

Information incorporated by
reference in
Product Disclosure Statement
dated 31 October 2019
for an offer of A Shares in

DMS Progrowers Limited

24 July 2020

6. DMS Progrowers' Financial Information

The table on the following page provides key financial information about DMS Progrowers. This information includes the selected financial information required by clause 35 of Schedule 3 of the Financial Markets Conduct Regulations 2014 (as modified in accordance with clauses 39 and 40 of Schedule 3 of such Regulations). If you do not understand this financial information, you can seek advice from a financial adviser or accountant.

Full financial statements are available on the offer register at www.companiesoffice.govt.nz/disclose, offer number OFR11778.

DMS Progrowers Limited - Selected Financial Information						
	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan
	2015	2016	2017	2018	2019	2020
	NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS	NZ IFRS
Financial Performance: (Note 1)						
Revenue	28,625,385	38,570,987	53,448,173	49,988,505	71,355,398	70,630,532
Operating and Administration Costs	24,603,111	30,180,795	41,521,073	37,943,517	51,790,950	54,155,895
Surplus before Rebates, Special Management Fee & bonus and Revaluations (Non - GAAP measure) (Note 2)	4,022,274	8,390,192	11,927,100	12,044,988	19,564,448	16,474,637
Special Management Fee & Bonus (Note 3)	697,678	2,422,354	4,054,840	3,166,864	2,306,794	1,034,040
Rebates (Note 4)	673,131	1,465,049	3,097,868	2,625,036	3,746,374	3,427,958
Revaluations (Note 5)	(2,193,173)	-	2,882,031	-	(765,260)	1,337,905
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	4,844,638	4,502,789	1,892,361	6,253,088	14,276,540	10,674,734
Depreciation and Amortisation	932,181	1,337,789	1,673,072	2,271,898	3,377,362	4,531,029
Earnings Before Interest and Tax (EBIT)	3,912,457	3,165,000	219,289	3,981,190	10,899,178	6,143,705
Interest Expense	586,859	638,304	601,582	1,513,579	1,987,782	1,914,264
Net Profit before Taxation	3,325,598	2,526,696	(382,293)	2,467,611	8,911,396	4,229,441
Provision for Taxation	290,679	754,909	479,142	263,714	2,947,881	1,155,956
Net Profit after Taxation	3,034,919	1,771,787	(861,435)	2,203,897	5,963,515	3,073,485
Rebates Paid per Tray (pre Tax) (Non - GAAP measure. As declared by Board of Directors) (Note 4)	\$ 0.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Dividend per Share (Net)	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.07
Dividend per Share (incl. Imputation Credits)	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.09	\$ 0.10
Dividends paid during the period (Net):						
A Shares	391,076	390,784	467,059	467,142	574,284	711,994
B Shares (Note 6)	389,506	389,216	468,942	469,025	3,271,316	3,181,748
Total	780,582	780,000	936,001	936,167	3,845,600	3,893,742
Other Key Figures						
Equity Ratio to Total Assets (excl Cash)	51%	49%	41%	33%	42%	32%
Total Assets	32,523,859	39,663,146	49,163,096	60,036,468	74,143,312	94,581,554
Cash and Cash Equivalents	5,975	3,391,497	1,614,151	1,017,481	3,033,754	254,968
Bank Overdraft	906,205	-	-	-	-	-
Total Liabilities	15,853,255	21,956,363	31,123,523	40,324,961	46,749,139	64,038,066
Total Debt (Interest Bearing Liabilities)	8,074,484	9,638,705	16,692,160	20,645,616	19,599,073	41,408,811
Net Cashflows from Operating Activities	1,255,306	6,808,089	6,229,881	9,173,440	12,684,439	12,684,439
Shares on Issue	13,514,667	13,514,667	16,217,598	16,217,610	17,685,936	19,794,474
Net Tangible Asset Backing per Share	\$ 1.23	\$ 1.18	\$ 1.02	\$ 1.15	\$ 1.66	\$ 1.52
Notes on Non- GAAP measures						
