Abridged Audited Financial Results

for the year ended 31 December 2021

UNIFREIGHT AFRICA LTD

Total Transport & Logistics Solutions

UNIFREIGHT SWIFT BULWARK SKYNET WORLDWIDE EXPRESS


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Chairman's Statement

Overview

The year 2021 was characterised by a rebound in economic activity as a result of the easing of restrictions that had been implemented to combat the Covid 19 pandemic. This was a welcomed development although the operating environment remained challenging. The effect of rising inflation, volatility of exchange rates, and policy inconsistencies has affected business confidence within the economy. We have implemented measures to reduce the impact on the business and we are confident the measures will secure the future of the business.

Financial performance

We are happy to present inflation-adjusted Group Revenue of ZW$3.212Billion which is 32% above prior year and 2% above budget. Despite this healthy growth in Sales, margins have been pressed by the rising in cost. This rise in cost is mainly because of exchange rate volatility and US Dollar inflation experienced during the year. Tonnage was 0.7% above budget and 22% up from the prior year. This increase in tonnage was a result of new business acquisition and average growth of 50% in volume as existing customers recovered from the impact of Covid 19 restrictions. Inflation-adjusted profit for the year was ZW$581million as compared to a ZW$123 Million Inflation Adjusted loss the prior year. (Historical Profit ZW$ 197 Million)

Outlook

Under the circumstances, the Board is relatively happy with the results produced during the period under review, particularly the acquisition of new revenue-earning equipment, growth in the balance sheet in real terms, and the investment in Zimplow Limited which will result in the Group enjoying benefits from the synergy. The operating environment remains challenging but we are confident that the authorities will implement measures to stabilize the exchange rate and inflation. Meanwhile, as the country gears up for the 2023 elections, the Group will continue to look for opportunities to remain profitable.

Dividend

The board has recommended the declaration of a dividend of 59 cents per share, a separate announcement will be made giving details of payment.

Appreciation

On behalf of the Board, I would like to extend my sincere appreciation to our valued stakeholders. I am grateful to my fellow board members for their strategic insight, management and staff for their continued commitment and dedication.

Peter Annesley
Chairman
28 June 2022

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 Dececember 2021

	Audited		Unaudited	
	2021 ZW$ 000 Inflation Adj	2020 ZW$ 000 Inflation Adj	2021 ZW$ 000 Historical	2020 ZW$ 000 Historical
ASSETS				
Non current assets	**3,288,820**	**2,477,323**	**1,148,848**	**142,037**
Property, vehicles and equipment	1,289,563	1,413,221	168,349	84,551
Investment property	732,707	745,196	18,193	18,565
Investment in equity instrument	810,258	-	810,258	-
Rigt of use of asset	389,111	251,725	150,548	37,421
Intangible assets	67,181	67,181	1,500	1,500
Current assets	**538,837**	**566,250**	**528,836**	**336,419**
Inventories	193,670	203,211	183,669	105,875
Income tax asset	300	-	300	-
Trade and other receivables	320,128	281,660	320,128	179,918
Cash and cash equivalents	24,739	81,379	24,739	50,626
Assets held for sale	-	72,428	-	2,046
TOTAL ASSETS	**3,827,657**	**3,116,001**	**1,677,684**	**480,502**
EQUITY AND LIABILITIES				
Equity	**3,140,642**	**2,204,455**	**1,206,415**	**258,557**
Share capital	47,700	47,700	1,065	1,065
Share premium	92,265	92,265	2,060	2,060
Non-distributable reserve	1,622,559	1,622,559	46,356	46,356
Fair value reserve for financial assets at FVOCI	363,985	-	476,994	-
Equity component of shareholders loans	400,009	400,009	8,931	8,931
Retained Earnings	614,124	41,922	671,009	200,145
Non current liabilities	**395,687**	**612,971**	**179,941**	**39,845**
Lease liability	154,020	59,635	154,020	37,590
Deferred tax liabilities	241,667	553,336	25,921	2,255
Current liabilities	**291,328**	**283,690**	**291,328**	**181,980**
Trade and other payables	240,459	190,023	240,459	123,706
Income tax payable	-	79,051	-	49,161
Deferred consideration	-	118	-	73
Lease liability	7,013	2,382	7,013	1,502
Loans and borrowings	43,856	12,116	43,856	7,538
Liabilities directly associated with the assets held for sale	-	14,885	-	120
TOTAL EQUITY AND LIABILITIES	**3,827,657**	**3,116,001**	**1,677,684**	**480,502**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2021

