ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

ANNUAL FINANCIAL STATEMENTS JUNE 2022

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DIRECTORS' STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

The Directors of MOVe Logistics Group Limited are pleased to present the financial statements for MOVe Logistics Group Limited and its subsidiaries (together the Group) for the year ended 30 June 2022 contained on pages 1 - 43.

Financial statements for each financial year fairly present the financial position of the Group and its financial performance and cash flows for that period and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and all relevant financial reporting standards have been followed.

Proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

Adequate steps have been taken to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors hereby approve and authorise for issue the financial statements for the year ended 30 June 2022. They do not have the power to amend these financial statements after issue.

For and on behalf of the Board

Lorraine Witten - Chair
23 August 2022

Grant Devonport - Director
23 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	30 JUNE 2022 $000	30 JUNE 2021 $000*
Revenue	7	345,782	328,947
Gains on disposal of assets		527	885
Lease income		1,240	1,490
Other income		1,553	948
Total Income	**7**	**349,102**	**332,270**
Transport costs		(146,052)	(128,065)
Employee costs		(116,577)	(120,348)
Rental / lease expenses		(4,266)	(3,397)
Other operating expenses		(27,875)	(25,979)
Depreciation of right of use assets	8	(30,303)	(30,500)
Other depreciation / amortisation expenses	8	(11,852)	(12,765)
Other non-operating expenses	5	(3,387)	(1,451)
Impairment of investment in associates	16.2	(61)	(95)
Total Operating Expenses	**8**	**(340,373)**	**(322,600)**
Finance costs relating to lease liabilities		(7,948)	(7,921)
Other finance costs - interest on borrowing		(3,111)	(3,180)
Interest income on short term deposit		10	1
Operating loss before income tax		**(2,320)**	**(1,430)**
Share of (loss) of associates	16.2	(103)	(149)
Loss Before Income Tax		**(2,423)**	**(1,579)**
Income tax (expense)/credit	9	(116)	283
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(2,539)**	**(1,296)**
Net (loss)/ profit from discontinued operations after tax	**21**	**(565)**	**2,600**
(LOSS) / PROFIT FOR THE YEAR		**(3,104)**	**1,304**
(Loss) / Profit attributable to:			
Owners of the company		(4,208)	869
Non-controlling interests		1,104	435
		(3,104)	**1,304**
Other comprehensive income:			
Comprehensive Income for the Period, Net of Tax		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX		**(3,104)**	**1,304**
Earnings per share attributable to the ordinary equity holders of the Company		**CENTS**	**CENTS**
Basic and diluted earnings per share from continuing operations	11	(3.44)	(1.97)
Basic earnings per share for profit attributable to the ordinary equity holders of the company	11	(3.97)	0.99

The above consolidated Statement of Profit or Loss & Other Comprehensive Income should be read in conjunction with the accompanying notes.

*Certain amounts and relevant notes have been restated to reflect adjustments relating to discontinued operations note 21.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	NOTES	30 JUNE 2022 $000	30 JUNE 2021 $000
ASSETS			
Current Assets			
Cash and cash equivalents	12.1	14,940	13,214
Inventories		-	55
Trade and other receivables	12.2	60,294	49,754
Tax receivable		-	450
Advances to associates	12.3	-	218
Assets held for sale	21	25,263	-
Total Current Assets		**100,497**	**63,691**
Non-Current Assets			
Property, plant and equipment	13.1	57,761	87,785
Right of use assets	13.2	150,381	164,826
Intangible assets	13.3	18,058	21,173
Deferred Income tax asset	13.4	149	-
Investments in associates	16.2	271	417
Total Non-Current Assets		**226,620**	**274,201**
TOTAL ASSETS		**327,117**	**337,892**
EQUITY			
Share capital	14	75,188	37,054
Other reserves		88	48
Accumulated losses		(5,081)	(873)
Equity attributable to owners of the parent		70,195	36,229
Non-controlling interest in equity		2,798	1,738
TOTAL EQUITY		**72,993**	**37,967**
LIABILITIES			
Current Liabilities			
Trade and other payables	12.4	38,092	31,840
Tax payable		211	-
Deferred revenue	7	521	504
Borrowings	12.6	3,713	67,352
Lease liability	13.2	26,393	27,310
Employee entitlements	12.5	10,476	12,524
Liabilities directly associated with assets classified as held for sale	21	6,149	-
Total Current Liabilities		**85,555**	**139,530**
Non-Current Liabilities			
Borrowings	12.6	24,324	2,811
Lease liability	13.2	133,338	144,218
Convertible note	12.7	7,792	7,395
Derivative financial instrument	12.7	849	834
Deferred income tax liability	13.4	-	2,682
Provisions for other liabilities and charges	13.5	2,266	2,455
Total Non-Current Liabilities		**168,569**	**160,395**
TOTAL LIABILITIES		**254,124**	**299,925**
TOTAL EQUITY & LIABILITIES		**327,117**	**337,892**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

		ATTRIBUTABLE TO OWNERS OF THE COMPANY					
	NOTES	SHARE CAPITAL $000	RETAINED EARNINGS/ (ACCUM. LOSSES) $000	OTHER RESERVES $000	TOTAL $000	NON-CONTROLLING INTEREST $000	TOTAL EQUITY $000
Balance as at 1 July 2020		**37,054**	**(1,742)**	**-**	**35,312**	**1,614**	**36,926**
Comprehensive income							
Profit for the year		-	869	-	869	435	1,304
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**-**	**869**	**-**	**869**	**435**	**1,304**
Cumulative translation adjustment		-	-	(9)	(9)	-	(9)
Transactions with owners:							
Employee share scheme	20	-	-	57	57	-	57
Non-controlling interest on acquisition of subsidiary		-	-	-	-	60	60
Dividends and dividend reinvestment plan		-	-	-	-	(371)	(371)
Balance as at 30 June 2021		**37,054**	**(873)**	**48**	**36,229**	**1,738**	**37,967**
Balance as at 1 July 2021		**37,054**	**(873)**	**48**	**36,229**	**1,738**	**37,967**
Comprehensive income							
(Loss)/Profit for the year		-	(4,208)	-	(4,208)	1,104	(3,104)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**-**	**(4,208)**	**-**	**(4,208)**	**1,104**	**(3,104)**
Cumulative translation adjustment		-	-	67	67	-	67
Transactions with owners:							
Employee share scheme	20	34	-	(27)	7	-	7
Issue of Ordinary Shares		38,100	-	-	38,100	-	38,100
Dividends		-	-	-	-	(44)	(44)
Balance as at 30 June 2022		**75,188**	**(5,081)**	**88**	**70,195**	**2,798**	**72,993**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	30 JUNE 2022 $000	30 JUNE 2021 $000*
Cash flows from operating activities			
Receipts from customers		336,585	327,110
Interest received		10	1
Dividends received		2	50
Payments to suppliers and employees		(292,537)	(277,757)
Government subsidy received		942	267
Notional finance charge on NZ IFRS 16 leases	15.2	(7,948)	(7,920)
Interest paid		(2,613)	(3,011)
Income tax paid		(504)	(2,504)
Net cash generated from operating activities	15.1	**33,937**	**36,236**
Cash flows used in investing activities			
Purchase of business, net of cash acquired		-	242
Purchase of property, plant and equipment		(4,999)	(5,728)
Proceeds from sale of property, plant and equipment		4,148	1,395
Purchase of intangible assets		(214)	(359)
Advances to associates		200	-
Net cash used in investing activities		**(865)**	**(4,450)**
Cash flows from financing activities			
Repayment of borrowings	15.2	(123,869)	(16,242)
Proceeds from borrowings	15.2	81,643	-
Proceeds from share issue	14	38,100	-
Convertible note	15.2	-	8,200
Repayment of lease liability (NZ IFRS 16)		(27,394)	(27,225)
Dividends paid to shareholders / non-controlling interests		(44)	(371)
Net cash flow used in financing activities		**(31,564)**	**(35,638)**
Net increase in cash and cash equivalents - continuing operations		1,508	(3,852)
Net increase in cash and cash equivalents - discontinued operations	21	218	5,184
Cash and cash equivalents at beginning of year		13,214	11,882
Cash and cash equivalents 30 June		**14,940**	**13,214**

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

*Certain amounts and relevant notes have been restated to reflect adjustments relating to discontinued operations note 21.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. REPORTING ENTITY

The core operations of MOVE Logistics Group Limited ("MOVE Logistics" or the "Company") and its subsidiaries (collectively "the Group") are in the New Zealand logistics sector. These include general transport, bulk liquids, heavy haulage, shipping, warehousing and distribution, freight forwarding, national and international household removals and storage.

The Company is incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and is a FMC Reporting Entity under part 7 of the Financial Markets Conduct Act 2013. The Company is dual listed with its primary listing of ordinary shares quoted in New Zealand on the NZX Main Board, and a secondary listing in Australia as a foreign Exempt Entity on the Australian securities exchange (ASX) (refer note 22).

The registered office of the Company is at 330 Devon Street East, New Plymouth, New Zealand. The consolidated financial statements of the Company as at, and for the year ended 30 June 2022, comprise the Company and its subsidiaries (refer note 16.1), together referred to as the "Group".

1.2. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis.

