Abridged Audited Financial Results | For the period ending 31 December 2020

UNIFREIGHT AFRICA LTD

Total Transport & Logistics Solutions

UNIFREIGHT · SWIFT · BULWARK · SKYNET WORLDWIDE EXPRESS

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Chairman's Statement

Overview

It is obvious to state that 2020, for Unifreight and the entire Nation in general, was an extremely challenging year virtually from the very get-go, with the COVID-19 Pandemic leading to lockdowns including the 1st and 2nd Waves of infections, during which we lost of two of our non-executive Directors. David Hlatywayo lost his life in a motor vehicle accident whilst Chris Amira succumbed to Covid – we are most grateful to both David and Chris for their years of service to Unifreight and our thoughts and prayers continue to go out to their families. On an uplifting note the Board is pleased to welcome Mark Kalweit as a non-Executive Director. Mark is a Technology Innovator and Entrepreneur and the Executive management looks forward to Mark's skillset helping guide Unifreight into the Digital Landscape.

Notwithstanding the difficult start to the year Group Operations recovered well, under the circumstances, and the Board is pleased to report an inflation adjusted earnings before interest, tax and depreciation of ZWL$ 367 Million which was 8% above prior year. Given the Covid 19 related challenges that were experienced during the year, the board is pleased with the performance.

The volatility of the reporting currency has made the interpretation of the 2020 Results a challenge, consequently the Board opted to measure performance by way of volume which reveals that Unifreight's tonnage dropped 14% on the previous year. This being against a backdrop of a number of Unifreight Customers being completely shut down whilst others operated at less than 50% of normal volumes for extended periods of time – the Board applauds Managements' performance in ensuring the Group traded strongly and remained profitable.

Outlook

The Board had an additional 6 months of trading data following year-end. To this end the Board is pleased to report a significant improvement in performance which has seen Revenue increase by 94% and Volumes grow by 35% on Prior year.

The Group Key performance Indicators are moving in the appropriate direction through improving yields and improved fuel consumption levels attributed to investment in new fleet. Careful management of labour cost per tonne and an overall improvement in cost controls gives the Board confidence that Management are on a sustainable trajectory.

However, that said – the stark reality of an uncertain economic outlook nationally and globally are concerning.

Consequently the Board, Executive and Management are focusing on what can be controlled, working hard to maintain a positive attitude and keep searching for pockets of opportunity that have been created whilst being extremely cogniscant of protecting Shareholder Value. The Board is grateful that Unifreight's robust yet flexible business model, with diverse Customer Base has kept the Group going through very difficult times.

Dividend

The Board, on 30 July 2021 recommended the declaration of a dividend of 42.26 cents per share, a separate announcement will be made giving details of payment.

Appreciation

All this would not have been possible without an Executive and Management Team who have really dug deep and gone the extra mile, thank you.

P.J. Annesley
Chairman
30 July 2021

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 Dececember 2020

	Audited 2020 Inflation Adj ZW$ 000	Audited 2019 Inflation Adj ZW$ 000	Unaudited 2020 Historical ZW$ 000	Unaudited 2019 Historical ZW$ 000
ASSETS				
Non current assets	**1,541,198**	**1,645,603**	**142,037**	**68,066**
Property, vehicles and equipment	879,197	1,041,568	84,551	43,749
Investment property	463,603	522,769	18,565	20,892
Rigt of use of asset	156,603	39,471	37,421	1,925
Intangible assets	41,795	41,795	1,500	1,500
Current assets	**352,278**	**365,861**	**336,419**	**49,054**
Inventories	126,423	203,619	105,875	12,887
Trade and other receivables	175,227	125,695	179,918	28,020
Cash and cash equivalents	50,628	36,547	50,626	8,147
Assets held for sale	45,059	-	2,046	-
TOTAL ASSETS	**1,938,535**	**2,011,464**	**480,502**	**117,120**
EQUITY AND LIABILITIES				
Equity	**1,371,441**	**1,456,074**	**258,557**	**76,549**
Share capital	29,675	29,675	1,065	1,065
Share premium	57,400	57,400	2,060	2,060
Non-distributable reserve	1,009,431	1,019,735	46,356	48,528
Equity component of shareholders loans	248,855	248,855	8,931	8,931
Retained Earnings	26,080	100,409	200,145	15,965
Non current liabilities	**381,341**	**392,714**	**39,845**	**5,318**
Loans and borrowings	-	13,323	-	2,970
Lease liability	37,100	9,788	37,590	2,182
Deferred tax liabilities	344,241	369,603	2,255	166
Current liabilities	**176,493**	**162,676**	**181,980**	**35,253**
Trade and other payables	118,218	102,507	123,706	22,733
Income tax payable	49,182	28,162	49,161	5,385
Deferred consideration	73	1,247	73	278
Lease liability	1,482	314	1,502	70
Loans and borrowings	7,538	30,446	7,538	6,787
Liabilities directly associated with the assets held for sale	9,260	-	120	-
TOTAL EQUITY AND LIABILITIES	**1,938,535**	**2,011,464**	**480,502**	**117,120**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2020

