



TANGANDA TEA COMPANY LIMITED UNREVIEWED HALF YEAR RESULTS

FOR THE SIX MONTHS ENDED 31 MARCH 2025



CHAIRMAN’S STATEMENT

Environmental Overview

The operating environment during the first half of the year was characterized by policy-induced tight liquidity and resultant low aggregate demand. The February 2025 reduction in exporters’ retention threshold from 75% to 70% has aggravated the viability challenges faced by exporting businesses. Persistent power outages continued to stifle business operations which had to resort to expensive alternative sources of power to sustain operations.

Financial Performance

Revenue for the half year of USD8 million was 27% lower than prior year of USD11 million due to the impact of late rains on tea production and formal retail challenges that weighed down Beverage volumes. Profit after tax of USD539,983 was 73% below USD2 million achieved in the prior year. Included in profit is fair value gains on biological assets and fruit on bearer plants of USD2.6million.

REVIEW OF OPERATIONS

Agriculture

Bulk tea production of 4 736 tonnes was 6% below prior year of 5 028 tonnes. The late onset and inconsistent pattern of the rains and severe heat affected tea production and quality, mainly in the first quarter of the financial year. However, tea production improved in the second quarter with better rainfall received from January 2025. The improvement in production in the second quarter will in turn increase bulk tea exports whose volume of 2 174 tonnes were 28% lower than 3 005 tonnes achieved in prior year. The average export selling price was USD1.29 per kg, 4% lower than USD1.35 per kg achieved in prior year, due to oversupply and stock build-up in Kenya.

Macadamia nuts

The macadamia nuts harvest commenced in earnest at the end of the reporting period. A consignment of 286 tonnes of macadamia nuts, whose export was delayed in the previous financial year due to global logistical issues, was shipped in the first quarter of the year. Indicatively, based on exports after the reporting period, global macadamia nuts prices are firming up.

Avocado

The harvest and export of avocados began after the reporting period. The Company entered into a joint venture with Trade Link Global BV of Netherlands in establishing an avocado oil extraction plant at Tingamira Estate. The oil extraction plant commenced operations in May 2025 and oil exports to already established markets are underway.

Coffee

Natural decline in yields from aging bearer coffee, scheduled uprooting of coffee plants after their useful life and unfavourable weather patterns resulted in reduced production volumes. In turn coffee exports declined to 13 tonnes from 58 tonnes achieved in the previous year. Coffee volumes are expected to improve as the 60 hectares of coffee established under a joint venture at a third-party farm start to mature.

Beverage

705 tonnes of packed tea sold, were 18% below 864 tonnes achieved in the comparative prior year period. Government’s route to market policies tilted the playing field in favour of the informal sector and affected the Company’s packed tea sales volumes as the formal retail channel constitutes the bulk of its customers. However, volumes started to recover sustainably in the second quarter of the year as the Company pursued alternative routes to market while maintaining relations with the traditional wholesale, retail and catering clients. The stabilisation of the exchange rate in the second quarter improved traffic into the traditional formal market, thereby boosting sales volumes.

OUTLOOK

The operating environment is expected to remain complex, largely influenced by policy changes and tight liquidity.

Demand for our products remains relatively strong despite the impact of intricate macro-economic factors on the local, regional and international markets. The Company will continue to pursue sustainable market diversification to expand the regional and international markets.

The Company has put in place mitigating strategies to deal with challenges facing the business and is focused on improving process efficiencies and managing costs in order to improve performance. Notwithstanding the operating environment challenges, the company remains focused on adding value to its products.

Dividend

The Board does not recommend the declaration of an interim dividend, considering the need to preserve liquidity and to reinvest into the business.

Capital Raise

The Company is actively pursuing capital raising initiatives. Shareholders and the investing public will receive ongoing updates on their progress.

Directorate

The Board bade farewell to Mr Stewart Cranswick who retired from the Board at the Annual General Meeting held on 6 March 2025. The Board extends its gratitude to him for his services over the past three years and wish him the best in his endeavours.

Appreciation

I would like to thank our customers and suppliers for their continued support, together with our shareholders and other stakeholders, including regulatory authorities, for their assistance and guidance. I would also like to extend my gratitude and appreciation to fellow Board members, management and staff for their dedication and commitment to sustaining the business in challenging times.