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The consolidated financial statements have been prepared in accordance with the Financial Markets Conduct Act 2013 and the Companies Act 1993.

The principal accounting policies adopted in the preparation of the financial statements are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction and other events is reported. These policies have been consistently applied to all the periods presented, unless otherwise stated. To ensure consistency with the current period, comparable figures have been restated where appropriate.

1.3. STATEMENT OF COMPLIANCE

The Group is a for-profit entity. Its financial statements have been prepared in accordance with, and comply with, New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards and Authoritive Notices, as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. CONSOLIDATION

a. Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the elimination of any balances arising between the Group and the acquiree.

a. Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from remeasurement is recognised in profit or loss.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

b. Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of an accumulated impairment loss. The Group's share of its associates post-acquisition profits or losses is recognised under 'Share of (loss) / profit of associates' in the Statement of Profit or Loss & Other Comprehensive Income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

c. Assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification. Impairment losses on initial classification as held for sale and subsequent gain or loss on remeasurement is recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

d. Discontinued Operations

Classification as a discontinued operation occurs on disposal, or when the operation meets the criteria to be classified as a non-current asset or disposal group held for sale. When an operation is classified as a discontinued operation, the profit or loss is restated to present the results of discontinued operations as a single amount as if the operations had been discontinued from the start of the comparative year.

2.2. FOREIGN CURRENCY TRANSLATION

a. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars (rounded to thousands), which is the functional and the presentation currency of all companies in the Group.

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.3. NEW ACCOUNTING STANDARDS & INTERPRETATIONS

The accounting policies applied in the preparation of the consolidated financial statements are consistent with prior year. There are no new accounting standards or interpretations during the year that have impacted on the preparation of the financial statements.

2.4. STANDARDS ISSUED BUT NOT YET ADOPTED

There are no new standards or amendments to standards and interpretations that are effective for periods beginning on or after 1 July 2022 that will have a material impact on the consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise bank loans, convertible notes and overdrafts, cash, trade creditors and accruals and trade debtors. The main purpose of these financial instruments is to raise and provide working capital for the Group's operations.

This note explains the Group's exposure to financial risks and how these risks affect the Group's future financial performance.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents and trade receivables.	Aging analysis & credit ratings
Market risk - interest rate	Long term borrowing at variable rates	Sensitivity analysis
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecast

The Group's risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, funding risk, interest rate risk, credit risk and use of derivative financial instruments and non-derivative financial instruments.

3.1. CREDIT RISK MANAGEMENT

In the normal course of business the Group incurs credit risk from trade debtors and transactions with financial institutions. The Group has a credit policy that it uses to manage this risk. As part of this policy limits on exposures with counter-parties have been set and approved by the Board of Directors and are monitored on a regular basis.

The Group has no significant concentrations of credit risk. The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions and trade debtors dealt with. The Group normally gives 30 or 60 days credit on its trade receivables. At 30 June the Group's credit risk exposure is equal to the carrying value of its financial assets.

	2022 $000	2021 $000
Trade and other receivables		
Trade receivables	56,831	47,418
Credit loss provision	(1,402)	(1,152)
Total trade receivables	**55,429**	**46,266**
Accrued revenue	3,530	1,476
Sundry receivables	317	497
Advances to associates	-	218
Cash and short term bank deposits		
Bank with AA- credit rating	14,940	13,214

a. Impaired trade receivables

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2022 $000	2021 $000
At 1 July	1,152	2,952
Provision for impairment recognised during the year	308	193
Provision for credit notes to revenue	265	(1,770)
Transfer to Asset held for Sale	(20)	-
Receivables written off during the year as uncollectible	(303)	(223)
At 30 June	**1,402**	**1,152**

The table below sets out information about the credit quality of trade receivables net of the expected credit loss provision:

	Current $000	1 -29 days overdue $000	30 - 59 days overdue $000	60+ days overdue $000	Total $000
30 June 2021					
Gross carrying amount	**41,753**	**3,410**	**1,095**	**1,160**	**47,418**
Baseline	125	66	126	835	1,152
Specific	-	-	-	-	-
Total expected credit loss rate	0.3%	1.9%	11.5%	72.0%	
Credit loss provision	**125**	**66**	**126**	**835**	**1,152**
30 June 2022					
Gross carrying amount	**48,635**	**5,426**	**1,726**	**1,044**	**56,831**
Baseline	105	128	170	734	1,137
Specific	-	-	120	145	265
Total expected credit loss rate	0.2%	2.4%	16.8%	84.2%	
Credit loss provision	**105**	**128**	**290**	**879**	**1,402**

3.1. CREDIT RISK MANAGEMENT (CONTINUED)

Critical estimates and judgements

a. Credit loss provision
To measure expected credit losses, trade receivables have been grouped and reviewed on the basis of the number of days past due. The credit loss provision has been calculated by considering the impact of the following characteristics:

- The baseline loss rate takes into account the average write-off history of the Group over a two-year period as a predictor of future conditions and applies an increasing expected credit loss estimate by trade receivables aging profile.
- Specific credit loss provisions are made based on any specific customer collection issues that are identified. Collections and payments from our customers are continuously monitored and a credit loss provision is maintained to cover any specific customer credit losses anticipated.

The Group has performed an assessment of credit risk on its customer base taking into consideration the factors below:

- profile of the customer, i.e. corporate or individual customers
- region the customer is based in
- industry the customer operates within
- size and nature of the customer
- and, the Group's understanding of and experience with the customer

As a result of this assessment, the Group has assessed its baseline provision to $1,402,000 (2021: $1,152,,000), to reflect the estimated financial impact of its assessment of the credit risk.

3.2. INTEREST RATE RISK

The Group's main interest rate risk arises from long term borrowing with variable rates which exposes the Group to cash flow interest rate risk. The Group adopts a policy of ensuring that some of its exposure to changes in interest rates on borrowings is on a fixed rate basis by entering into interest rate swaps.

The table below summarises the Group's current interest rate swaps:

Date effective	Face value	Maturity date	Interest rate paid
8 July 2019	20,000,000	8 July 2024	1.625% pa

The Group does not hedge account so all market adjustments are recognised in the Statement of Profit or Loss & Other Comprehensive Income.

Sensitivity analysis
The effect of a 1% increase or decrease in the floating interest rates for the Group would be a decrease/increase in profit and equity of $80,000 (2021: $575,000).

3.3. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding through having flexible funding lines available to them. Management monitors rolling forecasts of the Group's liquidity reserve, which comprises its undrawn borrowing facility and cash and cash equivalents (note 12.1) on the basis of expected cash flows.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2022 $000	2021 $000
Expiring within one year (bank overdraft)	5,000	2,000
Expiring beyond one year (flexible credit facility)	15,000	-
Total	**20,000**	**2,000**

3.3. LIQUIDITY RISK (CONTINUED)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances or the impact of discounting is not significant.

	Less than 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	Beyond 5 years $000	Total contractual cash flows $000	Carrying amount (assets)/ liabilities $000
2021						
Borrowings	69,717	966	2,059	–	72,742	70,163
Convertible note	410	410	1,162	–	1,982	7,395
Lease liabilities	34,509	31,480	64,403	80,748	211,140	171,528
Trade and other payables	31,840	–	–	–	31,840	31,840
Employee entitlements	12,524	–	–	–	12,524	12,524
Total	**149,000**	**32,856**	**67,624**	**80,748**	**330,228**	**293,450**
2022						
Borrowings	6,417	6,163	19,061	–	31,641	28,037
Convertible note	410	410	752	–	1,572	7,792
Lease liabilities	32,685	28,104	57,125	80,058	197,972	159,731
Trade and other payables	38,092	–	–	–	38,092	38,092
Employee entitlements	10,476	–	–	–	10,476	10,476
Total	**88,080**	**34,677**	**76,938**	**80,058**	**279,753**	**244,128**

The Group provides guarantees, these are detailed in note 17.

3.4. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio and bank covenant compliance. The Group's gearing ratio at 30 June is as follows:

	2022 $000	2021 $000
Bank borrowings	28,037	70,163
Convertible note	7,792	7,395
Less: cash and cash equivalents	(14,940)	(13,214)
Net debt (excluding lease liabilities)	**20,889**	**64,344**
Equity	**72,993**	**37,967**
Gearing ratio	**22.3%**	**62.9%**

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Other critical accounting estimates will be disclosed in the relevant notes.

a. Estimated impairment of goodwill
The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 13.3 for further details.

b. Valuation of convertible note
In May 2021 the Group issued convertible notes of $8.2m which included an embedded derivative component. The fair value of this derivative is considered an estimate in the financial statements (refer note 12.7).

c. Held for sale
In May 2022 the Group announced its intention to undertake a formal sales process to dispose of a subsidiary company. Judgements have been made to determine that the conditions of a held for sale asset and discontinued operation have been met. Disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell, these calculations require the use of accounting estimates (refer note 21).

