre  
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  
The Terrace  
83 Cashel Street  
Christchurch 8011

### Solicitors

**Anthony Harper**  
Level 9  
Anthony Harper Tower  
62 Worcester Boulevard  
Christchurch 8013

### Chapman Tripp

Level 34  
PwC Tower  
15 Customs Street West  
Auckland 1010

### Corporate Advisor

**Maier & Associates**  
17 Albert Street  
Auckland 1010

### Share Registry

**Computershare Investor Services Limited**  
Level 2  
159 Hurstmere Road  
Takapuna  
Auckland 0622

# Scales Corporation Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2025

	Note	2025 \$000's	2024 \$000's (Restated)*
Revenue	B1	899,949	584,627
Cost of sales	B2	(700,212)	(439,602)
		<b>199,737</b>	<b>145,025</b>
Administration and operating expenses	B2	(81,356)	(64,234)
Impairment of property, plant and equipment	C1	3,118	(2,949)
Share of profit of entities accounted for using the equity method	C3	8,219	6,402
Other income	B3	40,596	7,810
Other losses	B3	(452)	(4,178)
<b>EBITDA</b>		<b>169,862</b>	<b>87,876</b>
Amortisation	C7	(1,072)	(744)
Depreciation	C1	(15,611)	(12,330)
Depreciation of right-of-use asset	G2	(10,799)	(9,285)
<b>EBIT</b>		<b>142,380</b>	<b>65,517</b>
Finance revenue		3,036	3,465
Finance cost	B4	(5,383)	(4,819)
Finance cost of lease liability	G2	(4,740)	(3,774)
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>135,293</b>	<b>60,389</b>
Income tax expense	B5	(17,595)	(10,741)
<b>PROFIT FOR THE YEAR</b>		<b>117,698</b>	<b>49,648</b>
Profit for the year is attributable to:			
Equity holders of the Company		100,988	30,337
Non-controlling interests		16,710	19,311
		<b>117,698</b>	<b>49,648</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</b>			
Basic earnings per share (cents)	D5	70.7	21.3
Diluted earnings per share (cents)	D5	70.2	21.3

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

\* The restatements to comparative period are explained in Section H.

# Scales Corporation Limited

## Consolidated statement of comprehensive income for the year ended 31 December 2025 (continued)

	Note	2025 \$000's	2024 \$000's (Restated)*
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may be reclassified subsequently to profit or loss:			
Gain (loss) on cash flow hedges		17,176	(41,941)
Income tax relating to cash flow hedges		(4,855)	11,743
Share of other comprehensive income (loss) of joint ventures	C3	2,661	(4,473)
Income tax relating to share of other comprehensive income of joint ventures	C3	(242)	452
Foreign exchange gain on translating foreign operations		1,584	3,630
		<b>16,324</b>	<b>(30,589)</b>
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings		(2,664)	(110)
Income tax relating to buildings		782	(1,736)
Revaluation of apple trees		(2,718)	14,915
Income tax relating to apple trees		761	(4,176)
Deferred tax effect on sale of buildings		186	821
Remeasurement of net defined benefit liability		406	487
Income tax relating to remeasurement of net defined benefit liability		(67)	(74)
		<b>(3,314)</b>	<b>10,127</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<b>13,010</b>	<b>(20,462)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>130,708</b>	<b>29,186</b>
Total comprehensive income for the year attributable to:			
Equity holders of the Company		113,836	9,680
Non-controlling interests		16,872	19,506
		<b>130,708</b>	<b>29,186</b>

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

\* The restatements to comparative period are explained in Section H.

# Scales Corporation Limited

## Consolidated statement of changes in equity for the year ended 31 December 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
<b>Balance at 1 January 2024</b>		<b>103,445</b>	<b>99,435</b>	<b>170,472</b>	<b>373,352</b>	<b>11,596</b>	<b>384,948</b>
Correction of error adjustment	H		3,887	(401)	3,486		3,486
<b>Balance at 1 January 2024 (Restated)*</b>		<b>103,445</b>	<b>103,322</b>	<b>170,071</b>	<b>376,838</b>	<b>11,596</b>	<b>388,434</b>
Profit for the year (Restated)*		-	-	30,337	30,337	19,311	49,648
Other comprehensive loss for the year (Restated)*		-	(20,657)	-	(20,657)	195	(20,462)
Total comprehensive income for the year (Restated)*		-	(20,657)	30,337	9,680	19,506	29,186
Reclassification of revaluation reserve	D2	-	(16,182)	16,182	-	-	-
Recognition of share-based payments	D2	-	710	-	710	-	710
Shares sold	D1	256	-	-	256	-	256
Shares fully vested	D1, D2	2,070	(578)	(221)	1,271	-	1,271
Dividends	D3	-	-	(16,374)	(16,374)	(17,175)	(33,549)
<b>Balance at 31 December 2024 (Restated)*</b>		<b>105,771</b>	<b>66,615</b>	<b>199,995</b>	<b>372,381</b>	<b>13,927</b>	<b>386,308</b>
Profit for the year		-	-	100,988	100,988	16,710	117,698
Other comprehensive income for the year		-	12,848	-	12,848	162	13,010
Total comprehensive income for the year		-	12,848	100,988	113,836	16,872	130,708
Reclassification of revaluation reserve	D2	-	(8,278)	8,278	-	-	-
Recognition of share-based payments	D2	-	1,169	-	1,169	-	1,169
Shares issued	D1	5,996	-	-	5,996	-	5,996
Shares fully vested	D1, D2	1,663	(679)	(127)	857	-	857
Income tax relating to share-based payments	D1, D2	-	1,398	-	1,398	-	1,398
Dividends	D3	-	-	(29,079)	(29,079)	(14,846)	(43,925)
Movements of non-controlling interest		-	-	(22,915)	(22,915)	(3,080)	(25,995)
<b>Balance at 31 December 2025</b>		<b>113,430</b>	<b>73,073</b>	<b>257,140</b>	<b>443,643</b>	<b>12,873</b>	<b>456,516</b>

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

\* The restatements to comparative periods are explained in Section H.

# Scales Corporation Limited

## Consolidated statement of financial position as at 31 December 2025

	Note	2025 \$000's	2024 \$000's (Restated)*	2023 \$000's (Restated)*
<b>EQUITY</b>				
Share capital	D1	113,430	105,771	103,445
Reserves	D2	73,073	66,615	103,322
Retained earnings		257,140	199,995	170,071
<b>Equity attributable to Scales Corporation Limited shareholders</b>		<b>443,643</b>	<b>372,381</b>	<b>376,838</b>
Equity attributable to non-controlling interests	F2	12,873	13,927	11,596
<b>TOTAL EQUITY</b>		<b>456,516</b>	<b>386,308</b>	<b>388,434</b>
<b>CURRENT ASSETS</b>				
Cash and bank balances		64,672	53,753	77,638
Trade and other receivables	E1	71,557	38,025	34,029
Current tax assets		701	5,363	3,938
Other financial assets	E2	4,686	2,230	5,989
Unharvested agricultural produce	C2	30,602	26,648	24,222
Inventories	C5	119,618	24,962	29,543
Prepayments		6,015	3,876	4,337
		<b>297,851</b>	<b>154,857</b>	<b>179,696</b>
Assets held for sale		-	19,100	-
<b>TOTAL CURRENT ASSETS</b>		<b>297,851</b>	<b>173,957</b>	<b>179,696</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	C1	275,331	245,344	226,060
Investments accounted for using the equity method	C3	22,439	57,212	63,902
Goodwill	C4	168,820	40,630	36,972
Defined benefit plan net asset		1,063	597	60
Other financial assets	E2	33,263	37,188	29,077
Software	C7	1,230	1,055	1,160
Right-of-use asset	G2	99,856	59,597	49,572
<b>TOTAL NON-CURRENT ASSETS</b>		<b>602,002</b>	<b>441,623</b>	<b>406,803</b>
<b>TOTAL ASSETS</b>		<b>899,853</b>	<b>615,580</b>	<b>586,499</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	E3	77,035	29,852	26,446
Dividend declared	D3	17,997	10,332	6,041
Borrowings	E4	63,759	-	-
Purchase price payable	F3	8,140	-	-
Current tax liabilities		6,986	397	616
Other financial liabilities	E5	6,812	41,918	18,524
Lease liability	G2	15,971	13,464	10,963
<b>TOTAL CURRENT LIABILITIES</b>		<b>196,700</b>	<b>95,963</b>	<b>62,590</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	E4	84,982	41,259	65,647
Purchase price payable	F3	28,574	-	-
Deferred tax liabilities	B5	20,970	20,441	18,459
Other financial liabilities	E5	14,449	18,688	6,699
Lease liability	G2	97,662	52,921	44,670
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>246,637</b>	<b>133,309</b>	<b>135,475</b>
<b>TOTAL LIABILITIES</b>		<b>443,337</b>	<b>229,272</b>	<b>198,065</b>
<b>NET ASSETS</b>		<b>456,516</b>	<b>386,308</b>	<b>388,434</b>

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

\* The restatements to comparative periods are explained in Section H.

# Scales Corporation Limited

## Consolidated statement of cash flows for the year ended 31 December 2025

	Note	2025 \$000's	2024 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from customers		886,728	590,424
Government grants received		-	25
Dividends and distributions received		2,733	1,546
Interest received		2,602	3,000
		<b>892,063</b>	<b>594,995</b>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(776,062)	(481,705)
Interest paid		(10,123)	(8,593)
Income tax paid		(10,113)	(7,140)
		<b>(796,298)</b>	<b>(497,438)</b>
		<b>95,765</b>	<b>97,557</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Advances repaid		544	261
Sale of property, plant and equipment and software		24,183	34,000
		<b>24,727</b>	<b>34,261</b>
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	C1	(20,903)	(54,433)
Purchase of software	C7	(1,247)	(507)
Purchase of financial instruments		(150)	-
Acquisition of non-controlling interest	F2	(41,434)	-
Acquisition of subsidiary, net of cash acquired	F3	(38,120)	(11,080)
Advances to joint ventures		(4,201)	(17,338)
		<b>(106,055)</b>	<b>(83,358)</b>
		<b>(81,328)</b>	<b>(49,097)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Treasury stock sold		-	256
Drawdowns of seasonal facility borrowings	E4	34,000	25,500
Net drawdowns of trade finance facility borrowings	E4	13,548	-
Drawdowns of term facility borrowings	E4	40,732	56,000
		<b>88,280</b>	<b>81,756</b>
<i>Cash was applied to:</i>			
Dividends paid	D3	(21,414)	(12,083)
Dividends paid to non-controlling interests	F2	(14,846)	(17,175)
Repayment of related party loan	F3	(13,234)	-
Repayments of lease liabilities	G2	(8,464)	(9,075)
Repayments of seasonal facility borrowings	E4	(34,000)	(28,937)
Repayments of term facility borrowings	E4	(715)	(87,087)
		<b>(92,673)</b>	<b>(154,357)</b>
		<b>(4,393)</b>	<b>(72,601)</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>			

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

# Scales Corporation Limited

## Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

	2025 \$000's	2024 \$000's
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>10,044</b>	<b>(24,141)</b>
Net foreign exchange difference	875	256
Cash and cash equivalents at the beginning of the year	53,753	77,638
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>64,672</b>	<b>53,753</b>
<i>Represented by:</i>		
Cash and bank balances	64,672	53,753
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>64,672</b>	<b>53,753</b>
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>		
<i>Reconciliation of profit for the year to net cash generated by operating activities:</i>		
<b>Profit for the year</b>	<b>117,698</b>	<b>49,648</b>
<i>Non-cash items:</i>		
Depreciation (including on right-of-use asset)	26,410	21,615
Gain on lease modification	(59)	(79)
Gain on rights transferred	(187)	(3,113)
Impairment on revaluation (impairment reversal)	(3,118)	2,949
Amortisation	1,072	744
Share of equity accounted results	(8,219)	(6,402)
Gain on fair value of equity instrument	(40,262)	(3,367)
Hedging instruments	(4,335)	4,790
Loss (gain) on disposal of property, plant and equipment	174	(1,225)
Share-based payments	1,169	710
Change in value of call and put options	-	2,515
Deferred tax	(3,413)	6,304
Interest capitalised into loans	(434)	(465)
Fair value loss on interest-free related party loans, net of interest income	278	1,663
Foreign exchange on related party loans	(575)	(682)
<i>Operating cash receipts not included in profit for the year:</i>		
Dividends received from equity accounted entities	2,645	1,545
<i>Changes in net assets and liabilities:</i>		
Trade and other receivables	(8,898)	1,009
Unharvested agricultural produce	(3,954)	(2,426)
Inventories	6,901	24,175
Prepayments	(94)	884
Trade and other payables	2,071	(532)
Current tax assets and liabilities	10,895	(2,703)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>95,765</b>	<b>97,557</b>

The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.

# Scales Corporation Limited

## Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

### Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents include cash and bank balances.

The following terms are used in the statement of cash flows:

**Operating activities** are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

**Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

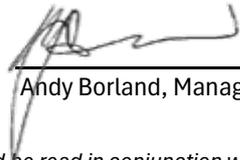
**Financing activities** are activities that result in changes in the size and composition of the contributed equity and borrowings of the Group.

For and on behalf of the Board of Directors who authorised the issue of the financial statements on 24 February 2026.



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Mike Petersen, Chair



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Andy Borland, Managing Director

*The notes to the financial statements on pages 11 to 71 form part of and should be read in conjunction with this statement.*

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### ABOUT THIS REPORT

#### Notes to the financial statements

The notes to the financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and financial position of the Scales Corporation Limited Group ("Scales" or the "Group"). Information is considered relevant and material if:

- the amount is significant because of its size and nature;
- it is important for understanding the results of Scales;
- it helps to explain changes in Scales' business; or
- it relates to an aspect of Scales' operations that is important to future performance.

#### Reporting entity

Scales Corporation Limited (the "Company") 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. The Group consists of Scales Corporation Limited, its subsidiaries and joint ventures. The principal activities of the Group are to manufacture and trade food ingredients, grow apples, operate processing facilities, export products, provide logistics services, and provide insurance services to companies within the Group.

#### Basis of preparation

The financial statements have been prepared:

- in accordance with Generally Accepted Accounting Practice (GAAP), IFRS Accounting Standards (IFRS), the New Zealand equivalents to IFRS Accounting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for a Tier 1 for-profit entity;
- in accordance with the requirements of the Financial Markets Conduct Act 2013;
- in accordance with accounting policies that are consistent with those applied in the previous year;
- on the basis of historical cost, except for certain assets and financial instruments that are measured at fair values; and
- in New Zealand dollars with all values rounded to the nearest thousand dollars.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable. The levels are described as:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### ABOUT THIS REPORT (CONTINUED)

#### Key judgements and estimates

In the process of applying the Group's accounting policies and the application of financial reporting standards, Scales has made a number of judgements and estimates. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be appropriate under the circumstances. Actual results may differ from these estimates.

Judgements and estimates which are considered material to understanding the performance of Scales are explained in the following notes:

- Apple trees in note C1;
- Unharvested agricultural produce in note C2;
- Assessment of Group goodwill for impairment in note C4;
- Fair value of assets acquired in the Australian entities in note F3.

#### Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its subsidiaries (being entities controlled by Scales Corporation Limited), and the equity accounted result, assets and liabilities of the joint ventures.

