HY25 Results

Reporting for the period ending 31December 2024

HY25

Presenters:

Mark Troughear
Chief Executive Officer

Stephan Deschamps
Chief Financial Officer

Neil Wilson
General Manager, FRW

Aaron Stubbing
General Manager, EP

Allied Express, Australia

Disclaimer

Read this presentation with the financial statements: The financial results in this presentation should be read in conjunction with the financial statements for the half year ended 31 December 2024, which can be found in the Freightways half year results announcement available on the NZX and ASX platforms.

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Outline

Freightways' Brands

	Express Package & Business Mail	Temperature Controlled	Information Management	Waste Renewal
Overview	B2B - national delivery B2C - courier and mail Oversize parcels	Refrigerated national transport Temperature controlled 3PL Same day refrigerated delivery	Document Storage Digitalisation E-Commerce 3PL	Document Destruction Medical Waste High-Value Waste Recycling
Brands	New Zealand Couriers, Allied Express, Post Haste, Castle Parcels, Now Couriers, Sub60, DX Mail, Dataprint, KiwiExpress Couriers	Big Chill Distribution, produce pronto .co.nz	timg, Stocka	Shred-X, Med-X, save board

EP & BM HY25 external revenue: **$545m**	**IM** HY25 external revenue: **$117m**

Financial Summary & Capital Management

HY25

Presenter:

Stephan Deschamps

Chief Financial Officer

HY25 Group Highlights

Revenue Growth	EBITA[2] Growth	NPAT Growth	Dividend (Half Year)
6.7%	6.5%	9.5%	19c
			(HY24 18cps)

NOTES
1. Metrics shown relative to pcp
2. Non-GAAP (Generally Accepted Accounting Principles)

HY25 Consolidated Performance

	Notes	HY25 $m	HY24 $m	Change %
Operating Revenue		662.1	620.7	6.7
EBITA (non-GAAP)	*1*	86.0	80.8	6.5
EBITA margin		13.0%	13.0%	-
NPAT	*2*	44.7	40.9	9.5
NPAT margin		6.8%	6.6%	2.6
Basic Earnings Per Share (cents)		25.0	23.0	8.7

Notes:

- Results in this table are unaudited and after adjustments for NZ IFRS16 (Leases).
- Refer to appendices for reconciliation to results before NZ IFRS16.

1. Operating profit before interest, tax and amortisation
2. Net profit after tax

HY25 Performance Overview:

- Solid result in a macro-economic environment that is still challenging
- Performance from all businesses through peak was very strong
- Express Package (EP) has performed well with solid market share gains and a well executed pricing round
- Same customer activity levels are still negative on the pcp in NZ
- Costs have normalised – particularly labour costs with few vacancies
- Ruakura 3PL is now at 76% utilisation but with lower-than-expected activity levels
- Victorian medical waste facility is operational, revenue is up 20% despite the delay to a decision on a large tender
- One off costs of $2.1m from Evolve and Workers Compensation cost related to previous periods at Shred-X

Capital Management and Dividend Policy

Capital Management Principles

- Targeting solid Investment Grade credit profile, at a level that minimises the cost of capital
- Net Debt / EBITDA between 2.0x and 3.0x post IFRS16

Dividend Policy

- Dividend Policy aligned with Capital Management Policy, balancing several objectives:
  - The setting of the dividend is subordinated to the overall capital structure of Freightways. When debt is considered high, the cash dividend will be reduced to allow for faster debt reduction
  - The dividend is set at a level that the Board expects to be sustainable in the medium term
  - Subject to the first two principles, the Board will aim to pay 75% to 80% of the NPATA adjusted for significant one-offs

Interim Dividend

19CPS

(HY24 18cps)

Imputation credits	**7.39 cps** (fully imputed in NZ at 28% tax rate)
Supplementary dividend	**3.3529 cps**
Record date	**7 March 2025**
Payment date	**1 April 2025**
Dividend Reinvestment Plan	Not operating for this dividend

Freightways

Divisional Performance

Presenter:

Mark Troughear

Chief Executive Officer

HY25


DX MAIL
DX MAIL
DX MAIL
ROTORUA
TAURANGA
TE PUKE
TE AROHA
ROTORUA PARTNERS

DX Mail, NZ

HY25 Express Package & Business Mail Result

	Notes	HY25 $m	HY24 $m	Change %
Operating Revenue		547.2	517.1	5.8
EBITA (non-GAAP)	1	80.0	71.4	12.0
EBITA margin		14.6%	13.8%	5.8
NPAT	2	49.6	43.8	13.2

Notes:

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- Refer to appendices for reconciliation to results before NZ IFRS16.

1. Operating profit before interest, tax and amortisation
2. Net profit after tax

HY25 Performance Overview:

- EPBM divisional revenue up 5.8% on the pcp
- EPBM EBITA is up 12% on pcp
- Service performance was strong across all business through peak
- Market share gains in all businesses
- Big Chill performance slightly improved on pcp despite negative same-customer transport revenue (-2%), due to a better new business performance and higher 3PL utilisation.
- Allied handled higher volumes, with better operational efficiencies as a result of investment in automation.
- DX Mail delivered strong improved performance on pcp supported by improved pricing, market share gains and operational efficiencies
- The smaller premium point-to-point segment impacted by recession with lower volume
- EBITA % margin improved by 80bp

HY25 NZ Express Package Metrics

Same-Customer Volumes

▼ 3.9%

H1 FY25

Average Price Per Item

▲ $8.86

At December '24, excluding surcharges

EP Courier Pay Average

$502

Per courier / per day

PFE Per Residential Item

▲ $1.70

Surcharge per residential item at December '24

B2C Items

▲ 21%

As a percentage of total items

Fleet Vacancies (wage drivers)

<1%

Of Total Fleet

HY25 NZ Express Package Volume

NZ Network Express Item Trend
Compared to the PCP

FY25 HY Volumes

▼ 1.5%

Temu contributed 3.4% of FY24 volume (all in H1)

FY24 H2 Volumes	▼ 1.9%
FY24 H1 Volumes	▲ 1.6%

New Zealand

Other EP Volumes:

- NZ Network market share gains of c. 4% helped offset same-customer decline
- Woolworths has now fully exited the business (from September)
- Big Chill Transport revenue up 6% on pcp overall
- Oversize courier freight revenue now at a ~$10m p.a. run rate

HY25 AU Express Package Volume

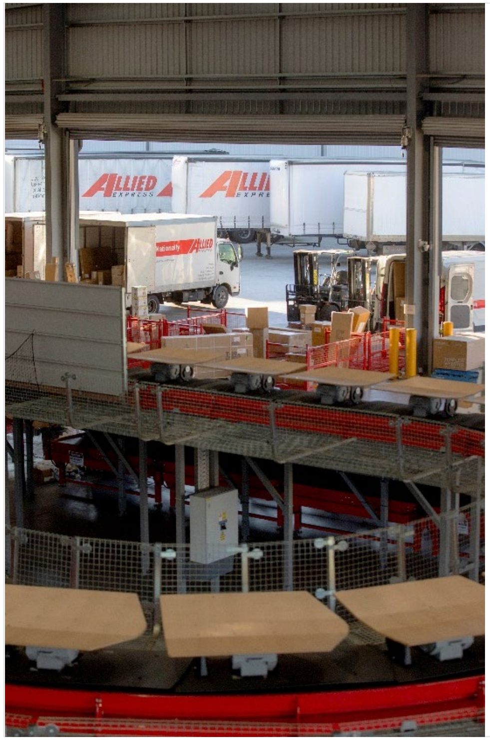
AU Network Express Item Trend
Compared to the PCP