5. RECONCILIATION TO GAAP MEASURE

The Group results are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("GAAP") and comply with both International Financial Reporting Standards ("IFRS") and the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

These financial statements include non-GAAP financial measures that are not prepared in accordance with IFRS. The non-GAAP financial measures used in this presentation are as follows:

- Adjusted EBITDA (a non-GAAP measure) represents profit or loss before income taxes from continuing operations (a GAAP measure), excluding interest income, interest expense, depreciation and amortisation, share of loss of associates, restructuring costs, impairment of investment in associates, asset impairment and acquisition related costs (non operating expenses) as reported in the financial statements.
- Adjusted EBIT (a non-GAAP measure) represents profit or loss before income taxes from continuing operations (a GAAP measure), excluding interest income, interest expense, share of loss of associates, restructuring costs, impairment of investment in associates, asset impairment and acquisition related costs (non operating expenses) as reported in the financial statements.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group as they are used internally to evaluate the performance of business units and to establish operational goals. They should not be viewed in isolation, nor considered as a subsitute for measures reported in accordance with IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

5. RECONCILIATION TO GAAP MEASURE (CONTINUED)

The following is a reconciliation between these non-GAAP measures and net profit after tax:

Reconciliation to GAAP measure	12 months to June 2022 $000	12 months to June 2021 $000
Loss Before Income Tax from continuing operations (GAAP Measure)	(2,423)	(1,579)
Add back:		
Share of loss of associates	103	149
Finance costs	11,049	11,100
Impairment of investment in associates	61	95
Other non operating expenses		
- Goodwill impairment	555	-
- Asset impairment	1,064	1,133
- Restructuring Costs	1,630	-
- Acquisition related costs	138	318
Depreciation & amortisation	42,155	43,265
Adjusted EBITDA (non-GAAP measure)	54,332	54,481

Reconciliation to GAAP measure	12 months to June 2022 $000	12 months to June 2021 $000
Loss Before Income Tax from continuing operations (GAAP Measure)	(2,423)	(1,579)
Add back:		
Share of loss of associates	103	149
Finance costs (net)	11,049	11,100
Impairment of investment in associates	61	95
Other non operating expenses		
- Goodwill impairment	555	-
- Asset impairment	1,064	1,133
- Restructuring Costs	1,630	-
- Acquisition related costs	138	318
Adjusted EBIT (non-GAAP measure)	12,177	11,216

6. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments.

During the reportable period there was a change in the Chief Operating Decision Maker (CODM) assessed now as the Executive Director. Following this, there has been a change to the operating structure of the Group and as such the reportable operating segments have been revised to align with the new structure.

The Group has made the decision that the thirteen operating segments that form part of the reporting to the Executive Director can be aggregated into five reporting segments. Reportable segments have been determined by having regard to the nature of the services, the processes the various business units undertake to service customers, the allocation of capital, the type of customers serviced, and the nature of the distribution channels.

In addition to GAAP measures, the Executive Director also uses non-GAAP measures (EBITDA and EBIT) to assess the commercial performance of the segments. The revised reportable operating segments have been determined as:

INTERNATIONAL
This segment includes international freight forwarding and shipping agency services across a broad range of industries.

SPECIALIST
This segment provides transport and lifting solutions for oversized and large items.

As a result of the Groups' strategic review the Group is undertaking a formal sales process of the company that comprises the Specialist segment and as such this company has been classified as held for sale and treated as a discontinued operation as at 30 June 2022. Further information on this held for sale item is outlined in note 21.

FREIGHT
This segment provides nationwide general freight transport services with regional strength. It is able to transport a wide range of freight types.

CONTRACT LOGISTICS
This segment specialises in contracted solutions providing services for customers including warehouse and supply chain capability and delivery of bulk liquids.

CORPORATE
This segment includes our corporate services function.

Comparative information has been re-presented from that presented in the 30 June 2021 Financial Statements. This is to provide comparative information aligned with the newly determined reporting segments.

6. SEGMENT INFORMATION (CONTINUED)

The segment information for the year ended 30 June is as follows:

	International	Specialist	Freighting	Contract Logistics	Corporate	Total	Discontinued Operation	Total Continuing Operations
	$000	$000	$000	$000	$000	$000	$000	$000
Year ended 30 June 2021								
Total segment revenue	8,242	24,301	181,219	156,754	-	370,516	(24,301)	346,215
Inter-segment revenue	(9)	(182)	(12,226)	(4,851)	-	(17,268)	-	(17,268)
Revenue from external customers	**8,233**	**24,119**	**168,993**	**151,903**	**-**	**353,248**	**(24,301)**	**328,947**
EBITDA	2,075	6,833	17,618	38,426	(3,638)	61,314	(6,833)	54,481
Depreciation - tangible assets	146	2,070	5,890	4,173	302	12,581	(2,070)	10,511
Depreciation - ROU assets	232	971	10,428	19,679	161	31,471	(971)	30,500
Depreciation - intangible assets	1	56	12	1,840	401	2,310	(56)	2,254
EBIT	1,696	3,736	1,288	12,734	(4,502)	14,952	(3,736)	11,216
Assets	**11,471**	**27,419**	**136,775**	**149,369**	**12,858**	**337,892**	**-**	**337,892**
Liabilities	**7,137**	**7,141**	**100,391**	**109,552**	**75,704**	**299,925**	**-**	**299,925**
Capital expenditure including intangibles	**179**	**287**	**1,714**	**4,231**	**749**	**7,160**	**-**	**7,160**
Year ended 30 June 2022								
Total segment revenue	10,878	14,339	195,354	158,759	-	379,330	(14,339)	364,991
Inter-segment revenue	(16)	(111)	(14,489)	(4,593)	-	(19,209)	-	(19,209)
Revenue from external customers	**10,862**	**14,228**	**180,865**	**154,166**	**-**	**360,121**	**(14,339)**	**345,782**
EBITDA	3,852	1,861	18,502	34,981	(3,003)	56,193	(1,861)	54,332
Depreciation - tangible assets	138	1,639	5,072	3,908	291	11,048	(1,639)	9,409
Depreciation - ROU assets	217	811	10,574	19,351	161	31,114	(811)	30,303
Depreciation - intangible assets	1	62	6	1,850	586	2,505	(62)	2,443
EBIT	3,496	(651)	2,850	9,872	(4,041)	11,526	651	12,177
Assets	**20,460**	**25,263**	**130,567**	**141,331**	**9,496**	**327,117**	**(25,263)**	**301,854**
Liabilities	**13,704**	**6,149**	**95,880**	**102,795**	**35,596**	**254,124**	**(6,149)**	**247,975**
Capital expenditure including intangibles	**1,036**	**91**	**1,432**	**2,881**	**267**	**5,707**	**(91)**	**5,616**

Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Sales between segments are eliminated on consolidation. The amounts provided to the CODM with respect to segment revenue are measured in a manner consistent with that of the financial statements.

Revenues of approximately $47,100,000 (2021: $46,500,000) are derived from a single external customer which exceeds 10% or more of our entity's revenue. These revenues are attributed to the Contract Logistics segment.

7. REVENUE & OTHER SOURCES OF INCOME

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of GST, rebates and after eliminating sales within the Group.

a. Sale of services
Freight Services
The Group performs transportation services. Revenue is recognised over the time of delivery, being from the time of acceptance of the goods to delivery to the final destination.

Warehousing Services
The logistics function provides warehousing and storage services. Revenue from providing these services is recognised in the accounting period in which the services are rendered. Some contracts include multiple deliverables. However, these are easily identifiable and are accounted for as separate performance obligations.

Trading Services
The Group performs freight forwarding and shipping agency services. Revenue is recognised over the time of delivery, being from the time of acceptance of the job to completion of the shipment. Revenue is recognised on a net basis after disbursements as the Group are acting as an agent for the customer.

For fixed priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is because the customer receives and uses the benefits of the service simultaneously.

Customers are invoiced on a daily, weekly or monthly basis and consideration is payable when invoiced. There are no significant financing arrangements for any of the Group's revenue streams. The Group does not offer any refunds or warranties.

The Group derives the following types of revenue:

	2022 $000	2021 $000
Freight	282,054	271,382
Warehousing	51,116	47,911
Trading	12,612	9,654
Total Revenue	**345,782**	**328,947**

Timing of revenue recognition	June 2022 $000	June 2021 $000
Over time	345,782	328,947
At a point in time	-	-
Total Revenue	**345,782**	**328,947**

b. Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

c. Dividend income
Dividend income is recognised when the right to receive payment is established.

d. Lease income
Lease income from operating leases where the Group is a lessor is recognised as rental income on a straight-line basis over the lease term.

e. Financing component
The Group does not expect to have any contracts where the period between the transfer of the promised service to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

f. Contract liability
The Group recognises a contract liability (deferred revenue) when the Group has recognised consideration for performance obligations yet to be fulfilled. The opening balance has been recognised in revenue in the current year. In the current year, there was $504,000 of revenue recognised relating to contract liabilities at the prior year end. The average timing of satisfaction of performance obligation in relation to the payment of the contract liability is between 1 and 5 days. Management expects that 100% of the revenue (transaction price) allocated to unsatisfied performance obligations as of 30 June 2022 will be recognised as revenue during the next reporting period ($521,000).

7. REVENUE & OTHER SOURCES OF INCOME (CONTINUED)

g. Government grants
Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with the attached conditions.

COVID-19 wage subsidy grants of $192,000 (2021: $267,000) and a grant from Waka Kotahi to support a co-funded coastal shipping initiative $750,000 (2021: $0) are both included in the 'other income' line item. There are no unfulfilled conditions or other contingencies attached to these grants. Government grants relating to income are deferred and recognised in profit or loss over the period necessary to match them with the conditions that they are intended to compensate.