The financial statements of members of the Group are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the Group financial statements, all material intra-group transactions, balances, income, expenses and cash flows have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is lost.

#### Other accounting policies

Other accounting policies that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### ABOUT THIS REPORT (CONTINUED)

#### Adoption of new and revised standards and interpretations; standards and Interpretations issued but not yet effective

All mandatory amendments and interpretations have been adopted in the current year. None had a material impact on these financial statements.

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* has been issued and is effective for the financial reporting periods starting on 1 January 2027, with an early adoption permitted.

NZ IFRS 18 replaces NZ IAS 1 *Presentation of Financial Statements*, carrying forward many of the requirements in NZ IAS 1 unchanged and complementing them with new requirements. In addition, some NZ IAS 1 paragraphs have been moved to NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and NZ IFRS 7 *Financial Instruments: Disclosures*. Furthermore, there were minor amendments to NZ IAS 7 *Statement of Cash Flows* and NZ IAS 33 *Earnings Per Share*.

NZ IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and
- improve aggregation and disaggregation.

The amendments to NZ IAS 7 and NZ IAS 33, as well as the revised NZ IAS 8 and NZ IFRS 7, become effective when an entity applies NZ IFRS 18. NZ IFRS 18 requires retrospective application with specific transition provisions.

As a presentation and disclosure standard, NZ IFRS 18 is expected to change the manner in which information is presented in Group financial statements, with the recognition and measurement of items in the financial statements not impacted.

The Group has reviewed all other standards, interpretations and amendments to existing standards issued but not yet effective and does not expect these standards to have a material effect on the financial statements of the Group when adopted.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### A. SEGMENT INFORMATION

**This section explains the financial performance of the operating segments of Scales, providing additional information about individual segments.**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, being the Managing Director. The Managing Director monitors the operating performance of each segment for the purpose of making decisions on resource allocation and strategic direction. Inter-segment pricing is determined on an arm's length basis. 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.

The Group comprises the following operating segments:

- **Global Proteins:** processing and marketing of proteins such as pet food 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, Esro Petfood B.V. and Shelby SPS LLC.
- **Horticulture:** orchards, fruit packing, juice concentrate processing and marketing.  
Mr Apple New Zealand Limited, New Zealand Apple Limited, Longview Group Holdings Limited, Profruit (2006) Limited, and Fern Ridge Produce 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 consolidated financial statements for the year ended 31 December 2025

### A. SEGMENT INFORMATION (CONTINUED)

	Global Proteins \$000's	Horti- culture \$000's	Logistics \$000's	Other \$000's	Elimina- tions \$000's	Total \$000's
<b>2025</b>						
Total segment revenue	477,587	341,831	119,278	2,878	(41,625)	899,949
Inter-segment revenue	-	-	(37,986)	(3,639)	41,625	-
<b>Revenue from external customers</b>	<b>477,587</b>	<b>341,831</b>	<b>81,292</b>	<b>(761)</b>	-	<b>899,949</b>
Loss on sale of non-current assets	(32)	(155)	13	-	-	(174)
Insurance proceeds	-	-	-	-	-	-
Share of profit of entities accounted for using the equity method	8,219	-	-	-	-	8,219
Impairment of property, plant and equipment	(83)	3,201	-	-	-	3,118
Goodwill impairment	-	-	-	-	-	-
Gain on fair value of equity investment	40,262	-	-	-	-	40,262
Gain on lease modification	-	59	-	-	-	59
<b>EBITDA</b>	<b>98,831</b>	<b>75,275</b>	<b>7,597</b>	<b>(11,841)</b>	-	<b>169,862</b>
Amortisation expense	-	(1,001)	(58)	(13)	-	(1,072)
Depreciation expense	(2,839)	(12,484)	(262)	(26)	-	(15,611)
Depreciation of right-of-use asset	(266)	(9,621)	(791)	(121)	-	(10,799)
<b>EBIT</b>	<b>95,726</b>	<b>52,169</b>	<b>6,486</b>	<b>(12,001)</b>	-	<b>142,380</b>
Finance revenue	468	108	43	2,417	-	3,036
Finance costs	(1,298)	(15)	21	(4,091)	-	(5,383)
Finance cost of lease liability	(151)	(3,933)	(597)	(59)	-	(4,740)
Income tax expense	(6,667)	(12,666)	(1,689)	3,427	-	(17,595)
<b>Segment profit (loss) after income tax</b>	<b>88,078</b>	<b>35,663</b>	<b>4,264</b>	<b>(10,307)</b>	-	<b>117,698</b>
Segment assets	347,390	465,644	19,870	66,949	-	899,853
Segment liabilities	175,817	159,745	17,625	90,150	-	443,337
Segment carrying value of investment accounted for using the equity method	22,439	-	-	-	-	22,439
Segment acquisition of property, plant and equipment and software	6,666	15,245	213	26	-	22,150
Segment acquisition of right-of-use assets	10,654	39,511	1,276	32	-	51,473

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### A. SEGMENT INFORMATION (CONTINUED)

	Global Proteins \$000's	Horti- culture \$000's	Logistics \$000's	Other \$000's	Elimina- tions \$000's	Total \$000's
<b>2024 (Restated)*</b>						
Total segment revenue	266,791	248,875	98,797	3,789	(33,625)	584,627
Inter-segment revenue	-	-	(30,223)	(3,402)	33,625	-
<b>Revenue from external customers</b>	<b>266,791</b>	<b>248,875</b>	<b>68,574</b>	<b>387</b>	<b>-</b>	<b>584,627</b>
Gain on sale of non-current assets	-	1,225	-	-	-	1,225
Insurance proceeds	-	-	-	-	-	-
Share of profit of entities accounted for using the equity method	6,039	363	-	-	-	6,402
Impairment of property, plant and equipment	-	(2,949)	-	-	-	(2,949)
Goodwill impairment	-	-	-	-	-	-
Gain on fair value of equity investment	-	3,367	-	-	-	3,367
Gain on lease modification	24	47	8	-	-	79
<b>EBITDA</b>	<b>52,987</b>	<b>37,715</b>	<b>6,884</b>	<b>(9,710)</b>	<b>-</b>	<b>87,876</b>
Amortisation expense	-	(696)	(34)	(14)	-	(744)
Depreciation expense	(1,652)	(10,392)	(259)	(27)	-	(12,330)
Depreciation of right-of-use asset	(69)	(8,366)	(731)	(119)	-	(9,285)
<b>EBIT</b>	<b>51,266</b>	<b>18,261</b>	<b>5,860</b>	<b>(9,870)</b>	<b>-</b>	<b>65,517</b>
Finance revenue	661	224	61	2,519	-	3,465
Finance costs	(18)	45	(76)	(4,770)	-	(4,819)
Finance cost of lease liability	(17)	(3,052)	(640)	(65)	-	(3,774)
Income tax expense	(7,619)	(4,627)	(1,480)	2,985	-	(10,741)
<b>Segment profit (loss) after income tax</b>	<b>44,273</b>	<b>10,851</b>	<b>3,725</b>	<b>(9,201)</b>	<b>-</b>	<b>49,648</b>
Segment assets	166,557	371,829	24,114	53,080	-	615,580
Segment liabilities	37,559	131,151	15,612	44,950	-	229,272
Segment carrying value of investment accounted for using the equity method	57,212	-	-	-	-	57,212
Segment acquisition of property, plant and equipment and software	5,672	48,311	938	19	-	54,940
Segment acquisition of right of use assets	283	16,164	3,638	37	-	20,122

\* The restatements to comparative period are explained in Section H.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### A. SEGMENT INFORMATION (CONTINUED)

#### Non-current assets other than financial instruments by geographical location

	New Zealand		Australia		USA		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	(Restated)*						(Restated)*	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Property, plant and equipment	228,644	226,649	25,189	21	21,498	18,674	275,331	245,344
Investments accounted for using the equity method	22,412	20,078	(0)	37,134	27	-	22,439	57,212
Goodwill	89,509	7,676	47,206	-	32,105	32,954	168,820	40,630
Software	1,228	1,055	2	-	-	-	1,230	1,055
Right-of-use asset	89,214	59,382	10,504	-	138	215	99,856	59,597

\* The restatements to comparative period are explained in Section H.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### B. FINANCIAL PERFORMANCE

This section explains the financial performance of Scales, providing additional information about individual items in the statement of comprehensive income.

#### B1. REVENUE

	2025 \$000's	2024 \$000's
By nature:		
Revenue from the sale of goods	793,370	496,741
Revenue from the rendering of services	112,745	90,319
Fees and commission	710	24
Net foreign exchange (loss) gain	(11,678)	(7,228)
Rental revenue	4,802	4,771
	<b>899,949</b>	<b>584,627</b>
By market:		
New Zealand	123,377	79,729
Asia	364,653	178,786
Europe	30,226	36,144
North America	361,727	284,731
Other	19,966	5,237
	<b>899,949</b>	<b>584,627</b>
By segment and type:		
Horticulture - sale of agricultural produce	317,618	233,827
Horticulture - agricultural produce related services	19,003	10,277
Horticulture - other	5,210	4,771
Global Proteins - sale of pet food ingredients and edible proteins	465,652	255,805
Global Proteins - other	11,935	10,986
Logistics services	81,292	68,574
Other	(761)	387
	<b>899,949</b>	<b>584,627</b>

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Rental revenue is recognised on a straight-line basis over the period of occupation.

#### Sale of agricultural produce and fruit juice

The Group sells apples to more than 160 customers in 40 countries and fruit juice to more than 60 customers in 4 countries. Apple sales-related quality claim provisions are recorded in accordance with NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer ("outright sales") or when the goods have been sold by the customer ("consignment sales"). In addition, the apple season finishes before the end of the calendar year, with performance obligations under both sales types satisfied for all sales made during that season.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### B1. REVENUE (CONTINUED)

#### Sale of agricultural produce and fruit juice (continued)

##### *Outright sales*

Following shipment, revenue is recognised when the customer obtains control as it has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of loss in relation to the goods. A receivable is recognised by the Group when it loses control, which is when the goods are delivered on the ship at the port of shipment as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before the payment is due. Terms of payment are up to 45 days on arrival.

##### *Consignment sales*

Revenue is recognised by the Group when it loses control, which is when the goods are confirmed to be on-sold to the ultimate customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before the payment is due. Terms of payment are immediate upon on-sale.

#### Sale of petfood ingredients and edible proteins

The Group sells petfood ingredients to a number of international and domestic customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer ("delivered to destination sales") or when shipped to the customer ("outright sales"). Terms of payment are up to 120 days.

##### *Delivered to destination sales*

Following delivery, revenue is recognised when the customer obtains control as it has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of loss in relation to the goods. A receivable is recognised by the Group when it loses control, which is when the goods are delivered to the destination named by the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before the payment is due.

##### *Outright sales*

Same as above under "Sale of agricultural produce - outright sales".

#### Agricultural produce related services

The Group provides a number of agricultural produce related services to external apple growers, including packaging, cartage, export documentation and export services. Each of those services is considered to be a distinct service as it is both regularly supplied by the Group to customers on a stand-alone basis and is available for customers from other providers in the market.

A receivable is recognised by the Group when the service performance has been completed, and the performance obligation is satisfied as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before the payment is due. Terms of payment are up to 45 days.

#### Logistics services

The Group provides marine and air logistics services to domestic customers. Revenue is recognised by the Group at a point in time, which is when the shipment is organised and the goods are on the ship or the aeroplane. The performance obligation is satisfied at the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before the payment is due. Terms of payment are up to 60 days.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### B2. COST OF SALES, ADMINISTRATION AND OPERATING EXPENSES

	2025 \$000's	2024 \$000's
Auditor's remuneration		
<i>Deloitte Limited (New Zealand):</i>		
<u>Audit and review of the financial statements:</u>		
Audit of the annual financial statements	454	359
<u>Other services:</u>		
<u>Audit or review related services:</u>		
Audit of the charging group financial statements	-	20
Audit of solvency certificate for Selacs Insurance Limited	10	9
<u>Other assurance services and other AUP engagements</u>		
Greenhouse gas emission assurance engagement	45	45
<u>Other services:</u>		
Greenhouse gas assurance engagement readiness	-	45
<u>Non-assurance services:</u>		
Taxation compliance	10	-
<i>Sheehan &amp; Company CPA, PC (United States):</i>		
<u>Audit and review of the financial statements:</u>		
Group reporting audit	155	144
Review of subsidiary financial statements	45	40
<i>Lowe Lippmann (Australia):</i>		
<u>Audit and review of the financial statements:</u>		
Group reporting audit	-	33
<i>Prior year accrual timing differences:</i>	(5)	-
Bad debts recovered	(587)	(681)
Change in fair value adjustment to unharvested agricultural produce	(4,579)	1,139
Change in inventories	15,918	23,582
Direct expenses	128,234	97,471
Directors' fees	678	704
Donations	12	12
Electricity	4,413	3,667
Employee benefits expense:		
Post employment benefits - defined contribution plans	1,569	1,220
Post employment benefits - defined benefit plans	715	555
Salaries, wages and related benefits	113,675	94,423
Other employee benefits	2,054	710
Grower payments	46,608	34,738
Insurance	5,843	5,233
Management fees	48	48
Materials and consumables	329,583	127,780
Ocean and air freight	103,102	90,304
Operating lease expenses	1,822	1,287
Packaging	20,291	14,382
Provision (reversal of) for write-down of inventories	70	786
Repairs and maintenance	11,385	5,781
	<b>781,568</b>	<b>503,836</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### B2. COST OF SALES, ADMINISTRATION AND OPERATING EXPENSES (CONTINUED)

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Disclosed as:</b>		
Cost of sales	700,212	439,602
Administration and operating expenses	81,356	64,234
	<b>781,568</b>	<b>503,836</b>

#### Employee benefits

An accrual is made for benefits due to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Accruals are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The costs relating to shares issued in accordance with the Senior Executive Share Scheme are explained in note D2.

### B3. OTHER INCOME AND LOSSES

	<b>Note</b>		
Dividends		88	1
Fair value loss on interest-free related party loans		(278)	(1,663)
(Loss) gain on disposal of property, plant and equipment		(174)	1,225
Gain on rights transferred		187	3,113
Gain (loss) on joint ventures call options		-	(174)
Gain on lease modification		59	79
Gain on fair value equity investment	F3	40,262	3,367
Government grants - Cyclone Gabrielle		-	25
Remeasurement of gross liability on put options to non-controlling interest		-	(2,341)
		<b>40,144</b>	<b>3,632</b>

#### Disclosed as:

Other income	40,596	7,810
Other losses	(452)	(4,178)
	<b>40,144</b>	<b>3,632</b>

### B4. FINANCE COST

Interest on loans	4,657	4,654
Other interest	416	(5)
Bank facility fees	310	170
	<b>5,383</b>	<b>4,819</b>

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Interest expense is accrued on a time basis using the effective interest method.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### B5. TAXATION

	2025 \$000's	2024 \$000's (Restated)*
<b>Income tax recognised in profit or loss:</b>		
Current tax expense	22,525	5,923
Adjustments recognised in the current year in relation to the current tax of prior years	(1,517)	(1,486)
Deferred tax expense relating to the origination and reversal of temporary differences	(3,413)	6,304
<b>Total income tax expense recognised in profit or loss</b>	<b>17,595</b>	<b>10,741</b>

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

<b>Profit before tax</b>	<b>135,293</b>	<b>60,389</b>
Income tax expense calculated at applicable corporate tax rates	36,774	15,948
Non-assessable income	(21,045)	(8,890)
Non-deductible expenses	3,271	2,099
Deferred tax on buildings adjustment	-	2,065
Over provision of income tax in previous year - current tax	(1,517)	(1,486)
Under provision of income tax in previous year - deferred tax	112	1,005
	<b>17,595</b>	<b>10,741</b>

The tax rates used in the above reconciliation are the corporate tax rate of 28% payable by New Zealand companies under New Zealand tax law, 30% payable by Australian companies under Australian tax law and 23.38% (2024: 25.60%) payable by US entities under US tax law, being federal tax 21% and weighted average state tax 2.38% (2024: 4.60%). Shelby JV LLC and its subsidiaries are look-through entities for US income tax purposes. Therefore, although the Group includes 100% of its net profit before tax, separately disclosing non-controlling interest, the Group only includes 67.5% of its income tax.

