



Abridged Audited Financial Results

for the year ended 31 December 2022

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Chairman's Statement

Overview

2022 was both a challenging year as well as year of change for Unifreight. While a number of macro-economic changes to the operating environment weighed down performance, there were also a number of positive developments that will see Unfreight grow from strength to strength.

The Zimbabwe Dollar depreciated substantially during the first half of 2022 which was addressed by raising the bank policy lending rate from 80% to 200% p.a. This immediately halted the currency depreciation but created a loan : deposit ratio retraction effectively lowering the liquidity in the market as industry moved to re-pay loans as quickly as possible. The resultant low loan: deposit ratio affected many businesses cash flow including Unifreight's.

Amongst the challenging macro-economic conditions Unifreight managed to secure a very attractive instalment sale agreement from a foreign creditor resulting in the re-capitalisation of 50 brand new FAW 380hp prime movers with 50 AFRIT taut-liner trailers. This substantial re-capitalisation will go a long way towards diluting the fixed cost overhead of the business.

FINANCIAL PERFORMANCE SUMMARY

The Group's financial results and the commentary have been prepared on an inflation-adjusted basis as required by IAS 29 "Financial Reporting in Hyperinflationary Economies". Financial statements prepared under the historical cost convention have only been presented as supplementary information. The Directors would like to advise users to exercise caution on their use of these audited abridged consolidated financial statements, due to the material and pervasive impact of the technical difficulties of reporting under International Accounting Standard (IAS) 29.

The group made a loss of (ZWL1.50b) at FY2022 which was largely driven by the Group's shareholding in

Zimplot which declined by (ZWL 2.16b) during 2022 driven by the inflation adjusted re-valuation of historical value. Revenue from continuing operations grew by 31% to ZWL 14.4b. However EBIT reduced by (58%) on the back of a 306% increase in financial costs for 2022. Our balance sheet grew from ZWL13.1b to ZWL18.6b due to the re-capitalisation of the fleet.

DIVIDEND DECLARATION

The Directors have decided not to declare a dividend for the period under review as they continue to assess the economic environment.

OUTLOOK

The Group is optimistic about the future and will drive growth through increased capacity availability as well as improved efficiencies. The additional 50 trucks were long overdue with the market readily availing additional volume to Unfreight.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude and appreciation to our customers, business partners, and our valued shareholders for their confidence in us, which will be deservedly rewarded over time. I would also like to extend my gratitude to the Unifreight Board of Directors, employees, management, and executive team for their passion, commitment, and dedication to achieving a high-performance culture and ensuring Unifreight continues to grow.

ON BEHALF OF THE BOARD


Peter Annesley
Chairman
24 March 2023

Auditor's Statement

These abridged financial results derived from the audited consolidated inflation adjusted financial statements of Unifreight Africa Limited and its subsidiaries "the Group" for the financial year ended 31 December 2022, should be read together with the complete set of audited consolidated inflation adjusted financial statements of the Group, for the year ended 31 December 2022, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Farai Chibisa, Registered Public Auditor 0547. A qualified opinion has been issued on the audited consolidated inflation adjusted financial statements of the Group, for the year then ended. A qualified opinion was issued regarding non-compliance with the requirements of the following:

- International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates;
- International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies;
- International Accounting Standard (IAS) 2 - Inventories;
- International Financial Reporting Standard (IFRS 11) - Joint Arrangements, International Accounting Standard (IAS 28) - Investments in Associates and Joint Ventures; and
- International Financial Reporting Standard (IFRS) 13 – Fair Value Measurement with respect to fair valuation disclosures for Investment Property for the prior year.

The auditor's report includes a section on key audit matters outlining matters that, in the auditor's professional judgement, were of most significance in the audit of the consolidated inflation adjusted financial statements. The key audit matter was with respect to revenue recognition. The auditor's opinion is not modified in respect of this matter.

