

BUSINESS UPDATE AND EARNINGS GUIDANCE

- Continuing macro-economic headwinds impacting on the sector
- Formal sale process to investigate the market interest in the sale/asset disposal of the non-core Specialist and Lifting business has commenced
- Earnings guidance has been provided for FY22 of underlying EBITDA¹ of between \$53m and \$56m

Trading Update

Transport and logistics group, MOVE Logistics Group Limited (NZX: MOV), is providing a trading update and earnings guidance as the company progresses with its business turnaround programme and responds to sector and economic headwinds.

MOVE noted in its FY22 half year update a significant decrease in fuel deliveries and the deferral of large infrastructure projects involving MOVE's Specialist division. Trading volumes in Freight and Fuel are below expectations, reflecting reduced client demand and the impact of COVID on normal trading levels. Pleasingly, International volumes have improved in FY22 and returns remain strong, reflecting record ocean freight pricing.

In the second half of FY22, the New Zealand logistics sector continues to be impacted by COVID, labour shortages, supply chain disruption and cost inflation. These headwinds are delaying the planned improvements from the Freight turnaround programme. Continuing global supply chain disruptions have led to a delay in MOVE's asset replacement programme, with lead times for the delivery of new trucks significantly extended. This is resulting in increased maintenance costs on existing assets. Operating costs, particularly fuel, parts and labour, have increased with inflation, with some offset following the pricing review and re-set undertaken by MOVE in the first half of the year.

Execution of the business turnaround programme, which commenced in August 2021, is otherwise progressing well with a comprehensive strategic review, new leadership team, \$40m capital raising, new banking facilities and a business restructure all now completed.

Key initiatives in the second half of FY22 include investment into technology, particularly the new Transport Management System, assessment of the coastal shipping opportunity as part of MOVE's multi-modal strategy, vehicle upgrades and rationalisation and the ongoing Freight division improvement programme.

The focus on margin improvement continues to be a priority. MOVE has identified a number of opportunities to drive growth in line with its goal to be one of New Zealand's leading transport and logistics providers.

¹ Underlying EBITDA is a non-GAAP measure and excludes restructuring and other non-trading costs. The Board believes that this provides a better reflection of MOVE's underlying performance.

Divestment of Specialist business

As signalled at the time of the 2021 strategy reset, MOVE is focused on core business, particularly Freight and Contract Logistics which are the primary contributors to MOVE's future profitability. After receiving unsolicited offers, MOVE has commenced a formal sale process to investigate the market interest in the sale/asset disposal of the Specialist and Lifting business.

Earnings guidance

Following the conclusion of the third quarter of FY22 and taking into account the trading and economic conditions noted above, MOVE is providing earnings guidance for the financial year ending 30 June 2022, with FY22 underlying EBITDA expected to be between \$53m and \$56m. As previously indicated to the market at the half year, the Board had been expecting FY22 performance to be broadly in line with FY21 performance.

Move Executive Director, Chris Dunphy, commented: "While the turnaround is taking longer than anticipated, we remain confident of realising significant benefits of the re-alignment for the business in the coming 12 months and beyond. The sale of the Specialist division is in line with our strategy to focus on core business being Freight and Contract Logistics. MOVE is now a stronger business, led by industry experts and with a robust balance sheet to support our growth strategy."

ENDS

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About MOVE Logistics Group Limited (MOV)

MOVE is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses.