



FREIGHTWAYS GROUP LIMITED

Half Year Report
December 2025

HALF YEAR REVIEW

From the Chairman and Chief Executive Officer

Building resilience and momentum

Freightways delivered a strong first half performance in FY26. Economic conditions in New Zealand showed modest improvement through the period, while trading conditions in Australia remained stable. The Group maintained its focus on service quality, pricing discipline and operational efficiency, supporting continued margin recovery.

Business performance

Group revenue increased by 8.5% to \$718.2 million for the half year. Earnings before interest, tax and amortisation (EBITA) increased by 12.2% to \$96.5 million, with EBITA margin improving to 13.4% from 13.0% in the prior corresponding period. Net profit after tax (NPAT) increased by 17.2% to \$52.5 million, and basic earnings per share increased to 29.3 cents per share.

Cash generation remained strong and supported further balance sheet strengthening. Net debt reduced during the period, lowering interest costs and supporting the larger growth in NPAT.

Divisional performance

The Express Package and Business Mail division delivered revenue growth, EBITA growth and margin improvement during the half year. Performance was supported by same-customer volume growth, net market share gains and pricing actions implemented at the start of the financial year. Margin improvement was achieved despite incremental IT costs on development of a new billing platform (Project Evolve) incurred during the period.

In New Zealand, demand was focused more heavily on our economy services at the expense of overnight express services. In Australia, Allied Express delivered strong volume growth and improved EBITA performance, reflecting improved utilisation, share-of-wallet gains and new business wins.

The Information Management and Waste Renewal division delivered a mixed performance. Revenue was broadly flat for the half year, while EBITA grew modestly, reflecting lower digitisation activity and the exit of unprofitable Product Destruction revenue streams. There was A\$1.6 million of net one-off costs in the half year that are not expected to be repeated. Pricing initiatives and operational improvements contributed to margin improvement across several parts of the division, with Secure Destruction and Medical Waste both delivering volume growth.

Dividends and capital management

An interim dividend of 21 cents per share has been declared for the half year, representing an increase of 10.5% on the prior corresponding period. The dividend is fully imputed in New Zealand and c. 46% franked in Australia.

The Group's balance sheet remains well positioned, providing capacity to fund investment, pursue disciplined and complementary acquisitions, and remain within capital management policy settings. This is the case even after the acquisition of VTFE in the Australian state of Victoria, which was finalised after half year.

Note: EBITA is a non-GAAP (Generally Accepted Accounting Practice) 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, systems and outlook

Margin improvement remains a priority. Cost inflation remains moderate and the Group's cost base has stabilised, particularly with respect to labour. The implementation of a new billing platform for the New Zealand Express Package businesses continues and is expected to support improved billing capability, pricing discipline and longer-term margin outcomes.

We expect a steady improvement in same-customer volumes in the second half of FY26, particularly in New Zealand, driven by a level of economic recovery. Excluding one-off air network transition costs, margin improvement is expected to continue. The Group remains focused on retaining customers through service quality, attracting new business and pursuing disciplined mergers and acquisitions that are directly complementary to growing the Australian express network.

We would like to thank all of our teams, across both New Zealand and Australia, for their efforts in moving our customers and shareholders to a better place.



Mark Cairns
Chairman



Mark Troghear
Chief Executive Officer

16 February 2026



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 2025, 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 2025, 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 Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board (PES 1), as applicable to audits and reviews of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1.

In our capacity as auditor and assurance practitioner, our firm also provides audit and other assurance services. Our firm carried out an other assignment in the area of executive long term incentives market practice benchmarking. 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 (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 Auckland
16 February 2026

FREIGHTWAYS GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
for the half year ended 31 December 2025 (unaudited)

