Freightways

Results for announcement to the market		
Name of issuer	FREIGHTWAYS LIMITED	
Reporting Period	12 months to 30 June 2021	
Previous Reporting Period	12 months to 30 June 2020	
Currency	New Zealand dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$800,533	27%
Total Revenue	$800,533	27%
Net profit/(loss) from continuing operations	$49,633	4.8%
Total net profit/(loss)	$49,633	4.8%
Final Dividend		
Amount per Quoted Equity Security	$ 0.25000000	
Imputed amount per Quoted Equity Security	$0.07000000	
Record Date	17 September 2021	
Dividend Payment Date	1 October 2021	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$(0.83)	$(1.01)
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to the section "Full Year Review" for commentary.	
Authority for this announcement		
Name of person authorised to make this announcement	Stephan Deschamps	
Contact person for this announcement	Stephan Deschamps	
Contact phone number	+64 27 562 5666	
Contact email address	stephan.deschamps@freightways.co.nz	
Date of release through MAP	23 August 2021	

Audited financial statements accompany this announcement.

FREIGHTWAYS LIMITED
FINANCIAL SUMMARY
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $000	2020 $000	Increase
Operating revenue		800,533	630,940	26.9%
EBITA	(i)	107,543	88,197	21.9%
NPAT	(ii)	49,633	47,375	4.8%
EBITA, excluding other income & expenses		130,589	97,795	33.5%
NPAT, excluding other income & expenses, net of tax		72,679	56,036	29.7%
Other income and expenses:				
- Impairment of intangible assets - software		-	(608)	
- Write-off of obsolete software	(iii)	-	(2,739)	
- Impairment of goodwill		-	(5,194)	
- Impairment of brand names		-	(1,581)	
- Acquisition advisory fee		-	(981)	
- Change in fair value of contingent consideration – Big Chill Distribution Limited		(23,046)	-	
- Reversal of accrued earn-out payables		-	1,505	
Total		(23,046)	(9,598)	
Tax benefit applicable to other income and expenses		-	937	
Other income and expenses, net of tax		(23,046)	(8,661)	

Note:
(i) Operating profit before interest, income tax and amortisation of intangibles
(ii) Profit for the year attributable to the shareholders
(iii) Software totalling $1.6 million has been written off during the current financial year. This is considered immaterial and has been included within general and administration expenses in the Income Statement rather than be separately disclosed in other expenses.

The Directors believe that the other income and expenses detailed above should not be included when assessing the underlying trading performance of the Group.

FULL YEAR REVIEW
From the Chairman and Chief Executive Officer

If last year was about resolving the many and varied challenges posed by COVID-19, this year focused on moving forward. There were still lockdowns and other issues to deal with, but overall, our teams continued to bring a problem-solving attitude to day-to-day operations that saw us manage these issues and focus on implementing our strategy.

By further advancing Pricing For Effort for our courier brands; seeking efficiency opportunities in information management; integrating innovation into our workstreams and growing our waste renewal business, we demonstrated that Freightways has a powerful ability to profitably pick-up, process and deliver for customers at the same time as it develops new services.

An updated purpose – *We move you to a better place* - articulates our approach. As a group of businesses, we are motivated by progress. Whether we are shifting physical and digital items for our customers, helping our people further their careers, increasing returns for our investors or moving the dial for communities, our focus is firmly on what's ahead.

This year, we continued to set new expectations for our customers; lift income and boost career aspirations for our people; deliver healthy returns for our investors and made plans to further reduce our emissions. In FY21 we reduced the number injuries across a workforce that grew by around 350 people through the acquisition of Big Chill. We did all of that by encouraging everyone who works here to take individual responsibility for making things better and rewarding them for that, by doing deals that make sense, by thinking commercially, and by working as a family that cares for each other and supports safety, security and wellbeing within our businesses.

We marked a year of owning Big Chill, and we are very happy with their progress. They are a clear example of a strongly positioned business which is focussed on meeting the needs of their customers, exploring new ways to generate value and improve earnings. At acquisition, Big Chill were a quality, temperature-controlled, express business. Since then, they have broadened activities to include coolstore-3PL capabilities and we have plans for this to continue as they add new value-adding services in the years ahead.

Big Chill's progress is echoed across the Group. Our Express Package brands such as New Zealand Couriers and Post Haste have evolved from being leading business-to-business couriers, to brands that now include profitable business-to-consumer deliveries. Our Med-X business is shifting from document destruction to waste renewal by taking on high-value recycling opportunities. Messenger Services are moving from a pure-play point to point service to one that builds deeper relationships through dedicated services.

We move you to a better place reflects an entrepreneurial mindset that builds on our relationships and keeps providing existing and new customers with complementary services. This year, it's seen us achieve important market share gains in our courier and waste businesses. Coupled with service standards that we believe are superior to those of any of our competitors, our businesses have enjoyed both organic growth and market share gains.

That positive mindset has also been at play in other parts of the business. Our information management business in Australia has achieved a solid turnaround, despite ongoing lockdowns. They have improved profitability by focusing on greater efficiencies.

The growth in medical waste in Australia is a great example of growth through innovation. When we bought into medical waste 4 years ago, it had $3 million in turnover. It now generates $16 million in revenue. There are success stories like this right across Freightways.

Looking ahead, we see opportunities for growth across our courier businesses as ecommerce continues to grow. The emergence of new consumer trends, such as people wanting more direct access to fresh food, are a part of this.

There's plenty of upside too in waste renewal. Beyond document destruction and medical waste, we're already making good gains in collecting materials to divert them from landfill. SaveBoard is a great example of how waste materials can be transformed with the right technology, coupled with our ability to pick up and deliver the feedstock through our customer reach.

A radical shift pays off for everyone

Our Pricing for Effort (PFE) initiative continues to build value for our contractors by better remunerating them for the effort required in completing residential deliveries. Last year we achieved a PFE rate of 73c per item. This year we lifted that to $1.32 per item. Couple that gain with increases in volumes and PFE has made a noticeable difference for our people. This year, average remuneration for our couriers improved by 8%. In particular, our residential contractors have experienced a healthy increase in earnings.