8. OPERATING EXPENSES BY NATURE

	2022 $000	2021 $000
Transport costs [1]	146,052	128,065
Employee costs (note 8.1)	116,577	120,348
Property lease expenses	614	563
Operating lease expenses	3,652	2,834
Trading and warehousing expenses	6,264	5,018
Communications	5,458	5,762
Occupancy costs	7,180	6,444
Travel and accommodation	2,723	3,307
Bad debts	418	159
Foreign exchange (gain)/loss	(231)	24
Remuneration paid to principal auditors (PwC)		
Assurance services		
Audit and review of financial statements, including associated disbursements	310	325
Non-assurance services		
Other advisory services related to:		
-Taxation services	-	38
-ASX Compliance Listing	41	-
Donations	20	15
Directors fees	471	430
Depreciation and amortisation	42,155	43,265
Impairment of investment in associates	61	95
Non operating expenses (refer note 5)	3,387	1,413[2]
Share based payments	6	57
Other expenses	5,215	4,438
Total operating expenses	**340,373**	**322,600**

[1] Includes costs relating to transportation including road user charges (RUC), fuel, tyres, repairs and maintenance, owner driver and subcontractor costs.

[2] Non operating expenses for 2021 are shown net of PwC non assurance services of $38,000 in this note as required by NZ IFRS. Total non operating expenses including this amount for 2021 are $1,451,000(refer note 5).

8.1. EMPLOYEE COSTS

a. Superannuation benefits
The Group operates a defined contribution superannuation scheme. The scheme is funded through employee and Group contributions to a trustee-administered fund. The Group has no further payment obligations once contributions have been paid. Contributions are recognised as an employee benefits expense when they are due.

MOVe Freight Limited has a historic defined contribution company superannuation scheme that has been operating for a number of years. The Company has contribution rates from 4% - 6%.

Members contribute a minimum of 4% of their salary/wage and can go as high as 15%. The Company contributions are vested to the member at the rate of 20% per year of service with the Company i.e. 100% after five years of service.

b. Other employee benefits
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave are expected to be settled within 12 months. They are measured at the amounts expected to be paid when the liabilities are settled.

c. Long service leave
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

d. Profit-sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

	2022 $000	2021 $000
Wages, salaries & leave costs	110,502	113,410
Superannuation fund contributions	2,800	2,830
Other employee related costs	3,275	4,108
Total	**116,577**	**120,348**

9. INCOME TAX EXPENSE

The tax expense for the year comprised current and deferred tax. Tax is recognised in the profit or loss component of the Statement of Profit or Loss & Other Comprehensive Income except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity respectively.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

	2022 $000	2021 $000
Current tax on loss for the year	(968)	(1,463)
Adjustments in respect to prior years	11	(26)
Deferred tax	1,061	762
	104	**(727)**
Income tax expense/(credit) is attributable to:		
(Loss)/Profit for the year from continuing operations	(116)	283
(Loss)/Profit for the year from discontinued operations	220	(1,010)
	104	**(727)**

The prima facie income tax expense on pre-tax accounting profit from continuing operations reconciles to the income tax expense in the financial statements as follows:

	2022 $000	2021 $000
Loss from continuing operations before tax	(2,423)	(1,579)
(Loss)/Profit from discontinued operations before tax	(785)	3,611
	(3,208)	**2,032**
Add back:		
Impairment of investment in associates	61	95
Share of loss of associates	103	149
	(3,044)	**2,276**
Prima facie tax receivable/(payable) at 28%	852	(637)
Tax effects of:		
Expenses not deductible	(540)	(64)
Effect of tax rates in foreign juristrictions	37	-
Tax losses utilised in prior year	(256)	-
Prior year adjustment	11	(26)
Income tax expense/(credit)	**104**	**(727)**

Imputation credits

	2022 $000	2021 $000
Imputation credits available for use in subsequent periods	3,194	2,766

10. DIVIDENDS PAID AND PROPOSED

Dividends to the company shareholders are recognised in the Group's financial statements in the period in which the dividends are declared. Intercompany dividends are eliminated on consolidation.

No dividends have been declared by the company or recognised in the current year (2021: nil).

11. EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is computed based on the weighted average number of ordinary shares outstanding during the period. Diluted EPS is computed based on the weighted average number of ordinary shares plus the effect of dilutive potential ordinary shares outstanding during the period. At balance date, the effects of the potential ordinary shares were antidilutive. The potential ordinary shares include the convertible note and share options.

	12 months to 30 June 2022	**12 months to 30 June 2021**
	$000	**$000**
Loss attributable to the owners for the year from continuing operations	(3,643)	(1,731)
(Loss)/Profit attributable to the owners for the year from discontinued operations	(565)	2,600
	(4,208)	**869**
Weighted average number of shares	106,048,755	87,684,882
	Cents	**Cents**
Basic & diluted earnings per share from continuing operations	(3.44)	(1.97)
Basic earnings per share from discontinued operations	(0.53)	2.96
	(3.97)	**0.99**

12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets are held. Management determines the classification of its financial assets at initial recognition.

Financial assets are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets comprise 'Trade and other receivables', 'Cash and cash equivalents' and 'Advances to associates' in the Balance Sheet. Financial assets that are stated at amortised cost are reviewed individually at balance date to determine whether there is objective evidence of impairment. Any impairment losses are recognised in the consolidated Statement of Profit or Loss and other comprehensive income.

This note provides information about the Group's financial instruments, including:

- An overview of all financial instruments held by the Group
- Specific information about each type of financial instrument
- Information about determining the fair value of the instruments, including judgements and estimations of uncertainty involved.

The Group holds the following financial instruments:

Financial Assets	Notes	AMORTISED COST 2022 $000	AMORTISED COST 2021 $000
Cash and cash equivalents	12.1	14,940	13,214
Trade and other receivables[1]	12.2	59,276	48,239
Advances to associates	12.3	–	218
Total		**74,216**	**61,671**

[1] excluding non financial assets

Financial Liabilities	Notes	FINANCIAL LIABILITIES AT AMORTISED COST 2022 $000	FINANCIAL LIABILITIES AT AMORTISED COST 2021 $000
Trade Payables[1]	12.4	36,592	30,425
Employee entitlements	12.5	10,476	12,524
Borrowings	12.6	28,037	70,163
Convertible note	12.7	8,641	8,229
Total		**83,746**	**121,341**

[1] excluding non-financial liabilities

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above, other than for trade and other receivables where the maximum credit risk is the balance before impairment, being $60,678,000 (2021: $49,391,000).

12.1. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	2022 $000	2021 $000
Cash	14,940	13,214
Bank overdrafts (undrawn, refer note 3.3)	-	-
Total	**14,940**	**13,214**

12.2. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for expected credit loss.

The Group assesses on a forward looking basis the expected credit losses associated with trade receivables carried at amortised cost. The Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment of trade receivables is recognised in profit or loss.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable has been impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

	2022 $000	2021 $000
Trade receivables	56,829	47,290
Trade receivables related parties	2	128
Less expected credit loss (refer note 3.1(a))	(1,402)	(1,152)
Net trade receivables	**55,429**	**46,266**
Accrued revenue	3,530	1,476
Sundry receivables	317	497
Financial assets at amortised cost	**59,276**	**48,239**
Prepayments	1,018	1,515
Total trade and other receivables	**60,294**	**49,754**

Trade receivables are generally due for settlement within 30 to 90 days.

12.3. ADVANCES TO ASSOCIATES

	2022 $000	2021 $000
UNITE Logistics Limited[1]	-	218
Total	**-**	**218**

[1] During the year the group sold its investment in UNITE Logistics refer note 16.2.

12.4. TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2022 $000	2021 $000
Trade payables	17,583	19,945
Trade payables related parties	74	164
GST payable	1,500	1,415
Lease incentive	12	461
Accrued expenses	18,923	9,855
Total	**38,092**	**31,840**

Trade payables are unsecured and are usually paid within 30 to 60 days of recognition.

12.5 EMPLOYEE ENTITLEMENTS

	2022 $000	2021 $000
Leave provision	7,731	8,587
Salary and wage accruals	2,745	3,937
Total	**10,476**	**12,524**

12.6. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed as incurred, unless they relate to the acquisition, construction or production of a qualifying asset in which case the borrowing costs are capitalised.

The ANZ Bank Limited (ANZ) facilities include a $15m flexible credit facility (undrawn at 30 June 2022), an overdraft facility of $5m, a term loan of $28.1m and bank guarantee's totalling $9.7m (refer note 17).

