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(Incorporated in Zimbabwe under Company Registration Number 742/1930) ZSE Code: TANG.zw ISIN ZW 000 901 2411

TRADING UPDATE

FOR THE FIRST QUARTER ENDED 31 DECEMBER 2024

OPERATING ENVIRONMENT OVERVIEW

The operating environment for the period under review was characterized by tight liquidity on the market and inadequate electricity supply disrupting productivity. The monetary policy stance on tightening liquidity while addressing inflation, weighed down aggregate market activity as well as limited credit availability in the market resulting in the slowing down of economic growth. The Reserve Bank of Zimbabwe in its monetary policy announcement on 6 February 2025 reduced exporters currency retention threshold from 75% to 70%, further affecting viability of exporters.

The Government launched the Land Tenure Implementation Programme in December 2024 to facilitate the conversion of 99-year lease and offer letters into legally recognizable title deeds. The new title deeds are envisioned to provide collateral security easing access to funding from financial institutions which is expected in turn to stimulate investment and growth.

BUSINESS PERFORMANCE

Climate change remains one of the major risks of the agri-business. The late onset of the rains negatively impacted bulk tea production for the quarter under review, resulting in a 26% decline in volumes to 1 463 tonnes from 1 986 tonnes produced in the previous year. In turn, export volumes declined by 11% to 1 134 tonnes from 1 274 tonnes achieved in the same period prior year.

Packed tea sales volumes for the quarter were 330 tonnes, 31% below prior year volumes of 475 tonnes due to challenges prevalent on the formal wholesale and retail market which constitute the bulk of the packed tea customers. The Company is pursuing alternative routes to market while maintaining relations with the traditional wholesale, retail and catering customers. This will create a balance of growth without hindering the recovery and performance of our traditional customer base. The government published a press statement on 31 January 2025 on measures addressing the informalisation of the economy, which was threatening development in specific sectors.

A consignment of 286 tonnes of macadamia nuts, whose export was delayed in the previous financial year due to logistical issues caused by rescheduling of ships, was subsequently shipped during the quarter under review.

FINANCIAL PERFORMANCE

Company revenue for the quarter under review declined by 12% to USD4.4 million from USD5 million achieved in the prior year. The Company suffered a loss before tax of USD853 917 during the quarter due to a decline in tea production volumes.

OUTLOOK

The agricultural sector is expected to rebound in 2025 on account of the La Niña weather phenomenon typically associated with normal to above normal rainfall especially in the second half of the financial year.

The operating environment in the country remains complex due to policy changes and currency distortions.

The Company has put in place mitigating strategies to enhance process efficiencies and manage costs in order to improve performance. Notwithstanding the challenges in operating environment, the Company remains focused on adding value to its products. The Company will continue to pursue sustainable market diversification to expand the regional and international markets.

By Order of the Board

Sharon Nyasha Kodzanai

Company Secretary

13 February 2025