H. Nkala
Chairman

SALIENT FEATURES

	6 MONTHS ENDED 31 MARCH 2025 USD
Revenue	Decreased by 27% to USD8.1 million
Export sales	Decreased by 25.8% to USD3.95 million
Local sales	Decreased by 28% to USD4.15 million
Operating profit	Decreased by 58% to USD1.1 million

CONDENSED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
Revenue	4	8,100,851	11,097,185
Cost of sales		(6,188,082)	(7,509,366)
Gross profit		1,912,769	3,587,819
Other expenses		(1,729,194)	(1,678,706)
Selling and distribution expenses		(1,763,486)	(1,870,915)
(Increase) or decrease in expected credit losses		(193,355)	345,832
Other income		2,869,595	2,216,032
Operating profit		1,096,329	2,600,062
Net finance costs		(390,403)	(299,018)
Profit before tax		705,926	2,301,044
Income tax expense	6	(165,943)	(330,300)
Profit for the period		539,983	1,970,744
Other comprehensive income		-	-
Total comprehensive income for the period		539,983	1,970,744
Basic earnings per share (cents)		0.21	0.75
Diluted earnings per share (cents)		0.21	0.75
Headline earnings per share (cents)		0.20	0.76

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 March 2025 USD	As at 30 September 2024 USD
Non-current assets			
Property, plant and equipment		19,939,809	20,034,801
Right of use asset		56,058	10,687
Biological assets	8	1,698,584	1,645,154
		21,694,451	21,690,642
Current assets			
Inventories	9	8,511,406	6,956,514
Produce on bearer plants	8	4,458,371	112,173
Trade and other receivables	10	3,920,911	6,159,017
Bank and cash balances		71,749	224,613
		16,962,437	13,452,317
Total assets		38,656,888	35,142,959

EQUITY AND LIABILITIES

Capital and reserves			
Share capital		320,075	320,075
Share premium		7,675,801	7,675,801
Non-distributable reserve		2,599,156	2,599,156
Retained earnings		13,191,149	12,651,166
Total shareholders' equity		23,786,181	23,246,198
Non-current liabilities			
Deferred tax		2,943,355	2,777,412
Lease liability		29,685	11,297
Long-term borrowings	12	1,466,659	2,937,639
		4,439,699	5,726,348
Current liabilities			
Trade and other payables	11	5,815,512	2,534,078
Lease Liability		26,760	13,987
Current portion of long-term borrowings	12	4,094,568	3,093,792
Bank overdraft		494,168	498,041
Other financial liabilities		-	30,515
		10,431,008	6,170,413
Total liabilities		14,870,707	11,896,761
Total equity and liabilities		38,656,888	35,142,959



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CONDENSED STATEMENT OF CHANGE IN EQUITY

	SHARE CAPITAL USD	SHARE PREMIUM USD	NON- DISTRIBUTABLE RESERVES USD	RETAINED EARNINGS USD	TOTAL SHAREHOLDERS EQUITY USD
Balance at 1 October 2023	320,075	7,675,801	2,599,156	11 285 443	21,880,475
Profit for the period	-	-	-	1,970,744	1,970,744
Balance at 31 March 2024	320,075	7,675,801	2,599,156	13,256,187	23,851,219
Balance at 1 October 2024	320,075	7,675,801	2,599,156	12,651,166	23,246,198
Profit for the period	-	-	-	539,983	539,983
Balance at 31 March 2025	320,075	7,675,801	2,599,156	13,191,149	23,786,181

CONDENSED STATEMENT OF CASH FLOWS

	Notes	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
Cash flows from operating activities			
Cashflow generated from/ (utilised in) operations	14	1,106,714	(616,383)
Cash flows from investing activities			
Purchase of property, plant and equipment		(393,429)	(334,791)
Expenditure on biological assets		(3,861)	(12,407)
Proceeds on disposal of property, plant and equipment		13,150	-
Interest received		214	109
Net cash utilised in investing activities		(383,926)	(347,089)
Cash flows from financing activities			
Proceeds from borrowings		1 050,000	2,640,000
Repayment of borrowings		(1 520,204)	(1,157,607)
Interest paid		(386,411)	(297,617)
Lease payments		(15,030)	(7,800)
Net cash (utilised in)/ generated from financing activities		(871,645)	1,176,976
Net (decrease)/ increase in cash and cash equivalents		(148,859)	213,504
Cash and cash equivalents at the beginning of the period		(273,428)	58,876
Net effect of exchange rates on cash and bank balances		(134)	14,297
Cash and cash equivalents at the end of the period		(422,419)	286,677
Comprising of			
Bank and cash balances		71 749	286 677
Bank overdraft		(494 168)	-
		(422,419)	286,677