	2022 $000	2021 $000
Non-Current		
Secured loan ANZ	24,324	-
Secured loan Mainland Capital / De Lage Landen	-	5
Secured loan Toyota Finance	-	2,806
	24,324	**2,811**
Current		
Secured loan ASB	-	66,488
Secured loan ANZ	3,708	-
Secured loan Mainland Capital / De Lage Landen	5	59
Secured loan Toyota Finance	-	805
	3,713	**67,352**
Total secured borrowings	**28,037**	**70,163**

12.6. BORROWINGS (CONTINUED)

On 26 July 2021, as a result of the 30 June 2021 expiry of its current facility with the ASB the Group renegotiated new facilities with ANZ Bank Limited (ANZ) and UDC Finance Limited (UDC). These facilities included:

- ANZ - $27.5m 3 year term loan facility
- ANZ - $5m overdraft facility
- ANZ - $10.8m bank guarantees
- UDC - $37.5m 5 year asset based loan

On 26 September 2021 the Group agreed an amendment with ANZ and UDC to reset its financial covenants due to the impact of the August 2021 COVID-19 lockdown. This amendment showed the continued support of the Group's banking partners, ANZ and UDC.

In November 2021 following the capital raise (refer note 14) the Group reduced its debt facilities by $20m, comprising full repayment of the Toyota Finance loan totaling $3.4m and repayment of $16.6m against the UDC Loan. In December 2021 the Group voluntarily repaid an additional $10m of debt against its UDC facility.

The covenants for these arrangements including those reset are as follows:

- Leverage Ratio of <3.00x
- Interest Cover Ratio of >1.00x for periods to 31 March 2022; increasing to >1.50x for 30 June 2022 and >2.50x thereafter
- Net capital expenditure not exceeding 110% of budgeted capital expenditure
- Operating lease commitments in relation to fleet and equipment are capped at $50m
- Guarantor coverage Assets / EBITDA of >85%

The Group fully complied with the above reset facility covenants.

On 8 March 2022 the Group renegotiated and consolidated its funding facilities to one funder, ANZ, repaying the UDC Loan in full. This amendment indicates the continued support of the Group's banking partner ANZ.

The ANZ covenants post debt reorganisation in March 2022 are as follows:

- Leverage Ratio of <2.5x
- Fixed Charge Cover Ratio of >1.25x
- Net capital expenditure not exceeding 110% of budgeted capital expenditure
- Guarantor coverage Assets of >85%
- Guarantor coverage EBITDA of >85% from Sept 2022 onwards

The Group has fully complied with the ANZ facility covenants to 30 June 2022.

Based on forward looking forecasts and the financial covenants agreed with the ANZ the Group is expected to comply with the financial covenants for at least 12 months from the date of signing the financial statements. Accordingly, the consolidated financial statements are prepared on a going concern basis.

12.7 CONVERTIBLE NOTE

Convertible notes are comprised of two elements: a debt note liability component and an embedded derivative component. At the inception, the fair value of the host liability portion of the convertible notes is determined as being the difference between the proceeds and the fair value of any identifiable derivative contained within the note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes.

The fair value of the embedded derivative component is calculated through a valuation model using a variety of assumptions, with the residual value assigned to the debt host components. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results for which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. No gain or loss on fair value changes is recognised on inception. Valuation of the embedded derivative is calculated at each year end, with any gain or loss recognised in the consolidated Statement of Profit or Loss and Other Comprehensive income.

The debt liability component is subsequently carried at amortised cost.

Embedded derivatives

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at each reporting date.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host (e.g. convertible notes). Derivatives embedded in hybrid contracts that are financial liabilities are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to the host contract and the host contract is not measured at fair value through profit or loss.

As at 30 June 2022 the group has $8.2m (2021: $8.2m) of mandatory convertible notes. Each note has a principal amount of $50k with a maturity date of 30 April 2026. Note holders may elect to convert their notes prior to maturity however this cannot occur before 1 May 2023. Upon maturity all outstanding notes will be converted to shares at a variable rate based on a 10% discount to the market price.

Interest of 5% per annum is paid quarterly on the convertible notes.

The conversion option of the convertible note represents an embedded derivative which is separated from the debt host contract on initial recognition and measured through the profit and loss. The debt component is held at amortised cost and on initial recognition is offset by the fair value of the conversion element, this is incorporated in the effective interest which is recognised over the term to optimal conversion date.

The movement in the carrying value of the convertible notes liability is as follows:

	2022 $000	2021 $000
As at 1 July	7,395	-
Proceeds of issue of convertible note	-	8,200
Capitalised interest costs using the effective interest method	-	(832)
Amortisation of embedded derivative liability at date of issue	397	27
As at 30 June	**7,792**	**7,395**

The movement in the carrying value of the convertible note derivative liability is as follows:

	2022 $000	2021 $000
As at 1 July	834	-
Fair value of embedded derivative liability at date of issue	-	832
Fair value movement	15	2
As at 30 June	**849**	**834**

12.8 RECOGNISED FAIR VALUE MEASUREMENTS

Fair value reflects the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments are classified at either amortised cost or fair value through profit or loss.

Financial instruments which are measured subsequent to initial recognition at fair value are classified under the three-level hierarchy based on the level that the fair value is observable:

- Level 1: based on quoted prices in an active market for identical assets and liabilities
- Level 2: based on inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: based on valuation techniques that include inputs which are not observable

The following tables provide the fair value measurement hierarch of the Group's liabilities:

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
At 30 June 2021				
Convertible notes - derivative	-	-	834	834
At 30 June 2022				
Convertible notes - derivative	-	-	849	849

For financial assets and liabilities measured at fair value at the end of the reporting period, limited to the derivative components of the convertible notes, the following table gives information about how the fair value was determined:

Financial asset and liability	Valuation technique and key inputs	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Convertible notes - derivative	Valuation model based on market price, optimal conversion date and discount rate	The significant unobservable inputs are the current share price, expected conversion date and discount rate applied. The volume weighted average market price was valued at $1.11 as at 30 June 2021. The optimal conversion date used was 30 June 2023. (2021: 30 June 2023) This discount rate applied at 30 June 2022 was 7.35%. (2021:4.5%)	The higher the volume weighted average market price the more valuable the options become. The convertible notes convert based on a fixed discount on the share price at conversion. An increase in the market share price of plus or minus 10% would not have a notable impact on the contract due to the options converting at a fixed discount on market price.

13. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

- Property, plant and equipment (note 13.1)
- ROU assets and lease liabilities (note 13.2)
- Intangible assets (note 13.3)
- Deferred tax balances (note 13.4)
- Provisions for other liabilities and charges (note 13.5)

Impairment of non-financial assets
Goodwill, indefinite-life intangible assets and intangible assets that are not yet ready for use are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

13.1. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on assets is calculated using the diminishing value (DV) or straight-line (SL) method.

	Years	Depreciation rate	Method
Plant and equipment - leasehold improvements	1 - 16	2.5% - 50%	SL/DV
Motor vehicles - trucks	0.5 - 14	-	SL
Motor vehicles - trailers	0.5 - 18	-	SL
Plant and equipment	1 - 30	7.5% - 67%	SL/DV
Motor vehicles - other	1 - 25	13% - 30%	SL/DV
Office equipment	1.5 - 14	8% - 67%	SL/DV
Furniture and fittings	0.5 - 14	4% - 67%	SL/DV
Leased assets	1 - 14	-	SL
Land and buildings		0% - 30%	DV

The assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Gains on disposal of assets' in the Statement of Profit or Loss & Other Comprehensive Income.

13.1. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings $000	Motor vehicles $000	Office equipment and F&F $000	Plant and equipment $000	Work in progress $000	Total $000
At 1 July 2020						
Cost	580	163,383	4,918	22,879	2,373	194,133
Accumulated depreciation	(269)	(84,690)	(3,393)	(11,552)	-	(99,904)
Net book amount	**311**	**78,693**	**1,525**	**11,327**	**2,373**	**94,229**
Year ended 30 June 2021						
Additions	-	2,822	509	1,546	1,907	6,784
Acquisition of subsidiaries	-	203	-	-	-	203
Disposals	-	(781)	-	(24)	(45)	(850)
Transfers	-	2,218	63	1,634	(3,915)	-
Depreciation charge	(8)	(9,830)	(564)	(2,179)	-	(12,581)
Closing net book amount	**303**	**73,325**	**1,533**	**12,304**	**320**	**87,785**
At 1 July 2021						
Cost	580	155,944	5,491	25,788	320	188,123
Accumulated depreciation	(277)	(82,619)	(3,958)	(13,484)	-	(100,338)
Net book amount	**303**	**73,325**	**1,533**	**12,304**	**320**	**87,785**
Year ended 30 June 2022						
Additions	-	1,215	242	1,588	2,474	5,519
Disposals	(18)	(4,034)	(40)	(223)	-	(4,315)
Transfers	-	303	(24)	213	(492)	-
Depreciation charge	(6)	(8,377)	(488)	(2,177)	-	(11,048)
Impairment	-	-	-	-	(932)	(932)
Transfers to assets classified as held for sale	-	(16,308)	(13)	(2,868)	(59)	(19,248)
Closing net book amount	**279**	**46,124**	**1,210**	**8,837**	**1,311**	**57,761**
At 30 June 2022						
Cost	556	134,679	5,561	26,977	1,370	169,143
Accumulated depreciation	(277)	(72,247)	(4,338)	(15,272)	-	(92,134)
Transfers to assets classified as held for sale	-	(16,308)	(13)	(2,868)	(59)	(19,248)
Closing net book amount	**279**	**46,124**	**1,210**	**8,837**	**1,311**	**57,761**

13.2. ROU ASSETS AND LEASE LIABILITIES

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable and
- variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Right of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any lease incentives received or restoration costs estimated. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application. These assets are subsequently depreciated using the straight-line method.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 4.63% (2021: 4.49%).