FY25 HY Volumes

▲ 8%

FY24 H2 Volumes ▲ 9%

FY24 H1 Volumes ▲ 13%



Australia

- Allied service delivery performance improved in H1, increased customer confidence resulted in 7.6% organic and new business revenue growth (particularly from eCommerce customers)
- The new automated sortation systems and an increased focus on operating costs have assisted the Allied result
- Good pipeline of new business prospects for remainder of FY25

HY25 Information Management & Waste Renewal Result

	Notes	**HY25 $m**	HY24 $m	Change %
Operating Revenue		117.6	105.7	11.3
EBITA (non-GAAP)	1	15.5	15.4	0.6
EBITA margin		13.2%	14.6%	(9.5)
NPAT	2	8.5	8.3	2.4

Notes:

- Results in this table are unaudited and after adjustments for NZ IFRS16 (Leases).
- Refer to appendices for reconciliation to results before NZ IFRS16.

1. Operating profit before interest, tax and amortisation
2. Net profit after tax

HY25 Performance Overview:

- IM revenue was up 11.3% on the pcp overall with a mixed performance across the various lines of business:
  - Document storage and activity revenue grew by 2% despite the recessionary environment in NZ
  - Digital in AU generated more revenue than document storage and activity combined for the first time (up 32% on the PCP)
  - Medical Waste revenue was up 20% for the HY but is still pending VIC tender outcome
  - One off NZ$1.2m cost incurred in H1, with Workers Compensation cost related to previous periods at Shred-X
- EBITA was flat on last year, with margins dropping by 140bp, primarily impacted by one off costs

Freightways

HY25

Strategy Update

Presenters:

Mark Troughear
Chief Executive Officer

Neil Wilson
General Manager, FRW

Aaron Stubbing
General Manager, EP


Ultigroup
4
3
2
BIG CHILL DISTRIBUTION LTD
NATIONWIDE CHILLED & FROZEN TRANSPORT
www.bigchill.co.nz
BIG CHILL

Big Chill, NZ

3 Horizons of Growth | Express Package & Business Mail

Overview:

- B2B - overnight national network delivery - courier and mail
- B2C - overnight and economy delivery - courier and mail
- Oversize parcels

Express Package Brands:

Horizon 1. Extend And Defend | B2B

- Focus on a profitable market share gains
- Continue to ensure service is a differentiator for customers in NZ
- Assess metropolitan “local” pricing and infrastructure costs
- Expand DX Mail automation into South Island delivering operational efficiencies and further growing new business opportunities
- Evolve spend still on track for $5m in FY25

Horizon 2. Grow Scale | B2C

- Maintain high levels of service to be able to command a premium for B2C deliveries

Horizon 3. Establish New Lines of Business | Oversize (25kg+)

- Scale Oversize revenue in NZ
- New business teams now fully in place at Allied and delivering expected performance
- Leverage improved service quality at Allied to achieve further market share gains
- Assess bolt-on M&A opportunities in AU

Airfleet Strategy Update

- Over time we will continue the transition of our fleet from the current four aircraft (three 737-400s and one 737-800) to three 737-800s.
- 737-800's have higher carrying capacity and are more fuel efficient
- There will be some one off costs at the point of transition expected to be no more than $2m in aggregate. But we would expect cost savings in the long run
- The upgrade programme will further progress as the current leases with Airwork expire or earlier as circumstances may dictate.
- The programme can be implemented on short notice and with minimal operational impact.
- In the meantime, we are closely monitoring the situation with our partner Airwork

3 Horizons of Growth | Temperature Controlled

Overview:

- Refrigerated national transport
- Temperature controlled 3PL
- Same day refrigerated delivery

Temperature Controlled Brands:

Horizon 1. Extend And Defend | National Delivery

- Pursue market share opportunities leveraging new infrastructure, technology and improved service performance
- Implementation of Big Chill *Connect* (new Transport Management System) has delivered improved visibility across the network. Phase 2 to support efficiencies is near completion

Horizon 2. Grow Scale | 3PL

- Demand for Ruakura 3PL services has exceed expectations, profitable from Q1 2024, aim to scale to 90% utilisation by the end of FY25
- Modelling future 3PL facilities to determine whether either (or both) provide required ROIC. Strong customer demand in both locations

Horizon 3. Establish new lines of business | Same Day (ProducePronto)

- Continue to win new customers and leverage existing capability within the Big Chill network where appropriate
- Ensure that step change costs associated with strong growth are managed and new business secured supports any additional infrastructure costs
- Expand offering into the quick service restaurant and convenience retail sectors

3 Horizons of Growth | Information Management

Overview:

- Document Destruction
- Digitalisation
- E-Commerce 3PL

Information Management Brands:

Horizon 1. Extend And Defend | Storage

- Archive revenues and margins forecasted to grow through a combination of pricing and new business. New customer growth expected to be stronger in AU assisted by health and government verticals
- Focus on filling AU spare warehouse capacity (82% utilised nationwide)
- Media volumes are flat on pcp but activity is reducing. Focus on maintaining media activity margins through pricing for effort approach and explore alternative uses for vaults

Horizon 2. Grow Scale | Digitisation

- Large existing workstreams across government and health sectors in AU continue to deliver strong growth. Focus on aligning digital processing on a monthly basis with additional resources needed to support.
- Successful projects completed to date are helping TIMG's digital credentials. Implement larger sales teams to further capitalise on this opportunity

Horizon 3. Establish new lines of business | eCommerce 3PL

- Utilise spare records storage capacity to grow our SME targeted eCommerce fulfilment offer
- On track to provide $4m additional 3PL / last mile delivery revenue for full year FY25 (77% increase on pcp)

3 Horizons of Growth | Waste Renewal

Overview:

- Document Destruction
- Medical Waste
- High-Value Waste Recycling

Waste Renewal Brands:

Horizon 1. Extend And Defend | Secure Destruction

- Implementing new pricing strategies to restore margin in locations where the density of collections have changed
- Continued focus on market share gains

Horizon 2. Grow Scale | Medical Waste

- Target 25% revenue growth through market share gains in VIC, NSW, QLD in FY25 (HYTD = 20%)
- VIC tender outcome still to be advised (expected in Q4)

Horizon 3. Establish new lines of business | High Value Waste

- Build profitability in SaveBOARD, recently secured Codemark certification in NZ will assess volume growth
- Target product destruction market
- Continue to source circular loop solutions for hard to recycle waste

Disciplined Approach to M&A

Acquisition Strategy and Investment Criteria

- Well defined target characteristics
- Acquisitions aligned with strategy & operating culture
- Disciplined approach to acting on opportunities

In HY25

- Completed the Produce Pronto Earnout, integrated more fully into Big Chill
- Acquired small WA based IT Asset Disposal business, TGR, to strengthen Shred-X capabilities
- Built relationships with a pipeline of AU targets
- Have seen more stressed businesses in the last year due to the economic climate

ALLIED EXPRESS
SPECIALISED LOGISTICS

Acquired in 2022 for A$160m.