Opening balance \$000's	Credited to profit or loss \$000's	Acquisition of subsidiary \$000's	Charged to equity \$000's	Charged to other comprehen- sive income \$000's	Foreign exchange movements \$000's	Closing Balance \$000's
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#### Deferred tax liability

Taxable and deductible temporary differences arise from the following:

#### 31 December 2025

##### Deferred tax liabilities (assets):

Trade and other receivables	(92)	552	(1,869)	-	-	-	(1,409)
Unharvested agricultural produce	7,461	1,107	-	-	-	-	8,568
Property, plant and equipment and software	25,523	850	3,701	-	(1,729)	(122)	28,223
Trade and other payables	(734)	(2,240)	(1,653)	-	-	-	(4,627)
Lease liability and right-of-use asset	(1,934)	(1,956)	-	-	-	-	(3,890)
Equity-settled employee benefits	-	-	-	(1,398)	-	-	(1,398)
Other financial assets and liabilities	(9,783)	(1,726)	1,848	-	5,164	-	(4,497)
<b>Net deferred tax liability</b>	<b>20,441</b>	<b>(3,413)</b>	<b>2,027</b>	<b>(1,398)</b>	<b>3,435</b>	<b>(122)</b>	<b>20,970</b>

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## B5. TAXATION (CONTINUED)

	Opening balance	Charged to profit or loss	Acquisition of subsidiary	Charged to other comprehen- sive income	Foreign exchange movements	Closing Balance
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>31 December 2024 (Restated)*</b>						
<b>Deferred tax liabilities (assets):</b>						
Trade and other receivables	(47)	(45)	-	-	-	(92)
Unharvested agricultural produce	6,782	679	-	-	-	7,461
Property, plant and equipment and software	13,790	3,996	2,256	5,091	390	25,523
Trade and other payables	(1,097)	363	-	-	-	(734)
Lease liability and right-of-use asset	(1,718)	(216)	-	-	-	(1,934)
Other financial assets and liabilities	749	1,527	62	(12,121)	-	(9,783)
<b>Net deferred tax liability</b>	<b>18,459</b>	<b>6,304</b>	<b>2,318</b>	<b>(7,030)</b>	<b>390</b>	<b>20,441</b>

Current tax is the taxation expected to be paid to taxation authorities in respect of the current year. Deferred taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Current and deferred tax is calculated on the basis of the laws enacted or substantively enacted at balance date.

### Income tax

Current and deferred tax are recognised in profit or loss, except when the tax relates to items charged or credited to other comprehensive income, in which case the tax is also recognised in other comprehensive income, and when the tax relates to items charged to equity reserves, in which case the tax is also recognised in the respective equity reserves.

# **Scales Corporation Limited**

## **Notes to the consolidated financial statements for the year ended 31 December 2025**

### **B6. FOREIGN CURRENCY TRANSACTIONS**

In preparing the financial statements of the individual entities, the transactions in currencies other than New Zealand dollars are recorded at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period financial assets and liabilities denominated in foreign currencies are retranslated into New Zealand dollars at the rates prevailing at the end of the reporting period.

Exchange differences from these transactions are recognised in profit or loss in the period in which they arise.

Income and expenses for each subsidiary whose functional currency is not New Zealand dollars are translated at exchange rates that approximate the rates at the actual dates of the transactions. Assets and liabilities of each subsidiary are translated at exchange rates at balance date.

All resulting exchange differences are recognised in the foreign exchange translation reserve, which is a separate component of equity.

The effective portion of exchange differences on foreign currency borrowings designated as hedges of net investments in foreign operations is also recognised in the foreign exchange translation reserve.

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## C. KEY ASSETS

This section shows the key assets Scales uses to generate operating revenues.

### C1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings at fair value \$000's	Apple trees at fair value \$000's	Plant and equipment at cost \$000's	Office equipment and motor vehicles at cost \$000's	Capital work in progress at cost \$000's	Total \$000's
<b>Gross carrying amount</b>						
<b>Balance at 1 January 2024 (Restated)*</b>	<b>147,339</b>	<b>37,162</b>	<b>87,308</b>	<b>14,042</b>	<b>14,397</b>	<b>300,248</b>
Acquisition through business combination	3,920	-	7,019	108	435	11,482
Additions	22,562	16,543	15,153	2,709	(2,534)	54,433
Disposals	(24,228)	(3,048)	(5,416)	(358)	-	(33,050)
Transfer to held for sale	(19,100)	-	-	-	-	(19,100)
Revaluation through other comprehensive income	(2,072)	12,512	-	-	-	10,440
Effect of foreign currency translation	384	-	1,485	4	562	2,435
<b>Balance at 31 December 2024 (Restated)*</b>	<b>128,805</b>	<b>63,169</b>	<b>105,549</b>	<b>16,505</b>	<b>12,860</b>	<b>326,888</b>
Acquisition through business combination	-	-	26,945	306	922	28,173
Additions	2,085	3,414	9,948	1,993	3,463	20,903
Disposals	(2,052)	3	(1,731)	(2,117)	-	(5,897)
Revaluation through other comprehensive income	(4,533)	(6,355)	-	-	-	(10,888)
Effect of foreign currency translation	(88)	-	48	11	(78)	(107)
<b>Balance at 31 December 2025</b>	<b>124,217</b>	<b>60,231</b>	<b>140,759</b>	<b>16,698</b>	<b>17,167</b>	<b>359,072</b>
<b>Accumulated depreciation, and impairment</b>						
<b>Balance at 1 January 2024 (Restated)*</b>	<b>2,266</b>	<b>6,880</b>	<b>54,299</b>	<b>10,743</b>	-	<b>74,188</b>
Depreciation expense	2,033	2,402	6,388	1,507	-	12,330
Disposals	-	-	(3,851)	(262)	-	(4,113)
Revaluation through other comprehensive income	(1,962)	(2,403)	-	-	-	(4,365)
Revaluation (gain) loss through profit or loss	1,253	1,455	241	-	-	2,949
Effect of foreign currency translation	-	-	552	3	-	555
<b>Balance at 31 December 2024 (Restated)*</b>	<b>3,590</b>	<b>8,334</b>	<b>57,629</b>	<b>11,991</b>	-	<b>81,544</b>
Depreciation expense	1,977	3,637	8,321	1,676	-	15,611
Disposals	(979)	-	(1,692)	(2,007)	-	(4,678)
Revaluation through other comprehensive income	(1,869)	(3,637)	-	-	-	(5,506)
Revaluation (gain) loss through profit or loss	(2,006)	(1,244)	132	-	-	(3,118)
Effect of foreign currency translation	-	-	(115)	3	-	(112)
<b>Balance at 31 December 2025</b>	<b>713</b>	<b>7,090</b>	<b>64,275</b>	<b>11,663</b>	-	<b>83,741</b>
<b>Net book value</b>						
As at 31 December 2024	125,215	54,835	47,920	4,514	12,860	245,344
<b>As at 31 December 2025</b>	<b>123,504</b>	<b>53,141</b>	<b>76,484</b>	<b>5,035</b>	<b>17,167</b>	<b>275,331</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Accounting policy

Land, buildings and apple trees are included in the statement of financial position at their fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any valuation increase arising on the revaluation of such land, buildings and apple trees is recognised in other comprehensive income and accumulated as a separate component of equity in the revaluation reserve, except to the extent that it reverses a valuation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, buildings and apple trees is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and apple trees is charged to profit or loss. On the subsequent sale or retirement of revalued property or apple trees, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Plant and equipment, and office equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including buildings and apple trees but excluding land and capital work in progress. Depreciation is charged so as to write off the cost or valuation of assets, other than land and capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The following estimated useful lives are used in the calculation of depreciation:

Buildings	10 to 50 years
Apple trees	30 years
Plant and equipment	2 to 25 years
Office equipment and motor vehicles	2 to 20 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Land and buildings measured at fair value

Land and buildings shown at valuation were valued at fair value as at 31 December 2025 by independent registered valuers Added Valuation Limited and Logan Stone Limited. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. Recognised Seasonal Employer ("RSE") buildings were arrived at discounted cash flows analysis of forecast income streams and costs.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The group finance team led by the Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the Group finance team's findings to the Audit & Risk Management Committee to explain the methods used and causes of fluctuations in the fair value of assets and liabilities.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Land and buildings measured at fair value (continued)

The fair value of land and buildings is calculated on the basis of market value. Market value is determined by applying income capitalisation and comparative sales calculations which are benchmarked against depreciated replacement cost calculations. The valuations include adjustments to observable data for similar properties to take into account property-specific attributes.

The significant unobservable inputs, based on regional averages, for the land and buildings (mainly coolstores and packhouses) are potential market comparative rentals \$14 - \$283 per square metre (2024: \$12 - \$249) and the capitalisation rates of 7.5% - 8.5% (2024: 6.35% - 8.25%).

The higher the rental rates the higher the fair value. The higher the capitalisation rates the lower the fair value. Significant changes in either of these inputs would result in significant changes to the fair value measurement.

Orchard land is valued within the range of \$32,100 - \$168,700 per hectare (2024: \$34,100 - \$157,500).

The Group's land and buildings are classified as Level 3 in the fair value hierarchy.

The carrying amount of land and buildings if it had been recognised under the cost model is \$60,827,000 (2024: \$71,169,000).

#### Apple trees carried at fair value

The Group's apple orchards, being the apple trees other than the existing crop on the trees, were valued at fair value by Boyd Gross B.Agr (Rural Val), Dip Bus Std, FNZIV, FPNZ of Logan Stone Limited as at 31 December 2025.

The market valuations completed by Boyd Gross were based on a combination of discounted cash flow analysis of forecast income streams and costs from each orchard, and sales comparison approaches. For owned orchards, the fair value of orchard land and buildings, determined using a sales comparison approach, is deducted from the overall orchard valuation to arrive at the valuation of the apple trees.

#### The significant unobservable inputs, based on district averages, for the apple trees are:

	<u>2025</u>	<u>2024</u>
Production levels (gross tray carton equivalent (TCE)) per hectare	2,000 - 6,500	2,750 - 5,563
Orchard gate returns per TCE	\$27.00 - \$66.00	\$25.00 - \$75.00
Orchard costs per TCE	\$28.00 to \$37.00	\$20.30 to \$34.27
Discount rate	16.05% - 17.35%	15.88% - 17.88%

The higher the production levels and orchard gate return the higher the fair value. The higher the orchard costs and discount rate the lower the fair value. Significant changes in any of these inputs would result in significant changes to the fair value measurement. The Group's apple trees are classified as level 3 in the fair value hierarchy.

The carrying amount of apple trees had it been recognised under the cost model is \$21,952,000 (2024: \$21,217,000).

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The apple trees, on owned and leased orchards, have the following planting profile:

	Total hectares planted	
	2025	2024
<b>Premium varieties:</b>		
Dazzle	266	260
NZ Queen	158	159
Pink Lady	88	100
Red sports (Fuji and Royal Gala)	349	349
Other premium	107	79
<b>Traditional varieties:</b>		
Braeburn	15	27
Royal Gala	99	112
Other traditional	94	105
	<b>1,176</b>	<b>1,191</b>

#### Risk management strategy

The Group is exposed to financial risks arising from changes in climatic conditions, market prices and the value of the New Zealand dollar. The Group mitigates these risks by geographical spread of orchards, installing hail and frost protection on orchards which have shown to be more susceptible to these risks, utilising foreign currency derivative instruments and building close working relationships with key customers.

### C2. UNHARVESTED AGRICULTURAL PRODUCE

	2025	2024
	\$000's	\$000's
<b>Balance at beginning of the year</b>	<b>26,648</b>	<b>24,222</b>
Decrease due to harvest	(26,648)	(24,222)
Development expenditure	27,921	28,546
Fair value adjustment	2,681	(1,898)
<b>Balance at end of the year</b>	<b>30,602</b>	<b>26,648</b>

The assessment of the value of unharvested agricultural produce was undertaken by management, using a discounted cash flow model, and is calculated as the fair value less estimated harvest and post-harvest costs (including costs to sell) of the unharvested crop on the trees at the reporting date. The risk adjusting discount rate represents an allowance for adverse events that may affect crop, harvest and/or market conditions. This calculation is also benchmarked against orchard costs incurred during the current growing cycle.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C2. UNHARVESTED AGRICULTURAL PRODUCE (CONTINUED)

The Group's unharvested agricultural produce is classified as Level 3 in the fair value hierarchy.

The significant unobservable inputs included in the model are the:

	<b>2025</b>	<b>2024</b>
Production levels (tonnes per hectare per annum)	63 - 98	59 - 98
Orchard gate returns per TCE	\$29 to \$79	\$29 to \$76
Risk adjusting discount rates	46% to 64%	46% to 64%

The higher the yield per hectare and the higher the orchard gate returns per TCE, the higher the fair value. The higher the risk adjusting discount rate, the lower the fair value.

### C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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	85%	42.50%	31 December *
Esro Petfood B.V	Trading company	The Netherlands	50%	50%	31 December
FI Group Holding Pty Ltd	Trading company	Australia	100%	50%	31 December *
Meateor Australia Pty Ltd	Trading company	Australia	100%	50%	31 December *
Meateor Pet Foods Limited Partnership	Trading company	New Zealand	50%	50%	31 December
Shelby SPS LLC	Trading company	United States	33.33%	0%	31 December

Summarised financial information in respect of the Group's joint ventures is set out below. The aggregate summarised financial information below represents amounts in joint ventures' financial statements prepared in accordance with NZ IFRS Standards.

\* The Australian incorporated entities had a balance date of 30 June which aligned with the income tax year in Australia. These entities have transitioned to a 31 December balance date, with a six month transitional period ending 31 December 2025.

In September 2025, Scales acquired the remaining 50% shareholding in FI Group Holding Pty Limited and Meateor Australia Pty Limited as well as 42.5% of ANZ Exports. Below is the summarised financial information for these entries in respect of Scales equity accounting share for the first 9 months up until acquisition. Refer to note F3 for the acquisition accounting of FI Group Holding, Meateor Australia and ANZ Exports.

In December 2025, Shelby SPS LLC was formed and Scales holds a 33.33% shareholding.

