

## NZX Announcement

### One-off Costs and Trading Update

Freightways (NZX: FRW) has today provided an update on several one-off costs expected to fall in the current financial year to 30 June 2023, as well as on current trading conditions.

Floods: To date the impact of the Cyclone Gabrielle on the Express Package businesses has been in the region of \$2m in earnings before interest, tax and amortisation (EBITA) as a result of lost revenue and additional operating costs to circumnavigate impacted roads. The affected businesses decided not to recover this through a surcharge as access to affected areas progressively improved to the point that on Monday night linehaul trucks were able to travel directly into Hawkes Bay via State Highway 5.

Investment activity and potential ASX listing: Freightways continues to plan for future growth and has incurred, and expects to incur, during this financial year a number of one-off costs associated with mergers and acquisitions activities and the preparation for a potential dual listing on the ASX. These costs are expected to be in the order of \$1.5m-\$2.5m during this financial year. Recent acquisitions by Freightways have also increased amortisation costs (by way of example, the acquisition of Allied Express will increase the annual amortisation of the group by c. NZ\$6.5m).

Overnight Network: In addition, within the Express Package aircraft fleet, Freightways has made the decision to replace an existing leased 737-400 with a leased 737-800 from May 2023 as well as engage in a short-term lease of a 737-400 to cover the heavy maintenance period for the existing air fleet. While this will incur higher lease and operating costs, it is also expected to offer improved reliability, greater carrying capacity and reduced emissions. The net annualised impact in costs is expected to be \$3.5m p.a.

Going forward, the exposure to these costs will be mostly mitigated as the businesses implement the regular General Rate Increases from July 1st.

Trading update: Since the announcement of the half year result Express Package volumes have remained steady compared to the same period last year. The company remains mindful of the risk of slower business and consumer activity in the short term, particularly in New Zealand, and will continue to match resources with volume.

### Suspension of the dividend reinvestment plan

The board of Freightways has resolved to suspend the application of the dividend reinvestment plan in respect of the upcoming interim dividend payment. Accordingly, all shareholders will receive payment of their respective net dividend entitlement in cash on the proposed dividend payment date 3 April 2023.