	Note	6 mths ended 31 Dec 2025 \$000	6 mths ended 31 Dec 2024 \$000
Operating revenue	3 & 4	718,155	662,105
Transport and logistics expenses		(304,116)	(272,169)
Employee benefits expenses		(195,640)	(190,976)
Occupancy expenses		(7,074)	(6,768)
General and administrative expenses		(67,877)	(61,710)
Depreciation and software amortisation		(46,972)	(44,478)
Amortisation of intangibles		(6,118)	(6,221)
Operating profit before interest and income tax	3	90,358	79,783
Net interest and finance costs		(15,907)	(17,122)
Profit before income tax		74,451	62,661
Income tax		(21,992)	(17,914)
Profit for the period		52,459	44,747
Profit for the period attributable to:			
Owners of the parent		52,348	44,637
Non-controlling interests		111	110
		52,459	44,747
Earnings per share for the period:			
Basic earnings per share (cents)		29.3	25.0
Diluted earnings per share (cents)		29.2	25.0

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 2025 (unaudited)

	Note	6 mths ended 31 Dec 2025 \$000	6 mths ended 31 Dec 2024 \$000
Profit for the period		52,459	44,747
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	5	18,340	1,449
Cash flow hedges taken directly to equity, net of tax		1,020	(1,222)
Total other comprehensive income after income tax		19,360	227
Total comprehensive income for the period		71,819	44,974
Total comprehensive income for the period is attributable to:			
Owners of the parent		71,708	44,864
Non-controlling interests		111	110
		71,819	44,974

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

FREIGHTWAYS GROUP LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 31 December 2025 (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 2025		310,431	202,463	(954)	(12,400)	427	499,967
Profit for the period		-	52,348	-	-	111	52,459
Exchange differences on translation of foreign operations		-	-	-	18,340	-	18,340
Cash flow hedges taken directly to equity, net of tax		-	-	1,020	-	-	1,020
Total Comprehensive Income		-	52,348	1,020	18,340	111	71,819
Dividend payments		-	(37,566)	-	-	-	(37,566)
Shares issued	5	1,480	-	-	-	-	1,480
Balance at 31 December 2025		311,911	217,245	66	5,940	538	535,700
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		1,210	-	-	-	-	1,210
Balance at 31 December 2024		309,596	201,151	(198)	(6,572)	514	504,491

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 2025 (unaudited)

	Notes	As at 31 Dec 2025 \$000	As at 31 Dec 2024 \$000 (restated)*	As at 30 Jun 2025 \$000 (audited)
<u>Current assets</u>				
Cash and cash equivalents		34,986	33,994	43,261
Trade and other receivables		199,797	186,634	166,320
Inventories		13,430	12,007	12,358
Contract assets		3,223	3,950	3,057
Derivative financial instruments		368	317	-
Total current assets		251,804	236,902	224,996
<u>Non-current assets</u>				
Other non-current assets		4,156	4,823	4,212
Loans to related parties		180	180	180
Property, plant and equipment		168,057	163,642	160,722
Right-of-use assets		324,343	344,774	325,199
Intangible assets	6	667,484	665,813	651,466
Investment in associates and joint venture		14,724	14,626	14,024
Derivative financial instruments		355	-	-
Total non-current assets		1,179,299	1,193,858	1,155,803
Total assets		1,431,103	1,430,760	1,380,799
<u>Current liabilities</u>				
Trade and other payables		172,429	150,791	144,840
Borrowings	7	21,573	22,077	21,538
Lease liabilities		61,608	56,612	57,758
Income tax payable		26,642	29,681	22,412
Provisions		4,465	3,283	3,506
Contract liabilities		14,740	18,874	20,500
Derivative financial instruments		-	-	71
Total current liabilities		301,457	281,318	270,625
<u>Non-current liabilities</u>				
Borrowings	7	224,442	249,400	236,943
Deferred tax liability		40,367	47,412	43,586
Provisions		14,097	12,256	12,476
Lease liabilities		314,418	335,290	315,931
Derivative financial instruments		622	593	1,271
Total non-current liabilities		593,946	644,951	610,207
Total liabilities		895,403	926,269	880,832
NET ASSETS		535,700	504,491	499,967
<u>EQUITY</u>				
Contributed equity	5	311,911	309,596	310,431
Retained earnings		217,245	201,151	202,463
Cash flow hedge reserve		66	(198)	(954)
Foreign currency translation reserve		5,940	(6,572)	(12,400)
		535,162	503,977	499,540
Non-controlling interests		538	514	427
TOTAL EQUITY		535,700	504,491	499,967

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

* Refer to Note 1 for further details on the restated balances, which relates to the reclassification of contract liabilities.