Revenue and EBITA have improved year on year and delivered above the business case.

Further investment made to expand capacity - automation and larger facilities in Sydney, Melbourne, Perth, Adelaide and Brisbane.

Assisted the launch of a similar Oversize service in NZ, Revenue run rate of $10m p.a.

Freightways

Outlook

Presenter:

Mark Troughear

Chief Executive Officer

HY25

Outlook

- Volume in the HY was as expected and we expect that it will be a slow grind for the economy to provide some organic growth in NZ in H2
- The AU economy is slightly more buoyant
- Our focus remains on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs and market share gains are realised
- Big Chill's Ruakura facility is contributing positively to earnings although in FY25 we expect only modest organic growth in Temperature Controlled transport
- We now expect additional Medical Waste revenue to be delayed to Q4
- Labour cost increases are controlled and will be just above 3% for the year
- Full Year Capex expected to be steady at $35m including for trucks, IT capital projects and NZ mechanisation
- Continuous focus on the transition of our airfleet, particularly given Airworks' challenges
- We have invested c. $1m (opex) in a new pricing / billing and courier pay system in H1 with another $4m expected in H2
- We are assessing M&A opportunities to leverage our presence in AU

Volumes expected to grow as the economy improves

Focus on restoring margins

Disciplined M&A approach

Freightways

Q & A

HY25

Appendices

HY25

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

FREIGHTWAYS GROUP		HY25 ($m)			HY24 ($m)		
	Notes	Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)	Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)
Operating Revenue		662.1	-	662.1	620.7	-	620.7
EBITDA (non-GAAP)	1	130.5	(36.4)	94.1	119.5	(31.6)	87.9
EBITA (non-GAAP)	2	86.0	(6.1)	79.9	80.8	(5.7)	75.0
NPATA (non-GAAP)	3	51.0	1.8	52.8	47.3	1.8	49.1
NPAT	4	44.7	1.8	46.5	40.9	1.8	42.7

NOTES
- *Results in this table are unaudited*

1. Operating profit before interest, tax, depreciation and amortisation
2. Operating profit before interest, tax and amortisation
3. Net profit after tax before amortisation
4. Net profit after tax

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

EXPRESS PACKAGE & BUSINESS MAIL	Notes	HY25 ($m)	HY24 ($m)	Change (%)
Operating Revenue		547.2	517.1	5.8
EBITDA (after NZ IFRS16)	1	110.6	97.0	14.0
Less: NZ IFRS16 adjustment		(25.5)	(20.9)	22.0
EBITDA (before NZ IFRS16)		85.1	76.0	12.0
EBITA (after NZ IFRS16)	2	80.0	71.4	12.0
Less: NZ IFRS16 adjustment		(4.0)	(3.5)	14.3
EBITA (before NZ IFRS16)		76.0	68.0	11.8

NOTES

- *Results in this table are unaudited*

1. Operating profit before interest, tax, depreciation and amortisation (non-GAAP)
2. Operating profit before interest, tax and amortisation (non-GAAP)

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

INFORMATION MANAGEMENT & WASTE RENEWAL	Notes	HY25 ($m)	HY24 ($m)	Change (%)
Operating Revenue		117.6	105.7	11.3
EBITDA (after NZ IFRS16)	1	28.6	27.9	2.5
Less: NZ IFRS16 adjustment		(10.8)	(10.6)	1.9
EBITDA (before NZ IFRS16)		17.8	17.3	2.9
EBITA (after NZ IFRS16)	2	15.5	15.4	0.6
Less: NZ IFRS16 adjustment		(2.2)	(2.2)	-
EBITA (before NZ IFRS16)		13.3	13.2	0.8

NOTES

- *Results in this table are unaudited*

1. Operating profit before interest, tax, depreciation and amortisation (non-GAAP)
2. Operating profit before interest, tax and amortisation (non-GAAP)

Project Evolve | Express Package

Overview:

- Project Evolve is a staged multi-year investment in modernising pricing, billing and courier pay systems that support the NZ Express Package business.

Expected Implementation Costs:

- FY25 c. $5m
- FY26 c. $5m

- Expected payback in c. 4.5 years
- Under current accounting standards, this is treated as an expense

Benefits:

- Designed to improve our ability to efficiently Price for Effort (differentiate our pricing on the basis of effort) for a range of transactions. It will enable, for example:
  - differential pricing for local items based on distance travelled and size
  - efficient charges for re-handling of items in the network
- Enable differential payment to couriers for effort
- Modernise customer invoicing with flexibility in invoice presentation, consolidation and payment options

Project Evolve.

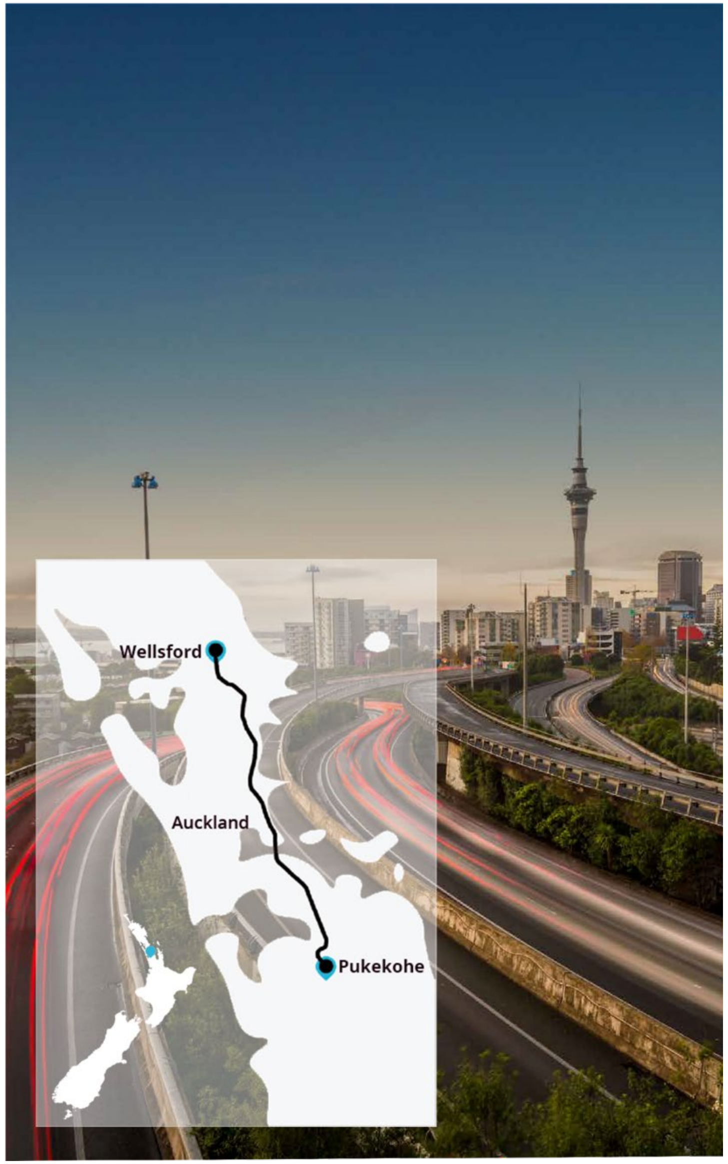
Local Courier Network Courier Pricing | Express Package