The Group uses a build up approach that starts with a risk free interest rate adjusted to reflect changes in credit risk for leases held by the Group and then makes specific adjustments for lease terms.

During the year, the Group applied the following practical expedients:

- the accounting for operating leases with a remaining lease term of less than 12 months as short-term leases
- the use of historical experience in determining the lease term where the contract contains options to extend or terminate the lease
- recognising rental concessions obtained as a direct result of the COVID-19 pandemic as a reduction to rental expenses in the Statement of Profit or Loss and Other Comprehensive Income

The recognised right of use assets relate to the following types of assets:

Right of use assets	2022 $000	2021 $000
Opening net book value 1 July	164,826	170,029
Recognised on transition	-	-
Additions	6,468	25,723
Disposals	(4,523)	(2,015)
Modifications to leases	17,457	2,560
Transfers to assets classified as held for sale	(2,733)	-
Depreciation for the period		
- Property	(20,842)	(20,510)
- Motor vehicles	(9,643)	(10,239)
- Other	(629)	(722)
Closing net book value 30 June	**150,381**	**164,826**
Cost	238,007	222,665
Accumulated depreciation	(84,893)	(57,839)
Transfers to assets classified as held for sale	(2,733)	-
Net book value 30 June	**150,381**	**164,826**

13.2. ROU ASSETS AND LEASE LIABILITIES (CONTINUED)

Right of use assets	2022 $000	2021 $000
At 30 June		
Property	121,820	129,641
Motor vehicles	26,460	32,899
Other	2,101	2,286
Total right of use assets	**150,381**	**164,826**

Lease liabilities	$000
Opening lease liabilities at 1 July 21	**171,528**
Additions	6,834
Interest for the period	8,081
Lease payments made	(36,311)
Disposals	(4,412)
Modifications	16,772
Transfers to liabilities classified as held for sale	(2,761)
Lease liabilities at 30 June 2022	**159,731**

Lease liabilities maturity analysis	Minimum lease payment $000	Interest $000	Present value $000
Within one year	32,685	(6,927)	25,758
One to five years	85,229	(19,150)	66,079
Beyond five years	80,058	(12,164)	67,894
Total	**197,972**	**(38,241)**	**159,731**
Current lease liabilities	32,685	(6,927)	25,758
Non-current lease liabilities	165,287	(31,314)	133,973
Total	**197,972**	**(38,241)**	**159,731**

Lease liabilities	2022 $000	2021 $000
At 30 June		
Current lease liabilities	26,393	27,310
Non-current lease liabilities	133,338	144,218
Total	**159,731**	**171,528**

13.2. ROU ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease related expenses included in the Consolidated Statement of Profit & Loss & Other Comprehensive Income:

	2022 $000	2021 $000
For the year ended 30 June		
Depreciation	30,303	30,500
Short term lease	4,266	3,397
Interest on leases	7,948	7,921
Total	**42,517**	**41,818**

13.3. INTANGIBLE ASSETS

a. Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets' in the Balance Sheet. Goodwill on acquisitions of associates is included in 'Investments in associates' in the balance sheet and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is 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 business combination on which the goodwill arose.

b. Computer software and Software-as-a-service (SaaS) arrangements

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised, using the diminishing value method at a rate of 48% and recognised in the profit or loss. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

c. Customer contracts and lists

Acquired customer contracts and lists are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over the appropriate contract term. Amortisation expense is recognised in the profit or loss.

13.3. INTANGIBLE ASSETS (CONTINUED)

	Goodwill $000	Computer software $000	Work in progress $000	Customer lists $000	Total $000
At 1 July 2020					
Cost	15,020	3,777	2,170	10,132	31,099
Accum. amortisation and impairment	–	(2,183)	–	(5,095)	(7,278)
Net book amount	**15,020**	**1,594**	**2,170**	**5,037**	**23,821**
Year ended 30 June 2021					
Additions	–	62	314	–	376
Acquisition of subsidiaries	197	–	–	372	569
Transfers	–	1,063	(1,063)	–	–
Amortisation charge	–	(665)	–	(1,645)	(2,310)
Impairment	–	–	(1,283)	–	(1,283)
Closing net book amount	**15,217**	**2,054**	**138**	**3,764**	**21,173**
At 1 July 2021					
Cost	15,217	4,902	138	10,505	30,762
Accum. amortisation and impairment	–	(2,848)	–	(6,741)	(9,589)
Net book amount	**15,217**	**2,054**	**138**	**3,764**	**21,173**
Year ended 30 June 2022					
Additions	–	180	34	–	214
Disposals	–	(13)	–	–	(13)
Transfer to held for sale	–	–	–	(255)	(255)
Transfers	–	138	(138)	–	–
Amortisation charge	–	(854)	–	(1,652)	(2,506)
Impairment	(555)	–	–	–	(555)
Closing net book amount	**14,662**	**1,505**	**34**	**1,857**	**18,058**
At 30 June 2022					
Cost	15,217	5,198	34	10,505	30,954
Transfer to held for sale	–	–	–	(255)	(255)
Accum. amortisation and impairment	(555)	(3,693)	–	(8,393)	(12,641)
Closing net book amount	**14,662**	**1,505**	**34**	**1,857**	**18,058**

13.3. INTANGIBLE ASSETS (CONTINUED)

The Group has classified its goodwill into the following cash-generating units (CGUs):

	2022 $000	2021 $000
MOVE Freight Limited	1,027	1,027
Alpha Customs Limited	776	776
MOVE Logistics & Warehousing Limited	12,492	12,492
TNL International Limited	170	170
MOVE (McAuleys) Limited	–	555
TNL International Australia Pty Limited	197	197
Total	**14,662**	**15,217**

The Group tests goodwill for impairment using the higher of value in use calculations with cash flow projections based on a five-year period and the fair value less costs to sell. Management has prepared an upside, downside and base scenario for each CGU. Each of these include the Board approved cash flow projections with cashflows beyond this extrapolated using the assumptions as noted below. The final value in use calculations for each CGU apply an assessed probability weighting to the three scenarios.

As part of the impairment assessment , MOVE (McAuley's) Limited goodwill of $555,000 has been fully impaired as a result of a decrease in sales. The impairment charge is recognised in the non operating expenses in the statement if Profit or Loss and Other Comprehensive Income. No other class of assets have been impaired. Management has concluded that there are no other impairments for any other of the CGUs at 30 June 2022. The MOVE Logistics & Warehousing Limited and MOVE Freight Limited CGU's have significant goodwill balances at 30 June 2022.

The key assumptions for the value in use calculations of MOVE Logistics & Warehousing Limited and MOVE Freight Limited CGU's are summarised below:

	Discount rate post-tax	Discount rate pre-tax	Terminal growth rate	Revenue growth rate year 1*	Revenue growth rate year 2*	Revenue growth rate year 3 - 5*
30 June 2021						
MOVE Logistics & Warehousing Limited	9.5%	11.6%	2.0%	5.3%	2.8%	0.0% - 2.0%
MOVE Freight Limited	9.5%	12.0%	2.0%	2.7%	5.6%	0.0% - 5.6%
30 June 2022						
MOVE Logistics & Warehousing Limited	10.3%	13.8%	1.2%	2.9%	1.9%	0.0% - 1.0%
MOVE Freight Limited	10.3%	13.1%	1.2%	4.6%	3.0%	0.0% - 1.0%

*Probability weighted

The discount rate represents the current market assessment of the risks specific to the CGU considering the time value of money and individual risk of the underlying assets. The discount rate is calculated based on the specific circumstances of the CGU and its operations and is derived from its weighted average cost of capital (WACC). The Group engaged an independent third party to assess the post-tax weighted average cost of capital for each of the CGUs. These post-tax discount rates were applied to post-tax cash flows.

The long-term growth rate is based on growth projections, market conditions and opportunities for growth within the industry.

The net right of use assets and lease liabilities have been included in the carrying amount of net operating assets that have been tested for impairment for each of the CGUs.

Future revenue projections are based on assumed growth in sales revenue for both new and existing customers in both warehousing and freight divisons. Management have confidence in the strategy to achieve this given the opportunities both internally and the demand within the market.

Based on the probability weighted value in use calculations, the recoverable amounts of the CGUs exceed their carrying value at 30 June 2022 by the following amounts:

- MOVE Logistics & Warehousing Limited CGU: $30.2m
- MOVE Freight Limited CGU: $21.5m

In respect of the MOVE Logistics & Warehousing Limited and MOVE Freight Limited CGU's any reasonable possible change in the key assumptions used in the calculations would not cause the carrying values to exceed their recoverable amounts. Management has concluded that the goodwill balances at 30 June 2022 are not impaired (either using the probability weighted case or any of the individual scenarios), although they will continue to monitor the position closely for any evidence that the goodwill has become impaired.