	Audited 2020 Inflation Adj ZW$ 000	Audited 2019 Inflation Adj ZW$ 000	Unaudited 2020 Inflation Adj ZW$ 000	Unaudited 2019 Inflation Adj ZW$ 000
Revenue	**1,518,494**	**1,328,854**	**1,038,701**	**136,239**
Operating costs	(1,213,128)	(1,007,385)	(821,640)	(99,893)
Movement in expected credit losses	(230)	(10,300)	(9,196)	(2,296)
Other operating income	62,271	28,692	63,617	(1,509)
Earnings before interest, tax and depreciation (EBITD)	**367,407**	**339,861**	**271,482**	**32,541**
Finance costs	(7,276)	(20,294)	(12,281)	(1,682)
Depreciation	(207,300)	(89,848)	(13,149)	(7,241)
Monetary (loss)/ gain	(205,454)	147,295	-	-
(Loss)/ profit before taxation	**(52,623)**	**377,014**	**246,052**	**23,618**
Income tax expense	(23,594)	(360,070)	(48,953)	(4,088)
(Loss)/ Profit for the year	**(76,217)**	**16,944**	**197,099**	**19,530**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income/ (loss) for the year, net of tax	**(76,217)**	**16,944**	**197,099**	**19,530**
Earnings per share				
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	(71.58)	15.91	185.11	18.34
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	(71.58)	15.91	185.11	18.34
- Headline earnings for the year attributable to ordinary equity holders of the parent (cents)	51.92	(208.14)		

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2020

	Attributable to equity shareholders of the parent: Share capital Inflation Adj ZW$ 000	Share premium Inflation Ad ZW$ 000	Non-distributable reserves jInflation Adj ZW$ 000	Equity portion of Shareholders loans Inflation Adj ZW$ 000	Retained Earnings Inflation Adj ZW$ 000	Total Equity Inflation Adj ZW$ 000
Balance as at 1 January 2019	29,675	57,400	-	248,855	94,850	**430,780**
Effects of first adoption of IFRS 16 Leases	-	-	-	-	(1,045)	**(1,045)**
Profit for the year	-	-	-	-	16,944	**16,944**
Change of functional currency	-	-	1,019,735	-	-	**1,019,735**
Dividend	-	-	-	-	(10,340)	**(10,340)**
Balance as at 31 December 2019	**29,675**	**57,400**	**1,019,735**	**248,855**	**100,409**	**1,456,074**
Balance as at 1 January 2020	**29,675**	**57,400**	**1,019,735**	**248,855**	**100,409**	**1,456,074**
Loss for the year	-	-	-	-	(76,217)	**(76,217)**
Dividend	-	-	-	-	(8,416)	**(8,416)**
Realised portion of non-distributable reserve	-	-	(10,304)	-	10,304	**-**
Balance as at 31 December 2020	**29,675**	**57,400**	**1,009,431**	**248,855**	**26,080**	**1,371,441**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2020

	Inflation Adj 2020 ZW$ 000	Inflation Adj 2019 ZW$ 000
Net cash generated from operating activities	**416,235**	**109,379**
Cash generated from operations	442,170	140,022
Dividend paid	(8,416)	(10,340)
Interest paid	(7,276)	(20,303)
Taxation paid	(10,243)	-
Net cash utilised in investing activities	**(46,400)**	**(95,459)**
Purchase of property, vehicles and equipment to increase operations	(54,473)	(99,079)
Extension of investment properties	-	(63)
Proceeds from sale of property, vehicles and equipment	8,073	3,683
Net cash gutilised in financing activities	**(34,183)**	**(1,237)**
Proceeds from borrowings	10,422	29,330
Payment of deferred consideration	(225)	-
Principal payment of lease liabilities	(1,254)	(1,714)
Repayments of borrowings	(43,126)	(28,853)
Increase in cash and cash equivalents	**335,652**	**12,683**
Cash and cash equivalents at beginning of year	36,547	(30,205)
Net foreign exchange differences	6,925	7,909
Monetary gain/ (loss)	(328,494)	46,160
Cash and cash equivalents at end of year	**56,630**	**36,547**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

General Information

Unifreight Africa Limited was incorporated in Zimbabwe in 1970. It is the holding company of a Group of companies primarily involved in the road transport industry whose main activities include inter-city freight consolidations, the distribution of general goods, and a courier service.