The auditor's report on the consolidated inflation adjusted financial statements and the full set of the audited consolidated inflation adjusted financial statements, is available for inspection at the company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 Deceember 2022

	2022 ZWL 000 Inflation Adj	2021 ZWL 000 Inflation Adj	2022 ZWL 000 Historical	2021 ZWL 000 Historical
ASSETS				
Non current assets	9,329,869	11,305,642	3,018,736	1,148,848
Vehicles and equipment	3,800,761	4,432,999	1,481,311	168,349
Investment properties	2,497,443	2,518,751	17,767	18,193
Investment in equity instruments	580,958	2,785,342	580,958	810,258
Right of use of asset	2,219,766	1,337,609	937,200	50,548
Intangible assets	230,941	230,941	1,500	1,500
Current assets	9,272,102	1,852,298	6,915,918	528,836
Inventories	697,116	665,759	500,303	183,669
Income tax asset	-	1,026	2,697	300
Trade and other receivables	8,369,190	1,100,471	6,207,122	320,128
Cash and cash equivalents	205,796	85,042	205,796	24,739
TOTAL ASSETS	18,601,971	13,157,940	9,934,654	1,677,684
EQUITY AND LIABILITIES				
Equity	9,288,527	10,796,267	1,109,184	1,206,415
Share capital	163,968	163,968	1,065	1,065
Share premium	317,178	317,178	2,060	2,060
Non-distributable reserve	5,577,707	5,577,707	46,356	46,356
Fair value reserve for financial assets at FVOCI	(909,062)	1,251,234	251,446	476,994
Equity component of shareholders loans	1,375,070	1,375,070	8,931	8,931
Retained earnings	2,763,666	2,111,110	803,079	671,009
Non current liabilities	5,064,069	1,360,204	4,626,028	179,941
Loans and borrowings	3,682,428	-	3,682,428	-
Lease liability	915,204	529,459	915,204	154,020
Deferred tax liabilities	466,437	830,745	28,396	25,921
Current liabilities	4,249,375	1,001,469	4,199,442	291,328
Trade and other payables	1,777,495	826,602	1,777,495	240,459
Income tax payable	49,933	-	-	-
Lease liability	52,929	24,108	52,929	7,013
Loans and borrowings	2,369,018	150,759	2,369,018	43,856
TOTAL EQUITY AND LIABILITIES	18,601,971	13,157,940	9,934,654	1,677,684

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2022

	2022 ZWL 000 Inflation Adj	2021 ZWL 000 Inflation Adj	2022 ZWL 000 Historical	2021 ZWL 000 Historical
Revenue	14,486,297	11,040,595	9,940,426	2,561,597
Operating costs	(14,116,071)	(11,034,504)	(9,610,693)	(2,392,373)
Movement in expected credit losses	(35,417)	(154,933)	(167,762)	(45,070)
Dividend received	12,391	14,101	12,391	3,667
Other operating income	400,587	2,200,477	556,285	481,734
Earnings before interest, tax, depreciation and amortisation (EBITDA)	747,787	2,065,736	730,647	609,555
Finance costs	(621,131)	(152,849)	(473,621)	(38,748)
Depreciation	(1,044,935)	(781,555)	(72,327)	(30,740)
Monetary gain/ (loss)	1,303,243	(186,710)	-	-
Profit before taxation	384,964	944,622	184,698	540,067
Income tax expense/(credit)	267,592	1,051,314	(52,628)	(23,692)
Net profit for the year	652,556	1,995,936	132,070	516,375
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income	(2,160,296)	1,251,234	(225,548)	453,144
Other comprehensive (loss)/income for the year, net of tax	(2,160,296)	1,251,234	(225,548)	453,144
Total comprehensive (loss)/ income for the year, net of tax	(1,507,740)	3,247,170	(93,477)	969,519
Earnings per share				
- Basic (loss)/earnings for the year attributable to ordinary equity holders of the parent (cents)	(1,416.06)	545.31	(124.04)	484.98
- Diluted (loss)/earnings for the year attributable to ordinary equityholders of the parent (cents)	(1,416.06)	545.31	(124.04)	484.98
- Headline (loss)/earnings for the year attributable to ordinary equity holders of the parent (cents)	(1,693.65)	956.02	(562.93)	539.88