13.4. DEFERRED INCOME TAX

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Temporary differences arise from the following:

Deferred tax asset/(liabilities)	Opening balance $000	Recognised in profit or loss $000	Acquisition of subsidiaries $000	Transfer of liabilities to held for sale $000	Deferred tax on disposal group $000	Closing balance $000
2021						
Property, plant and equipment	(7,661)	(347)	(104)	-	-	(8,112)
Right of use assets / lease liability	967	909	-	-	-	1,876
Provisions and accruals	3,098	200	-	-	-	3,298
Carry forward losses	256	-	-	-	-	256
Total deferred income tax	**(3,340)**	**762**	**(104)**	**-**	**-**	**(2,682)**
2022						
Property, plant and equipment	(8,112)	904	-	1,686	134	(5,388)
Right of use assets / lease liability	1,876	733	-	(8)	17	2,618
Provisions and accruals	3,298	(320)	-	(92)	33	2,919
Carry forward losses	256	(256)	-	-	-	-
Total deferred income tax	**(2,682)**	**1,061**	**-**	**1,586**	**184**	**149**

13.5. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligations at the end of the reporting period.

	Make good lease provision $000
At 1 July 2020	2,313
Additional provisions	298
Utilised / released to profit or loss	(156)
At 30 June 2021	**2,455**
At 1 July 2021	2,455
Additional provisions	61
Utilised / released to profit or loss	(230)
Transfers to liabilities classified as held for sale	(20)
At 30 June 2022	**2,266**

a. Information about individual provisions estimates

Make good lease provision
The Group is required to restore the leased premises of its depot and warehouses to their original condition at the end of the respective lease terms. A provision has been recognised for the estimated expenditure required.

14. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax from the proceeds.

	30 June 2022		30 June 2021	
	Shares	$000	Shares	$000
Issued & paid-up capital - ordinary shares				
Balance at the beginning of the period	87,684,882	37,054	87,684,882	37,054
Shares issued - LTI (refer note 20)	45,877	34	-	-
Shares issued - AREO [1]	28,654,370	38,100	-	-
Balance at the end of the period	**116,385,129**	**75,188**	**87,684,882**	**37,054**

[1] On 26 October 2021 the Board approved a capital raise of approximately $40m via a fully underwritten 1 for 3.06 Accelerated Renounceable Entitlement Offer (AREO). The issue was fully subscribed and shares totalling 28,654,370 were issued on 5 November 2022 and 18 November 2022. Funds raised from the shares issued were used to repay debt, improve balance sheet flexibility and fund its capital growth. The balance of share capital is net of directly attributable costs of $2 million.

15. CASH FLOW INFORMATION

15.1 CASH GENERATED FROM OPERATIONS

	2022 $000	2021* $000
Reported loss after tax	(2,539)	(1,296)
Non-cash items		
Gain on lease modification	(190)	(121)
Depreciation expense	39,649	41,010
Amortisation expense	2,506	2,255
Bad debts	203	159
Amortisation of bank fees	101	168
Non cash movements on convertible note	410	-
Impairment of investment in associates	61	95
Foreign exchange losses on operating activities	(231)	24
Non trading expenses	1,620	1,283
Share based payments	6	57
Cumulative translation adjustment	67	(9)
	41,663	**43,625**
Impact of changes in working capital		
Tax receivable / deferred tax	(388)	(2,787)
Trade and other receivables	(12,546)	(4,837)
Creditors and accruals/employee entitlements	6,151	1,272
Creditors relating to purchase of PPE	(403)	(547)
Inventories	(220)	(6)
	34,257	**36,720**
Items classified as investing or financing activities		
Profit on disposal of property, plant and equipment	(423)	(633)
Loss for associates	103	149
Net cash flow from operating activities	**33,937**	**36,236**

*Certain amounts have been restated to reflect adjustments relating to discontinued operations note 21.

15.2 NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 $000	2021 $000
Cash and cash equivalents	14,940	13,214
Lease liability - repayable within one year	(26,393)	(27,310)
Borrowings - repayable within one year (including overdraft)	(3,713)	(67,352)
Lease liability - repayable after one year	(133,338)	(144,218)
Borrowings - repayable after one year	(24,324)	(2,811)
Convertible note - repayable after one year	(7,792)	(7,395)
Net debt	**(180,620)**	**(235,872)**
Cash and liquid investments	14,940	13,214
Liability - incremental borrowing rate	(159,731)	(171,528)
Borrowings - fixed interest rates	(27,797)	(31,071)
Borrowings - variable interest rates	(8,032)	(46,487)
Net debt	**(180,620)**	**(235,872)**

	Liabilities from financing activities					
	Convertible note $000	Borrowings $000	Leases $000	Subtotal $000	Cash/bank overdraft $000	Total $000
Net debt as at 1 July 2020	**-**	**(86,263)**	**(173,482)**	**(259,745)**	**11,882**	**(247,863)**
Cash flows	(8,200)	16,242	36,145	44,187	1,332	45,519
Lease additions	-	-	(27,158)	(27,158)	-	(27,158)
Other non-cash movements	805	(142)	(7,033)	(6,370)	-	(6,370)
Net debt as at 30 June 2021	**(7,395)**	**(70,163)**	**(171,528)**	**(249,086)**	**13,214**	**(235,872)**
Cash flows	-	42,226	35,342	77,568	1,726	79,294
Lease additions	-	-	(6,834)	(6,834)	-	(6,834)
Other non-cash movement	(397)	(100)	(16,711)	(17,208)	-	(17,208)
Net debt as at 30 June 2022	**(7,792)**	**(28,037)**	**(159,731)**	**(195,560)**	**14,940**	**(180,620)**

16. INTEREST IN OTHER ENTITIES

16.1 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.1.

All subsidiaries results up to 30 June 2022 have been incorporated in the consolidated financial statements.

Subsidiary	Shareholding 30 June 2022	Shareholding 30 June 2021	Balance date	Country of Incoporation	Principal activity
MOVE Freight Limited	100%	100%	30 June	New Zealand	Transport operator
MOVE Fuel Limited	100%	100%	30 June	New Zealand	Transport operator
Alpha Custom Services Limited	60%	60%	30 June	New Zealand	International freight forwarder
Pacific Asset Leasing Limited	100%	100%	30 June	New Zealand	Asset leasing
MOVE International Limited	100%	100%	30 June	New Zealand	Shipping agent and logistics
MOVE (McAuleys) Limited	100%	100%	30 June	New Zealand	Transport operator
MOVE Logistics & Warehousing Limited	100%	100%	30 June	New Zealand	Warehousing and distribution
Southern Fleet Leasing Limited	100%	100%	30 June	New Zealand	Asset leasing
MOVE (NZL) Limited	100%	100%	30 June	New Zealand	Warehousing and distribution
TNL International Limited	50%	50%	30 June	New Zealand	International freight forwarder
Appian Transport Limited	100%	100%	30 June	New Zealand	Non trading
Global Logistics Group Limited	100%	100%	30 June	New Zealand	Non trading
MOVE Specialist Lifting and Transport Limited	100%	100%	30 June	New Zealand	Heavy Haulage
MOVE Investments Limited	100%	100%	30 June	New Zealand	Corporate services
Pacific Liquid Logistics Limited	100%	100%	30 June	New Zealand	Non trading
TNL International (Australia) Pty Limited	40%	40%	30 June	Australia	International freight forwarder

MOVE (ATL) Limited was amalgamated into MOVE Frieght Limited from 1 April 2022.

MOVE Specialist Lifting and Transport Limited is held for sale (refer note 21).

16.2 INTERESTS IN ASSOCIATES

Set out below are the associates of the Group as at 30 June 2022 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Investment in associates	
		2022	2021			2022 $000	2021 $000
UNITE Logistics Limited[1]	New Zealand	–	50%	Associate	Equity method	–	88
Emerald Truck Services Limited[2]	New Zealand	50%	50%	Associate	Equity method	271	329
Total						**271**	**417**

[1] UNITE Logistics Limited is a transport services provider for the Auckland and surrounding area's construction industry, specialising in crane transport. The balance date for this entity is March.

[2] Emerald Truck Services Limited is an automotive repair workshop based in Masterton specialising in trucks and trailers. This service is strategic to the Group given the material amount spent on repairs and maintenance. The balance date for this entity is June.

The Group's results of its principal associates, all of which are unlisted, and total assets (including goodwill) and liabilities, are as follows. The Group equity accounts for these associates based on management reporting for the year end to 30 June (the Group's balance date).

	UNITE Logistics Limited		Emerald Truck Services Limited	
	2022 $000	2021 $000	2022 $000	2021 $000
Summarised balance sheet				
Current assets	–	946	802	900
Non-current assets	–	1,643	520	441
Current liabilities	–	955	374	380
Non-current liabilities	–	1,694	219	143
Net assets	**–**	**(60)**	**729**	**818**
Summarised statement of comprehensive income				
Revenue	3,042	7,076	3,580	2,895
Profit after tax from continuing operations	(90)	(340)	(115)	31
Investment carrying amount reconciliation				
Opening balance	88	353	329	225
Consolidation of advance to associate	218	–	–	–
Disposal/Acquisition[1]	(200)	–	-	88
Impairment of investment	(61)	(95)	–	–
Earnings from associates	(45)	(170)	(58)	16
Closing balance	**–**	**88**	**271**	**329**

[1] On 30 November 2021 the group disposed on its investment in Unite Logistics Ltd for $200,000. Net of its advance to the associate the group recorded a loss on disposal of $61,000.

17. CONTINGENCIES

Bank Guarantee

The Group provides (via ANZ Bank) the below guarantees.