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

### Summarised financial information for Meateor Pet Foods Limited Partnership

	2025 \$000's	2024 \$000's
Current assets	21,700	20,443
Non-current assets	34,367	33,305
Current liabilities	(8,302)	(10,242)
Non-current liabilities	(2,941)	(3,351)
<b>Net assets</b>	<b>44,824</b>	<b>40,155</b>
Group's share in the net assets of equity accounted entities	22,412	20,078
<b>Carrying amount of investment in equity accounted entities</b>	<b>22,412</b>	<b>20,078</b>

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	371	549
Current financial liabilities (excluding trade and other payables and provisions)	(2,778)	(3,500)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1)	-
Capital commitments	-	-
Revenue	63,413	60,863
Profit for the year after tax	4,904	2,117
Other comprehensive income attributable to the owners of the company	1,728	(3,229)
Total comprehensive income	<b>6,632</b>	<b>(1,112)</b>

The above profit for the year includes the following:

Depreciation and amortisation	1,940	1,643
Interest income	3	-
Interest expense	481	937
Income tax expense	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

Share of profit before taxation	2,453	1,059
Share of income tax	(1)	-
Share of other comprehensive income (net of tax)	866	(1,615)
<b>Share of net profit for the year and total comprehensive income</b>	<b>3,318</b>	<b>(556)</b>
Carrying value at beginning of the year	20,078	21,634
Deferred tax on business combinations made by equity accounted entities	16	-
Dividends and distributions paid by equity accounted entities	(1,000)	(1,000)
<b>Investment in equity accounted entities</b>	<b>22,412</b>	<b>20,078</b>

## Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

### C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2025 \$000's	2024 \$000's
<b>Underlying financial performance of Meateor Pet Foods Limited Partnership:*</b>		
Underlying EBITDA/EBITDA**	7,322	4,697
Depreciation and amortisation	(1,940)	(1,643)
Underlying finance revenue/finance revenue	3	-
Underlying finance costs/finance cost	(481)	(937)
Income tax expense	-	-
<b>Underlying NPAT/NPAT</b>	<b>4,904</b>	<b>2,117</b>
<b>Share of Meateor Pet Foods Limited Partnership Underlying NPAT included in Group Underlying EBITDA</b>	<b>2,452</b>	<b>1,059</b>

\* "Underlying EBITDA", "Underlying finance costs", "Underlying finance revenue" and "Underlying NPAT" are non-GAAP profit 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

Underlying EBITDA and Underlying NPAT are equal to EBITDA and NPAT for both 2025 and 2024.

#### Summarised financial information for the ANZ Exports Pty Ltd and FI Group Holding Pty Ltd - Pre acquisition period ending 30 September 2025

Current assets	-	64,307
Non-current assets	-	2,144
Current liabilities	-	(44,495)
Non-current liabilities	-	(1,925)
<b>Net assets</b>	<b>-</b>	<b>20,031</b>
Group's share in the net assets of equity accounted entities	-	9,971
Goodwill	-	25,967
Effect of foreign exchange translation	-	1,139
<b>Carrying amount of investment in equity accounted entities</b>	<b>-</b>	<b>37,077</b>

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	-	976
Current financial liabilities (excluding trade and other payables and provisions)	-	(27,780)
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(4,738)

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2025 \$000's	2024 \$000's
Revenue	381,379	482,730
Profit for the year after tax	8,387	10,605
Other comprehensive income attributable to the owners of the company	4,682	(2,672)
<b>Total comprehensive income</b>	<b>13,069</b>	<b>7,933</b>

The above profit for the year includes the following:

Depreciation and amortisation	95	56
Interest income	234	7
Interest expense	1,310	1,910
Income tax expense	4,440	6,029

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

Share of profit before taxation	6,897	8,269
Share of income tax	(2,069)	(3,001)
Share of other comprehensive income (net of tax)	997	(1,571)
<b>Share of net profit for the year and total comprehensive income</b>	<b>5,825</b>	<b>3,697</b>
<b>Carrying value at beginning of the year</b>	<b>37,077</b>	<b>32,786</b>
Dividends and distributions paid by equity accounted entities	(1,645)	(545)
Effect of foreign exchange translation	502	1,139
Investment acquired	(41,759)	-
<b>Investment in equity accounted entities</b>	<b>-</b>	<b>37,077</b>

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

Underlying EBITDA/EBITDA**	13,997	18,594
Depreciation and amortisation	(95)	(56)
Underlying finance revenue/finance revenue	234	7
Underlying finance costs/finance cost	(1,310)	(1,910)
Income tax expense	(4,440)	(6,029)
<b>Underlying NPAT/NPAT</b>	<b>8,387</b>	<b>10,605</b>

**Share of ANZ Exports Pty Ltd and FI Group Holding Pty Ltd Underlying NPAT included in Group Underlying EBITDA** **4,828**      **5,270**

\* "Underlying EBITDA", "Underlying finance costs", "Underlying finance revenue" and "Underlying NPAT" are non-GAAP profit 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

Underlying EBITDA and Underlying NPAT are equal to EBITDA and NPAT for both 2025 and 2024.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

#### Summarised financial information for the Meateor Australia Pty Ltd - Pre acquisition period ending 30 September 2025

	2025 \$000's	2024 \$000's
Current assets	-	20,617
Non-current assets	-	32,898
Current liabilities	-	(17,164)
Non-current liabilities	-	(34,862)
<b>Net assets</b>	<b>-</b>	<b>1,489</b>
Group's share in the net assets of equity accounted entities	-	745
Unrecognised bargain purchase gain	-	(708)
Effect of foreign exchange translation	-	18
<b>Carrying amount of investment in equity accounted entities</b>	<b>-</b>	<b>55</b>

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	-	5,524
Current financial liabilities (excluding trade and other payables and provisions)	-	(11,060)
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(34,862)
Revenue	47,259	42,026
Profit for the year after tax	1,823	(620)
Other comprehensive income attributable to the owners of the company	(1,606)	(2,764)
Total comprehensive income	<b>217</b>	<b>(3,384)</b>

The above profit for the year includes the following:

Depreciation and amortisation	2,732	2,852
Interest income	29	3,300
Interest expense	2,187	4,530
Income tax expense	1,763	(1,472)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

Share of profit before taxation	1,793	(395)
Share of income tax	(881)	105
Share of other comprehensive income (net of tax)	798	(1,287)
<b>Share of net profit for the year and total comprehensive income</b>	<b>1,710</b>	<b>(1,577)</b>
<b>Carrying value at beginning of the year</b>	<b>55</b>	<b>1,614</b>
Dividends and distributions paid by equity accounted entities	-	-
Effect of foreign exchange translation	66	18
Investment acquired	(1,831)	-
<b>Investment in equity accounted entities</b>	<b>-</b>	<b>55</b>

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2025 \$000's	2024 \$000's
<b>Underlying financial performance of Meateor Australia Pty Ltd:*</b>		
Underlying EBITDA/EBITDA**	8,476	1,990
Depreciation and amortisation	(2,732)	(2,852)
Finance revenue	29	3,300
Adjustment	-	(3,300)
Underlying finance revenue****	29	(0)
Finance cost	(2,187)	(4,530)
Adjustment	862	2,841
Underlying finance cost****	(1,325)	(1,689)
Income tax expense	(1,763)	1,472
<b>Underlying NPAT***</b>	<b>2,686</b>	<b>(1,079)</b>
<b>Adjustment</b>	<b>(862)</b>	<b>459</b>
<b>NPAT</b>	<b>1,823</b>	<b>(620)</b>
<b>Share of Meateor Australia Pty Ltd Underlying NPAT included in Group Underlying EBITDA</b>	<b>1,344</b>	<b>(346)</b>

\* "Underlying EBITDA", "Underlying finance costs", "Underlying finance revenue" and "Underlying NPAT" are non-GAAP profit 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

\*\*\*Underlying NPAT excludes an adjustment of \$862k expense for 2025 (Scales share \$431k) and \$459k for 2024 (Scales share \$57k). The adjustments relate to excluding the non-cash entries in relation to the interest-free related party loan, comprising the gain on initial recognition of the loan and the unwind of the discount. The non cash entries are included for NZ IFRS financial purposes but are excluded from Underlying NPAT.

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

### Summarised financial information for Esro Petfood B.V.

Current assets	10,611	9,620
Non-current assets	20,715	13,507
Current liabilities	(11,294)	(7,019)
Non-current liabilities	(33,945)	(22,370)
<b>Net assets</b>	<b>(13,913)</b>	<b>(6,262)</b>
Group's share in the net assets of equity accounted entities	(6,957)	(3,131)
Effect of foreign exchange translation	-	-
<b>Carrying amount of investment in equity accounted entities</b>	<b>-</b>	<b>-</b>

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2025 \$000's	2024 \$000's
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	28	2,853
Current financial liabilities (excluding trade and other payables and provisions)	(814)	(708)
Non-current financial liabilities (excluding trade and other payables and provisions)	(33,966)	(20,095)
Revenue	31,022	14,980
Loss for the year after tax	(5,849)	(3,511)
Other comprehensive income attributable to the owners of the company	-	-
<b>Total comprehensive income (loss)</b>	<b>(5,849)</b>	<b>(3,511)</b>

The above loss for the year includes the following:

Depreciation and amortisation	(2,864)	1,384
Interest expense	(2,043)	1,383
Income tax expense	1,209	1,170

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

Share of profit before taxation	-	-
Share of income tax	-	-
Share of other comprehensive income (net of tax)	-	-
<b>Share of net profit for the year and total comprehensive income</b>	<b>-</b>	<b>-</b>
Carrying value at beginning of the year	-	-
Effect of foreign exchange translation	-	-
<b>Investment in equity accounted entities</b>	<b>-</b>	<b>-</b>

### Underlying financial performance of Esro Petfood B.V.:\*

Underlying EBITDA/EBITDA**	(2,151)	(1,914)
Depreciation and amortisation	(2,864)	(1,384)
Underlying finance revenue/finance revenue	-	-
Underlying finance costs/finance cost	(2,043)	(1,383)
Income tax expense	1,209	1,170
<b>Underlying NPAT/NPAT</b>	<b>(5,849)</b>	<b>(3,511)</b>

**Share of Esro Petfood B.V. Underlying NPAT included in Group Underlying EBITDA** **(2,925)** **(1,755)**

\* "Underlying EBITDA", "Underlying finance costs", "Underlying finance revenue" and "Underlying NPAT" are non-GAAP profit 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.

## **Scales Corporation Limited**

### **Notes to the consolidated financial statements for the year ended 31 December 2025**

#### **C3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

\*\* EBITDA is a non-GAAP measure and is defined internally by management as Earnings before Interest, Tax, Depreciation and Amortisation

Esro Petfood B.V. generated an underlying loss of \$5.9m (Scales share of \$2.9m) for the year end 31 December 2025. The Group does not provide a guarantee which results in the loss being capped at zero.

For NZ IFRS financial reporting purposes no profit has been recognised in Scales Group result from inception.

#### **Shelby SPS LLC**

The Group recognised \$27k share of profit before taxation for Shelby SPS LLC during the year.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C4. GOODWILL

	Note	2025 \$000's	2024 \$000's
<b>Gross carrying amount</b>			
Balance at beginning of the year		40,630	36,972
Goodwill recognised on business acquisition	F3	129,036	19
Effect of foreign currency exchange differences		(846)	3,639
<b>Balance at end of the year</b>		<b>168,820</b>	<b>40,630</b>

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested for impairment annually, or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill has been allocated to the cash-generating units (CGUs) listed below which represent the lowest level at which the Directors monitor goodwill.

Global Proteins - ANZ Exports		4,381	-
Global Proteins - FI Group Holding		98,669	
Global Proteins - Meateor Australia		25,986	-
Global Proteins - Shelby		32,108	32,954
Horticulture - Fern Ridge		5,702	5,702
Horticulture - Profruit		19	19
Logistics		1,955	1,955
		<b>168,820</b>	<b>40,630</b>

As at 31 December 2025, the Directors have determined, based on discounted cash flow and value in use calculations, that there is no impairment of goodwill associated with the above CGUs.

The discounted cash flow and value in use calculation uses future cash flows covering a five year period based on a Board approved budget. The models were based on the following key assumptions:

	2025	2024
Pre-tax discount rates ANZ Exports CGU	28%	N/A
Pre-tax discount rates Other CGU	8-17%	9-16%
Annual growth rates	2-3%	2%

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C5. INVENTORIES

	2025	2024
	\$000's	\$000's
Finished goods	112,761	19,897
Other	6,857	5,065
	<b>119,618</b>	<b>24,962</b>

Inventories are stated at the lower of cost and net realisable value. Cost means the actual cost of the inventory and in determining cost the first in first out basis of stock movement is followed, with due allowance having been made for obsolescence. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

A provision of \$0.07m (2024: \$0.5m) has been recorded relating to aged inventory within the Global Proteins division. The provision relates to inventory that has reached or is nearing its expiry date and cannot be sold or may not be sold with certainty in the market. The provision includes the costs of the inventory plus disposal costs.

### C6. IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss and is not reversed in subsequent periods.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### C7. SOFTWARE

Software is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Amortisation is calculated on a straight line basis. The estimated useful life of 3 years is used in the calculation of amortisation.

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Gross carrying amount</b>		
Opening balance	9,197	8,558
Acquisition through business combination	-	132
Additions	1,247	507
Closing balance	<b>10,444</b>	<b>9,197</b>
<b>Accumulated amortisation</b>		
Opening balance	(8,142)	(7,398)
Amortisation expense	(1,072)	(744)
Closing balance	<b>(9,214)</b>	<b>(8,142)</b>
<b>Net book value</b>	<b>1,230</b>	<b>1,055</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### D. CAPITAL FUNDING

This section explains how Scales manages its capital structure and how dividends are returned to shareholders.

#### Capital management

The Group's capital includes share capital, reserves and retained earnings. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and customer confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

#### D1. SHARE CAPITAL

Issued and paid up capital consists of 145,018,818 fully paid ordinary shares (2024: 143,571,527 shares) less treasury stock of 1,298,926 shares (2024: 1,144,690 shares) (refer to note D2). All shares rank equally in all respects.

Shares issued or purchased on market under the Senior Executive Share Scheme (Share Scheme) (note D2) are treated as treasury stock until vesting to the employee.

	Number of shares	
	2025	2024
<b>Fully paid ordinary shares:</b>		
<b>Opening balance</b>	<b>143,571,527</b>	<b>143,095,981</b>
Share Scheme - shares issued	461,699	475,546
Fayman acquisition - shares issued	985,592	
<b>Closing balance</b>	<b>145,018,818</b>	<b>143,571,527</b>
<b>Treasury stock:</b>		
<b>Opening balance</b>	<b>1,144,690</b>	<b>1,160,229</b>
Share Scheme - shares issued	461,699	475,546
Share Scheme - shares forfeited and sold	-	(68,931)
Share Scheme - shares fully vested	(307,463)	(422,154)
<b>Closing balance</b>	<b>1,298,926</b>	<b>1,144,690</b>

The available subscribed capital of \$59,807,309 (2024: \$51,835,684) represents the amount of the shareholders' equity that is available to be returned to shareholders on a tax-free basis.