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2022

	2022 Inflation Adj ZWL 000	2021 Inflation Adj ZWL 000
Balance as at 1 January 2021	163,968	317,178
Profit for the year	-	-
Net gain on equity instruments designated at fair value through other comprehensive income	-	-
Dividend	-	-
Balance as at 31 December 2021	163,968	317,178
Balance as at 1 January 2022	163,968	317,178
Profit for the year	-	-
Net loss on equity instruments designated at fair value through other comprehensive income	-	-
Balance as at 31 December 2022	163,968	317,178

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2022

	2022 Inflation Adj ZWL 000	2021 Inflation Adj ZWL 000
Net cash (utilised)/ generated from operating activities	(5,628,317)	637,573
Cash (utilised)/ generated from operations	(5,003,803)	883,320
Dividend paid	-	(28,931)
Interest paid	(621,131)	(152,849)
Taxation paid	(3,383)	(63,967)
Net cash utilised in investing activities	(604,762)	(279,350)
Purchase of vehicles and equipment to increase operations	(1,335,314)	(321,203)
Proceeds from sale of property, vehicles and equipment	718,161	27,752
Dividend received	12,391	14,101
Net cash generated from financing activities	6,172,101	21,609
Proceeds from borrowings	6,890,110	260,958
Payment of deferred consideration	-	(773)
Principal payment of lease liabilities	(34,327)	(113,205)
Repayments of borrowings	(683,682)	(125,369)
(Decrease)/increase in cash and cash equivalents	(60,978)	379,833
Cash and cash equivalents at beginning of year	85,042	279,763
Effect of currency translation on cash and cash equivalents	15,746	23,800
Effects of inflation	165,987	(598,354)
Cash and cash equivalents at end of year	205,796	85,042

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

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 24 March 2023.

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 (ZWS) 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, the Historical Consolidated Statement of profit or Loss and other comprehensive income and Consolidated Statement of financial position has been included only as supplementary information.

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
Prior year	3.4376	Jul-22	1.2506
Jan-22	3.2632	Aug-22	1.1129
Feb-22	3.0499	Sep-22	1.0755
Mar-22	2.8688	Oct-22	1.0426
Apr-22	2.4828	Nov-22	1.0242
May-22	2.0523	Dec-22	1.0000
Jun-22	1.5703		

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 2022 ZWL '000	2021 ZWL '000	Trade and other payables	Inflation Adj 2022 ZWL '000	2021 ZWL '000
Current			Current		
Trade receivables	2,191,211	862,223	Trade payables	1,146,685	477,689
Receivables due from related parties	-	27,458	Trade payables due to related parties	189,659	126,340
Less: provision for impairment	(255,372)	(219,955)	Accrued expenses	254,531	114,170
Trade receivables - net	1,935,839	669,726	Social security and other statutory liabilities	186,620	108,403
Prepayments	6,095,060	71,578		1,777,495	826,602
Staff debtors	9,219	643			
VAT receivable	-	2,484			
Other debtors	329,072	356,040			
	8,369,190	1,100,471			

Borrowings
Borrowings represent facilities for capital expenditure and working capital. The interest rates are between 10% and 205%.

	2022 ZWL '000 Inflation Adj	2021 ZWL '000 Inflation Adj
Shareholder loans	1,375,070	1,375,070
Equity component of shareholders loans	(1,375,070)	(1,375,070)
	-	-
Loans and Borrowings	6,051,446	150,759
	6,051,446	150,759

Finance cost

Finance cost comprises the following:

	Dec 2022 ZWL '000 Inflation Adj	Dec 2021 ZWL '000 Inflation Adj
- Bank borrowings	551,098	60,712
- Consideration liability	-	13
- Leases liabilities	70,033	92,124
	621,131	152,849

	2022 ZWL '000	2021 ZWL '000
Capital expenditure		
Acquisition of vehicles and equipment	1,335,314	321,203

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.