Just as importantly, we've seen a 10% reduction in turnover in our courier fleet. By retaining more experienced couriers it means better experiences for our customers. We have an increased number of applicants applying to join our fleets and our people feel more valued, so they are more productive and more commercially minded. As a result, we've come through a challenging time with a growing team and increased business.

Our goal now is to continue tackling PFE opportunities to keep improving contractor and company earnings. Residential deliveries are just one of a range of categories that have not been priced properly. There's no doubt in our minds, for example, that local pricing also needs to move to a better place.

Customers are in essence paying the same rate for local delivery that they were paying 25 years ago. In that time, our cities have become much more congested and difficult to move around in. Our efforts to help resolve this have so far been absorbed by our brands. We've had to invest in satellite depots, for example, to try and keep inefficiencies for our couriers to a minimum. At some point, we need to step up, challenge the industry again and update pricing to reflect the true effort now required.

Future-proofing our business

Last year we released our first ever Sustainability Report. This year we have developed a science-based target for emissions reduction which will see us targeting a 50% drop in emissions by 2035, by maintaining a modern fleet and transitioning to EVs and alternative fuels as they and the networks that support them become available. We have also actively pursued plastic recycling to reduce waste from our own operations and we are targeting a 70% reduction in the use of plastic packaging in the coming year.

In 2020, we established an innovation hub, The Startery, to help us commercialise ideas generated alongside our business-as-usual activities. The 30 ideas generated so far are an encouraging sign of the Group's ability to recognise and act on initiatives that could shape our future.

Business unit performances

Our businesses continued to tackle and adapt to different challenges throughout the year. Here are some of the highlights:

Express Package

- Growth was healthy overall, with important gains in market share as a result of customer acquisition and new customers coming into the market. Growth was also experienced across both B2B and B2C deliveries – in fact, volumes through most of the year were consistently higher than the previous year.
- Big Chill revenues were up 14% aided by the opening of a new temperature-controlled third-party logistics warehouse and market share gains. This delivered improved utilisation and therefore stronger margins, a healthy improvement that backs up our confidence in the company's potential.
- NOW Couriers volumes continued to increase on the back of their same-day guaranteed Auckland delivery promise.
- Our international air freight service to NSW and Victoria, Australia finished in November 2020 and earned us $8.8 million in revenue.

The year ahead

- We will continue to aim for increased penetration into attractive market niches.
- We will implement further rollout of our customer facing technology.
- The success of Big Chill's 3PL initiatives has given us confidence that there is ample potential for expansion for this part of their business. We will continue to grow this capability.
- The Startery is exploring a range of future opportunities for our Express Package business.

Business Mail

- Volumes recovered post-lockdowns to the point where they were similar to the previous year. This was particularly pleasing in the face of the market declining around 15% overall.
- We are continuing to refine our DX Mail network to make it as efficient as possible.

The year ahead

- Dataprint will roll out their digital services.
- DXMail will continue to explore further efficiency initiatives. We remain confident that New Zealanders are looking for a business mail delivery service with high levels of reliability and quality and we will continue to look for ways to deliver that proposition.

Information Management in Australia

- Understandably there was not a lot of growth this year because of lockdowns. However, by finding new ways of working and taking cost out of the Australian business – as well as seeking new revenue opportunities, we were able to improve profitability.
- We continue to see opportunities to optimise the cost base for this business.

The year ahead

- We are pursuing opportunities to use our storage facilities for complementary services.
- The Startery has identified a number of opportunities that could expand our IM offering which are getting closer to being released to the market.

Waste Renewal (previously described as Secure Destruction)

- A bounce back in New Zealand after lockdowns saw our volumes return to 2019 levels.
- In Australia business was still impacted by lockdowns in Sydney and Melbourne, but elsewhere returned to levels experienced in 2019.
- Medical waste in Victoria continued to grow in terms of both volume and revenue.
- Volumes of other high-value recyclables such as electronic destruction (computers, hard drives) have increased.
- We are dealing with higher volumes of other recyclable commodities including coffee cups.

The year ahead

- We expect collection and processing of medical waste to continue growing.
- We have invested in the SaveBoard business and we look forward to seeing this launch and expand in 2022.
- We are increasingly involved with collecting other higher value commodities, such as textiles and plastics.

Balance sheet strength

This year we developed a new policy to guide our capital management and give investors improved guidance on what to expect from us. We are committed to maintaining a strong credit profile that supports our growth strategy. Following the acquisition of Big Chill, and the additional debt raised to fund it, we have used healthy cash flow generation to return our balance sheet to a stronger position.

As part of the policy, we have set our key metric for capital management at 2x to 3x Debt/EBITDA. If we make a significant investment, investors should expect the business to focus on cashflow generation to reduce debt. That has been the case this year. With the metric restored, the business will resume looking for acquisitive opportunities.

The current dividend policy of 75% to 80% of NPATA, adjusted for significant one-offs, is well understood and is set at a level that the Board expects to be sustainable in the medium term. This will be managed in line with our ambition to maintain a strong investment grade profile.

Last year, the Board chose not to declare a final dividend for FY20 given the uncertainty in both the New Zealand and Australian markets. This year, the Board has agreed a return to the payment of a full year dividend. We are pleased to declare a full year dividend of 18 cents per share.

Outlook

We have had a record year in terms of earnings and performances across the business mirror the huge efforts put in by our teams of people. What we have seen over the last year however is that even the best laid plans can be influenced by economic conditions and lockdowns. On that basis, we are not resting on our laurels.

We will continue to focus on improving our margins, particularly in Australia, and continue to build momentum and profitability in our New Zealand brands. The macro factors we are conscious of are: the tight labour market which is pushing labour costs higher; a heavily constrained supply chain which could hamper the flow of products coming into the country for our couriers to deliver; and any future lockdowns in Australia or NZ.

In keeping with our undertaking from last year, we will react decisively to any change in volumes while maintaining the service, safety and environmental standards that our customers, investors and other stakeholders expect. That means we will adjust our cost base to protect our margins. We will also prioritise the best strategies to deliver value to shareholders over the long term.