In accordance with the Companies Act 1993 the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2025	2024
	\$000's	\$000's
<b>Movement in share capital related to share-based payments:</b>		
Equity-settled employee benefit share scheme vested		
Interest-free loan became full recourse	857	1,271
Accumulated share option value reclassified from reserve into share capital	679	578
Accumulated dividends reclassified from retained earnings into share capital	127	221
	<b>1,663</b>	<b>2,070</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### D2. 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
<b>Balance at 1 January 2024 (Restated)*</b>	<b>94,244</b>	<b>5,400</b>	<b>2,094</b>	<b>1,039</b>	<b>469</b>	<b>76</b>	<b>103,322</b>
Other comprehensive income (loss)	9,714	(30,198)	(4,021)	-	3,630	218	(20,657)
Transfer to retained earnings	(16,182)	-	-	-	-	-	(16,182)
Recognition of share-based payments	-	-	-	710	-	-	710
Shares fully vested	-	-	-	(578)	-	-	(578)
<b>Balance at 31 December 2024 (Restated)*</b>	<b>87,776</b>	<b>(24,798)</b>	<b>(1,927)</b>	<b>1,171</b>	<b>4,099</b>	<b>294</b>	<b>66,615</b>
Other comprehensive (loss) income	(3,653)	12,291	2,419	-	1,584	207	12,848
Transfer to retained earnings	(8,278)	-	-	-	-	-	(8,278)
Recognition of share-based payments	-	-	-	1,169	-	-	1,169
Shares fully vested	-	-	-	(679)	-	-	(679)
Income tax relating to share-based payments	-	-	-	1,398	-	-	1,398
<b>Balance at 31 December 2025</b>	<b>75,845</b>	<b>(12,507)</b>	<b>492</b>	<b>3,059</b>	<b>5,683</b>	<b>501</b>	<b>73,073</b>

#### Revaluation reserve

The revaluation reserve arises on the revaluation of land, buildings and apple trees, net of the related deferred tax.

#### Cash flow hedge reserve

The cash flow hedge reserve represents the unrealised gains and losses on interest rate and foreign currency contracts taken out to manage the Group's interest rate and foreign currency risks, net of the related deferred tax.

#### Equity-settled employee benefits reserve - LTI Scheme

The Share Scheme involves the Company making available interest-free loans to selected senior executives to acquire shares in the Company. The senior executives will not gain any benefit with respect to the shares purchased under the Share Scheme unless they remain in employment with the Group for a period of three years from the date of acquisition of those shares.

The shares are held by a custodian during the restricted period and are then transferred to the senior executive. All net dividends or distributions received in respect of the shares must be applied to repayment of the interest-free loan.

LTI round	Grant date	Vesting date	Exercise price, \$	Number of shares				
				Opening balance	Granted	Forfeited	Vested and exercised	Closing balance
FY21	7-Apr-22	7-Apr-25	3.20	307,463	-	-	(307,463)	-
FY22	24-Apr-23	24-Apr-26	3.33	361,681	-	-	-	361,681
FY23	24-Apr-24	24-Apr-27	2.72	475,546	-	-	-	475,546
FY24	24-Apr-25	24-Apr-28	3.18	-	461,699	-	-	461,699
<b>Total</b>				<b>1,144,690</b>	<b>461,699</b>	<b>-</b>	<b>(307,463)</b>	<b>1,298,926</b>

The weighted average share price for shares that vested during 2025 was \$4.04.

\* The restatements to comparative period are explained in Section H.

## Scales Corporation Limited

### Notes to the consolidated financial statements for the year ended 31 December 2025

#### D2. RESERVES (CONTINUED)

The shares issued vest over three years. The estimated value of the share options is determined using the Black-Scholes pricing calculator and is amortised over the restricted period. This cost is expensed with the corresponding credit included in the equity-settled employee benefits reserve. Expected share price volatility was based on historical volatility of the Company's ordinary shares.

	2025	2024
LTI round	FY24	FY23
<b>The inputs into the "option pricing calculator" are:</b>		
Issue date share price, \$	4.28	3.20
Expected share price volatility, %	32	31
Option life, years	3	3
Risk-free interest rate, %	4.52	4.92
Exercise price, \$	3.18	2.72
<b>Fair value, at the grant date, \$</b>	<b>1.74</b>	<b>1.11</b>

The Company has expensed in the income statement \$627k (2024: \$424k) in relation to the share scheme.

#### Equity-settled employee benefits reserve - PSR Scheme

On 15 December 2023 the Board approved the Scales' Performance Share Rights Plan to grant performance rights to key senior management personnel as a long-term incentive programme.

PSR round	Grant date	Vesting date	Number of rights				
			Opening balance	Granted	Forfeited	Vested and exercised	Closing balance
FY23 - T1	20-Dec-23	9-Mar-26	56,748	-	-	-	56,748
FY23 - T2	20-Dec-23	23-Mar-26	38,113	-	-	-	38,113
FY23 - T3	20-Dec-23	9-Mar-26	228,095	-	-	-	228,095
FY24A - T1	1-May-24	12-Mar-27	55,904	-	-	-	55,904
FY24A - T2	1-May-24	25-Feb-27	37,691	-	-	-	37,691
FY24A - T3	1-May-24	12-Mar-27	228,095	-	-	-	228,095
FY24B - T1	4-Dec-24	12-Mar-27	38,591	-	-	-	38,591
FY24B - T2	4-Dec-24	25-Feb-27	38,591	-	-	-	38,591
FY25 - T1	1-May-25	13-Mar-28	-	84,779	-	-	84,779
FY25 - T2	1-May-25	25-Feb-28	-	84,779	-	-	84,779
FY25 - T3	1-May-25	13-Mar-28	-	228,095	-	-	228,095
<b>Total</b>			<b>721,828</b>	<b>397,653</b>	<b>-</b>	<b>-</b>	<b>1,119,481</b>

#### TSR Hurdles - Tranches 1 and 3

The proportion of performance rights subject to the absolute TSR growth hurdle which may vest is dependent on Scales' TSR compound annual growth rate (CAGR) across a 3-year measurement period.

TSR is the Company's total shareholder returns. TSR measures the total return received by Scales' investors from the increase in the market value of an ordinary share in Scales and the receipt of gross dividends and other distributions, from the commencement date to the vesting date.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### D2. RESERVES (CONTINUED)

For each tranche that vests the rights are awarded on a straight-line basis dependent on the TSR CAGR achieved.

TSR related performance rights vest according to the following performance criteria for each unvested tranche:

#### Tranche 1 - % vesting

0%	< 8.5% CAGR
25%	= 8.5% CAGR
26% - 99% (Straight-line prorata)	> 8.5%, < 12.5% CAGR
100%	= 12.5% CAGR

#### Tranche 3 - % vesting

0%	= 12.5 % CAGR
1% - 99% (Straight-line prorata)	> 12.5%, < 31.1% CAGR
100%	= 31.1% CAGR

The TSR performance tranches are calculated across the following periods:

Round	Vesting Period
FY23 - Tranche 1 and 3	20 December 2023 to 11 days after the announcement date of the FY25 Result
FY24 A and B - Tranche 1 and 3	7 March 2024 to 11 days after the announcement date of the FY26 Result
FY25 - Tranche 1 and 3	13 March 2025 to 11 days after the announcement date of the FY27 Result

The fair value of the TSR performance rights have been valued under a variant of the dividend adjusted Monte Carlo simulation. The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from the grant date.

#### Tranche 1 & 3

The inputs into the Monte Carlo simulation are:	FY25	FY24A	FY24B	FY23
Risk free interest rate, %	4.46	5.00	4.41	4.53
Expected life, years	2.90	2.90	2.30	2.20
Expected share volatility, %*	31.75	30.87	32.62	31.12
<b>Fair value, at the grant date, \$</b>	<b>4.30</b>	<b>3.20</b>	<b>4.05</b>	<b>3.17</b>

\* Volatility represents the volatility of the Scales Corporation's NZD share price over a 3-year period.

#### EPS Hurdle - Tranche 2

The proportion of performance rights subject to the EPS growth hurdle which may vest is dependent on Scales' EPS compound annual growth rate (CAGR) across a 3-year measurement period. For each tranche that vests the rights are awarded on a straight-line basis dependent on the EPS CAGR achieved. EPS growth hurdle is considered a non-market condition.

EPS related performance rights vest according to the following performance criteria:

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### D2. RESERVES (CONTINUED)

#### Tranche 2 - % vesting

0%	< 5% CAGR
25%	= 5% CAGR
26% - 99% (Straight-line prorata)	> 5%, < 10% CAGR
100%	= 10% CAGR

The EPS performance is calculated across the following periods:

Round	Vesting Period
FY23 - Tranche 2	20 December 2023 to the announcement date of the FY25 Result
FY24 - Tranche 2	22 February 2024 to the announcement date of the FY26 Result
FY25 - Tranche 2	26 February 2025 to the announcement date of the FY27 Result

The fair value of the EPS performance rights have been assessed as Scales' share price as at grant date less the present value of the dividends forecast to be paid prior to each vesting date.

The estimated fair value for each tranche of performance rights issued is amortised over the vesting period from grant date.

Vesting of performance rights also requires the employee to remain in employment with the Company during the performance period. The Company has expensed in the income statement \$666k (2024: \$286k) in relation to performance rights.

#### Foreign exchange translation reserve

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in two ways. Gains or losses relating to the effective portion of the hedge are recognised in other comprehensive income. Any gains or losses relating to the ineffective portion of the hedge are recognised in profit or loss.

Gains or losses arising on translation of foreign subsidiaries results (Note B6) are also recognised in this reserve.

### D3. DIVIDENDS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	2025 \$000's	2024 \$000's
Final dividend paid - 7.75 (2024: 4.25) cents per share	11,082	6,042
Interim dividend declared - 12.50 (2024: 7.25) cents per share	17,997	10,332
	<b>29,079</b>	<b>16,374</b>

All the above dividends were fully imputed.

The 2025 interim dividend was declared on 3 December 2025 and paid on 23 January 2026.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### D4. IMPUTATION CREDIT ACCOUNT

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
Balance at end of the year	8,854	5,901

The imputation credit account balance represents the net amount available at the reporting date that can be attached to future dividends declared.

The Scales Corporation Limited consolidated tax group for income tax includes Scales Corporation Limited and all New Zealand registered subsidiary companies other than Scales Employees Limited and Fayman New Zealand Limited.

### D5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year, excluding shares held as treasury stock. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

	<b>2025</b>	<b>2024</b>
		<b>(Restated)*</b>
<b>Profit attributable to equity holders of the Company, \$000's:</b>	<b>100,988</b>	<b>30,337</b>
<b>Weighted average number of shares:</b>		
Ordinary shares	142,803,805	142,200,207
Effect of dilutive ordinary shares (non-vested Senior Executive Share Scheme)	1,116,045	416,550
<b>Weighted average number of Ordinary Shares for diluted earnings per share</b>	<b>143,919,850</b>	<b>142,616,757</b>
<b>Earnings per share (cents):</b>		
Basic - continuing	70.7	21.3
Diluted - continuing	70.2	21.3

\* The restatements to comparative period are explained in Section H.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E. FINANCIAL ASSETS AND LIABILITIES

#### IN THIS SECTION

This section explains the financial assets and liabilities of Scales, the related risks and how Scales manages these risks.

#### Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'measured at amortised cost'.

The classification depends on the business model for managing the financial asset and the cash flow characteristics of the financial asset and is determined at the time of initial recognition or when a change in the business model occurs.

#### *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are not measured at amortised cost. Gains and losses on a financial asset designated in this category and not part of a hedging relationship are recognised in profit or loss.

#### *Financial assets measured at amortised cost*

The Group's financial assets held in order to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortised cost. Cash and cash equivalents, trade receivables and employee loans are classified in this category.

#### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

#### Financial liabilities measured at amortised cost

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities. These financial liabilities are initially recognised at fair value net of any directly attributable costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E. FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

#### Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value with reference to observable market data at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as cash flow hedges. A derivative is presented as a non-current asset or a non-current liability where the cash flow will occur after twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

#### *Hedge accounting*

At the inception of a hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item, attributable to the hedged risk.

#### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in 'other income' or 'other losses'.

Amounts recognised in the hedging reserve are reclassified from equity to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in the hedging reserve is recognised immediately in profit or loss unless the loss is considered recoverable.

#### *Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign exchange translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign exchange translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E1. TRADE AND OTHER RECEIVABLES

	2025	2024
	\$000's	\$000's
Trade receivables	63,477	33,237
Other receivables	1,629	1,416
Receivables from entities accounted for using the equity method	862	-
Goods and services tax	5,589	3,372
	<b>71,557</b>	<b>38,025</b>

#### Credit risk management

The Group activities expose it to credit risk which refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents, trade and other receivables and advances. The Group performs credit evaluations on trade customers, obtains trade credit insurance as appropriate but generally does not require collateral. The Group continuously monitors the credit quality of its major receivables and does not anticipate non-performance of those customers. Cash and cash equivalents are placed with high credit quality financial institutions.

There is a significant concentration of credit risk with 5 customers who represent 42.18% (2024: 5 customers who represented 26.60%) of trade and other receivables.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Included in trade receivables are debtors which are past due at balance date, as payment was not received within one month, and for which provision for expected credit losses was not material as there has not been a significant change in credit quality and the amounts are still considered recoverable. No collateral is held over these balances although trade credit insurance cover is obtained in respect of some specific receivables. Interest is not charged on overdue debtors.

#### Ageing of past due trade receivables:

1 month	26,758	6,614
2 months	4,728	2,019
More than 2 months	3,520	2,982
	<b>35,006</b>	<b>11,615</b>

There was an ECL provision of \$5.0m as at 31 December 2025 (2024: \$0.3m), which is included within the Trade Receivables balance above.

### E2. OTHER FINANCIAL ASSETS

#### Current

At fair value:

Foreign currency derivative instruments	4,311	1,470
Interest rate swap contracts and forward rate agreements	375	760
	<b>4,686</b>	<b>2,230</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E2. OTHER FINANCIAL ASSETS (CONTINUED)

Non-current	2025 \$000's	2024 \$000's
<i>At fair value:</i>		
Foreign currency derivative instruments	2,700	3,636
Interest rate swap contracts and forward rate agreements	13	504
Shares in unlisted companies	284	185
<i>At amortised cost:</i>		
Employee loans	3,426	3,113
Security deposits held as bank guarantee collateral	52	-
Related party loans	26,788	29,750
	<b>33,263</b>	<b>37,188</b>

### E3. TRADE AND OTHER PAYABLES

Trade payables	43,526	14,011
Accruals	13,090	10,216
Contract liability	8,805	-
Employee entitlements	11,614	5,625
	<b>77,035</b>	<b>29,852</b>

### E4. BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest method. The fair value of current and non-current borrowings is approximately equal to their carrying amount.

The Group replaced existing Multi-Option Facility Agreements with Coöperatieve Rabobank U.A., New Zealand Branch (Rabobank) and Westpac New Zealand Limited (Westpac) with new agreements on 11 November 2021. The existing facility agreement with ANZ bank New Zealand Limited (ANZ) was also replaced with a new agreement on 11 November 2021.

Australian subsidiaries ANZ Exports Pty Ltd, Fayman International Group Pty Ltd and Meateor Australia Pty Ltd individually have Business Finance Agreements with Westpac Banking Corporation (Westpac Australia), covering term debt, trade finance (seasonal facilities) and overdrafts.

Profuit (2006) Limited has an overdraft facility agreement with Westpac New Zealand Limited.

USD Term debt remaining at 31 December 2025 is designated as a hedge of net investments in foreign operations.

AUD Term debt relates to Fayman International Group Pty Ltd and Meateor Australia Pty Ltd.

	Facility limit		Undrawn facility	
	2025 \$000's	2024 \$000's	2025 \$000's	2024 \$000's
<b>Term facilities</b>				
Rabobank USD	23,635	11,635	-	-
Westpac USD	23,635	11,635	-	-
Westpac (Australia) AUD	6,208	-	250	-

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E4. BORROWINGS (CONTINUED)

	Facility limit		Undrawn facility	
	2025	2024	2025	2024
	\$000's	\$000's	\$000's	\$000's
<b>Seasonal facilities and overdraft facility</b>				
Rabobank seasonal facility	20,000	20,000	20,000	20,000
Westpac seasonal facility	20,000	20,000	20,000	20,000
ANZ overdraft	1,000	1,000	1,000	1,000
Westpac overdraft	-	-	-	-
Westpac (Australia) seasonal facility (Trade finance) AUD	60,500	-	14,334	-
Westpac (Australia) overdraft AUD	13,500	-	7,905	-

Group term debt under the New Zealand banking syndicate is subject to financial covenants tested quarterly on 31 March, 30 June, 30 September and 31 December of each year. The covenant measures the interest cover ratio and net debt to EBITDA ratio of the Charging Group. The Group has complied with all financial covenants in 2025 and 2024. There are no indications the Group will have difficulty complying with the covenants in the next 12 months.

Fayman International Group Pty Ltd debt is subject to financial covenants tested semi-annually on 30 June and 31 December of each year. The covenant measures the financial debt to EBITDA ratio and the capital ratio. At 31 December 2025, Fayman International Group Pty Ltd ("FIG") was in breach of its capital ratio covenant. Under the terms of the Business Finance Agreement, this breach gave the lender the contractual right to demand immediate repayment of all outstanding FIG facilities. As a formal waiver was not in place at the reporting date, the Group does not have an unconditional right to defer settlement for at least 12 months. Consequently, in accordance with NZ IAS 1, the carrying amount of FIG's term facilities of \$2.1 million have been classified as current liabilities. Subsequent to balance date, on 29 January 2026, a Reservation of Rights letter was issued by the lender. The lender acknowledged the breach and confirmed they do not currently intend to take enforcement action, subject to FIG providing satisfactory remediation plans and updated forecasts.

Meateor Australia Pty Ltd debt is subject to financial covenants tested annually on 30 June of each year. The covenant measures the interest cover ratio, financial debt to EBITDA ratio and the capital ratio. Meateor Australia Pty Ltd (MAP) has complied with all financial covenants in 2025.

The floating interest rate is 1.20% to 6.27% (2024: 1.20% to 6.97%). USD term borrowing facilities expire 1 July 2027. AUD term borrowing facilities mature on 21 June 2027 (MAP) and 27 October 2027 (FIG). Although FIG's contractual maturity is 27 October 2027, FIG's term borrowings are classified as current at 31 December 2025 due to the covenant breach and absence of a balance-date waiver. Seasonal facilities, trade finance drawings and overdrafts presented as current borrowings are repayable within 12 months.

New Zealand bank facilities are secured by a first ranking security interest granted by each of the Charging Group Companies over all its present and after-acquired property (including proceeds) and a first ranking security interest over any of the Charging Group Companies' present and future assets and undertakings which are not personal property. The bank facilities are also secured by first and exclusive registered mortgages over property comprising coolstores, orchards and industrial and commercial property owned by members of the Charging Group. Charging Group Companies as at 31 December 2025 are Scales Corporation Limited, Scales Holdings Limited, Mr Apple New Zealand Limited, New Zealand Apple Limited, Fern Ridge Produce Limited, Profruit (2006) Limited, Geo.H.Scales Limited, Meateor Foods Limited, Scales, Logistics Limited and Meateor Group Limited.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E4. BORROWINGS (CONTINUED)

Australian bank facilities are secured by a mortgage over lease security and a General Security over all existing and future assets and undertakings of Meateor Australia Pty Ltd, Meateor Aus Services Pty Ltd, Fayman International Group Pty Ltd, FI Group Holding Pty Ltd, ANZ Exports Pty Ltd, and Fayman New Zealand Limited.

	2025 \$000's	2024 \$000's
<b>Seasonal (current) and term (non-current) borrowings:</b>		
<b>Opening balance</b>	<b>41,259</b>	<b>65,647</b>
Debt acquired on acquisition through business combination	53,224	5,444
Drawdowns	74,733	81,500
Repayments	(34,715)	(116,024)
Net drawdown on trade finance facilities	13,548	-
Effect of foreign currency translation	692	4,692
<b>Closing balance</b>	<b>148,741</b>	<b>41,259</b>

### E5. OTHER FINANCIAL LIABILITIES

#### Current financial liabilities at fair value

Foreign currency derivative instruments	6,812	23,700
Put options - Shelby JV LLC	-	18,218
	<b>6,812</b>	<b>41,918</b>

#### Non-current financial liabilities at fair value

Foreign currency derivative instruments	12,847	18,688
Interest rate swaps	43	-
Put options - ANZ Exports Pty Ltd	1,559	-
	<b>14,449</b>	<b>18,688</b>

In 2018 the Group acquired 60% of Shelby JV LLC and its subsidiaries Shelby Foods LLC, Shelby Exports Inc, Shelby Cold Storage LLC, Shelby Trucking LLC and Shelby Properties LLC (collectively, Shelby Group).

As part of the transaction, the Company entered into an agreement with the vendor whereby the vendor has an option to put a further 5% of total units in Shelby Group to Scales at a value based on a multiple of Shelby Group EBITDA. The obligation to acquire the ownership interest under the put option was included in other financial liabilities in 2024. The option has been cancelled as part of the further 7.5% acquisition in April 2025.

In 2025 the Group acquired an additional 42.5% of ANZ Exports Pty Ltd. As a part of the transaction, the non-controlling interest has the option to put their 15% of share equity to Scales at a value based on a multiple on ANZ Exports Pty Ltd EBITDA. This transaction has been accounted for as a gross liability in other financial liabilities and impacting NCI.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E6. INTEREST RATE RISK

#### Interest rate risk management

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 may use interest rate swaps and forward rate agreements to manage interest rate risk.

#### Interest rate swap contracts and forward rate agreements

Under interest rate swap contracts and forward rate agreements, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts, some of which can commence in future reporting years, enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on 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.

#### Interest rate swap contracts:

Maturity Date	Fixed Interest Rate		Notional principal amount		Fair value	
	2025	2024	2025	2024	2025	2024
	%	%	\$000's	\$000's	\$000's	\$000's
Within 1 year	1.05	0.89	9,501	9,752	238	215
2-5 years	3.32	2.53	25,048	28,369	107	1,049
After 5 years	-	-	-	-	-	-
			<b>34,548</b>	<b>38,121</b>	<b>345</b>	<b>1,264</b>

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.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships (which is not material) is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contract, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E6. INTEREST RATE RISK (CONTINUED)

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Impact on net profit after tax assumes that none of floating interest rate borrowings were hedged.

	2025		2024	
	+1%	-1%	+1%	-1%
	\$000's	\$000's	\$000's	\$000's
Impact on net profit after tax	422	(422)	350	(350)
Impact on cash flow hedge reserve net of tax	738	(776)	708	(749)

### E7. FOREIGN CURRENCY RISK

#### Foreign currency risk management

Foreign currency risk is the risk that the value of the Group's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk as a result of normal trading transactions and lending denominated in foreign currencies. The currencies in which the Group primarily trades are the Australian dollar, Euro, Canadian dollar, Great Britain pound and United States dollar, with the largest exposure being to the United States dollar.

Currency risk is managed by the natural hedge of foreign currency receivables and payables and the use of foreign currency derivative financial instruments. 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.

#### Foreign currency instruments at balance date:

	2025		2024	
	Contract Value	Fair Value	Contract Value	Fair Value
	\$000's	\$000's	\$000's	\$000's
Sale commitments forward foreign exchange contracts	990,646	(11,152)	572,711	(28,487)
Sale commitments foreign exchange options	101,818	(1,496)	178,507	(8,795)

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 2026 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 consolidated financial statements for the year ended 31 December 2025

### E7. FOREIGN CURRENCY RISK (CONTINUED)

For hedges of highly probable forecast sales and purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign currency instruments and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the instruments and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. The Group uses the hypothetical derivative method for the hedge effectiveness assessment and measurement of hedge ineffectiveness. As for the hedge of the net investment in Meateor US LLC sub-group, the Group assesses effectiveness by comparing the nominal amount of the net assets designated in the hedge relationship with the nominal amount of the hedging instrument. This is a simplified approach because the currency of the exposure and hedging instruments perfectly match and the Group excludes from the designation the foreign currency basis spread.

The following table demonstrates the sensitivity to a reasonably possible change of 5% in the value of New Zealand dollar against other foreign currencies, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	2025		2024	
	+5% \$000's	-5% \$000's	+5% \$000's	-5% \$000's
<b>Impact on net profit after tax</b>				
USD	(814)	900	(554)	612
AUD	432	(477)	(6)	6
EUR	(32)	35	(2)	2
GBP	-	-	(4)	4
CAD	-	-	-	-
NZD	5	(6)	-	-
<b>Impact on cash flow hedge reserve net of tax</b>				
USD	(31,376)	28,337	(21,847)	19,588
AUD	(2,132)	1,929	(6)	5
EUR	(2,590)	2,298	(2,320)	2,086
GBP	(845)	748	(807)	714
CAD	(736)	666	(250)	226
NZD	(18)	16	-	-

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### E8. CATEGORIES OF FINANCIAL INSTRUMENTS

	2025 \$000's	2024 \$000's
<b>Financial assets:</b>		
Amortised cost	160,906	121,269
Derivative instruments in designated hedge accounting relationships	7,399	6,370
Fair value through profit or loss	284	185
	<b>168,589</b>	<b>127,824</b>
<b>Financial liabilities:</b>		
Amortised cost	385,315	147,828
Derivative instruments in designated hedge accounting relationships	19,702	42,388
Fair value through profit or loss	1,559	18,218
	<b>406,576</b>	<b>208,434</b>

The carrying amount of financial instruments at amortised cost approximates their fair value.

#### Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Foreign currency derivative liabilities are presented below at fair value.

### E9. MATURITY PROFILE OF FINANCIAL LIABILITIES

	On demand \$000's	Within 3 months \$000's	4 months to 1 year \$000's	1-5 years \$000's	Total \$000's
<b>2025</b>					
Trade and other payables	-	77,035	-	-	77,035
Dividend declared	-	17,997	-	-	17,997
Put options	-	-	-	1,559	1,559
Bank overdrafts	6,475	-	-	-	6,475
Borrowings	62,227	1,559	4,714	87,237	155,737
Purchase price payable	-	-	8,310	33,238	41,548
Foreign currency derivatives	-	332	6,480	12,847	19,659
	<b>68,702</b>	<b>96,923</b>	<b>19,504</b>	<b>134,881</b>	<b>320,010</b>
<b>2024</b>					
Trade and other payables	-	29,852	-	-	29,852
Dividend declared	-	10,332	-	-	10,332
Put options	-	18,218	-	-	18,218
Borrowings	-	624	990	42,550	44,164
Foreign currency derivatives	-	1,441	21,034	19,913	42,388
	<b>-</b>	<b>60,467</b>	<b>22,024</b>	<b>62,463</b>	<b>144,954</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F. GROUP STRUCTURE

#### IN THIS SECTION

This section provides information about Scales Group structure and how it affects the financial position and performance of the Group. It includes information about subsidiaries and non-controlling interests.

#### F1. SUBSIDIARY COMPANIES

Subsidiary companies	Principal activity	Country of incorporation	Holding		Balance date
			2025	2024	
ANZ Exports Pty Ltd	Trading company	Australia	85%	42.5%	31 December
Fern Ridge Produce Limited	Trading company	New Zealand	100%	100%	31 December
Fayman New Zealand Limited	Trading company	New Zealand	95%	47.5%	31 December
FI Group Holding Pty Ltd	Holding company	Australia	100%	50%	31 December
Fayman International Group Pty Ltd	Trading company	Australia	100%	50%	31 December
Geo. H. Scales Limited	Non trading company	New Zealand	100%	100%	31 December
Longview Group Holdings Limited	Non trading company	New Zealand	100%	100%	31 December
Meateor Australia Pty Ltd	Trading company	Australia	100%	50%	31 December
Meateor Australia Services Pty Ltd	Trading company	Australia	100%	50%	31 December
Meateor Foods Australia Pty Limited	Trading company	Australia	100%	100%	31 December
Meateor Foods Limited	Trading company	New Zealand	100%	100%	31 December
Meateor Group Limited	Holding company	New Zealand	100%	100%	31 December
Meateor US LLC	Holding company	United States	100%	100%	31 December
Mr Apple New Zealand Limited	Trading company	New Zealand	100%	100%	31 December
New Zealand Apple Limited	Trading company	New Zealand	100%	100%	31 December
Profruit (2006) Limited	Trading company	New Zealand	100%	100%	31 December
Scales Employees Limited	Custodial company	New Zealand	100%	100%	31 December
Scales FI Group Holding Pty Ltd	Holding company	Australia	100%	100%	31 December
Scales Holdings Limited	Holding company	New Zealand	100%	100%	31 December
Scales Logistics Limited	Freight consolidator	New Zealand	100%	100%	31 December
Scales Logistics Australia Pty Ltd	Freight consolidator	Australia	100%	100%	31 December
Selacs Insurance Limited	Insurance company	New Zealand	100%	100%	31 December
Shelby Cold Storage, LLC	Coldstore operator	United States	67.5%	60%	31 December
Shelby Exports, Inc	Non trading company	United States	67.5%	60%	31 December
Shelby Foods, LLC	Trading company	United States	67.5%	60%	31 December
Shelby JV LLC	Holding company	United States	67.5%	60%	31 December
Shelby Properties LLC	Non trading company	United States	67.5%	60%	31 December
Shelby Trucking LLC	Trading company	United States	67.5%	60%	31 December

Subsidiary companies are controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F2. NON-CONTROLLING INTERESTS

The following non-wholly owned subsidiaries of the Group have material non-controlling interests.  
Proportion of equity interest held by non-controlling interests:

Subsidiary companies	Country of incorporation	Non-controlling interest	
		2025	2024
ANZ Exports Pty Ltd	Australia	15%	N/A
Fayman New Zealand Limited	New Zealand	5%	N/A
Shelby JV LLC and its subsidiaries	United States	32.5%	40%

#### Summarised financial information for ANZ Exports Pty Ltd

On 30 September 2025 the Group acquired a further 42.5% interest in ANZ Exports Pty Ltd, bringing to the total Group ownership interest to 85% and we have gained control in the entity (see note F3).

The summarised financial information in respect of the Group's subsidiary that has material non-controlling interests as at 31 December 2025, reflecting 100% of the underlying subsidiary's relevant figures, is set out below:

	<b>2025</b>
	<b>\$000's</b>
<b>Statement of financial position</b>	
Current assets	19,610
Non-current assets	352
Current liabilities	(17,305)
Non-current liabilities	-
<b>Net assets</b>	<b>2,657</b>
<b>Attributable to:</b>	
Equity holders of the Company	2,259
Non-controlling interests	399
<b>Total dividends paid to non-controlling interests</b>	-

	<b>2025</b>
	<b>Oct - Dec</b>
	<b>\$000's</b>
<b>Statement of comprehensive income</b>	
Total revenue	25,566
Net profit for the year	225
Attributable to:	
Equity holders of the Company	191
Non-controlling interests	34
<b>Statement of cash flows</b>	
Net cash provided by operating activities	2,216
Net cash provided by investing activities	-
Net cash (used in) provided by financing activities	(2,216)
<b>Net (decrease) increase in cash</b>	<b>(1)</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F2. NON-CONTROLLING INTERESTS (CONTINUED)

#### Summarised financial information for Shelby JV LLC and its subsidiaries

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.

