UNIFREIGHT AFRICA LTD

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

TRADING UPDATE – Quarter 1 2025

Overview of Financial Performance

Unifreight Africa Limited has delivered a strong start to 2025, with significant revenue growth in Q1. Total revenues for the quarter surged by over 30% compared to the same period last year, reflecting robust demand and the success of recent strategic initiatives. Annual turnover rose from USD 20.4 million in 2023 to USD 24 million in 2024, and is forecast to reach USD 32 million in 2025. The volume of freight handled increased substantially, driven by our expanded fleet and new business streams. Notably, the establishment of two new Strategic Business Units (the 4PL logistics brokerage and a dedicated Cross-Border transport division) has begun to contribute materially to revenue and validate our expansion strategy.

Despite the top-line growth, profitability is still in a building phase. We have continued to invest heavily in new capacity and systems, and the benefits are still maturing. Both the 4PL and Cross-Border units are in early ramp-up, which means upfront costs have tempered immediate profits – these new SBUs, while performing well, are still in a cash-absorption phase requiring significant investment in fleet, technology, and personnel. Consequently, profit margins for the quarter remained modest. However, the underlying momentum is very positive. The Group achieved an improved operating margin relative to late 2024, and we anticipate profitability to strengthen as revenues scale up and recent investments begin to pay off. Overall, Q1's financial performance shows a solid foundation for growth, and the company remains on track for a monumental year of progress in 2025.

Market Conditions and Challenges

The trading environment in Zimbabwe during the first quarter remained extremely challenging on the macro-economic front. The transport and logistics industry faced strong headwinds from high costs, currency volatility, and liquidity constraints. Inflationary pressures and a shortage of long-term financing in the local market led many businesses to tighten their belts, creating a knock-on effect across supply chains. Notably, even some large and historically stable companies in Zimbabwe have been impacted by cash flow difficulties showing how widespread the challenges are.

In the transport sector specifically, operating costs in Zimbabwe are significantly higher than in neighbouring countries, which continues to squeeze margins. For example, fuel in Zimbabwe remains the most expensive in the region at around USD 1.58 per L, compared to about USD 1.01 in Zambia. Vehicle registration and licensing fees are also exorbitantly high at roughly USD 1,560 locally versus just USD 132 in Zambia. Additionally, diesel imports carry heavy duties (approx. USD 0.55 per L) and exporters must surrender 25% of foreign earnings for conversion into local currency (ZWG), which cannot be freely converted back to USD at market rates. These factors make operating a cross-border fleet out of Zimbabwe less attractive and more costly than regional competitors.

Compounding cost pressures is the ongoing liquidity crunch in the banking sector. Many financial institutions have pulled back on lending, forcing companies, including Unifreight and our customers, to rely on shorter-term and more expensive financing. This tight credit environment has led to elongated debtor payment cycles and cash flow gaps, requiring us to be proactive in managing working capital. While these macro-economic challenges have created headwinds for the entire industry, Unifreight's proactive approach and adaptable business model have allowed us to withstand the pressure and continue growing. Our ability to flex our operations (for instance, adjusting the mix of local vs. cross-border assets) provides resilience in the face of external volatility.

Strategic Business Units Performance

4PL Logistics Division
Our Fourth-Party Logistics (4PL) brokerage division introduced last year has quickly become a dynamic new growth engine for the Group. In Q1 2025, the 4PL unit steadily ramped up operations and began contributing meaningful revenue. It is now fully operational and managing substantial freight volumes, connecting client cargo with available transport capacity across the region. During the quarter, we continued to leverage Unifreight's expansive logistics network to win new high-volume contracts, building on successes from late last year. Notably, our 4PL team previously secured agreements to move over *30,000 tons* of goods from Beira, Mozambique into Zambia and Zimbabwe and this large-scale project is now well underway, boosting volumes in the current period.

The impact of the 4PL SBU on our business is very encouraging. This division has enabled Unifreight to expand its client base significantly, forming new partnerships with suppliers and positioning the Group as a preferred logistics provider in various industries. The 4PL operation contributed a healthy share of first-quarter revenues and even delivered additional monthly profits that were not present in the prior year. While still below our aggressive initial targets (as some contracts took longer to onboard), the trajectory is upward. As the 4PL brokerage continues to develop, we expect it to become a major revenue stream, supporting Unifreight's goals of service diversification and margin expansion. We are confident that 4PL will be a key pillar of our growth strategy going forward, unlocking asset-light revenue and reinforcing our regional presence.