FREIGHTWAYS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2025 (unaudited)

Note	6 mths ended 31 Dec 2025 \$000	6 mths ended 31 Dec 2024 \$000
	Inflows (Outflows)	Inflows (Outflows)
<u>Cash flows from operating activities</u>		
Receipts from customers	690,540	640,489
Payments to suppliers and employees	(556,327)	(535,901)
Cash generated from operations	134,213	104,588
Interest received	826	496
Interest and other costs of finance paid	(17,043)	(18,647)
Income taxes paid	(23,049)	(10,116)
Net cash inflows from operating activities	94,947	76,321
<u>Cash flows from investing activities</u>		
Payments for property, plant & equipment	(15,106)	(14,338)
Payments for software	(2,172)	(1,882)
Proceeds from disposal of property, plant & equipment	169	314
Payments for businesses acquired (net of cash acquired)	-	(4,298)
Dividends received from joint venture	650	400
Net cash outflows from investing activities	(16,459)	(19,804)
<u>Cash flows from financing activities</u>		
Dividends paid	(37,566)	(33,962)
(Decrease) increase in bank borrowings	(20,475)	4,687
Principal elements of lease payments	(30,600)	(28,983)
Proceeds from issue of ordinary shares	645	400
Net cash outflows from financing activities	(87,996)	(57,858)
Net decrease in cash and cash equivalents	(9,508)	(1,341)
Cash and cash equivalents at the beginning of the period	43,261	35,653
Exchange rate adjustments	1,233	(318)
Cash and cash equivalents at the end of the period	34,986	33,994

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

<p style="text-align: center;">FREIGHTWAYS GROUP LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half year ended 31 December 2025 (unaudited)</p>

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 2025.

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

The Group has negative working capital of \$49.7 million. This is mostly due to contract liability for deferred revenue (prepaid ticket liability) of \$14.7 million and borrowings repayable within 12-months of \$21.6 million which are classified as current liabilities (June 2025: \$45.6 million due partly to contract liability and borrowings; December 2024: \$44.6 million due to contract liability and borrowings). The Group has undrawn bank loan facilities as at 31 December 2025 totalling \$209.8 million to fund short term cash requirements.

Reclassification of comparatives

The Group previously included revenue received in advance in Trade and other payables. It has now been determined that revenue received in advance should be classified as Contract liabilities. The comparative consolidated balance sheet as at 31 December 2024 has been restated by moving \$5.5 million of revenue received in advance from Trade and other payables to Contract liabilities. There was no change to total current liabilities or total liabilities and no changes to any other reported balances as a result of this reclassification.

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.

FREIGHTWAYS GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half year ended 31 December 2025 (unaudited)

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

	Express package & business mail \$000	Information management \$000	Corporate \$000	Inter- segment elimination \$000	Consolidated operations \$000
<u>Half year ended</u>					
<u>31 December 2025</u>					
Sales to external customers	601,352	116,803	-	-	718,155
Inter-segment sales	2,646	287	2,607	(5,540)	-
Total revenue	603,998	117,090	2,607	(5,540)	718,155
Operating profit (loss) before interest, income tax, depreciation and software amortisation and amortisation of intangibles	123,374	29,629	(9,555)	-	143,448
Depreciation and software amortisation	(32,167)	(13,963)	(842)	-	(46,972)
Operating profit (loss) before interest, income tax and amortisation of intangibles	91,207	15,666	(10,397)	-	96,476
Amortisation of intangibles, excluding software amortisation	(5,401)	(717)	-	-	(6,118)
Operating profit (loss) before interest and income tax	85,806	14,949	(10,397)	-	90,358
Net interest and finance costs	(6,432)	(2,526)	(6,949)	-	(15,907)
Profit (loss) before income tax	79,374	12,423	(17,346)	-	74,451
Income tax	(22,796)	(3,613)	4,417	-	(21,992)
Profit (loss) for the period	56,578	8,810	(12,929)	-	52,459

<p align="center">FREIGHTWAYS GROUP LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half year ended 31 December 2025 (unaudited)</p>
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Segment Reporting (continued)