The summarised financial information in respect of the Group's subsidiary that have material non-controlling interests as at 31 December 2025, reflecting 100% of the underlying subsidiary's relevant figures, is set out below:

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Statement of financial position</b>		
Current assets	35,016	37,789
Non-current assets	21,767	17,669
Current liabilities	(9,414)	(10,746)
Non-current liabilities	(65)	(144)
<b>Net assets</b>	<b>47,305</b>	<b>44,567</b>
<b>Attributable to:</b>		
Equity holders of the Company	31,931	26,740
Non-controlling interests	15,374	17,827
<b>Total dividends paid to non-controlling interests</b>	<b>14,846</b>	<b>17,175</b>
<b>Statement of comprehensive income</b>		
Total revenue	234,843	235,136
Net profit for the year	48,060	48,327
Attributable to:		
Equity holders of the Company	31,383	28,996
Non-controlling interests	16,676	19,331
<b>Statement of cash flows</b>		
Net cash provided by operating activities	52,989	50,589
Net cash used in investing activities	(6,366)	(5,650)
Net cash used in financing activities	(44,758)	(43,026)
<b>Net increase in cash</b>	<b>1,865</b>	<b>1,913</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F3. ACQUISITION OF AUSTRALIAN ENTITIES

On 29 September 2025 the Group entered into a sale and purchase agreement with Fayman International Pty Limited and Colorado Aus Pty Limited to purchase the remaining 50% of FI Group Holding Pty Limited ("FIG") and its subsidiaries for \$69.2m and an additional 42.5% of ANZ Exports Pty Limited ("ANZ") for \$3.8m.

On 29 September 2025 the Group also entered into a sale and purchase agreement with JAGF Pty Limited, PMI Investments Pty Limited, Maramel Pty Limited, JMA International Pty Limited and Colorado Aus Pty Limited to purchase the remaining 50% of Meateor Australia Pty Limited ("MAP") and its subsidiary for \$17.4m.

On 30 September 2025, the acquisition date, these transactions were settled for a total acquisition price of \$90.5m. At acquisition, the discounted fair value of the consideration was \$84.7m. MAP and FIG became wholly owned subsidiaries, and ANZ an 85% owned subsidiary.

Consideration is as follows:

- AUD 37.8m converted at 30 September 2025 to NZD 43.0m paid in cash on 30 September 2025;
- AUD 5.3m converted at 30 September 2025 to NZD 6.0m payable in new shares to be issued on or about 31 October 2025;
- AUD 36.4m converted at 30 September 2025 to NZD 41.5m payable in five annual instalments of AUD 7.3m (NZD 8.3m) each, starting on 30 September 2026 and ending on 30 September 2030. The acquisition fair value of the deferred consideration was \$35.7m.

The purchase price is payable in AUD.

Subsequently, AUD 11.6m converted to NZD 13.2m was paid in cash for the repayment of the related party loan on 30 September 2025.

The sale and purchase agreements were simultaneous and interdependent. Both included a lockbox arrangement, whereby the Group was entitled to 100% of MAP and FIG earnings and 85% of ANZ earnings from 1 April 2025.

ANZ's and FIG's extensive edible protein distribution networks with global supply chains, and MAP's manufacturing facility in Melbourne are strategically important to the Global Proteins division, and the acquisitions align with the group long term growth strategy.

Purchase of the 50% in FIG, 42.5% in ANZ, and 50% in MAP were treated as a stepped business combination. The previously held interest was remeasured to fair value at the acquisition date with any gain or loss on the measurement recognized in profit or loss. Due to the complexity and material nature of the acquisitions, the intangible assets acquired in the transaction are determined on a provisional basis. The remainder of the business combination accounting was finalised at 31 December 2025.

#### Details of the ANZ acquisition

	Carrying value on \$000's	Fair value on acquisition \$000's
<b>Current assets</b>		
Cash and bank balances	9	9
Trade and other receivables	5,213	5,213
Derivative assets	137	137
Inventory	9,075	9,308
Prepayments	492	492
<b>Non-current assets</b>		
Deferred tax asset	320	250

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

### Details of the ANZ acquisition (continued)

	Carrying value on \$000's	Fair value on acquisition \$000's
<b>Current liabilities</b>		
Trade and other payables	(4,973)	(4,973)
Current tax payable	(291)	(291)
Derivative liabilities	(41)	(41)
Related party payables	(5,200)	(5,200)
Borrowings	(2,547)	(2,547)
<b>Net assets acquired</b>	<b>2,194</b>	<b>2,357</b>
Consideration paid in cash		1,946
Consideration paid in Scales Corporation Limited shares		309
Fair value of deferred consideration		1,291
Fair value of the previously held equity interest		3,546
Less fair value of 15% non-controlling interest		(354)
Less fair value of identifiable assets acquired and liabilities assumed		(2,357)
<b>Goodwill</b>		<b>4,381</b>

### Fair value measurement of deferred consideration

The deferred consideration was measured at its fair value at the acquisition date, using a discount rate of 5.26%.

The discount rate is Group's incremental borrowing rate, reflecting the time value of money, foreign exchange risk and credit risk.

The valuation was based on contractual payment terms and assumes no early settlement or default.

Future payment	Nominal amount AUD 000's	Discounted amount AUD 000's	Nominal amount NZD 000's	Discounted amount NZD 000's
30-Sep-26	264	252	301	287
30-Sep-27	264	239	301	272
30-Sep-28	264	227	301	258
30-Sep-29	264	215	301	244
30-Sep-30	264	202	301	230
<b>Total</b>	<b>1,320</b>	<b>1,135</b>	<b>1,505</b>	<b>1,291</b>

The deferred consideration is classified as a financial liability measured at amortised cost. Interest expense arising from unwinding the discount is recognised in the profit or loss in the consolidated statement of comprehensive income over the payment period using the effective interest method.

### Fair value measurement of identifiable net assets acquired

Inventory acquired has been measured at the fair value, being the sales price less costs to sell. Costs to sell include the cost of raw materials, processing, inbound and outbound freight, and other applicable sale costs.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

#### Details of the ANZ acquisition (continued)

##### Previously held equity interest

A gain of \$2.5m was recognised as a result of measuring at fair value the 42.5% equity interest in ANZ held prior to the business combination. The gain is included in other income in the consolidated statement of comprehensive income for the year ended 31 December 2025.

##### Non-controlling interest

The Group has elected to measure the 15% non-controlling interest (NCI) arising from this acquisition at the proportionate share of the fair value of the identifiable net assets at the acquisition date. Accordingly, no goodwill has been attributed to NCI. NCI is included as a separate component of equity in the consolidated statement of financial position.

##### Goodwill arising on acquisition

Goodwill recognised on acquisition represents expected growth opportunities and further access to global markets.

##### Post acquisition performance

From 1 October 2025 to 31 December 2025, ANZ contributed \$21.5m in revenue and \$0.2m in net profit to the Group. Had ANZ been consolidated from 1 January 2025, the consolidated statement of comprehensive income would have included revenue of \$57.7m and net profit of \$0.8m.

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

Details of the FIG acquisition	Carrying value on \$000's	Fair value on acquisition \$000's
	<u>          </u>	<u>          </u>
<b>Current assets</b>		
Cash and bank balances	357	357
Trade and other receivables	12,781	12,781
Current tax asset	134	134
Derivative assets	2,377	2,377
Inventory	73,502	76,407
Prepayments	1,051	1,051
Related party receivables	5,272	5,272
<b>Non-current assets</b>		
Plant and equipment	301	301
Deferred tax asset	2,183	1,303
Right-of-use asset	344	377
<b>Current liabilities</b>		
Trade and other payables	(26,026)	(26,026)
Contract liability	(7,646)	(7,646)
Derivative liabilities	(66)	(66)
Borrowings - current	(31,693)	(31,693)
Lease liability - current	(88)	(88)
<b>Non-current liabilities</b>		
Borrowings - non-current	(2,371)	(2,371)
Lease liability - non-current	(284)	(289)
<b>Net assets acquired</b>	<u><b>30,128</b></u>	<u><b>32,181</b></u>
Consideration paid in cash		35,859
Consideration paid in Scales Corporation Limited shares		5,687
Fair value of deferred consideration		23,879
Fair value of the previously held equity interest		65,425
Less fair value of identifiable assets acquired and liabilities assumed		<u>(32,181)</u>
<b>Goodwill</b>		<u><b>98,669</b></u>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

#### Details of the FIG acquisition (continued)

##### Fair value measurement of deferred consideration

The deferred consideration was measured at its fair value at the acquisition date, using a discount rate of 5.26%.

The discount rate is Group's incremental borrowing rate, reflecting the time value of money, foreign exchange risk and credit risk.

The valuation was based on contractual payment terms and assumes no early settlement or default.

Future payment	Nominal amount	Discounted amount	Nominal amount	Discounted amount
	AUD 000's	AUD 000's	NZD 000's	NZD 000's
30-Sep-26	4,864	4,638	5,555	5,297
30-Sep-27	4,864	4,410	5,555	5,036
30-Sep-28	4,864	4,181	5,555	4,775
30-Sep-29	4,864	3,953	5,555	4,515
30-Sep-30	4,864	3,727	5,555	4,256
<b>Total</b>	<b>24,320</b>	<b>20,909</b>	<b>27,775</b>	<b>23,879</b>

The deferred consideration is classified as a financial liability measured at amortised cost. Interest expense arising from unwinding the discount is recognised in the profit or loss in the consolidated statement of comprehensive income over the payment period using the effective interest method.

##### Fair value measurement of identifiable net assets acquired

Inventory acquired has been measured at the fair value, being the sales price less costs to sell. Costs to sell include the cost of raw materials, processing, inbound and outbound freight, and other applicable sale costs.

##### Previously held equity interest

A gain of \$23.9m was recognised as a result of measuring at fair value the 50% equity interest in FIG held prior to the business combination. The gain is included in other income in the consolidated statement of comprehensive income for the year ended 31 December 2025.

##### Goodwill arising on acquisition

Goodwill recognised on acquisition represents expected growth opportunities and further access to global markets.

##### Post acquisition performance

From 1 October 2025 to 31 December 2025, FIG contributed \$189m in revenue and \$3m in net profit to the Group.

Had FIG been consolidated from 1 January 2025, the consolidated statement of comprehensive income would have included revenue of \$525m and net profit of \$10.8m.

# Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

## F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

### Details of the MAP acquisition

	Carrying value on \$000's	Fair value on acquisition \$000's
<b>Current assets</b>		
Cash and bank balances	4,493	4,493
Trade and other receivables	7,311	7,311
Derivative assets	85	85
Inventory	15,196	16,044
Prepayments	510	510
<b>Non-current assets</b>		
Property, plant and equipment	24,521	27,855
Right-of-use asset	9,759	10,111
<b>Current liabilities</b>		
Trade and other payables	(6,653)	(6,653)
Current tax payable	(169)	(169)
Derivative liabilities	(169)	(169)
Borrowings	(16,613)	(16,613)
Lease liability current	(1,000)	(1,000)
<b>Non-current liabilities</b>		
Deferred tax	(2,186)	(3,580)
Related party loan	(20,834)	(23,650)
Lease liability non-current	(9,222)	(9,111)
<b>Net assets acquired</b>	<b>5,029</b>	<b>5,464</b>
Consideration paid in cash		5,174
Fair value of deferred consideration		10,551
Fair value of the previously held equity interest		15,725
Less fair value of identifiable assets acquired and liabilities assumed		(5,464)
<b>Goodwill</b>		<b>25,986</b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### F3. ACQUISITION OF AUSTRALIAN ENTITIES (CONTINUED)

#### Details of the MAP acquisition (continued)

##### Fair value measurement of deferred consideration

The deferred consideration was measured at its fair value at the acquisition date, using a discount rate of 5.26%.

The discount rate is Group's incremental borrowing rate, reflecting the time value of money, foreign exchange risk and credit risk.

The valuation was based on contractual payment terms and assumes no early settlement or default.

Future payment	Nominal amount	Discounted amount	Nominal amount	Discounted amount
	AUD 000's	AUD 000's	NZD 000's	NZD 000's
30-Sep-26	2,156	2,056	2,454	2,340
30-Sep-27	2,156	1,955	2,454	2,225
30-Sep-28	2,156	1,853	2,454	2,110
30-Sep-29	2,156	1,752	2,454	1,995
30-Sep-30	2,156	1,652	2,454	1,881
<b>Total</b>	<b>10,780</b>	<b>9,268</b>	<b>12,270</b>	<b>10,551</b>

The deferred consideration is classified as a financial liability measured at amortised cost. Interest expense arising from unwinding the discount is recognised in the profit or loss in the consolidated statement of comprehensive income over the payment period using the effective interest method.

##### Fair value measurement of identifiable net assets acquired

An external valuation was obtained to determine the fair value of plant and equipment on acquisition.

Inventory acquired has been measured at the fair value, being the sales price less costs to sell. Costs to sell include the cost of raw materials, processing, inbound and outbound freight, and other applicable sale costs.

##### Previously held equity interest

A gain of \$13.9m was recognised as a result of measuring at fair value the 50% equity interest in MAP held prior to the business combination. The gain is included in other income in the consolidated statement of comprehensive income for the year ended 31 December 2025.

##### Goodwill arising on acquisition

Goodwill recognised on acquisition represents expected growth opportunities and further access to global markets.

##### Post acquisition performance

From 1 October 2025 to 31 December 2025, MAP contributed \$16.9m in revenue and \$0.7m in net profit to the Group.

Had MAP been consolidated from 1 January 2025, the consolidated statement of comprehensive income would have included revenue of \$64m and net profit of \$2.4m.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### G. OTHER

#### G1. CAPITAL COMMITMENTS

	2025	2024
	\$000's	\$000's
Apple trees purchase commitments	143	-
Property, plant and equipment purchase commitments	662	3,194

#### G2. LEASES

##### *The Group as a lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognised a right-of-use asset and a corresponding liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group applies the practical expedient and recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### G2. LEASES (CONTINUED)

Right-of-use assets are depreciated over the shorter period of either the lease term or the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies NZ IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss under this standard.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administration and operating expenses" in the statement of comprehensive income.