Background

- Pricing structure always been a flat rate per item up to 25kg / 0.125m3
- Local pricing has not kept in step with congestion, geographical spread of cities and the size of the average item travelling through networks
- City boundaries have grown. In 1996 Auckland was 65km (Papakura to Orewa), it is now 125km (Pukekohe to Wellsford) and growing
- Increased infrastructure required to deliver effectively across larger cities (satellite depots, shuttle trucks, people)

Solution

- Charge based on distance, size and complexity to maintain margin and remunerate couriers for effort and ensure pricing reflects that effort and resources required to deliver locally – especially in NZ's larger cities



Average local rates have increased only modestly in the last 25 years, whereas city boundaries and costs have increased significantly.

Average Auckland Local Rate is

1/3

Of the price charged in Sydney, Melbourne & Brisbane

Freightways

Results for announcement to the market		
Name of issuer	FREIGHTWAYS GROUP LIMITED	
Reporting Period	6 months to 31 December 2024	
Previous Reporting Period	6 months to 31 December 2023	
Currency	New Zealand dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$662,105	6.7%
Total Revenue	$662,105	6.7%
Net profit/(loss) from continuing operations	$44,747	9.5%
Total net profit/(loss)	$44,747	9.5%
Interim Dividend		
Amount per Quoted Equity Security	$0.26388889	
Imputed amount per Quoted Equity Security	$0.07388889	
Record Date	7 March 2025	
Dividend Payment Date	1 April 2025	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$(0.84)	$(0.94)
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to the section "Half Year Review" for commentary	
Authority for this announcement		
Name of person authorised to make this announcement	Stephan Deschamps	
Contact person for this announcement	Stephan Deschamps	
Contact phone number	+64 27 562 5666	
Contact email address	stephan.deschamps@freightways.co.nz	
Date of release through MAP	17 February 2025	

Unaudited financial statements accompany this announcement.

Freightways

FREIGHTWAYS GROUP LIMITED

Half Year Report
December 2024

HALF YEAR REVIEW
From the Chairman and Chief Executive Officer

Despite the markets in which Freightways operate remaining challenging over the first half of FY25, the company recorded positive revenue and earnings growth. In NZ, the depressed economic environment meant same-customer volumes have continued to decline, impacting both our express courier and temperature-controlled businesses. Australia was more positive but still well short of the type of organic growth we have seen in better times. Our consistently high service levels and the ability of all of our businesses to leverage their strong market positioning allowed us to win new customers which has helped offset the severity of the recession experienced over the half year (and indeed the last few years). Total company revenue was up by 6.7% on the pcp, with EBITA increasing by 6.5% and NPAT by 9.5%. Lower same customer volumes in express have been offset by pricing improvements and market share gains, while costs were well contained and labour costs in particular steadied compared to the escalation that we incurred during periods of very tight labour markets. A slightly lower level of debt allowed us to reduce the interest spend, supporting a strong NPAT growth.

Divisional performance

Express Package and Business Mail

The result for the Express Package and Business Mail (EPBM) division was particularly pleasing, with revenue growing by 5.8% and EBITA by 12% over the pcp. Service performance was strong from all businesses and benchmarked favourably against our competition which assisted with new customer acquisition. In NZ, both average pricing per item and Pricing for Effort B2C charges were up on the pcp. In Australia, Allied Express continued their momentum with a meaningful 8% increase in volume and with extra items they also experienced the efficiency benefits of the new automation in both Sydney and Melbourne. Big Chill, while still somewhat hampered by lower same-customer volume, also achieved market share improvements and pushed utilisation of their new 3PL facility at Ruakura up to 76% by December. DX Mail delivered strong performance on pcp, supported by improved pricing, market share gains and operational efficiencies. The one brand hit especially hard by the current environment was SUB60 (our smaller premium point-to-point business), which is usually more heavily impacted by a recession with lower volume as customers seek cheaper alternatives.

Margins in EPBM were up by 80bp over the pcp.

Information Management and Waste Renewal

The Information Management and Waste Renewal division recorded much stronger revenue, up 11.3% on the pcp but with flat earnings for the half. We incurred a one-off NZ$1.2m Workers Compensation back-payment during the half year related to a prior period, which reduced profitability. Storage revenue was positive compared to the pcp and digital services continued their strong growth. Our Medical waste revenue stream also grew by 20% despite the delayed outcome of a large tender, now expected in H2. Margins were down on the pcp by 140bp partially as a result of the one-off costs and slightly lower than expected Medical Waste revenue.

Note: EBITA is a non-GAAP (Generally Accepted Accounting Principles) measure. Refer to the Income Statement and Note 3 within the financial statements in the following pages for a reconciliation from EBITA to NPAT. NPAT is GAAP compliant.

Strategy

We continue to drive growth and efficiency through our core (horizon one) services while working to grow horizon two more quickly as those markets evolve. We will also invest for longer term growth in our emerging horizon 3 services (oversize deliveries, same-day chilled delivery, high-value waste services and eCommerce 3rd party logistics).

We are working on the plan to upgrade the fleet of aircraft that service the NZ domestic overnight market. Over time, we will continue to modernise our current aircraft fleet, replacing four aircraft (three 737-400s and one 737-800) with three 737-800s that have higher carrying capacity and are more fuel efficient. This transformation could occur either as current leases expire, or sooner if contractual commitments allow. We expect this will create one-off costs at the point of transition expected to be no more than $2m, but will generate long term efficiencies. For now, we are closely monitoring the situation with our partner Airwork.

Freightways is well positioned to take advantage of the opportunities that are in front of us with loyal customers, high-performing businesses, disciplined balance sheet management as well as experienced and adaptable customer-focused teams. Our focus will continue to be on restoring margins in FY25 and FY26 as expected modest organic growth returns.

The Directors have declared an interim dividend of 19 cents per share, fully imputed in New Zealand at a tax rate of 28%, up 6% on the pcp interim dividend. This represents a payout of approximately $34 million. The dividend will be paid on 1 April 2025. The record date for determination of entitlements to the dividend is 7 March 2025.

Disciplined Balance Sheet management

Capital expenditure for FY25 is forecast to be approximately $35m for the year as previously advised. We remain committed to a solid investment-grade credit profile and will continue to manage our balance sheet accordingly. Our gearing is expected to remain in the top half of our target range by the end of the year.

Outlook

Whilst interest rates are beginning to fall in NZ and business confidence is slowly returning, we remain cautious about any rapid recovery in NZ and to a lesser extent Australia.