	Audited		Unaudited	
	2021 ZW$ 000 Inflation Adj	2020 ZW$ 000 Inflation Adj	2021 ZW$ 000 Historical	2020 ZW$ 000 Historical
Revenue	**3,211,716**	**2,440,827**	**2,561,597**	**1,038,701**
Operating costs	(3,209,945)	(1,949,981)	(2,392,373)	(821,640)
Movement in expected credit losses	(45,070)	(370)	(45,070)	(9,196)
Dividend Received	4,102	-	3,667	-
Other operating income	640,120	100,094	481,734	63,617
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**600,923**	**590,570**	**609,555**	**271,482**
Finance costs	(44,464)	(11,696)	(38,748)	(12,281)
Depreciation	(227,355)	(333,213)	(30,740)	(13,149)
Monetary (loss)/ gain	(54,314)	(330,246)	-	-
Profit before taxation	**274,790**	**(84,585)**	**540,067**	**246,052**
Income tax expense	305,828	(37,924)	(23,692)	(48,953)
Profit /(Loss) for the year	**580,618**	**(122,509)**	**516,375**	**197,099**
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Net gain on equity instruments designated at fair value through other income	363,985	-	453,144	-
Other comprehensive income for the year, net of tax	**363,985**	**-**	**453,144**	**-**
Total comprehensive income/ (loss) for the year, net of tax	**944,603**	**(122,509)**	**969,519**	**197,099**
Earnings per share				
- Basic earnings for the year attributable to ordinary equity holders of the parent (cents)	**545.31**	**(115.06)**	**484.98**	**185.11**
- Diluted earnings for the year attributable to ordinary equity holders of the parent (cents)	**545.31**	**(115.06)**	**484.98**	**185.11**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Attributable to equity shareholders of the parent						
	Share capital Inflation Adj ZW$ 000	Share premium Inflation Adj ZW$ 000	Non-distributable reserves Inflation Adj ZW$ 000	Fairvalue reserve of financial assets at FVOCI 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 2020	47,700	92,265	1,639,122	-	400,009	161,396	2,340,492
Loss for the year	-	-	-	-	-	(122,509)	(122,509)
Dividend	-	-	-	-	-	(13,528)	(13,528)
Realised portion of non-distributable reserve	-	-	(16,563)	-	-	16,563	-
Balance as at 31 December 2020	**47,700**	**92,265**	**1,622,559**	**-**	**400,009**	**41,922**	**2,204,455**
Balance as at 1 January 2021	**47,700**	**92,265**	**1,622,559**	**-**	**400,009**	**41,922**	**2,204,455**
Profit for the year	-	-	-	-	-	580,618	580,618
Dividend	-	-	-	-	-	(8,416)	(8,416)
Net gain on equity instruments designated at fair value through other comprehensive income	-	-	-	363,985	-	-	363,985
Balance as at 31 December 2021	**47,700**	**92,265**	**1,622,559**	**363,985**	**400,009**	**614,124**	**3,140,642**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2021