	Express package & business mail \$000	Information management \$000	Corporate \$000	Inter- segment elimination \$000	Consolidated operations \$000
<u>Half year ended</u>					
<u>31 December 2024</u>					
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

FREIGHTWAYS GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half year ended 31 December 2025 (unaudited)

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
<u>Half year ended</u> 31 December 2025	\$000	\$000	\$000	\$000	\$000	\$000
Revenue from external customers	561,039	40,313	36,003	58,873	21,927	718,155
Timing of revenue recognition:						
At a point in time	-	1,591	-	17,037	2,344	20,972
Over time	561,039	38,722	36,003	41,836	19,583	697,183
	561,039	40,313	36,003	58,873	21,927	718,155
<u>Half year ended</u> 31 December 2024						
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	21,618	641,348
	512,842	31,916	35,878	56,324	25,145	662,105

5. Equity

Contributed equity

Fully paid ordinary shares

As at 31 December 2025, there were 178,935,673 fully paid ordinary shares on issue (2024: 178,789,356). All fully paid ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

Share rights

On 20 August 2025, 96,317 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 (2024: 33,537). The issue price per share was \$10.17 (2024: \$12.85).

On 20 August 2025, 55,843 share rights were redeemed and cancelled as the performance hurdles were not met at the end of the 3-year vesting period (2024: 55,789).

No share rights were issued during the period to senior executives under the rules of the Freightways Long Term Incentive Scheme (2024: 241,230).

<p style="text-align: center;">FREIGHTWAYS GROUP LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half year ended 31 December 2025 (unaudited)</p>

As at 31 December 2025, there were 466,537 share rights on issue (2024: 618,697). Share rights do not carry a dividend entitlement and are non-transferable.

Employee share plan

On 22 December 2025, the Company issued 50,000 fully paid ordinary shares at \$12.95 each to Freightways Trustee Company Limited, as Trustee for the Freightways Employee Share Plan (2024: 43,000 fully paid ordinary shares at \$9.18 each). In total, participating employees were provided with interest-free loans of \$0.6 million to fund their purchase of the shares in the Share Plan (2024: \$0.4 million). The loans are repayable over three years and repayment commenced in December 2025.

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 cash-generating units (CGU) or group of CGUs associated with both goodwill and brand names.

The financial performance of the Big Chill and Shred-X CGUs for the half-year ended 31 December 2025 was below budget. As a result of this and the limited headroom identified in the 30 June 2025 impairment assessment, value-in-use calculations were prepared at 31 December 2025 to confirm that the recoverable amounts of goodwill and brand names for these CGUs exceed their respective carrying amounts.

FREIGHTWAYS GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the half year ended 31 December 2025 (unaudited)

The value-in-use calculations have been prepared using pre-tax cash flow projections based on financial forecasts prepared by management for the year ended 30 June 2026 and financial projections for the years ended 30 June 2027 and 2028. Cash flows beyond June 2028 have been extrapolated using growth rates which align with long-term inflation rates in New Zealand and Australia. 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 and reflecting both historical and expected growth rates, have been applied to the value-in-use calculations with the same scenarios and sensitivities applied as described in Section (i) Significant estimate – sensitive to changes in assumptions below. Pre-tax discount rates, reflecting the current environment in financial markets and countries each CGU operates in, have been used.

The growth rates and pre-tax discount rates applied are:

	2025		2024	
	Revenue Growth Rate FY26-FY28	Pre-tax Discount Rate	Revenue Growth Rate FY25-FY27	Pre-tax Discount Rate
Big Chill	5.8% - 9.1%	13.3%	5.1% – 9.5%	13.4%
Shred-X	2.1% - 7.2%	15.8%	4.3% - 15.4%	15.7%

(i) Significant estimate - Sensitivity to changes in assumptions

The financial performance of Big Chill for the half year ended 31 December 2025 is behind budget, as it continues to be impacted by the economic downturn in New Zealand and the company's exposure to higher value food, indicating risk of a potential impairment. A 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.

From the value-in-use assessment for Big Chill and Shred-X, the indefinite-life intangible assets are not impaired.