- Volume in the HY was as expected and we expect that it will be a slow grind for the economy to provide some organic growth in NZ in H2
- The AU economy is slightly more buoyant
- Our focus remains on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs and market share gains are realised
- Big Chill's Ruakura facility is contributing positively to earnings although in FY25 we expect only modest organic growth in Temperature Controlled transport
- We now expect additional Medical Waste revenue to be delayed to Q4
- Labour cost increases are controlled and will be circa 3% for the year
- Continuous focus on the transition of our airfleet, particularly given Airwork's challenges
- We have invested c. $1m (opex) in a new pricing / billing and courier pay system in H1, with another $4m expected in H2
- We are assessing M&A opportunities to leverage our presence in AU

Note: EBITA is a non-GAAP (Generally Accepted Accounting Principles) measure. Refer to the Income Statement and Note 3 within the financial statements in the following pages for a reconciliation from EBITA to NPAT. NPAT is GAAP compliant.

Fatality

We were deeply saddened by the sudden death of a member of the Shred-X team in Victoria Australia in December of 2024. Our thoughts and sympathy are with family and colleagues impacted. While we continue to investigate the cause of the accident, it reminds us that our team's safety is our most important priority. We will continue to be focused on our health and safety practices and the well-being of our teams.

The Directors would like to thank the Freightways' teams right across New Zealand and Australia for their efforts in providing reliable and high-quality service to our customers.

Mark Cairns
Chairman

Mark Troughear
Chief Executive Officer

17 February 2025

Note: EBITA is a non-GAAP (Generally Accepted Accounting Principles) measure. Refer to the Income Statement and Note 3 within the financial statements in the following pages for a reconciliation from EBITA to NPAT. NPAT is GAAP compliant.

Independent auditor's review report

To the shareholders of Freightways Group Limited

Report on the consolidated financial statements

Our conclusion

We have reviewed the consolidated financial statements of Freightways Group Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period ended on that date, and selected explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and cash flows for the six month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In our capacity as auditor our firm provides review and other assurance services. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business. The firm has no other relationship with, or interests in, the Group.

Responsibilities of Directors for the consolidated financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these consolidated financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the consolidated financial statements

Our responsibility is to express a conclusion on the consolidated financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these consolidated financial statements.

Who we report to
This report is made solely to the Company's Shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 and the Company's Shareholders, as a body, for our review procedures, for this report or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Richard Day.

For and on behalf of:

PricewaterhouseCoopers

PricewaterhouseCoopers
17 February 2025

Auckland

FREIGHTWAYS GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
for the half year ended 31 December 2024 (unaudited)

	Note	6 mths ended 31 Dec 2024 $000	6 mths ended 31 Dec 2023 $000 (restated*)
Operating revenue	3 & 4	**662,105**	**620,693**
Transport and logistics expenses		(272,169)	(267,165)
Employee benefits expenses		(190,976)	(177,157)
Occupancy expenses		(6,768)	(3,035)
General and administrative expenses		(61,710)	(53,832)
Depreciation and software amortisation		(44,478)	(38,734)
Amortisation of intangibles		(6,221)	(6,401)
Operating profit before interest and income tax	3	**79,783**	**74,369**
Net interest and finance costs		(17,122)	(17,173)
Profit before income tax		**62,661**	**57,196**
Income tax		(17,914)	(16,316)
Profit for the period		**44,747**	**40,880**
Profit for the period attributable to:			
Owners of the parent		44,637	40,802
Non-controlling interests		110	78
		44,747	**40,880**
Earnings per share for the period:			
Basic earnings per share (cents)		25.0	23.0
Diluted earnings per share (cents)		25.0	23.0

* Refer to Note 1 for further details on the restated balances, which relates to the reclassification of certain expense items.

The above Income Statement should be read in conjunction with the accompanying notes.

FREIGHTWAYS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the half year ended 31 December 2024 (unaudited)

	Note	6 mths ended 31 Dec 2024 $000	6 mths ended 31 Dec 2023 $000
Profit for the period		**44,747**	**40,880**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	5	1,449	(2,067)
Cash flow hedges taken directly to equity, net of tax		(1,222)	(1,533)
Total other comprehensive income after income tax		**227**	**(3,600)**
Total comprehensive income for the period		**44,974**	**37,280**
Total comprehensive income for the period is attributable to:			
Owners of the parent		44,864	37,202
Non-controlling interests		110	78
		44,974	**37,280**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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FREIGHTWAYS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2024 (unaudited)

	Note	Contributed equity	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Non-controlling interests	Total equity
		$000	$000	$000	$000	$000	$000
Balance at 1 July 2024		**308,386**	**190,476**	**1,024**	**(8,021)**	**404**	**492,269**
Profit for the period		-	44,637	-	-	110	44,747
Exchange differences on translation of foreign operations		-	-	-	1,449	-	1,449
Cash flow hedges taken directly to equity, net of tax		-	-	(1,222)	-	-	(1,222)
Total Comprehensive Income		**-**	**44,637**	**(1,222)**	**1,449**	**110**	**44,974**
Dividend payments		-	(33,962)	-	-	-	(33,962)
Shares issued	5	1,210	-	-	-	-	1,210
Balance at 31 December 2024		**309,596**	**201,151**	**(198)**	**(6,572)**	**514**	**504,491**
Balance at 1 July 2023		**298,075**	**185,618**	**2,404**	**(9,883)**	**388**	**476,602**
Profit for the period		-	40,802	-	-	78	40,880
Exchange differences on translation of foreign operations		-	-	-	(2,067)	-	(2,067)
Cash flow hedges taken directly to equity, net of tax		-	-	(1,533)	-	-	(1,533)
Total Comprehensive Income		**-**	**40,802**	**(1,533)**	**(2,067)**	**78**	**37,280**
Dividend payments		-	(33,884)	-	-	-	(33,884)
Shares issued		9,673	-	-	-	-	9,673
Balance at 31 December 2023		**307,748**	**192,536**	**871**	**(11,950)**	**466**	**489,671**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

FREIGHTWAYS GROUP LIMITED
CONSOLIDATED BALANCE SHEET
as at 31 December 2024 (unaudited)

	Notes	As at 31 Dec 2024 $000	As at 31 Dec 2023 $000	As at 30 Jun 2024 $000 (audited)
Current assets				
Cash and cash equivalents		33,994	34,089	35,653
Trade and other receivables		186,634	173,007	160,610
Inventories		12,007	10,554	9,447
Contract assets		3,950	1,769	1,473
Derivative financial instruments		317	340	491
Total current assets		**236,902**	**219,759**	**207,674**
Non-current assets				
Trade receivables and other non-current assets		4,823	7,644	6,194
Loans to related parties		180	-	180
Property, plant and equipment		163,642	153,335	160,677
Right-of-use assets		344,774	355,278	336,083
Intangible assets	6	665,813	671,209	668,941
Investment in associates and joint venture		14,626	13,990	13,335
Derivative financial instruments		-	895	938
Total non-current assets		**1,193,858**	**1,202,351**	**1,186,348**
Total assets		**1,430,760**	**1,422,110**	**1,394,022**
Current liabilities				
Trade and other payables		156,278	146,012	152,564
Borrowings (current portion)	7	22,077	-	-
Lease liabilities		56,612	48,777	51,400
Income tax payable		29,681	18,550	17,297
Provisions		3,283	3,704	3,145
Contract liability		13,387	13,790	14,497
Total current liabilities		**281,318**	**230,833**	**238,903**
Non-current liabilities				
Trade and other payables		-	2,000	1,920
Borrowings	7	249,400	285,706	265,674
Deferred tax liability		47,412	52,366	52,192
Provisions		12,256	10,530	11,397
Lease liabilities		335,290	350,977	331,667
Derivative financial instruments		593	27	-
Total non-current liabilities		**644,951**	**701,606**	**662,850**
Total liabilities		**926,269**	**932,439**	**901,753**
NET ASSETS		**504,491**	**489,671**	**492,269**
EQUITY				
Contributed equity	5	309,596	307,748	308,386
Retained earnings		201,151	192,536	190,476
Cash flow hedge reserve		(198)	871	1,024
Foreign currency translation reserve		(6,572)	(11,950)	(8,021)
		503,977	489,205	491,865
Non-controlling interests		514	466	404
TOTAL EQUITY		**504,491**	**489,671**	**492,269**