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2025

1. **Corporate information**
The Company is incorporated and domiciled in Zimbabwe.
2. **Basis of preparation**
The Company's condensed financial statements for the six months ended 31 March 2025 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), (COBE). The Listing Requirements require financial statements to be prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and as a minimum, contain the information required by International Accounting Standards ("IAS") 34 (Interim Financial Reporting). The condensed Company's financial statements have been prepared based on the statutory records that are maintained under the historical cost basis, except for biological assets which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in United States Dollars ("USD"); all values are rounded to the nearest dollar, except where otherwise indicated.

The condensed financial statements have been prepared under the supervision of Henry Nemaire Chartered Certified Accountant, the Company Finance Director, registered public accountant, PAAB number 04741.
- 2.1 **Accounting policies**
Accounting policies and methods of computation applied in the preparation of the condensed financial statements are consistent, in all material respects, with those used in the preparation of the latest annual report. New applicable standards and improvements which became effective in the current year have been complied with and have had no material impact on these interim financial statements.
3. **Going Concern**
The Directors have satisfied themselves that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to use the going concern basis in the preparation of these financial statements.

	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
4. Revenue by product		
Bulk tea	2,812,353	4,132,284
Macadamia	390,270	180,862
Avocados	1,786	-
Coffee	88,571	368,602
Packed tea	4,656,589	5,998,509
Water	151,282	416,928
	8,100,851	11,097,185

All revenue recognised at a point in time

	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
5. Depreciation, amortisation and impairment of non-current assets		
Property, plant and equipment excluding bearer plants	314,076	250,676
Bearer plants	173,730	169,775
Right of use asset	11,212	3,053
	499,018	423,504

	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
6. Taxation		
Current Tax	607,388	(63,345)
Deferred Tax	(773,331)	393,645
	(165,943)	330,300

7. **Segment Information**
For management purposes, the Company is organised into 2 operating segments and information relating to these two segments are as detailed below:

Agriculture - This division, based in the Chipinge district, consists of five estates inter-cropped with tea, coffee, avocados and macadamia nuts. Tea and coffee are processed in bulk form for sale, either on the international market or to the Beverage Division for local and regional packed tea sales.

Beverage - The division consists of a tea blending and packaging plant, as well as a distribution warehouse in Mutare. Packed tea from this factory is sold and distributed through distribution depots in Harare, Bulawayo, Gweru, and Mutare. Depots handle product in a first in first out method. Packed tea is also exported into various regional markets. Major company brands include, Tanganda, Stella, Silver, Joko, Tanganda Special Blend, Tanganda Tips, Fresh Leaves, Tanganda Healthi Green, Nella Rooibos bags and Natra Fresh Rooibos (leaf and bags), Resurrection, Rosella, Makoni, tinga mira water and High Country Coffee.

	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
Revenue		
Agriculture	4,500,551	5,471,816
Beverage	4,807,872	6,415,438
Inter-segment revenue^	(1,207,572)	(790,069)
External Revenue	8,100,851	11,097,185
Operating Profit		
Agriculture	2,366,778	(528,485)
Beverage	457,216	4,127,308
Total Operating profit for reportable segments	2,823,994	3,598,823

	As at 31 March 2025 USD	As at 30 September 2024 USD
Segment Assets^^		
Agriculture	32,256,937	29,334,137
Beverage	5,764,207	5,118,704
Total	38,021,144	34,452,841
Segment Liabilities^^		
Agriculture	3,859,514	1,520,446
Beverage	955,271	785,507
Total	4,814,785	2,305,953

The accounting policies of the reportable segments are the same as the whole company accounting policies. Segment operating profit represents segment profit before allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.