	2022 $000	2021 $000
Bank guarantees - property	5,140	6,187
Bank guarantees - fuel purchases	4,500	4,500
Bank guarantees - other	75	75
Total	**9,715**	**10,762**

18. CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	2022 $000	2021 $000
Trucks and trailers	1,841	359
Other assets	18	122
Total	**1,859**	**481**

19. RELATED-PARTY TRANSACTIONS

19.1 TRANSACTIONS WITH KEY MANAGEMENT

a. Key management compensation

Key management includes Directors, the CEO and his direct reports:

	2022 $000	2021 $000
Salaries, short term and post employee benefits	4,392	3,474
Directors fees	471	430

19.2 TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2022 $000	2021 $000
Sales and purchases of goods and services		
Sales of services to associates	296	814
Purchases of services from associates	942	1,986
Purchases from entities controlled by key management employees	165	140

	2022 $000	2021 $000
Outstanding balances arising from sales and purchases of services		
Trade receivables from associates	2	128
Trade payables to associates	22	164
Trade payables to entities controlled by key management employees	52	-

The Group determines the above balances are fully collectible.

	2022 $000	2021 $000
Advances to related parties		
UNITE Logistics Limited	-	217

20. SHARE BASED PAYMENTS

The group had a long term incentive plan for selected employees which has since been withdrawn by the Diretcors as per the discretion allowed for under the plan rules. No options were granted during the year ended 30 June 2022. There are some existing share options under the plan where the vesting of these is dependant on certain performance standards being met which expire 30 June 2023.

Share-based payment reserve
The reserve is used to record the accumulated value of the plan which has been recognised in the Statement of Profit or Loss & Other Comprehensive Income. The long-term incentive plan was an equity settled-share-based payment which provided eligible employees with the opportunity to acquire shares in the Group. The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. The fair value of the plan has been assessed by an independent valuer.

Amounts accumulated in the employee share scheme reserve are transferred to share capital on redemption of the redeemable shares or to retained earnings where they are forfeited. At the end of each reporting period the Group revises its estimate of the number of redeemable shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the employee share scheme reserve.

Existing options
The amount of options that will vest depends on MOVE Logistics Group total shareholder returns (TSR) during a three year vesting period greater than the 50th percentile of the NZX50 Group. The NZX50 Group compromises those companies on commencement date. Once the hurdle is exceeded, the Share Rights that become Eligible Share Rights increase on a straight-line basis from 50% being payable where the TSR is greater than the 50th percentile TSR of the NZX50 Group to 100% where the TSR is equal to or greater than the 75th percentile TSR of the NZX50 Group. Once vested, the options remain exercisable during the exercise period which will be advised on an eligibility notice.

Options have been granted under the plan for no consideration and carry no dividends or voting rights.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the New Zealand Stock Exchange for the prior 10 days up to and including the commencement date.

20. SHARE BASED PAYMENTS (CONTINUED)

Set out below are summaries of options granted under the plan:

	Average exercise price per share option	Number of options
As at 30 June 2020		
Granted during the year	-	920,966
Forfeited during the year	-	(39,180)
As at 30 June 2021	$0.90	**881,786**
Vested and exercisable at 30 June 2021	-	-
As at June 2021	$0.90	881,786
Granted during the year		-
Exercised during the year		(45,877)
Forfeited during the year		(661,273)
As at 30 June 2022	$0.70	**174,636**
Vested and exercisable at 30 June 2022	-	-

Share options outstanding at 30 June have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options 30 June 2022	Share options 30 June 2021
9 October 2020 (2019 LTI)[1]	30 June 2022	$1.33	-	284,615
9 October 2020 (2020 LTI)	30 June 2023	$0.70	174,636	597,171
Total			**174,636**	**881,786**
Weighted average remaining contractual life of options outstanding at end of period				1.0 years

1. Performance measure not achieved so options granted were forfeited

Total expenses arising from share-based payment transactions recognised during the period as part of the employee expenses were as follows:

	June 2022 $000	June 2021 $000
Share based employee expenses	6	57
	6	**57**

21. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

In May 2022, the Board approved and announced its intention to undertake a formal sales process to investigate the market interest in the sale/asset disposal of its subsidiary company MOVE Specialist Lifting & Transport Ltd which operates in the Specialist segment. The Specialist company has been classified as held for sale and is a discontinued operation under NZ IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Entities are required to measure non-current assets and liabilities that are held for sale at the lower of their carrying amount and fair value less costs to sell.

As at year end there has been no offer accepted for the sale of MOVE Specialist Lifting and Transport Ltd. The Group expects to dispose of this company within the next 12 months.

Results of discontinued operations	June 2022 $000	June 2021 $000
Revenue	14,339	24,301
Operating expenses	(12,479)	(17,467)
Depreciation & amortisation expenses	(2,512)	(3,097)
Net finance expense	(133)	(126)
Net (loss)/profit before tax	(785)	3,611
Income tax credit/ (expense)	220	(1,011)
Net (loss)/profit from discontinued operations after tax	**(565)**	**2,600**
Basic and diluted earnings per share (cents per share)	(0.53)	2.96
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	600	6,982
Net cash from/(used in) investing activities	492	(925)
Net cash used in financing activities	(874)	(873)
Net cash flows for the year	**218**	**5,184**
The following assets and liabilities are classified as held for sale:		
Property, plant and equipment	19,248	-
Trade and other receivables	2,924	-
Right of use assets	2,733	-
Intangible assets	255	-
Inventories	103	-
Assets classified as held for sale	**25,263**	**-**
Lease liability	2,761	-
Employee entitlements	465	-
Provision for other liabilities and charges	20	-
Deferred tax liability	1,586	-
Trade and other payables	1,317	-
Liabilities associated with assets classified as held for sale	**6,149**	**-**

22. EVENTS AFTER THE REPORTING DATE

On 1 July 2022 the offical quotation of MOVe shares (MOV) commenced enabling shareholders to trade their MOVe shares on the ASX.

On 9 August 2022 the Group signed a commitment for 4,850,000 Euro's to purchase the Atlas Wind Vessel in order to facilitate its multi modal strategy.

On 23 August 2022, MOVE Logistics Group (through its wholly owned subsidiary, Pacific Liquid Logistics Limited) entered into a conditional sale and purchase agreement to acquire the business and assets of Fluidex Transport, a bulk liquid and bulk dry powder transport provider operating throughout New Zealand for a purchase consideration totalling approximately $15.2 million. Completion and settlement are expected to occur on 31 October 2022 subject to appropriate final due diligence completion and any conditions precedent met.

Independent auditor's report

To the shareholders of Move Logistics Group Limited

Our opinion

In our opinion, the accompanying consolidated financial statements of Move Logistics Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated statement of profit or loss & other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of half year review procedures and with providing other assurance services. The provision of these other services has not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Carrying value of Goodwill	
As at 30 June 2022, the Group had a total goodwill balance of $14.7m, as disclosed in note 13.3. This is allocated across five cash generating units (CGU's). Management performed value-in-use (VIU) impairment tests at 30 June 2022 using a discounted cash flow model based on probability-weighted forecast cash flows for both these CGU's and determined that there was no impairment of goodwill required. Key estimates and assumptions in the VIU models include the discount rates and long-term growth rates used in the impairment model. The goodwill impairment tests for the Move Logistics and Warehousing Limited and Move Freight Limited CGU's are considered a key audit matter due to the significant level of management judgment applied in estimating future cash flows and other key assumptions in determining the recoverable amount of these CGU's.	We obtained the impairment tests prepared by management for Move Logistics and Warehousing Limited and Move Freight Limited as these are the two largest CGU's representing $13.5m of the balance and understood the process undertaken to prepare the forecasts and the assumptions used. We understood the controls that management have in relation to the impairment assessment of goodwill and evaluated their design. We considered management's assessment of the respective CGUs in the Group and the allocation of corporate assets in the CGUs. We gained an understanding of the forecast outlook for the industry and CGUs, and for the strategic direction of the business. We compared the forecasts used within the impairment models against historical actual trading results, taking into account the impact of the Covid-19 pandemic to assess that growth rates used in the model were reasonable. We assessed the reliability of management's forecasting process in previous years and considered the impact on the assessment of forecast earnings. We tested the mathematical accuracy of the models used ensuring that they utilised the assumptions disclosed in note 13.3, and that the recoverable amount calculated was greater than the carrying amount of the CGU. We used our auditor's expert, to assist us in assessing and challenging whether the assumptions used in the model were reasonable. The key areas assessed included: ● the valuation methodology used; ● the reasonableness of the discount rate; and ● comparing inputs to relevant market and industry information. We audited the disclosures in note 13.3 of the consolidated financial statements to ensure that they are compliant with the requirements of the relevant accounting standards.

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Our audit approach

Overview

Overall group materiality: $1.3m, which represents approximately 2.5% of Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA').

We chose EBITDA as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

Following our assessment of the risk of material misstatement, we:

- Full scope audits were performed for 4 of 16 entities in the Group based on their financial significance;
- Specified audit procedures and analytical review procedures were performed on the remaining entities.

As reported above, we have one key audit matter, being:

- Carrying value of Goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Maxwell John Dixon.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants — Christchurch

23 August 2022