Cross-Border Transport Division
The new Cross-Border Transport division also recorded promising progress in Q1. This unit was established to capitalize on regional freight opportunities and to complement our domestic operations. Over the past few months, we have rapidly scaled up cross-border routes, and the division now operates a dedicated fleet of over 100 trucks serving regional lanes. Cross-Border operations contributed approximately one-fifth of Unifreight's total revenue in the quarter, a dramatic increase from a very low base in the prior year. This reflects the successful onboarding of new cross-border contracts and clients, especially in neighbouring countries. We moved significantly higher volumes of goods between Zimbabwe, Zambia, Mozambique and beyond, leveraging our expertise in regional logistics.

While top-line growth in Cross-Border transport has been excellent, the segment's performance also came with challenges. As noted, Zimbabwe's high fuel and transit costs make cross-border hauling a tight-margin business for local operators. Further, this SBU is still building scale, and incurred some startup losses in Q1 as it invests in fleet and route development. Management is focused on improving operational efficiencies and yields in this division to ensure it turns profitable as volumes continue to grow. Despite near-term margin pressure, the Cross-Border unit remains a vital growth area for Unifreight.

Operational Highlights

Amid the challenging environment, Key operational highlights include:

- Fleet Efficiency Gains: We continued to optimize fleet performance, achieving an average fuel efficiency of about 2.30 km per L across our haulage fleet.
- High Fleet Availability: Maintenance and reliability programs yielded an overall fleet availability rate of 92% during the quarter, this means the vast majority of our trucks were road-worthy and operational at any given time.
- Improved Turnaround Times: We tackled previous delays in cross-border operations by enhancing real-time operational control. The implementation of live geo-fenced tracking dashboards has allowed our team to monitor shipments in transit and at border checkpoints in real time.
- Fleet Expansion: Unifreight remains committed to strategic fleet growth to support increasing demand. During Q1, we integrated 20 new FAW 28.380 FT trucks into our fleet, following the successful addition of these units last year.
- Workforce Training and Safety: In Q1 we rolled out additional driver training programs, including in-cab coaching sessions for dozens of drivers. Training covered advanced driving techniques, and safety protocols. This ongoing upskilling initiative is fostering a culture of safety and responsibility on the road, which in turn has led to lower accident rates and reduced risk.

Outlook

Looking ahead, the Board and management are confident about Unifreight Africa's prospects for the remainder of 2025. The strong first-quarter revenue growth and operational momentum provide a solid springboard for the next quarters. We anticipate a significant increase in activity in Q2, driven by the annual tobacco harvest season. Tobacco remains key to our strategy and with a bumper tobacco crop expected in 2025, we will transport substantially higher tobacco volumes for our clients; we have secured additional merchant contracts and expanded our fleet accordingly.

Crucially, our growth strategy is starting to bear fruit, and we expect the positive trends to continue. The Group is well positioned to achieve budget full-year results, supported by ongoing growth in cross-border operations and increasing contributions from the 4PL unit. These two strategic divisions are forecast to drive a larger share of revenue and profit as the year progresses and they mature into their economies of scale. Meanwhile, our core LTL (Less-Than-Truckload) and FTL (Full-Truckload) divisions are holding steady and are on track to benefit from the usual second-half seasonal volume lift. We will maintain our focus on maximizing fleet utilization and cost management to convert revenue growth into stronger

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profitability.

The outlook for Unifreight Africa remains optimistic. We have proven our resilience through a difficult operating environment, with a more diversified business. The Board is confident that, barring any further unforeseen economic shocks, Unifreight is on track to achieve its 2025 budget targets and deliver improved earnings for the year. In short, 2025 is shaping up to be a great year for the Company, one in which we consolidate the gains of our expansion and reward the faith of our investors. We will continue to adapt, innovate, and push for excellence in all areas of the business.

Appreciation
In closing, the Board would like to express its sincere appreciation to all stakeholders for their continued support. To our dedicated employees, your hard work and commitment to our vision have been the driving force behind the Group's growth. To our valued customers, we thank you for trusting Unifreight with your business and to our shareholders, we are grateful for your confidence in our strategy and leadership. Your unwavering support has been instrumental in enabling us to pursue our strategic vision and deliver consistent results.

We remain committed to upholding the highest standards of operational excellence, financial discipline, and corporate governance as we move forward. Unifreight Africa enters the remainder of 2025 with confidence and determination, and we look forward to achieving even greater milestones together.

BY ORDER OF THE BOARD

Richard Clarke
Group CEO