Last week, New Zealand entered an alert level 4 lockdown. As a result, we have immediately implemented our well-established processes to ensure that all staff and contractors can operate safely. Under alert level 4, activity levels are significantly impacted across all the New Zealand businesses. However, experience from the lockdowns of last year suggests that as soon as alert levels are lowered from alert level 4 to alert level 3 or below, the express package businesses should recover quickly and tend to experience higher volumes than previously expected. Should the level 4 lockdown continue for an extended period we will continue to evaluate our cost base and other options available to us.

In 2021 we welcomed Mark Cairns and Fiona Oliver to the Board and bid farewell to Andrea Staines. Our thanks to Andrea for her time with us, and to all directors for their expertise and guidance this year. We would again like to acknowledge the efforts of all our teams and to thank our shareholders for sharing this journey with us and for your continuing support.

Mark Verbiest
Chairman

Mark Troughear
Chief Executive Officer

23 August 2021

FREIGHTWAYS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

	Group	
	2021	**2020**
	$000	**$000**
Operating revenue	**800,533**	**630,940**
Transport and logistics expenses	(309,318)	(253,443)
Employee benefits expenses	(226,669)	(168,017)
Occupancy expenses	(7,063)	(5,143)
General and administration expenses	(69,859)	(59,666)
Change in fair value of contingent consideration – Big Chill Distribution Limited	(23,046)	-
Depreciation and software amortisation	(57,035)	(46,876)
Amortisation of intangibles	(7,652)	(3,477)
Other income and expenses	-	(9,598)
Operating profit before interest and income tax	**99,891**	**84,720**
Net interest and finance costs	(22,667)	(18,420)
Profit before income tax	**77,224**	**66,300**
Income tax		
- Tax applicable to profit before income tax	(27,591)	(20,355)
- Tax benefits as a result of tax law change	-	1,430
Total income tax	(27,591)	(18,925)
Profit for the year	**49,633**	**47,375**
Profit for the year is attributable to:		
Owners of the parent	49,555	47,332
Non-controlling interests	78	43
	49,633	**47,375**

FREIGHTWAYS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Group	
	2021	**2020**
	$000	**$000**
Profit for the year (NPAT)	49,633	47,375
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(2,310)	1,475
Cash flow hedges taken directly to equity, net of tax	880	1,826
Total other comprehensive income after income tax	**(1,430)**	**3,301**
Total comprehensive income for the year	**48,203**	**50,676**
Total comprehensive income for the year is attributable to:		
Owners of the parent	48,125	50,633
Non-controlling interests	78	43
	48,203	**50,676**

FREIGHTWAYS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

GROUP	Contributed equity	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Non-controlling interests	Total equity
	$000	$000	$000	$000	$000	$000
Balance at 1 July 2019	**126,440**	**142,817**	**(3,901)**	**(6,110)**	**124**	**259,370**
Profit for the year	-	47,332	-	-	43	47,375
Exchange differences on translation of foreign operations	-	-	-	1,475	-	1,475
Cash flow hedges taken directly to equity, net of tax	-	-	1,826	-	-	1,826
Total Comprehensive Income	**-**	**47,332**	**1,826**	**1,475**	**43**	**50,676**
Dividend payments	-	(47,403)	-	-	(53)	(47,456)
Shares issued	54,190	-	-	-	-	54,190
Balance at 30 June 2020	**180,630**	**142,746**	**(2,075)**	**(4,635)**	**114**	**316,780**
Profit for the year	-	49,555	-	-	78	49,633
Exchange differences on translation of foreign operations	-	-	-	(2,310)	-	(2,310)
Cash flow hedges taken directly to equity, net of tax	-	-	880	-	-	880
Total Comprehensive Income	**-**	**49,555**	**880**	**(2,310)**	**78**	**48,203**
Dividend payments	-	(25,658)	-	-	(44)	(25,702)
Shares issued	1,941	-	-	-	-	1,941
Balance at 30 June 2021	**182,571**	**166,643**	**(1,195)**	**(6,945)**	**148**	**341,222**

FREIGHTWAYS LIMITED
BALANCE SHEET
AS AT 30 JUNE 2021

	Group 2021 $000	Group 2020 $000
Current assets		
Cash and cash equivalents	19,940	16,686
Trade and other receivables	103,947	100,381
Income tax receivable	-	384
Inventories	7,438	6,019
Total current assets	**131,325**	**123,470**
Non-current assets		
Trade receivables and other non-current assets	6,825	7,348
Property, plant and equipment	128,338	134,649
Right-of-use assets	275,849	278,142
Intangible assets	494,503	498,966
Investment in associates	7,510	7,842
Total non-current assets	**913,025**	**926,947**
Total assets	**1,044,350**	**1,050,417**
Current liabilities		
Trade and other payables	102,944	87,656
Borrowings (secured)	-	5,210
Lease liabilities	31,078	30,641
Income tax payable	11,982	18,824
Provisions	1,562	1,225
Derivative financial instruments	1,082	750
Contract liability	14,593	15,142
Total current liabilities	**163,241**	**159,448**
Non-current liabilities		
Trade and other payables	51,352	27,386
Borrowings (secured)	163,696	216,484
Deferred tax liability	36,726	41,425
Provisions	6,979	6,331
Lease liabilities	280,557	280,431
Derivative financial instruments	577	2,132
Total non-current liabilities	**539,887**	**574,189**
Total liabilities	**703,128**	**733,637**
NET ASSETS	**341,222**	**316,780**
EQUITY		
Contributed equity	182,571	180,630
Retained earnings	166,643	142,746
Cash flow hedge reserve	(1,195)	(2,075)
Foreign currency translation reserve	(6,945)	(4,635)
	341,074	316,666
Non-controlling interests	148	114
TOTAL EQUITY	**341,222**	**316,780**
Net Tangible Assets (Liabilities) per Security	($0.83)	($1.01)

