

TRADING UPDATE - QUARTER 3 2024

Overview of Financial Performance

Unifreight Africa demonstrated solid resilience in a difficult trading environment in Q3 2024, this reinforced the effectiveness of our operational strategies amid challenging market conditions. Our total revenue was up 9% year on year, although it did fall 15% short of our ambitious budgeted targets set. Despite these economic pressures, we achieved a net profit margin of 3.6%, which further emphasises our ability to navigate cost constraints and focus on high-margin business opportunities.

A significant contributor to this performance was the Full Truck Load (FTL) segment, which expanded to represent 22% of our revenue mix. Additionally, cross-border operations, contributed 23% of total revenue, and continue to be a vital growth area. These increases were balanced by the Less Than Load (LTL) segment, which maintained a 48% share. Market competition and currency fluctuations continued to present challenges however, our targeted focus on high dollar per kilometre courier clients and cross-border efficiency enabled us to sustain solid margins.

Swift volumes were notably 14% above the previous year, reaching 111,616 tons, with yield above budget, indicating stronger utilization and pricing strategies. This robust volume growth, combined with high operational standards, has been pivotal in securing new contracts and maintaining customer satisfaction levels.

4PL Business Unit Performance

The 4PL Brokerage division, now fully operational and consistently managing substantial freight volumes, has become a dynamic part of Unifreight Africa's growth strategy. In Q3, we successfully leveraged our expansive logistics network to establish new high-volume contracts, securing agreements to move over 30,000 tons of goods from Beira, Mozambique, into Zambia and Zimbabwe.

This large-scale operation has enabled us to expand our client base significantly, forming strategic partnerships with suppliers and consolidating our position as a preferred logistics provider for various industries. The 4PL unit has strengthened our regional market presence and driven additional monthly profitability. As this division continues to develop, we expect it to be a major revenue stream, supporting Unifreight's goals of revenue diversification.

Operational Highlights

Efficiency improvements remain a central focus to our Q3 performance. Fleet optimization has allowed us to reach an impressive fuel efficiency average of 2.30 km/L. By prioritizing the most fuel-efficient driving in our operations, we are able to control operating costs and improve bottom line results.

We also made strides in fleet reliability and maintenance cost reduction. With an overall fleet availability rate of 92%, we maintained high service standard that has been key to our customer contract retention efforts. Our team has used strict



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

Board of Directors
P.J. Annesley (Chairman) H.J. Crabbe
R.P.A. Clarke (Chief Executive Officer) B.N. Ndebele
J.N. Fambawaputa (Chief Finance Officer) M.A. Kalweit

maintenance controls and prioritize preventive maintenance to ensure high availability levels.

Turnaround times in cross border operations were another focus, where delays had previously hampered our capacity to generate revenue quickly. By enhancing operational control through real-time dashboards and live geo-fenced tracking, our operations team managed to reduce vehicle idle time at borders and depots.

In addition to logistics, we have invested in driver training programs to elevate operational safety and efficiency. Throughout the quarter, we initiated in-cab training sessions for 66 drivers that covered advanced driving techniques, route management, and safety practices. This will help us foster a culture of safety and responsibility across our driving teams, translating into reduced accident rates and lower operational risks.

Sales and Customer Acquisition

The Q3 period was marked by significant successes in customer acquisition, driven by a series of targeted initiatives from our sales team. Through an intensive door-to-door blitz, we unlocked new accounts in various sectors, including banking, healthcare, and agriculture. This strategic expansion was aimed at capturing market share from competitors and securing clients seeking more reliable logistics partners.

Fleet Expansion and Fuel Efficiency

Our commitment to expanding our fleet remains a key focus area and we have purchased an additional 20 FAW 380FT trucks which have been performing exceptionally well for us.

As part of our fuel management strategy, we have focused on improving fuel monitoring across our fleet. This quarter, fuel consumption management and fleet tracking tools were upgraded to allow us to monitor fuel usage more accurately, providing detailed insights that help us minimize fuel costs. This approach has not only lowered our fuel expenses but also contributed to more predictable and controlled operational costs.

Sales Pipeline and Market Penetration

Our sales pipeline remains robust, with multiple new contracts and customer engagements slated for the coming quarters. Notably, we are targeting clients in the telecommunications, banking, and mining sectors, areas where we have identified strong demand for dependable logistics services. By leveraging our established network and strong reputation, we aim to increase market share and secure high-value contracts that align with our margin objectives.

Outlook





Cnr Willow & Orme Road
New Ardbennie, 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

Looking ahead, Unifreight Africa is well-poised to achieve commendable end-of-year results, driven by continued growth in cross-border operations and increased contributions from the 4PL unit. The next quarter will focus on maximizing fleet utilization to take full advantage of the year end LTL surge in volume. We also anticipate that the fully operational 4PL division will play a crucial role in our growth, with new client contracts in place expected to keep the SBU busy, well into the new year.

We aim to complete the procurement of an additional 30 FAW 380FT units which include the 20 already paid for. This expansion will further improve our significant capacity and prepare us for a bumper tobacco season in 2025.

Appreciation

The Board extends its heartfelt appreciation to our dedicated employees, customers, and shareholders. Your unwavering support has been instrumental in our ability to deliver consistent results and pursue our strategic vision. We remain committed to operational excellence and sustainable growth, and we look forward to achieving even greater milestones together.

BY ORDER OF THE BOARD

Richard Clarke
Group CEO.