The above Balance Sheet should be read in conjunction with the accompanying notes.

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FREIGHTWAYS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2024 (unaudited)

	Note	6 mths ended 31 Dec 2024 $000	6 mths ended 31 Dec 2023 $000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Receipts from customers		640,489	595,143
Payments to suppliers and employees		(535,901)	(502,987)
Cash generated from operations		**104,588**	**92,156**
Interest received		496	488
Interest and other costs of finance paid		(18,647)	(17,661)
Income taxes paid		(10,116)	(16,649)
Net cash inflows from operating activities		**76,321**	**58,334**
Cash flows from investing activities			
Payments for property, plant & equipment		(14,338)	(9,325)
Payments for software		(1,882)	(1,233)
Proceeds from disposal of property, plant & equipment		314	207
Payments for businesses acquired (net of cash acquired)	10	(4,298)	102
Dividends received from joint venture		400	-
Net cash outflows from investing activities		**(19,804)**	**(10,249)**
Cash flows from financing activities			
Dividends paid		(33,962)	(25,012)
Increase (decrease) in bank borrowings		4,687	(9,585)
Principal elements of lease payments		(28,983)	(23,696)
Proceeds from issue of ordinary shares		400	-
Net cash outflows from financing activities		**(57,858)**	**(58,293)**
Net decrease in cash and cash equivalents		(1,341)	(10,208)
Cash and cash equivalents at the beginning of the period		35,653	44,485
Exchange rate adjustments		(318)	(188)
Cash and cash equivalents at the end of the period		**33,994**	**34,089**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Basis of Preparation

The interim financial statements are those of Freightways Group Limited (the 'Company') and its subsidiary companies (together with the Company, referred to as the 'Group'). The Company is registered under the Companies Act 1993 and is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013. The financial statements of the Group have been prepared in accordance with the requirements of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

The financial statements are stated in New Zealand dollars and rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalent to the International Accounting Standard 34: Interim Financial Reporting (NZ IAS 34) and International Accounting Standard 34: Interim Financial Reporting (IAS 34) and consequently, do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2024.

The Group is designated as a for-profit entity for the purposes of complying with NZ GAAP.

The Group has negative working capital of $44.6 million. This is mostly due to contract liability for deferred revenue (prepaid ticket liability) of $13.3 million and borrowings repayable within 12-months of $22.1 million which are classified as current liability (June 2024: $31.2 million due partly to contract liability; Dec 2023: $11.1 million due to contract liability). The Group has undrawn bank loan facilities as at 31 December 2024 totalling $109.2 million to fund short term cash requirements.

Reclassification of employee benefits expenses
The Group previously presented certain employee benefits expenses as transport and logistics expenses in the Income Statement. The Group now considers it is more appropriate to include the expenses in employee benefits expenses. The comparatives for the half year ended 31 December 2023 have been restated by reclassifying $5.9 million from transport and logistics expenses to employee benefits expenses.

2. Material Accounting Policy Information

The accounting policies and methods of computation are consistent with those used in the most recent annual report.

3. Segment Reporting

(a) Description of segments

A segment is a component of the Group that can be distinguished from other components of the Group by the products or services it sells, the primary market it operates in and the risks and returns applicable to it. Operating segments are reported upon in a manner consistent with the internal reporting used by the Chief Executive Officer, as the chief operating decision maker, and the Board for allocating resources, assessing performance and strategic decision making.

The Group is organised into the following reportable operating segments:

Express package & business mail
Comprises network (hub & spoke) courier, express freight, refrigerated transport, point-to-point courier and postal services.

Information management
Comprises secure paper-based and electronic business information management services. This segment also comprises secure handling, treatment and disposal of clinical waste, waste renewal, and related services.

Corporate and other
Comprises corporate, financing and property management services.

The Group has no individual customer that represents more than 10% of external sales revenue.

(b) Segment analysis

Half year ended 31 December 2024	Express package & business mail $000	Information management $000	Corporate $000	Inter-segment elimination $000	Consolidated operations $000
Sales to external customers	544,758	117,347	-	-	662,105
Inter-segment sales	2,475	222	2,573	(5,270)	-
Total revenue	547,233	117,569	2,573	(5,270)	662,105
Operating profit (loss) before interest, income tax, depreciation and software amortisation and amortisation of intangibles	110,569	28,610	(8,697)	-	130,482
Depreciation and software amortisation	(30,556)	(13,152)	(770)	-	(44,478)
Operating profit (loss) before interest, income tax and amortisation of intangibles	80,013	15,458	(9,467)	-	86,004
Amortisation of intangibles, excluding software amortisation	(5,336)	(885)	-	-	(6,221)
Operating profit (loss) before interest and income tax	74,677	14,573	(9,467)	-	79,783
Net interest and finance costs	(6,019)	(2,509)	(8,594)	-	(17,122)
Profit (loss) before income tax	68,658	12,064	(18,061)	-	62,661
Income tax	(19,051)	(3,563)	4,700	-	(17,914)
Profit (loss) for the period	49,607	8,501	(13,361)	-	44,747

Segment Reporting (continued)

	Express package & business mail	Information management	Corporate	Inter-segment elimination	Consolidated operations
	$000	$000	$000	$000	$000
Half year ended 31 December 2023					
Sales to external customers	515,118	105,575	-	-	620,693
Inter-segment sales	1,986	155	3,009	(5,150)	-
Total revenue	517,104	105,730	3,009	(5,150)	620,693
Operating profit (loss) before interest, income tax, depreciation and software amortisation and amortisation of intangibles	96,974	27,897	(5,367)	-	119,504
Depreciation and software amortisation	(25,529)	(12,450)	(755)	-	(38,734)
Operating profit (loss) before interest, income tax and amortisation of intangibles	71,445	15,447	(6,122)	-	80,770
Amortisation of intangibles, excluding software amortisation	(5,240)	(1,161)	-	-	(6,401)
Operating profit (loss) before interest and income tax	66,205	14,286	(6,122)	-	74,369
Net interest and finance costs	(5,303)	(2,597)	(9,273)	-	(17,173)
Profit (loss) before income tax	60,902	11,689	(15,395)	-	57,196
Income tax	(17,104)	(3,403)	4,191	-	(16,316)
Profit (loss) for the period	43,798	8,286	(11,204)	-	40,880