FREIGHTWAYS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Group	
	2021	**2020**
	$000	**$000**
	Inflows (Outflows)	**Inflows (Outflows)**
Cash flows from operating activities		
Receipts from customers	792,279	634,749
Payments to suppliers and employees	(594,705)	(474,653)
Cash generated from operations	**197,574**	**160,096**
Interest received	22	48
Interest and other costs of finance paid	(22,748)	(19,380)
Income taxes paid	(39,835)	(13,599)
Net cash inflows from operating activities	**135,013**	**127,165**
Cash flows from investing activities		
Payments for property, plant and equipment	(12,360)	(18,318)
Payments for software	(5,645)	(5,313)
Proceeds from disposal of property, plant and equipment	399	849
Payments for businesses acquired (net of cash acquired)	-	(94,973)
Payments for investment in associates	-	(7,468)
Receipts from joint venture and associate	3,354	1,202
Cash flows from other investing activities	(213)	(226)
Net cash outflows from investing activities	**(14,465)**	**(124,247)**
Cash flows from financing activities		
Dividends paid	(25,702)	(47,456)
Increase (decrease) in bank borrowings	(58,985)	45,802
Proceeds from issue of ordinary shares	799	24,126
Principal elements of lease payments	(33,319)	(24,954)
Net cash outflows from financing activities	**(117,207)**	**(2,482)**
Net increase in cash and cash equivalents	3,341	436
Cash and cash equivalents at beginning of year	16,686	15,986
Exchange rate adjustments	(87)	264
Cash and cash equivalents at end of year	**19,940**	**16,686**

ACCOUNTING TREATMENT OF CLOUD COMPUTING ARRANGEMENTS

The Group has capitalised costs incurred in configuring or customising certain suppliers' application software in certain cloud computing arrangements as intangible assets (30 June 2021 - $0.8 million; 30 June 2020 - $0.6 million; 1 July 2019 - $1.2 million), as the Group considered that it would benefit from those costs to implement the cloud-based software over the expected terms of the cloud computing arrangements. Following the IFRS IC agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021 (ratified by the International Accounting Standards Board (IASB) in April 2021), the Group has commenced a review of these capitalised costs to determine whether they would need to be expensed or reclassified as prepayments. The IFRS IC concluded that costs incurred in configuring or customising software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the suppliers of the cloud-based software to significantly customise the cloud-based software for the Group, in which case the costs paid upfront are recorded as prepayments for services and amortised over the expected terms of the cloud computing arrangements.

At the time of finalising the 30 June 2021 financial statements, the review process is still in progress, due to the short timeframe between the release of the agenda decision and the Group's financial year end, the Group has not had sufficient time to fully assess the potential impact of the agenda decision. A detailed review of large projects previously capitalised as intangible assets, and project costs recognised as work-in-progress as at 30 June 2021, needs to be carried out at a transactional level to ensure correct treatment. The Group expects to implement the updated accounting policy in the next financial period.

SEGMENT REPORTING

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

The Group is organised into the following reportable operating segments:

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

Information management
Comprises secure paper-based and electronic business information management services.

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

The Group has no individual customer that represents more than 4% of external sales revenue.

As at and for the year ended 30 June 2021:

	Express Package & Business Mail $000	Information Management $000	Corporate $000	Inter-Segment Elimination $000	Consolidated Operations $000
Income statement					
Sales to external customers	629,760	170,770	3	-	800,533
Inter-segment sales	3,254	(104)	4,795	(7,945)	-
Total revenue	633,014	170,666	4,798	(7,945)	800,533
Operating profit (loss) before change in fair value of contingent consideration, interest, income tax, depreciation and software amortisation and amortisation of intangibles	142,817	50,849	(6,042)	-	187,624
Change in fair value of contingent consideration – Big Chill Distribution Limited	-	-	(23,046)	-	(23,046)
Operating profit (loss) before interest, income tax, depreciation and software amortisation and amortisation of intangibles	142,817	50,849	(29,088)	-	164,578
Depreciation and software amortisation	(33,323)	(21,876)	(1,836)	-	(57,035)
Operating profit (loss) before interest, income tax and amortisation of intangibles	109,494	28,973	(30,924)	-	107,543
Amortisation of intangibles	(5,280)	(2,372)	-	-	(7,652)
Profit (loss) before interest and income tax	104,214	26,601	(30,924)	-	99,891
Net interest and finance costs	(6,290)	(4,881)	(11,496)	-	(22,667)
Profit (loss) before income tax	97,924	21,720	(42,420)	-	77,224
Income tax	(27,208)	(6,509)	6,126	-	(27,591)
Profit (loss) for the year attributable to the shareholders	70,716	15,211	(36,294)	-	49,633
Balance sheet					
Segment assets	641,580	360,217	42,553	-	1,044,350
Segment liabilities	257,853	171,871	273,406	-	703,130

As at and for the year ended 30 June 2020:

	Express Package & Business Mail $000	Information Management $000	Corporate $000	Inter-Segment Elimination $000	Consolidated Operations $000
Income statement					
Sales to external customers	472,151	158,783	6	-	630,940
Inter-segment sales	2,272	(58)	4,900	(7,114)	-
Total revenue	474,423	158,725	4,906	(7,114)	630,940
Operating profit (loss) before other income and expense, interest, income tax, depreciation and software amortisation and amortisation of intangibles	101,690	47,055	(4,074)	-	144,671
Other income and expenses	(3,347)	(5,270)	(981)	-	(9,598)
Operating profit (loss) before interest, income tax, depreciation and software amortisation and amortisation of intangibles	98,343	41,785	(5,055)	-	135,073
Depreciation and software amortisation	(23,929)	(21,215)	(1,732)	-	(46,876)
Operating profit (loss) before interest, income tax and amortisation of intangibles	74,414	20,570	(6,787)	-	88,197
Amortisation of intangibles	(1,168)	(2,309)	-	-	(3,477)
Profit (loss) before interest and income tax	73,246	18,261	(6,787)	-	84,720
Net interest and finance costs	(3,810)	(5,188)	(9,422)	-	(18,420)
Profit (loss) before income tax	69,436	13,073	(16,209)	-	66,300
Income tax	(18,815)	(5,492)	5,382	-	(18,925)
Profit (loss) for the year attributable to the shareholders	50,621	7,581	(10,827)	-	47,375
Balance sheet					
Segment assets	646,991	360,582	42,844	-	1,050,417
Segment liabilities	259,016	162,098	312,523	-	733,637

Segment assets and liabilities are disclosed net of inter-company balances.