Note 1: Financial Performance An adjustment has been made to the manner in which DMS Progrower Ltd's 2017/2018 financial statements have been prepared to ensure that all revenue is captured in the 'Revenue' line item. In previous years certain revenue/expenses had been included on a net basis. Only the 'Revenue' and 'Operating and Administration Costs' line items are affected. By way of comparison the table below sets out the 2017 revenue and operating costs calculated on a consistent basis with the 2018 financial statements. 'Operating and Administration Costs' include all operating and administration costs that are not seperately identified in the above table.						
Revenue			54,405,312			
Operating Costs			42,478,212			
Surplus before Rebates, Specail Management Fee & Bonus and Revaluations (Non - GAAP measure) (Note 2)	\$ -	\$ -	\$ 11,927,100	\$ -	\$ -	
Note 2: Surplus before Rebates, Special Management Fee & Bonus and Revaluations This is a non-GAAP measure. See reconciliation back to EBITDA (a GAAP measure) in the above table.						
Note 3: Special Management Fee & Bonus DMS Progrowers has a management contract with DMS Group to supply general management, marketing, accounting and administration services to DMS Progrowers Ltd. The amount payable for these services is related to the volume of kiwifruit packed and coolstored by DMS Progrowers. DMS Group Ltd also receives a Management Bonus which is calculated based on the DMS Progrowers profit before grower rebates and taxation but after allowing for return on capital of 15%. Prior to the year ended 31 January 2019, DMS Progrowers Ltd received both a standard management fee of up to 11c per tray and a special management fee of up to 24c per tray. These together with the management bonus form part of the 'operating expenses' included in the financial statements for the relevant period (e.g. for the year ended 31 January 2018 see note 4 to the 2018 financial statements). From the year ended 31 January 2019 the special management fee has been replaced by a special dividend equivalent to the rebate paid to DMS Progrowers Ltd grower shareholders. This is a non-GAAP measure. See table below for split between Special Management Fee and Bonus, and for details of the amount of the Special Dividend.						
Special Management Fee	672,678	1,475,994	2,565,248	2,199,140	-	
Net Special Dividend (to B Shareholder)	-	-	-	-	2,697,394	2,468,780
Management Bonus	25,000	946,360	1,489,592	967,724	2,306,794	1,034,040
Total	\$ 697,678	\$ 2,422,354	\$ 4,054,840	\$ 3,166,864	\$ 5,004,188	\$ 3,502,820
Note 4: Rebates Rebates are paid by DMS Progrowers to contracted Kiwifruit growers who elect to become shareholders in DMS Progrowers Ltd for each tray packed for them by DMS Progrowers Ltd. The amount of the rebate per tray paid in any year is determined at the discretion of the Board. This is a non-GAAP measure. See table below for reconciliation.						
Rebate paid in period	673,131	1,465,049	3,097,868	2,625,036	3,746,374	3,427,958
First 10 cent paid after 31 July	-	-	-	-	-	-
Total Rebate	\$ 673,131	\$ 1,465,049	\$ 3,097,868	\$ 2,625,036	\$ 3,746,374	\$ 3,427,958
No. of trays packed in the relevant season for shareholder growers	3,365,655	4,883,497	10,326,226	8,749,730	12,487,936	11,429,523
Rebate per tray (See Note 4)	\$ 0.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Notes on GAAP measures						
Note 5: Revaluations See below table for breakdown of Revaluation as shown in the table of Selected Financial Information.						
Impairment of Land & Buildings	-	-	2,882,031	-	-	-
Reversal of impairment of Land & Buildings	(1,601,440)	-	-	-	(765,260)	1,337,905
Movement in fair value of Investments	(591,733)	-	-	-	-	-
Movement in fair value of Biological assets	-	-	-	-	-	-
Total (as per Selected Financial Information)	\$ (2,193,173)	\$ -	\$ 2,882,031	\$ -	\$ (765,260)	\$ 1,337,905
Note 6: B Shares From the year ended 31 January 2019 the B Share dividends include the Special Dividend referred to in Note 3 above.						