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NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

7. Segment information (continued)

RECONCILIATION OF INFORMATION ON REPORTABLE SEGMENTS TO IFRS MEASURES		
	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
Revenue		
Total revenue for reportable segments	9,308,423	11,887,254
Elimination of inter-segment revenue	(1,207,572)	(790,069)
Consolidated revenue	8,100,851	11,097,185
Operating Profit		
Total Operating income for reportable segments	2,823,994	3,598,823
Finance income	214	109
Administration and other operating costs	(1,729,178)	(1,457,545)
Finance costs	(390,617)	(299,127)
Exchange gains	1,513	458,784
Consolidated profit before tax	705,926	2,301,044
Assets		
Total assets for reportable segments	38,021,144	34,452,841
Other assets	635,744	690,118
Consolidated total assets	38,656,888	35,142,959
Liabilities		
Total liabilities for reportable segments	4,814,785	2,305,953
Other liabilities	10,055,922	9,590,808
Consolidated total liabilities	14,870,707	11,896,761

[^] Inter-segment revenue represents unprocessed agriculture produce transferred to the beverages division for further processing and sale.

^{^^}Excluded from Segment assets and liabilities are centrally administered assets such as bank and cash balances, tax assets and liabilities which are centralised.

8 Fair Value Measurement

8.1 Fair Value Hierachy

IFRS 13 Fair Value Measurement specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

8.2 Valuation of Biological Assets

Biological assets comprise of gum and wattle plantations, livestock and produce growing on the bearer plants. The present value of expected net cash flows from plantations, discounted at the weighted average cost of capital, was used to determine fair value of timber plantations. The fair value for livestock was determined by reference to the market price and these valuations were carried out by a professional valuer not connected to the Company. Produce growing on bearer plants is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows.

Fair values of tea bushes on plantations, macadamia nuts on plantations, coffee beans on plantations and avocado fruit on plantations is determined using Level 3 inputs on the fair value hierarchy, whilst fair values for timber plantations and livestock is determined using level 3 inputs.

	As at 31 March 2025 USD	As at 30 September 2024 USD
9. Inventories		
Raw and packaging materials	867,191	711,878
Finished goods	557,986	364,275
Consumables	2,013,537	2,774,462
Agricultural produce	5,072,692	3,105,899
	8,511,406	6,956,514

10. Trade and other receivables

	As at 31 March 2025 USD	As at 30 September 2024 USD
Trade receivables	3,179,931	4,530,942
Less:expected credit loss	(392,911)	(199,665)
	2,787,021	4,331,277
Prepayments	776,372	1,512,379
Other receivables	357,519	315,361
	3,920,911	6,159,017

11. Trade and other payables

	As at 31 March 2025 USD	As at 30 September 2024 USD
Trade payables	4,186,699	1,852,070
Social security and other taxes	315,503	45,869
Accrued expenses	1,108,926	439,333
Provisions	204,384	196,806
	5,815,512	2,534,078

12. Borrowings

Interest-bearing borrowings constitute bank loans from various local financial institutions which accrue interest at a weighted average rate of 12.51% at the end of the period. The facilities have got different maturity dates and will be reviewed when they mature. Bank loans of USD 6.06 million are secured by the assignment of export proceeds to various financial institutions in line with the level of indebtedness of the Company to each of the financial institutions.

13. Capital expenditure for the period

	Half year ended 31 March 2025 USD	Year ended 30 September 2024 USD
Purchase of property, plant and equipment excluding bearer plants	393,429	214,954
Capital Expenditure incurred on bearer plants	273,481	467,739
	666,910	682,693

14. Cashflow information

	Half year ended 31 March 2025 USD	Half year ended 31 March 2024 USD
Cash generated from operations		
Profit before tax	705,926	2,301,044
Adjustment for non-cash items:		
Depreciation	499,018	423,504
(Profit) or loss on disposal of property, plant and equipment.	(12,537)	3,890
Gain on derecognition of right of use asset	(14,596)	-
Increase or (decrease) in expected credit losses	193,355	(345,832)
Net fair value adjustments	(2,614,909)	(1,457,706)
Net finance costs	390,403	299,018
Net exchange (gains)/losses	(1,513)	(458,784)
Cash (utilised in)/ generated from operations before changes in working capital	(854,853)	765,134
Changes in working capital:		
Increase in inventories	(3,335,748)	(3,717,323)
Decrease/(increase) in trade and other receivables	2,044,751	(1,547,530)
Increase in trade and other payables	3,283,079	3,888,268
Tax paid	(30,515)	(4,932)
Cashflow generated from/(utilised in) operations	1,106,714	(616,383)

15. Earnings per share

Basic Earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares outstanding during the period

Dilluted Earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares outstanding during the period plus weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Headline Earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders adjusted for profit or loss on disposal of assets for the period.

16. Subsequent events

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that require adjustments to the reported amounts or disclosures.