For the year ended 30 June 2021, external revenue from customers in the Group's New Zealand and Australian operations was $672.1 million and $128.4 million, respectively (2020: $513.6 million and $117.3 million, respectively). As at 30 June 2021, non-current assets in respect of the New Zealand and Australian operations (excluding deferred tax assets and financial assets) were $457.8 million and $172.5 million, respectively (2020: $468.5 million and $173.0 million, respectively).

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Express Package & Refrigerated Transport	Postal	Storage & Handling	Destruction Activities	Other	Total
2021	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Revenue from external customers	572,623	48,475	60,694	70,616	48,125	800,533
Timing of revenue recognition:						
At a point in time	-	2,706	-	20,492	11,009	34,207
Over time	572,623	45,769	60,694	50,124	37,116	766,326
	572,623	48,475	60,694	70,616	48,125	800,533
2020						
Revenue from external customers	421,668	49,122	60,295	61,592	38,263	630,940
Timing of revenue recognition:						
At a point in time	-	3,191	-	18,307	10,176	31,674
Over time	421,668	45,931	60,295	43,285	28,087	599,266
	421,668	49,122	60,295	61,592	38,263	630,940

INCOME AND EXPENSES

Profit before income tax includes the following specific income and expenses:

		Group	
	Note	2021 $000	2020 $000
Change in fair value of contingent consideration – Big Chill Distribution Limited (BCD)	(i)	23,046	-
Other income and expenses:			
- Impairment of goodwill	(ii)	-	5,194
- Impairment of brand names	(ii)	-	1,581
- Impairment of intangible assets - software	(iii)	-	608
- Write-off of obsolete software	(iii)	-	2,739
Acquisition advisory fee	(iv)	-	981
Reversal of accrued earn-out payables	(v)	-	(1,505)

(i) The estimated discounted future final payment for BCD has been increased from $27.2 million as at 30 June 2020 to $51.3 million as at 30 June 2021. This increase of $23 million (net of impact of unwinding of discount on acquisition earn-out liability of $1 million) reflects the strong performance of BCD, which will determine the final payment for the acquisition of the company, to be made in August 2022.

(ii) Impairment loss in respect of (a) the carrying value of goodwill and brand names recognised upon the acquisition of the LitSupport print & copy bureau ($5.8 million), and (b) an amount of the goodwill originally recognised upon the acquisition of the NSW-based State Waste Services (SWS) business ($1 million) with $1.5 million earn-out payable for SWS reversed in 2020, refer (v) below.

(iii) Write-off of internally-developed software considered obsolete as a result of the accelerated introduction of new software applications and systems in response to business and market demands.

(iv) Advisory fee paid for assistance with the successful acquisition of Big Chill Distribution Limited.

(v) Reversal of previously-accrued earn-out payables no longer expected to be paid related to the acquisition of SWS.

IMPACT OF COVID-19

The on-going COVID-19 global pandemic has accelerated a number of trends that were already evident before the start of the pandemic. Amongst them is a faster adoption of online shopping that positively impacts volume for Freightways’ express package businesses. At the same time, with a number of information management’s customers having employees working from home and using less paper, some of the information management activities continue to recover at a slower pace. This slower recovery is partially mitigated by continuing to develop new service lines and managing costs. The risk of a resurgence of COVID-19 in New Zealand or Australia creates a continued level of uncertainty, although Freightways’ businesses are now well prepared to operate efficiently in different levels of lockdown. During the year, $0.8 million was received from the Australian government in relation to the JobKeeper subsidy.

LEASES

The following tables show the movements and analysis in relation to the right-of-use (ROU) assets and lease liabilities under NZ IFRS 16.

The balance sheet shows the following amounts relating to leases:

Right-of-use assets:

	Group	
	2021	**2020**
	$000	**$000**
Opening net book value	**278,142**	**-**
Recognised on transition	-	200,068
Lease additions, modifications and terminations	32,671	104,550
Depreciation for the year	(35,148)	(28,409)
Exchange rate movement	184	1,933
Closing net book value	**275,849**	**278,142**
Cost	393,757	367,280
Accumulated depreciation	(117,908)	(89,138)
Closing net book value	**275,849**	**278,142**

	2021	**2020**
Right-of-use assets	**$000**	**$000**
Buildings	257,385	259,023
Equipment	3,647	6,823
Motor vehicles	14,817	12,296
	275,849	**278,142**

Lease liabilities:

	Group	
	2021	**2020**
	$000	**$000**
Operating lease commitments discounted using the Group's incremental borrowing rate	-	112,229
Adjustments as a result of different treatment of extension and termination options	-	111,084
Opening lease liabilities	**311,072**	**223,313**
Lease additions, modifications and terminations	32,929	109,787
Interest for the year	11,111	8,752
Lease repayments	(43,725)	(33,706)
Other lease liabilities	-	668
Exchange rate movement	248	2,258
Closing lease liabilities	**311,635**	**311,072**

	Group	
	2021	**2020**
Lease liabilities	**$000**	**$000**
Current	31,078	30,641
Non-current	280,557	280,431
	311,635	**311,072**

Lease liabilities maturity analysis:

Group 2021	**Minimum lease payments $000**	**Interest $000**	**Present value $000**
Within one year	41,674	10,599	31,075
One to five years	137,308	33,456	103,852
Beyond five years	210,064	33,356	176,708
Total	**389,046**	**77,411**	**311,635**

Group 2020	**Minimum lease payments $000**	**Interest $000**	**Present value $000**
Within one year	41,449	10,808	30,641
One to five years	127,506	34,835	92,671
Beyond five years	227,222	39,462	187,760
Total	**396,177**	**85,105**	**311,072**

Lease related expenses included in the income statement:

	Group	
	2021	**2020**
Depreciation charge for right-of-use assets	**$000**	**$000**
Buildings	26,244	22,099
Motor vehicles	6,502	3,432
Equipment	2,402	2,878
	35,148	**28,409**
Interest on leases	11,111	8,752

Total cash outflow in relation to leases is $43.7 million (2020: $33.7 million).