The recoverable amount of Big Chill would equal its carrying amount if any of the key assumptions were to change as follows:

	2025		2024	
	From	To	From	To
Achievement of FY26-FY28 revenue	100%	93%	100%	94%
Terminal EBITDA growth rate	2.5%	0.3%	2.5%	0.7%
Pre-tax discount rate	13.3%	15.6%	13.4%	15.3%

Shred-X financial performance for the half year ended 31 December 2025 was impacted by net one-off adjustments of A\$1.6 million. Excluding the one-off adjustments, Shred-X financial performance for the half year would have exceeded budget and last year.

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The recoverable amount of Shred-X would equal its carrying amount if any of the key assumptions were to change as follows:

	2025		2024	
	From	To	From	To
Achievement of FY26-FY28 revenue	100%	93%	100%	88%
Terminal EBITDA growth rate	3.0%	1.6%	3.0%	0.4%
Pre-tax discount rate	15.8%	17.3%	15.7%	18.4%

7. Borrowings

In December 2025, the Group negotiated an increase of A\$50 million to its existing syndicated bank facilities to fund the acquisition of VT Freight Express (refer Note 13). This increase became effective from 22 December 2025 and matures in June 2027.

As at 31 December 2025, the Group's debt facilities with its banking syndicate comprised NZ\$175 million and A\$130 million (2024: NZ\$150 million and A\$80 million), of which NZ\$117 million and A\$14.2 million (2024: NZ\$104 million and A\$33.6 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\$80 million were drawn as at 31 December 2025 (2024: NZ\$20 million and A\$100 million).

The Group had undrawn bank overdraft facilities of NZ\$12 million and A\$5 million available as at 31 December 2025 (2024: NZ\$12 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:

	2025	2024
	\$000	\$000
Sale of courier services to GSS	6,424	6,362
Purchase of goods and services from GSS	1,240	841
Receivables from GSS at end of period	2,855	1,290

Payments to joint venture: During the period, the Group paid Parcelair Limited \$6.5 million (2024: \$7.9 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 controlled by the Group.

Key management compensation: Compensation paid during the period (or payable as at 31 December 2025 in respect of the half year) to key management, which includes senior executives of the Group and non-executive independent directors, is as follows:

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	2025	2024
	\$000	\$000
Short-term employee benefits	7,294	6,246
Share-based payments	938	275

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 2025 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 2025.

In the period to 31 December 2025 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.

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.

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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 2025.

There have been no reclassifications of financial assets and finance liabilities since 30 June 2025.

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. Climate Change

There is no material change to the Group's climate change risk from the Group's Climate Statement for the year ended 30 June 2025 which was released on 22 September 2025.

11. Capital Commitments and Contingent Liabilities

As at 31 December 2025, the Group had capital commitments to purchase equipment of \$10.4 million (2024: \$8.1 million).

As at 31 December 2025, the Group had outstanding letters of credit and bank guarantees issued by its lenders totalling approximately \$14.8 million (2024: \$14.3 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 2025 (2024: nil).

12. Net Tangible Assets per security

Net tangible assets (liabilities) per security at 31 December 2025 was (\$0.68) (2024: (\$0.84)).

13. Post Balance Date Events

Dividend declared

On 16 February 2026, the Directors declared a fully imputed interim dividend of 21 cents per share (approximately \$38 million) in respect of the half year ended 31 December 2025. The dividend will be paid on 1 April 2026. The record date for determination of entitlements to the dividend is 6 March 2026. A supplementary dividend of 3.71 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.

Acquisition of VT Freight Express

On 17 December 2025, Freightways announced that it has entered into an agreement to purchase the business and assets of VT Freight Express Pty Ltd (VTFE), subject to customary conditions precedent. The purchase price of VTFE is A\$71 million. The acquisition was completed on 2 February 2026.

VTFE is an Australian company, based in Victoria, that provides express delivery of parcels and palletised freight. VTFE recorded A\$77m revenue in the 12 months to October 2025.

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The acquisition builds Freightways' presence and capability in the express market in Australia in a niche that is complementary to the existing Allied Express business.

The acquisition accounting for this acquisition will be included in the Freightways annual report for the year ended 30 June 2026.

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