4. Revenue from Contracts with Customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Express Package and Refrigerated Transport & Storage	Postal	Storage & Handling	Destruction Activities	Other including Digital Services	Total
Half year ended 31 December 2024	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue from external customers	512,842	31,916	35,878	56,324	25,145	662,105
Timing of revenue recognition:						
At a point in time	-	1,620	-	15,610	3,527	20,757
Over time	512,842	30,296	35,878	40,714	21,619	641,349
	512,842	31,916	35,878	56,324	25,145	662,105
Half year ended 31 December 2023						
Revenue from external customers	486,153	28,965	33,972	47,336	24,267	620,693
Timing of revenue recognition:						
At a point in time	-	1,559	-	13,922	4,203	19,684
Over time	486,153	27,406	33,972	33,414	20,064	601,009
	486,153	28,965	33,972	47,336	24,267	620,693

5. Equity

Contributed equity

Fully paid ordinary shares
As at 31 December 2024, there were 178,789,356 fully paid ordinary shares on issue (2023: 178,712,819). All fully paid ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

Dividend Reinvestment Plan
The Freightways Dividend Reinvestment Plan was not offered during the period (2023: the Company issued 1,054,748 fully paid ordinary shares at $8.4115 under the Freightways Dividend Reinvestment Plan).

Share rights
On 21 August 2024, 33,537 share rights vested upon achievement of certain financial hurdles set by the Board and each of the share rights converted to one Freightways fully paid ordinary share (2023: 136,713). The issue price per share was $12.85 (2023: $7.38).

On 21 August 2024, 55,879 share rights were redeemed and cancelled as the performance hurdles were not met at the end of the 3-year vesting period (2023: 13,717).

On 6 December 2024, 241,230 share rights were issued to certain senior executives under the rules of the Freightways Long Term Incentive Scheme (2023: Nil).

As at 31 December 2024, there were 618,697 share rights on issue (2023: 241,576). Share rights do not carry a dividend entitlement and are non-transferable.

Employee share plan

On 5 December 2024, the Company issued 43,000 fully paid ordinary shares at $9.18 each to Freightways Trustee Company Limited, as Trustee for the Freightways Employee Share Plan (2023: 90,000 fully paid ordinary shares at $6.85 each). In total, participating employees were provided with interest-free loans of $0.4 million to fund their purchase of the shares in the Share Plan (2023: $0.6 million). The loans are repayable over three years and repayment commenced in December 2024.

Exchange differences on translation of foreign operations

Exchange differences on translation of foreign operations comprise all foreign exchange differences arising from the translation of the financial statement of foreign operations into New Zealand dollars.

6. Intangible Assets

(i) Goodwill

Goodwill represents the excess of the consideration transferred in an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is not amortised but is tested for impairment annually or whenever events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Brand names

Acquired brand names are recognised at cost, being their fair value at the date of acquisition if acquired in a business combination. Brand names with indefinite useful lives are not subject to amortisation but are tested for impairment annually or whenever events or changes in circumstances indicate that they might be impaired and are carried at cost less amortisation and impairment losses. Brand names with finite useful lives are amortised over their expected useful lives. The useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Brand names are allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the brand names.

Impairment tests for indefinite life intangible assets

On an annual basis or whenever events or changes in circumstances indicate potential impairment, the recoverable amount of goodwill and brand names is determined based on the greater of value-in-use and fair value less costs of disposal calculations specific to the CGU or group of CGUs associated with both goodwill and brand names.

The financial performance of Big Chill for the half year ended 31 December 2024 is significantly behind budget, impacted by the economic downturn in New Zealand and the company's exposure to higher value food, indicating risk of a potential impairment. Value-in-use calculation has been prepared for Big Chill at the half year to ensure that the recoverable amount of goodwill and brand name of Big Chill is greater than the carrying value.

The value-in-use calculation has been prepared using pre-tax cash flow projections based on financial forecast prepared by management for the year ended 30 June 2025 and financial projections for the years ended 30 June 2026 and 2027. Cash flows beyond June 2027 have been extrapolated using growth rates which take into consideration historical economic conditions for the relevant economies. A probabilistic approach was also adopted where a number of different growth scenarios were considered and weighted by likelihood of achievement. In addition, the sensitivity of the main financial variables was tested and considered in the final estimation. No adjustments were made to forecast cash flows for the unknown impacts of future climate change.

Revenue growth rates and a consistent EBITDA margin assuming costs increase in line with revenue, reflecting both historical and expected growth, have been applied to the value-in-use calculation with the same scenarios and sensitivities applied as described in Section (i) Significant estimate – sensitive to changes in assumptions below. Pre-tax discount rate, reflecting the current environment in financial markets and New Zealand, has been used. The growth rates and pre-tax discount rates applied are:

	2025		**2024**	
	Revenue Growth Rate FY25-FY27	**Pre-tax Discount Rate**	**Revenue Growth Rate Beyond FY24**	**Pre-tax Discount Rate**
Big Chill	5.1% - 9.5%	13.4%	6% – 13.9%	14.1%

(i) Significant estimate - Sensitivity to changes in assumptions

From the value-in-use assessment for Big Chill, management believes that the indefinite life intangible assets are not impaired.

Management also assessed the sensitivity of Big Chill's value-in-use to changes of some of the key value drivers. BCD would be most specifically impacted by further reduction of its profitability against forecast. The recoverable amount of Big Chill would equal its carrying amount if any of the key assumptions were to change as follows:

	2025	
	From	**To**
Achievement of FY25-FY27 revenue	100%	94%
Terminal EBITDA growth rate	2.5%	0.7%
Pre-tax discount rate	13.4%	15.3%

7. Borrowings

As at 31 December 2024, the Group's debt facilities with its banking syndicate comprised NZ$150 million and A$80 million (2023: NZ$150 million and A$80 million), of which NZ$104 million and A$33.6 million (2023: NZ$109 million and A$45.2 million) had been drawn, respectively.

The Group has a finance facility with a US-based lender on the same terms as the banking syndicate. Of this facility, the US dollar equivalent of NZ$20 million and A$100 million were drawn as at 31 December 2024 (2023: NZ$20 million and A$100 million).

The Group had an undrawn bank overdraft facility of NZ$12 million available (2023: NZ$8 million).

The Group was in compliance with all its banking covenants throughout this financial period.

8. Transactions with Related Parties

Trading with related parties: The Group has not entered into any material external related party transactions which require disclosure. The Group does trade, on normal commercial terms, with certain companies in which there are common directorships.

Payments to associates: During the period, the following transactions occurred with Sweetspot Group Limited (GSS), an entity incorporated in New Zealand and is 33.3% owned by the Group:

	2024 $000	2023 $000
Sale of courier services to GSS	6,362	6,653
Purchase of goods and services from GSS	841	1,088
Receivables from GSS at end of period	1,290	1,738

Payments to joint venture: During the period, the Group paid Parcelair Limited $7.9 million (2023: $7.4 million) for the provision of airfreight linehaul services to the express package businesses on normal commercial terms. Parcelair Limited is incorporated in New Zealand and is jointly controller by the Group.