INTANGIBLE ASSETS

(i) Goodwill

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

(ii) Brand names

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

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

(iii) Computer software

External software costs, together with payroll and related costs for employees directly associated with the development of software, are capitalised. Costs associated with upgrades and enhancements are capitalised to the extent they result in additional functionality. Amortisation is charged on a straight-line basis over the estimated useful life of the software which ranges between 3 and 10 years. Included in the cost of software is work in progress of $1.4 million (2020: $2.8 million) for which amortisation has not commenced. Software under development not yet available for use is tested annually for impairment.

(iv) Customer relationships

- **Contractual**

An intangible asset is recorded at fair value in respect of the amount of any contractual termination fees payable by customers of businesses acquired in respect of their document holdings. As it is not known when permanent retrieval fees may arise, this asset is only amortised upon the actual retrieval fee being charged to the respective customer.

- **Other**

Non-contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. These customer relationships have an estimated finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the customer relationship which ranges between 10 and 20 years.

Group	**Goodwill**	**Brand names**	**Software**	**Customer relationships**	**Other**	**Total**
2021	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening net book value	301,283	118,307	15,762	58,683	4,931	498,966
Additions	-	-	5,562	-	68	5,630
Acquisition through business combinations	(6,120)	8,500	-	61	-	2,441
Transferred from property, plant and equipment	-	-	1,115	-	-	1,115
Amortisation expense	-	-	(4,887)	(6,214)	(1,438)	(12,539)
Written-off	-	-	(1,565)	-	-	(1,565)
Exchange rate movement	342	62	6	38	7	455
Closing net book value	**295,505**	**126,869**	**15,993**	**52,568**	**3,568**	**494,503**
As at end of year						
Cost	314,167	126,869	38,296	70,605	7,103	557,040
Accumulated amortisation and impairment	(18,662)	-	(22,303)	(18,037)	(3,535)	(62,537)
Net book value	**295,505**	**126,869**	**15,993**	**52,568**	**3,568**	**494,503**

COVID-19 has resulted in the accelerated development and deployment of various new IT initiatives and strategies, leading to the need to write-off certain previously capitalised software that is now considered obsolete.

Group	Goodwill	Brand names	Software	Customer relationships	Other	Total
2020	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening net book value	212,737	113,932	17,797	17,477	3,209	365,152
Additions	-	-	4,937	-	173	5,110
Acquisition through business combinations	91,475	5,500	37	44,009	1,900	142,921
Amortisation expense	-	-	(3,705)	(3,069)	(408)	(7,182)
Impairment loss	(5,194)	(1,581)	(608)	-	-	(7,383)
Written-off	-	-	(2,739)	-	-	(2,739)
Exchange rate movement	2,265	456	43	266	57	3,087
Closing net book value	**301,283**	**118,307**	**15,762**	**58,683**	**4,931**	**498,966**
As at end of year						
Cost	319,945	118,307	35,419	70,480	7,024	551,175
Accumulated amortisation and impairment	(18,662)	-	(19,657)	(11,797)	(2,093)	(52,209)
Net book value	**301,283**	**118,307**	**15,762**	**58,683**	**4,931**	**498,966**

Impairment tests for indefinite life intangible assets

Goodwill and brand names are allocated to those cash-generating units (CGU) or groups of CGU that are expected to benefit from them. The carrying amount of intangible assets allocated by CGU or group of CGU is outlined below:

	Goodwill		Brand names	
	2021 $000	**2020 $000**	**2021 $000**	**2020 $000**
Big Chill	77,635	83,755	14,000	5,500
Messenger Services	8,766	8,766	5,100	5,100
New Zealand Couriers	47,752	47,752	58,500	58,500
New Zealand Document Exchange	10,967	10,967	5,900	5,900
Dataprint	4,125	4,125	1,310	1,310
Post Haste, Castle Parcels and NOW Couriers	27,159	27,159	18,395	18,395
Total Express Package & Business Mail	**176,404**	**182,524**	**103,205**	**94,705**
The Information Management Group (New Zealand)	17,577	17,577	4,400	4,400
The Information Management Group (Australia)*	56,798	56,615	15,945	15,894
Shred-X*	44,727	44,567	3,319	3,308
Total Information Management	**119,102**	**118,759**	**23,664**	**23,602**
Total	**295,506**	**301,283**	**126,869**	**118,307**

* The increases in goodwill and brand names in The Information Management Group (Australia) and Shred-X are due to foreign currency translation.

(i) Key assumptions used for value-in-use calculations

On an annual basis, the recoverable amount of goodwill and brand names is determined based on the greater of value-in-use and fair value less costs of disposal calculations specific to the CGU associated with both goodwill and brand names.

The value-in-use calculations use post-tax cash flow projections based on financial budgets prepared by management and approved by the Board for the year ended 30 June 2022. Cash flows beyond June 2022 have been extrapolated using growth rates which take into consideration current and forecast economic conditions for the relevant products and industries. A probabilistic approach was also adopted where a number of different growth scenarios were considered and weighted by likelihood of achievement. In addition, the sensitivity of the main financial variables was tested and considered in the final estimation. No adjustments have been made to forecast cash flows for the unknown impacts of future legislative changes in relation to climate change.

A 1% (2020: 1%) revenue growth rate, a consistent EBITDA margin assuming costs increase in line with revenue and 1% (2020: 1%) terminal growth rate have been applied to the express package & business mail businesses in the value-in-use calculation.

A 2% (2020: 2%) revenue growth rate, a consistent EBITDA margin assuming costs increase in line with revenue and 2% (2020: 2%) terminal growth rate, reflecting both historical and expected growth, have been applied to the value-in-use calculation for the information management segment with the same scenarios and sensitivities applied as described in the Significant estimate – sensitivity to changes in assumptions section below.