	Audited	
	2021 Inflation Adj ZW$ 000	2020 Inflation Adj ZW$ 000
Net cash generated from operating activities	**158,324**	**669,056**
Cash generated from operations	227,703	710,744
Dividend paid	(8,416)	(13,528)
Interest paid	(42,355)	(11,695)
Taxation paid	(18,608)	(16,465)
Net cash utilised in investing activities	**(42,294)**	**(74,583)**
Purchase of property, vehicles and equipment to increase operations	(54,469)	(87,560)
Dividend Received	4,102	-
Proceeds from sale of property, vehicles and equipment	8,073	12,977
Net cash generated/(utilised) in financing activities	**6,286**	**(54,947)**
Proceeds from borrowings	75,913	16,752
Payment of deferred consideration	(225)	(362)
Principal payment of lease liabilities	(32,932)	(2,016)
Repayments of borrowings	(36,470)	(69,321)
Increase in cash and cash equivalents	**122,316**	**539,526**
Cash and cash equivalents at beginning of year	81,383	58,746
Net foreign exchange differences	6,925	11,131
Effect of inflation on cash and cash equivalence	(185,885)	(528,020)
Cash and cash equivalents at end of year	**24,739**	**81,383**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2021

General Information

Unifreight Africa Limited (formerly Pioneer Corporation 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 28 June 2022.

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). 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	Period / Month	Factor
Jan-21	1.5246	Jul-21	1.2986
Feb-21	1.4737	Aug-21	1.2464
Mar-21	1.4412	Sept-21	1.1901
Apr-21	1.4187	Oct-21	1.1186
May-21	1.3835	Nov-21	1.0576
Jun-21	1.3318	Dec-21	1.0000

Accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The policies applied are consistent with those applied in previous years.

Trade and other receivables

	Inflation Adj 2021 ZW$ '000	Inflation Adj 2020 ZW$ '000
Current		
Trade receivables	250,821	248,019
Receivables due from related parties	7,988	6,105
Less: provision for impairment	(63,985)	(18,916)
Trade receivables - net	**194,824**	**235,208**
Prepayments	20,822	5,441
Staff debtors	187	1,042
VAT receivable	723	133
Other debtors	103,572	39,836
	320,128	**281,660**

Trade and other payables

	Inflation Adj 2021 ZW$ '000	Inflation Adj 2020 ZW$ '000
Current		
Trade payables	138,960	90,561
Trade payables due to related parties	36,752	10,027
Accrued expenses	33,212	19,650
Social security and other statutory liabilities	31 535	69,785
	240,459	**190,023**

Borrowings

Borrowings represent facilities for capital expenditure and working capital. The interest rates is 65%.

	Dec 2021 ZW$ '000 Inflation Adj	Dec 2020 ZW$ '000 Inflation Adj
Shareholder loans	400,009	400,009
Equity component of shareholders loans	(400,009)	(400,009)
	-	-
Loans and Borrowings	43,856	12,116
	43,856	**12,116**

Finance cost

Finance cost comprises the following:

	Dec 2021 ZW$ '000 Inflation Adj	Dec 2020 ZW$ '000 Inflation Adj
- Bank borrowings	17,661	5,210
- Consideration liability	4	31
- Leases liabilities	26,799	6,454
	44,464	11,695
Capital expenditure Acquisition of property, vehicles and equipment	54,469	87,560
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.

INDEPENDENT AUDITOR'S REPORT

This abridged inflation adjusted consolidated financial statements should be read in conjunction with the complete set of inflation adjusted consolidated financial statements for the year ended 31 December 2021 which 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:"The effects of changes in Foreign Exchange rates", including historical errors not adjusted in terms of International Accounting Standard 8:"Accounting Policies, Changes in Accounting Estimates and Errors", International Financial Reporting Standard (IFRS 13) Fair Value Measurement, IAS 2 inventories and consequential impact on the inflation adjusted amounts determined in terms of IAS 29 Financial Reporting in Hyperinflationary Economies. Additionally, the opinion was also further qualified due to the limitation of scope due to circumstances relating to the nature of our work and non compliance with International Financial Reporting Standard (IFRS) 11: Joint Arrangements.

The Independent Audit Report on the inflation adjusted consolidated financial statements is available for inspection at the registered office of the company. The engagement partner responsible for this audit is Mr. David Gwande. (PAAB Practicing Certificate Number 132)

Directors: P.J. Annesley (Chairman); R.E. Kuipers * (Chief Executive Officer); B.N. Ndebele; H. Crabbe; M. Kalweit *Executive

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