The Company is incorporated in Zimbabwe. Other entities in the Group are incorporated in Botswana. The company is listed on the Zimbabwe Stock Exchange

These Group consolidated financial statements are presented in Zimbabwean Dollars and were authorised for issue by the Board of Directors on 24 March 2020.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board (IASB) with the exception to IAS 21 Effects of Changes in Exchange Rates on accounting for change in functional currency, IAS 29 Financial reporting in hyperinflationary economies, IAS 8 Accounting policies, change in accounting estimates and errors and IFRS 13 fair value measurement. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in Zimbabwean dollars (ZW$) and all values are rounded to the nearest 1 000 dollars except where otherwise stated.

The consolidated financial statements are initially prepared under the historical cost convention as restated for the changes in the general purchasing power of the functional currency for the purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies). This historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at the end of the reporting period. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group.

Inflation adjustment

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply IAS 29, Financial Reporting in Hyper-Inflationary Economies had been met in Zimbabwe. The pronouncement require that entities reporting in Zimbabwe apply the requirements of IAS 29 with effect from 1 July 2019.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for the previous period be stated in the same terms. The restatement has been calculated by means of conversion factors derived from the consumer price index. The Group used the inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe. The following factors were applied:

Period / Month	Factor
Prior year	4.4859
Jan-20	4.3882
Feb-20	3.8654
Mar-20	3.0534
Apr-20	2.5956
May-20	2.2544
Jun-20	1.7122

Period / Month	Factor
Jul-20	1.2633
Aug-20	1.1650
Sep-20	1.1221
Oct-20	1.0751
Nov-20	1.0422
Dec-20	1.0000

Trade and other receivables

	Inflation Adj 2020 ZW$ '000	Inflation Adj 2019 ZW$ '000
Current		
Trade receivables	154,301	100,592
Receiveables due from related parties (note 28)	3,798	3,252
Less: provision for impairment	(11,768)	(11,538)
Trade receivables - net	**146,331**	**92,306**
Prepayments	3,383	9,032
Staff debtors	648	147
VAT receivable	82	222
Other debtors	24,783	23,988
	175,227	**125,695**

Trade and other payables

	Inflation Adj 2020 ZW$ '000	Inflation Adj 2019 ZW$ '000
Current		
Trade payables	56,340	43,624
Trade payables due to related parties	6,238	3,898
Accrued expenses	12,225	34,083
Social security and other statutory liabilities	43,415	20,902
	118,218	**102,507**

Borrowings

Borrowings represent facilities for capital expenditure and working capital. The interest rates is 45%.

	Inflation Adj 2020 ZW$ '000	Inflation Adj 2019 ZW$ '000
Shareholder loans	248,855	248,855
Equity component of shareholders loans	(248,855)	(248,855)
	-	-
Loans and Borrowings	7,538	43,769
	7,538	**43,769**

Finance cost

Finance cost comprises the following:

	Inflation Adj 2020 ZW$ 000	Inflation Adj 2019 ZW$ 000
- bank borrowings	3,241	18,567
- Consideration liability	20	260
- finance leases liabilities	4,015	1,467
	7,276	**20,294**

Capital expenditure

	Inflation Adj 2020 June 000	Inflation Adj 2019 Dec 000
Acquisition of property, vehicles and equipment	54,473	99,079
Approved capital commitments at the date of approval of financial results	-	-

Contingent liabilities

The group is a defendant in various labour disputes with former employees. The cases are at various stages. The total being claimed in all these cases is ZW$ 895,800.

Subsequent events

There are no adjusting or non-adjusting events after the reporting date which have an effect on the financial position of the group as at the reporting date nor require disclosure in the financial statements.

Auditors' Opinion

The inflation adjusted consolidated financial statements from which the abridged version has been extracted have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Foreign Exchange Rates", International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies", as well as non-compliance with International Accounting Standard 8 (IAS8) "Accounting for Policy Changes in Accounting Estimates and Errors" and International Financial Reporting Standard (IFRS 13) "Fair Value Measurement". There are no other key audit matters communicated in the audit report.

The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office."

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).