Post-tax discount rates, reflecting the current environment in financial markets and the countries each CGU operates in, have been used. The CGU specific post-tax discount rates applied are:

	Post-tax discount rate	
	2021	**2020***
Big Chill	7.0%	6.6%
Messenger Services	7.5%	7.5%
New Zealand Couriers	7.5%	7.5%
New Zealand Document Exchange	11.4%	10.6%
Dataprint	11.4%	10.6%
Post Haste, Castle Parcels and NOW Couriers	7.5%	7.5%
The Information Management Group (New Zealand)	7.5%	7.5%
The Information Management Group (Australia)	6.9%	6.6%
Shred-X	6.9%	6.6%

* In the current financial year, the Group has moved from a Group post-tax discount rate to CGU specific post-tax discount rates. The prior year disclosure has been updated for comparative purposes (the 2020 Group post-tax discount rate disclosed was 7.5%). The change to prior period CGU specific rates did not result in an impairment in the prior year.

(ii) Significant estimate - Sensitivity to changes in assumptions

From the value-in-use assessment for all CGU's, other than TIMG AU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of goodwill and brand names to exceed their respective recoverable amounts.

The value-in-use analysis prepared for TIMG AU is based on the following key assumptions:

- 100% achievement of FY22 budgeted revenue;
- 2% Revenue growth per year (with a range of scenarios from -4% to 4% p.a considered);
- 2% terminal EBITA growth rate; and
- post-tax discount rate of 6.9%

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

	2021	
	From	**To**
Achievement of FY22 budgeted revenue	100%	84%
Revenue growth per year	2%	-3.1%
Terminal EBITA growth rate	2%	0.8%
Post-tax discount rate	6.9%	7.9%

In the prior year, the value-in-use analysis prepared for New Zealand Document Exchange (NZDX) was sensitive to changes in key assumptions. For comparative purposes, the current year NZDX value-in-use analysis shows the recoverable amounts of goodwill and brand names significantly exceed their carrying values.

The NZDX value-in-use analysis has been prepared based on the following key assumptions:

- 100% achievement of FY22 budgeted revenue;
- 1% Revenue growth per year (with a range of scenarios from -4% to 4% p.a considered);
- 1% terminal EBITA growth rate; and
- post-tax discount rate of 11.4%

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

	2021	
	From	**To**
Achievement of FY22 budgeted revenue	100%	73%
Revenue growth per year	1%	-9.1%
Terminal EBITA growth rate	1%	-6.1%
Post-tax discount rate	11.4%	15.6%

BORROWINGS

(a) Secured borrowings
The bank borrowings security was changed to a negative pledge deed in March 2021 when the Group negotiated an extension of its syndicated bank facilities. The negative pledge includes a provision restricting the Group from granting security interests and a cross-guarantee of all relevant indebtedness by majority of the Company's subsidiaries (2020: secured by a charge over the assets of the majority of the Company's New Zealand subsidiaries in favour of its primary lenders and guarantees from the Company's primary Australian subsidiaries).

(b) Finance facilities
The following finance facilities existed at the reporting date:

	Facilities denominated in New Zealand Dollars		Facilities denominated in Australian Dollars	
	2021	**2020**	**2021**	**2020**
	$000	**$000**	**$000**	**$000**
Bank overdraft				
- total bank overdraft facilities available	8,000	8,000	-	-
- amount of overdraft facilities unused	8,000	8,000	-	-
Loan facilities				
- total loan facilities available	170,000	229,500	130,000	120,423
- maturing 30 April 2021	-	6,000	-	-
- maturing 14 November 2021	-	20,000	-	-
- maturing 14 May 2022	-	30,000	-	-
- maturing 1 September 2022	-	37,000	-	21,173
- maturing 1 September 2023	-	56,500	-	49,250
- maturing 23 December 2023	-	70,000	-	-
- maturing 15 March 2024	120,000	-	-	-
- maturing 23 December 2024	-	-	-	20,000
- maturing 15 March 2025	30,000	-	80,000	-
- maturing 11 July 2025	-	-	20,000	20,000
- maturing 15 December 2026	10,000	10,000	10,000	10,000
- maturing 19 March 2028	10,000	-	20,000	-
- amount of loan facilities used	71,000	114,710	85,500	99,923
- amount of loan facilities unused	99,000	114,790	44,500	20,500
Effective interest rate at 30 June as amended for interest rate hedges	5.37%	5.44%	4.41%	4.55%

The fair values of borrowings are not materially different to their carrying amount, since the interest payable on those borrowings is either close to market rate or the borrowings are of a short-term nature.

During March 2021, the Group negotiated an extension of its syndicated bank facilities. Multiple tranches of New Zealand dollars (NZD) facilities totalling $213.5 million were merged into two facilities at reduced limits of NZ$120 million maturing on 15 March 2024 and NZ$30 million maturing on 15 March 2025. The lower limits reflect the expected needs of the Group and the fact that temporary facilities that had been set up at the onset of the COVID-19 pandemic were no longer required. The three tranches of Australian dollars (AUD) facilities totalling A$90.4 million were combined into one facility at a reduced limit of A$80 million maturing on 15 March 2025. The refinancing resulted in the recognition of a modification loss of $0.9 million in the income statement. In determining the modification loss to be recognised, the Group considered both qualitative and quantitative factors in determining whether the refinancing represented a modification or extinguishment of the previous facilities.

In March 2021, the Group entered into a new US$160 million uncommitted finance facility with a US-based lender on the same terms as the syndicated bank facilities negotiated during March 2021. Of this facility, the US dollar equivalent of NZ$20 million and A$50 million was drawn as at 30 June 2021. The drawn amounts mature in July 2025, December 2026 and March 2028, as detailed in the maturity table above.

(c) Big Chill Distribution Limited CreditPlus Facility
The fleet financing facility with a $6 million limit operated by Big Chill Distribution Limited was repaid progressively by March 2021 and was then cancelled.

Compliance with banking covenants
The Group was in compliance with all of its banking covenants throughout the year ended 30 June 2021. The Group's banking covenants forecast indicates that the Group will remain compliant with all of its banking covenants in the next twelve months. The forecast includes a sensitivity analysis of a 20% decline in forecast earnings before interest, income tax, depreciation and amortisation.

EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year:

	Group	
	2021	**2020**
Profit for the year attributable to shareholders ($000)	49,633	47,332
Weighted average number of ordinary shares ('000)	165,502	157,952
Basic earnings per share (cents)	**30.0**	**30.0**

Diluted earnings per share
Diluted earnings per share is calculated by dividing the profit for the year attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted to include all dilutive potential ordinary shares (for example, partly-paid shares on issue) as if they had been converted to ordinary shares at the beginning of the year:

	Group	
	2021	**2020**
Profit for the year attributable to shareholders ($000)	49,633	47,332
Weighted average number of ordinary shares ('000)	165,502	157,952
Effect of dilution ('000)	509	264
Diluted weighted average number of ordinary shares ('000)	166,011	158,216
Diluted earnings per share (cents)	**29.9**	**29.9**

Basic and diluted earnings per share calculated on the profit for the year attributable to shareholders, excluding change in fair value of contingent consideration (Big Chill Distribution Limited) and other income and expenses, net of tax, are 43.9 and 43.8 cents, respectively (2020: 35.5 and 35.4 cents, respectively).

NET TANGIBLE ASSETS PER SECURITY

Net tangible assets (liabilities) per security at 30 June 2021 was ($0.83) (2020: ($1.01)).

BUSINESS COMBINATIONS

Prior year acquisitions:

Big Chill Distribution Limited ("BCD")

Effective 1 April 2020, the Group acquired 100% of BCD, a company operating in the New Zealand temperature-controlled transport and facilities market, for an initial consideration of approximately $114.6 million and a future earn-out representing 20% of BCD Enterprise Value as at 30 June 2022. This acquired subsidiary operates within the Group's express package & business mail division.

Given the size of the transaction and proximity to the end of financial year, the Group had not yet finalised the fair value assessment of the assets acquired, liabilities assumed and goodwill as at 30 June 2020. The Group finalised its assessment during the year ended 30 June 2021 and revised the fair value of the assets acquired and liabilities assumed.

The following table summarises the revised amounts determined for purchase consideration and the fair value of assets acquired and liabilities assumed:

	1 Apr 2020 & 30 Jun 2020		31 Dec 2020
	Preliminary	Adjustments	Revised
Purchase consideration	$000	$000	$000
Cash paid during the period	84,553	-	84,553
Issue of Freightways shares	30,000	-	30,000
Fair value of future earn-out payment	27,193	-	27,193
Total purchase consideration	141,746	-	141,746
Fair value of assets and liabilities arising from the acquisition			
Cash and cash equivalents	5,715	-	5,715
Trade and other receivables	11,706	-	11,706
Plant and equipment	24,256	-	24,256
Right-of-use assets	91,292	-	91,292
Net investment in sublease	4,506	-	4,506
Brand name	5,500	8,500	14,000
Customer relationships	40,900	-	40,900
Non-compete agreement	1,900	-	1,900
Goodwill	83,755	(6,120)	77,635
Trade and other payables	(12,802)	-	(12,802)
Borrowings	(6,023)	-	(6,023)
Deferred tax liability	(12,724)	(2,380)	(15,104)
Lease liabilities	(96,235)	-	(96,235)
	141,746	-	141,746

The fair value of the trade and other receivables acquired as part of the business combination amounted to $11.7 million. The gross contractual amount is $12.1 million, with a loss allowance of $0.4 million recognised on acquisition.

The goodwill of $77.6 million arising upon this acquisition is attributable to the business know how and premium paid for strategic reasons, including acquiring an entry point into the temperature-controlled transport and facilities industry. None of the goodwill recognised is deductible for income tax purposes.

(a) Big Chill brand name
The fair value for the Big Chill brand name was provisional as at 30 June 2020, which has since been finalised during the year ended 30 June 2021.

(b) Fair value of future final payment – 30 June 2020
The estimated discounted future final payment of $27.2 million payable in August 2022 was accrued for in the financial statements but was contingent upon certain financial performance hurdles being achieved for the years ended 30 June 2021 and 2022. The potential undiscounted amount of the future final payment that the Group expected was between nil and $30 million. The Group forecasted several scenarios and probability-weighted each to determine a fair value for this contingent payment arrangement.

(c) Fair value of future final payment – 30 June 2021

As at 30 June 2021 the estimated discounted future final payment was increased to $51.3 million ($52.6m undiscounted), representing an increase of $23 million (net of impact of unwinding of discount on acquisition earn-out liability of $1 million) which has been recognised in the income statement. The Group has forecast several scenarios and probability-weighted each to determine an updated fair value for this contingent payment arrangement. The liability is presented within trade and other payables in the balance sheet.

State Waste Services (SWS)

Effective 1 September 2017, the Group acquired the business and assets of SWS, an Australian-based medical waste collection and destruction business, for an initial payment of approximately $6.5 million (A$5.9 million) and a future maximum earn-out of up to $4.5 million (A$4.1 million). SWS was branded as Med-X and integrated into the Group's Shred-X business within the information management division.

As at 30 June 2021, based on the actual performance of the acquired business, management has confirmed that no future earn-out payment will be due in September 2021 (2020: no accrual for this earn-out).

SIGNIFICANT EVENTS AFTER BALANCE DATE

Dividend declared
On 23 August 2021, the Directors declared a fully imputed final dividend of 18 cents per share (approximately $29.8 million) in respect of the year ended 30 June 2021. The dividend will be paid on 1 October 2021. The record date for determination of entitlements to the dividend is 17 September 2021.

COVID-19
Post year end, parts of Australia have seen increased restrictions because of a resumption of COVID-19 cases. To date this has not had a material impact on the Group's business activities.

On 18 August 2021, New Zealand entered an alert level 4 lockdown. Freightways is deemed to provide essential services in New Zealand and have well established protocols to ensure that all staff and contractors can operate safely under all alert levels; however, under alert level 4, activity levels are significantly impacted across all the New Zealand businesses. Experience from the previous move from alert level 4 to alert level 3 showed that the express package businesses should recover quickly and tend to experience a significant increase in volumes stronger than expected under level 3.

Should the level 4 lockdown continue for an extended period we will continue to evaluate our cost base and whether there is a need to apply for the government wage subsidy.

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