

TRADING UPDATE - QUARTER 1 2023

Overview of Financial Performance

Q1 revenues increased from USD3.48m in 2022 to USD4.49m in 2023, reflecting a 29% increase. The increase was driven by an increase in available capacity as we took delivery of the first 75 of 100 new FAW JN5 380hp 6x4 Tractor Units which have been paired with Afrit Taut-liners. Q1 expenditure was also 21% below budget as Unifreight rolled out a mass cost reduction exercise to great effect.

The combination of increased top line revenue growth with cost cutting measures has resulted in a EBTDA profit of USD771k for Q1 2023. This is 159% above budget and we expect the trend to continue for the remainder of the year.

The 75 FAW units are performing very well achieving over 2.1km/litre on a combination of short and long-haul work as well as costing below USD 0.025c/km to maintain. Owing to the impressive performance of the FAW's we will look to purchase a further 15 FAW 8 140hp FL (5 Toners) as well as 15 FAW 28 290hp FL (13 toners). These assets will be used to replace and expand the current collection and delivery fleet.

Macro-economic challenges

Exchange rate instability is still a major cause for concern as it negatively effects the ability of the formal retailer and manufacturer to compete with imported products from South Africa. As Unifreight relies heavily on business-to-business transport in the formal trading environment, any disruption to the formal sector is likely to have negative consequences within the Unifreight Africa business. The recent suspension of import duty and import VAT on 11 different basic commodities is another disruption likely to have very negative consequences to industry and thus Unifreight.

Outlook

With another 100 FAW's added to the Unifreight fleet, fixed overheads will be diluted, and the business will be able to continue on from the fine Q1 trading performance. The group continues to closely monitor expenses and protect yield per KM. Currently we are on track to achieve our forecast profit of USD2.9m by FY 2023. The Board, Executive and Management are focussing on delivering positive results in a difficult trading environment to ensure shareholder value is being protected.

Appreciation

The Board is grateful that Unifreight Africa's robust yet flexible business model with a diverse Customer base has kept the Group going through very difficult times.



Cnr Willow & Orme Road
New Ardennie, Harare
P.O.Box 772, Harare, Zimbabwe
Tel: (+263 242) 621 015-20

Board of Directors

P.J. Annesley (Chairman)
R.P.A. Clarke (Chief Executive Officer)
J.N. Fambawaputa (Chief Finance Officer)

H.J. Crabbe
B.N. Ndebele
M.A. Kalweit

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Michael Mnemo", is written over a set of horizontal lines.

Michael Mnemo
COMPANY SECRETARY