As a practical expedient, NZ IFRS 16 permits a lessee to not separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

Right-of-use assets	Land and	Plant and	Office	Total
	buildings	equipment	equipment	
	\$000's	\$000's	motor and vehicles	\$000's
<b>Carrying Amount</b>				
<b>Balance at 1 January 2024</b>	<b>44,252</b>	<b>294</b>	<b>5,026</b>	<b>49,572</b>
Additions	17,014	127	2,981	<b>20,122</b>
Lease modification	(793)	-	(19)	<b>(812)</b>
Depreciation expense	(7,042)	(302)	(1,941)	<b>(9,285)</b>
<b>Balance at 31 December 2024</b>	<b>53,431</b>	<b>119</b>	<b>6,047</b>	<b>59,597</b>
Additions	50,219	206	1,048	<b>51,473</b>
Lease terminations	(415)	-	-	<b>(415)</b>
Depreciation expense	(8,595)	(180)	(2,024)	<b>(10,799)</b>
<b>Balance at 31 December 2025</b>	<b>94,640</b>	<b>145</b>	<b>5,071</b>	<b>99,856</b>

	2025	2024
	\$000's	\$000's
<b>Amounts recognised in profit and loss</b>		
Depreciation expense on right-of-use assets	10,799	9,285
Gain on lease modification	(59)	(79)
Interest expense on lease liabilities	4,740	3,774
Expense relating to short-term leases and low-value assets	1,822	1,287
<b>Lease liabilities</b>		
Current	15,971	13,464
Non-current	97,662	52,921

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### G2. LEASES (CONTINUED)

	2025	2024
	<u>\$000's</u>	<u>\$000's</u>
<b>Maturity analysis (undiscounted cash flows)</b>		
Year 1	15,996	13,471
Year 2	14,881	12,973
Year 3	13,104	11,214
Year 4	11,775	9,489
Year 5	10,655	8,077
Onwards	98,329	35,946
	<b><u>164,740</u></b>	<b><u>91,170</u></b>
<b>Cash outflows for leases</b>		
Interest on lease liabilities	4,740	3,774
Repayments of lease liabilities	8,464	9,075
Short-term leases and low-value asset leases	1,822	1,287
	<b><u>15,026</u></b>	<b><u>14,136</u></b>

#### Sale and leaseback

On 29 August 2025, the Group subsidiary Mr Apple New Zealand Limited, completed a transaction to sell and leaseback Whakatu Coolstores.

The lease has an initial lease term of 20 years with rights of renewal for a further 15 years. The Group has recognised a right-of-use asset from the leaseback for the initial 20 year term.

Total right-of-use assets additions recognised from the leaseback of the property amounted to \$18.2 million. Proceeds from the sale and associated lease payments are included in the statement of cash flows. A gain on sale of \$0.2m from the sale and leaseback was recognised in other income.

### G3. RELATED PARTY DISCLOSURES

#### 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 in the ordinary course of business.

#### 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	10,358	8,431
Share-based payments	650	456
Post-employment benefits	412	342
	<b><u>11,420</u></b>	<b><u>9,229</u></b>

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### G3. RELATED PARTY DISCLOSURES (CONTINUED)

As at 31 December 2025, 651,276 (31 December 2024: 827,989) shares were on issue to key management personnel in accordance with the Share Scheme described in note D2.

During 2025, 342,705 (2024: 332,746) new Performance Share Rights were issued to key management personnel in accordance with the PSR Scheme described in note D2.

	<b>2025</b>	<b>2024</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Transactions with equity accounted entities</b>		
Revenue from sale of goods	-	3,228
Revenue from services	18,059	14,364
Loss on related party loans	-	(1,663)
Dividends and distributions received	2,645	1,545
Interest received	2,219	1,621
Materials and services received	(2,182)	(7,617)
Trade receivables at balance date	2,532	1,563
Trade payables at balance date	(51)	-
Related party loans	26,788	29,750

The amounts above include entities that were equity accounted until 30 September 2025.

In October 2022, Meateor Group Limited along with the other joint venture partners, agreed a financing arrangement with Meateor Australia Pty Limited for a term of 5 years. The total facility provided to Meateor Australia Pty Limited is AUD 4 million with the interest rate on the drawdown balances charged at 5% per annum.

In July 2023 the financing arrangement with Meateor Australia Pty Limited was amended to nil interest over the term of the loan.

In September 2025, with the acquisition of the remaining 50%, Meateor Group Limited took over the joint venture partners balance of AUD 4 million.

The loan balance has been recorded using the effective interest method.

In August 2023, a financing arrangement was agreed with Esro Petfood B.V. The total facility available to Esro Petfood B.V. is €15m. The total drawdown at year end is €12.9m. Interest is charged on each drawdown calculated quarterly at an interest rate of EURIBOR plus 4%. The facilities are secured and each has a term of 60 months from its initial date of utilisation.

### G4. CONTINGENT LIABILITIES

There is no contingent liabilities as at 31 December 2025 (2024: Nil).

### G5. EVENTS OCCURRING AFTER BALANCE DATE

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

# Scales Corporation Limited

## Notes to the consolidated financial statements for the year ended 31 December 2025

### H. CORRECTION OF ERROR AND RESULTING RESTATEMENT

The Group's bearer plants are carried at fair value. The fair value is determined by the independent valuer using the discounted cash flow method. As part of the current year's valuation, management identified certain planted areas that are on leased land, which had been omitted from the valuation in prior years. This error related to plantings predominately in 2017 to 2020. This resulted in an understatement of the value of the bearer plants. It was also identified that an incorrect yield input had been used for one variety in the prior years. This resulted in an overstatement of value in bearer plants for this variety.

Accordingly, comparative figures presented in these financial statements have been restated to correct the errors.

<b>Impact on statement of comprehensive income</b> (increase/(decrease) in profit)	<b>2024</b> <b>\$000's</b>	
Revaluation of property, plant and equipment through profit or loss		(217)
Depreciation		(323)
Income tax expense		151
<b>Net impact on profit for the year</b>		<b>(389)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of apple trees		2,354
Income tax relating to apple trees		(659)
<b>Net impact on other comprehensive income/loss</b>		<b>1,695</b>
<b>Net impact on total comprehensive income</b>		<b>1,306</b>
Total comprehensive income for the year is attributable to:		
Equity holders of the Company		1,306
Non-controlling interests		-
		<b>1,306</b>
<b>Impact on statement of financial position</b> (increase/(decrease) in asset/(liability))	<b>1 Jan</b> <b>2024</b> <b>\$000's</b>	<b>31 Dec</b> <b>2024</b> <b>\$000's</b>
Property, plant and equipment	4,841	6,655
<b>Total assets</b>	<b>4,841</b>	<b>6,655</b>
Deferred tax liabilities	(1,355)	(1,863)
<b>Total liabilities</b>	<b>(1,355)</b>	<b>(1,863)</b>
<b>Net impact on equity</b>	<b>3,486</b>	<b>4,792</b>

## Scales Corporation Limited

Notes to the consolidated financial statements for the year ended 31 December 2025

### H. CORRECTION OF ERROR AND RESULTING RESTATEMENT (CONTINUED)

<b>Impact on statement of changes in equity</b> (increase/(decrease) in equity)	<b>1 Jan</b> <b>2024</b> <b>\$000's</b>	<b>31 Dec</b> <b>2024</b> <b>\$000's</b>
Reserves	3,887	1,695
Retained earnings	(401)	(389)
Attributable to owners of the Company	<u><b>3,486</b></u>	<u><b>1,306</b></u>

All impacts in the segment information are within the Horticulture and New Zealand segments.

#### Impact on Earnings per share

The Group's basic earnings per share has changed from 21.6 cents to 21.3 cents and diluted earnings per share has changed from 21.5 cents to 21.3 cents for the year ended 31 December 2024.

## Independent Auditor's Report

### To the Shareholders of Scales Corporation Limited

#### Opinion

We have audited the consolidated financial statements of Scales Corporation Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements, on pages 4 to 71, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards ('NZ IFRS') as issued by the External Reporting Board and IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* ('PES 1') issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code') as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

Our firm carries out other assignments for the Group in the area of taxation compliance services and assurance procedures over the solvency certificate and selected GHG disclosures within the Climate Statement. These services have not impaired our independence as auditor of the Company and Group. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

#### Audit materiality

We consider materiality primarily in terms of the magnitude of misstatement in the financial statements of the Group that in our judgement would make it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced (the 'quantitative' materiality). In addition, we also assess whether other matters that come to our attention during the audit would in our judgement change or influence the decisions of such a person (the 'qualitative' materiality). We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group financial statements as a whole to be \$4,400,000.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key audit matter

## How our audit addressed the key audit matter

### Valuation of Unharvested Agricultural Produce

Unharvested agricultural produce growing on bearer plants (apples), is measured at fair value less costs to sell in accordance with NZ IAS 41 *Agriculture*.

The Group's unharvested agricultural produce was valued at \$30.6 million at balance date as described in note C2. A revaluation gain of \$2.7 million is recorded in profit or loss.

Fair value less costs to sell is calculated by the Group using a discounted cash flow model. The model includes significant unobservable inputs and assumptions including, for each variety, the forecast production per hectare per annum, expected sales prices, and risk-adjusting discount rates, as well as costs to harvest and sell.

The risk-adjusting discount rates take into account the risk of unknown adverse events that may affect crop, harvest and/or market conditions.

The valuation of unharvested agricultural produce is considered a key audit matter due to the level of judgement required to determine the fair value less costs to sell.

Our procedures focused on the appropriateness of the valuation methodology and the key assumptions applied in the internal valuation model.

Our procedures included, amongst others:

- Holding discussions with management and considering market information to identify factors, including environmental/climate or market risks, that would impact the current crop valuation;
- Assessing and challenging the reasonableness of the risk-adjusting discount rates;
- Challenging the reasonableness of the key assumptions by comparing the forecast production, sales prices, and costs to harvest and sell for the current growing season to the approved budgets for each orchard;
- Assessing the historical accuracy of the Group's budget forecasts by comparing to the actual results for production per hectare and sales prices;
- Engaging a Deloitte valuation specialist to review the valuation model; and
- Checking the mechanical accuracy of the discounted cash flow model.

### Valuation of Apple Trees

As disclosed in note C1, the Group has apple trees valued at \$53.1 million. A revaluation loss of \$2.7 million is recorded through other comprehensive income, and a revaluation gain of \$1.2 million is recorded through profit or loss (being a reversal of revaluation losses previously recognised in profit or loss).

The Group has a policy of recording apple trees at fair value with valuations performed with sufficient regularity that the carrying amount at the end of a reporting period does not differ materially from their fair value.

The fair value of the apple trees is determined by an independent registered valuer using a combination of discounted cash flow analysis of forecast income streams and costs from each orchard and sales comparison approaches. For owned orchards, the fair value of orchard land and buildings, determined using a sales comparison approach, is deducted from the overall orchard valuation to arrive at the valuation of the apple trees.

The discounted cash flow model uses a number of significant unobservable inputs, in particular: production levels per hectare, orchard gate returns (market prices), orchard costs, and discount rates.

The valuation of apple trees is considered a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position, and the level of judgement involved in valuing the apple trees.

Our procedures focused on the appropriateness of the valuation methodology and the key assumptions applied in the valuation models.

Our procedures included, amongst others:

- Evaluating the Group's processes in respect of the independent valuation of the apple trees including its review of the valuation methodology and determination of the key valuation assumptions;
- Engaging a Deloitte valuation specialist to consider whether the valuation methods applied and the discount rate used in the orchard valuation calculations were reasonable;
- Assessing the competence, objectivity and integrity of the Group's independent registered valuer. This included assessing the valuer's professional qualifications, experience and independence. It also included meeting with the valuer to understand the valuation process adopted and to identify and challenge the critical judgement areas in the valuation, including identification of appropriate properties used for the sales comparison approach;
- Assessing the valuation methodology for consistency with the prior year valuation and determining whether any changes to the methodology were appropriate;
- Checking the mechanical accuracy of the discounted cash flow ('DCF') models on a sample basis;
- Challenging the reasonableness of the key assumptions applied in the DCF models by comparing them to the prior year valuation, the Group's internal data and current market evidence. We focused on the assumptions relating to production levels per hectare, orchard gate returns (market prices), orchard costs, and discount rates;
  - We reconciled the planted hectares for each orchard from the Group's internal records to the planted hectares used in the valuation models, and investigated material changes in planted areas from the prior year to the Group's development plans;
  - On a sample basis, which included selecting a combination of existing and new varieties:
    - We tested estimated production levels per hectare by comparing the production levels per hectare to internal production data for the season;
    - We tested the orchard gate returns by

## Key audit matter

## How our audit addressed the key audit matter

- comparing these to actual sales returns received during the previous year;
  - We challenged orchard costs by comparing orchard costs to the prior year valuation and actual costs incurred; and
  - We challenged the discount rates by comparing them with prior year valuation discount rates and considering the risks associated with the orchards.
- Assessing the appropriateness of the disclosures relating to the valuation of the apple trees, including in relation to the prior period restatement as disclosed in note H.

### Step acquisitions of Meateor Australia Pty Limited, ANZ Exports Pty Limited and FI Group Holding Pty Limited

On 30 September 2025, the Group obtained control of Meateor Australia Pty Limited (MAP) and its subsidiary, FI Group Holding Pty Limited (FIG) and its subsidiaries and ANZ Exports Pty Limited (ANZ) by purchasing additional equity interests in these companies. The total fair value of the consideration for the acquisitions was \$84.7 million, which included cash paid at acquisition date, deferred cash payments, and shares in Scales Corporation Limited. As a result of these transactions, the Group now owns 100% of the shares in MAP and FIG and 85% of the shares in ANZ. These entities were previously treated as joint ventures and accounted for using the equity method. The transactions are treated as step acquisitions under NZ IFRS 3 *Business Combinations*, which resulted in the Group recording a \$40.3 million gain through profit or loss on revaluation of the previously held interests. Information about each of these business combinations is disclosed in note F3 and information about the investments previously held in each subsidiary is disclosed in note C3.

The Group has not yet completed the process of identifying and valuing the intangible assets acquired in the business combinations. The intangible assets will be recognised and accounted for separately from goodwill (as appropriate) when this assessment is complete, within the measurement period of one year from the date of acquisition. The Group has therefore reported provisional goodwill of \$129.0 million.

We have included the determination of the fair values of the assets and liabilities acquired and the accounting for the step acquisitions as a key audit matter due to their significance to the financial statements and the level of judgement involved in assessing the fair values of the assets and liabilities acquired and the purchase price allocation.

Our procedures focused on the appropriateness of the accounting applied to the transactions and the fair value of the assets and liabilities acquired.

Our procedures included, amongst others:

- Assessing management's accounting treatment for the step acquisitions of the additional investments in MAP, FIG and ANZ;
- Obtaining the sale and purchase agreements and related documents to corroborate the assets and liabilities acquired;
- Confirming the fair value of the consideration paid, including deferred consideration;
- Considering the appropriateness of the accounting for the acquisition balance sheets, including the provisional measurement of goodwill;
- Obtaining management's independent valuations of assets and liabilities acquired, except for intangible assets, for which the valuations are not yet complete.
- Assessing the competence, objectivity and integrity of the Group's independent registered valuer. This included assessing the valuer's professional qualifications, experience and independence. It also included meeting with the valuer to understand the valuation process adopted and to identify and challenge the critical judgement areas in the valuation;
- Obtaining management's purchase price allocations and reperforming the provisional calculations of the goodwill arising from the business combination transactions;
- Considering the judgements applied by the Group in determining whether there was any impairment of goodwill arising from the acquisitions under NZ IAS 36 *Impairment of Assets*; and
- Assessing the adequacy of the financial statement disclosures.

## Other information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report and the information in the Climate Statement. The Annual Report and Climate Statement are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the other information in the Annual Report and Climate Statement, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and consider further appropriate actions.

## Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our auditor's report.

## Restriction on use

This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

*Deloitte Limited*

**Nicole Dring, Partner**  
for Deloitte Limited  
Christchurch, New Zealand  
24 February 2026