Key management compensation: Compensation paid during the period (or payable as at 31 December 2024 in respect of the half year) to key management, which includes senior executives of the Group and non-executive independent directors, is as follows:

	2024 $000	2023 $000
Short-term employee benefits	6,246	6,272
Share-based payments	275	200

9. Financial Risk Management

The Group has a treasury policy which is used to assist in managing foreign exchange and interest rate risks. The interim financial statements do not include all financial risk management information and disclosures and should be read in conjunction with the Group's annual financial statements as at 30 June 2024 contained in its Annual Report, which can be obtained from the Company's registered office or www.freightways.co.nz.

There have been no significant changes in the Group's risk management objectives and policies since 30 June 2024.

In the period to 31 December 2024 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

Fair values and valuation techniques
The Group uses various methods in estimating the fair value of financial instruments. The methods comprise:

Level 1 - Quoted prices (adjusted) in active markets for identical assets or liabilities at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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Level 2 - Inputs that are observable for the asset or liability, either directly (i.e., as prices; other than quoted prices referred to in Level 1 above) or indirectly (i.e., derived from prices). The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and US Private Placement (USPP)) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the fair value of an instrument is included in Level 2.

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs). In these cases, the fair value of an instrument would be included in Level 3.

Specific valuation techniques used to value financial instruments include:

- In respect of interest rate swaps, the fair value is calculated as the present value of the estimated future cash flows based on observable yield curves;
- In respect of forward foreign exchange contracts, the fair value is calculated using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- In respect of USPP, the fair value is calculated on a discounted cash flow basis using the USD Bloomberg curve and applying discount factors to the future USD interest payment and principal payment cash flows; and
- discounted cash flow analysis for other financial instruments.

Specific valuation techniques used to value contingent consideration in a business combination and estimated purchase price adjustments include:

- fair value is calculated as the present value of the estimated future cash flows based on management's assessment of future performance; and
- management's knowledge of the business and the industry it operates in.

The Group's derivative financial instruments and USPP are all Level 2 financial instruments. Contingent consideration in a business combination and estimated purchase price adjustments are all Level 3 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the period to 31 December 2024.

There have been no reclassifications of financial assets and finance liabilities since 30 June 2024.

The carrying value of the following financial assets and liabilities approximate their fair value:

- cash and cash equivalents
- trade and other receivables
- trade and other payables
- bank borrowings

10. Business Combinations

Prior period acquisition – First Global Logistics ("FG")

Effective 1 November 2023, the Group acquired the business and assets of FG, an end-to-end international e-commerce logistics business in New Zealand for total consideration of $5.9 million. The consideration comprises a $3.9 million non-cash settlement of trade payables between the Group and the acquiree and a future earn-out of up to $2 million payable at the end of the 2025 financial year. The acquired business expands the Group's international e-commerce logistics know-how and operates within the Group's express package division.

As at 31 December 2024, the estimated discounted future earn-out payment for the acquisition of FG was $1.9 million (30 June 2024: $1.9 million). This represents no change in the estimated undiscounted future earn-out payment from the last balance date. The Group has forecast several scenarios and probabilityweighted each to determine an updated fair value for this contingent payment arrangement. The liability is presented within current trade and other payables in the balance sheet.

Prior period acquisition – ProducePronto ("PP")

Effective 1 November 2021, the Group acquired the business and assets of PP for an initial consideration of approximately $12.1 million and future earn-out of up to $3.8 million over 3 years. PP operates fourth party logistics (4PL) services with 365 days per year, same-day fresh and frozen delivery to convenience outlets in New Zealand and businesses across Auckland. This acquired business operates within the Group's express package & business mail operating segment.

As at 30 June 2024, the estimated discounted future earn-out payment for the acquisition of PP was $3.7 million. The final earn-out amount was $3.5 million and this was paid in September 2024.

Reconciliation of payments for businesses acquired

	$000
Cash paid for contingent consideration for the acquisition of ProducePronto	3,458
Cash paid for other acquisitions	840
Payments for businesses acquired, net of cash acquired	4,298

11. Climate Change

Risks, including those associated with climate change, are reviewed on a regular basis. There is no material change to the Group's climate change risk since 30 June 2024 or from the Group's Climate Statement for the year ended 30 June 2024 which was released on 21 October 2024.

12. Capital Commitments and Contingent Liabilities

As at 31 December 2024, the Group had capital commitments to purchase equipment of $8.1 million (2023: $10.5 million).

As at 31 December 2024, the Group had outstanding letters of credit and bank guarantees issued by its lenders totalling approximately $14.3 million (2023: $14.1 million). The letters of credit and bank guarantees predominantly relate to security given to various landlords in respect of leased operating facilities.

There were no other contingent liabilities as at 31 December 2024 (2023: nil).

13. Net Tangible Assets per security

Net tangible assets (liabilities) per security at 31 December 2024 was ($0.84) (2023: ($0.94)).

14. Post Balance Date Events

Dividend declared
On 17 February 2025, the Directors declared a fully imputed interim dividend of 19 cents per share (approximately $34 million) in respect of the half year ended 31 December 2024. The dividend will be paid on 1 April 2025. The record date for determination of entitlements to the dividend is 7 March 2025. A supplementary dividend of 3.35 cents per share will be paid to overseas shareholders when the interim dividend is paid. The Freightways Dividend Reinvestment Plan will not operate for this dividend.

At the date of this report, there have been no other significant events subsequent to the reporting date.

Freightways

www.freightways.co.nz

Section 1: Issuer information				
Name of issuer	Freightways Group Limited			
Financial product name/description	Fully Paid Ordinary Shares			
NZX ticker code	FRW			
ISIN (If unknown, check on NZX website)	NZFREE0001S0			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	7 March 2025			
Ex-Date (one business day before the Record Date)	6 March 2025			
Payment date (and allotment date for DRP)	1 April 2025			
Total monies associated with the distribution[1]	$33,970,000			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution[2]	$0.26388889			
Gross taxable amount [3]	$0.26388889			
Total cash distribution[4]	$0.19000000			
Excluded amount (applicable to listed PIEs)	$-			
Supplementary distribution amount	$0.03352941			
Section 3: Imputation credits and Resident Withholding Tax[5]				
Is the distribution imputed	Fully imputed			
	~~Partial imputation~~			
	~~No imputation~~			
If fully or partially imputed, please state imputation rate as % applied[6]	28%			

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Gross taxable amount" is the gross distribution minus any excluded income.

[4] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[5] The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

[6] Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Imputation tax credits per financial product	$0.07388889	
Resident Withholding Tax per financial product	$0.01319444	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	N/A	
Start date and end date for determining market price for DRP	N/A	N/A
Date strike price to be announced (if not available at this time)	N/A	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)	N/A	
DRP strike price per financial product	N/A	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	N/A	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Stephan Deschamps	
Contact person for this announcement	Stephan Deschamps	
Contact phone number	+64 27 562 5666	
Contact email address	stephan.deschamps@freightways.co.nz	
Date of release through MAP	17 February 2025	