TRADING UPDATE FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2025

OPERATING ENVIRONMENT OVERVIEW

The business operating environment during the quarter ended 30 September 2025 was generally positive, with notable stability in inflation levels and exchange rates as the Central Bank continued to implement its tight monetary policy initiatives. In addition, the government has committed to a comprehensive review of levies, fees, licenses, and permits for 12 sectors of the economy as it moves to create a conducive environment for business. These reforms are expected to boost economic competitiveness, stimulate private investment, and support the attainment of the country's Vision 2030 of becoming an upper-middle-income society. However, borrowing costs remained high, liquidity challenges persisted throughout the quarter and power outages continued to hound the economy.

BUSINESS PERFORMANCE

Profitability

Turnover for the 3rd quarter of 2025, at USD3.3 million, was 1% below last year. However, sales volumes for the quarter went up by 7% to close at 9,150 tonnes. The discrepancy between revenue and volumes is attributed to the sales mix, which had a higher proportion of low value, high tonnage products compared to the same period last year. Year-to-date sales were USD8.3 million representing 6% drop compared to the same period last year whilst sales volumes, at 27,348 tonnes, were 11% below prior year.

The Group produced 10,782 tonnes of product during the 3rd quarter of 2025, representing an 11% growth compared to the same period last year in spite of the power outages experienced during the period. Production levels were adequate to meet sales requirements during the quarter under review. The Tile Plant was put on a planned shutdown for 12 days in August 2025, to allow for electrical installations in respect of the new fibre-cement sheeting plant being set up in Harare.

The gross profit for the quarter was 28% compared to 20% reported last year and this is attributed to improved production efficiencies and the ongoing cost containment initiatives being implemented by management. The overall gross margin for the 9 months was 26% up from 19% achieved last year.

5 Glasgow Road, Southerton, PO Box 3985, Harare, Zimbabwe, Website: www.turnall.co.zw

As a result, the business recorded a profit after taxation of USD92,091 as the turnaround strategies are starting to bear fruit. On a year-to-date basis, the Group has seen a 91% reduction in the loss after taxation, which is a positive development.

CASH GENERATION

The business generated USD809,101.00 from operating activities before working capital changes for the 9 months ended 30 September 2025 compared to a net cash outflow amounting to USD882,423.00 recorded last year. The thrust by management in the current year was to ensure that the business was able to generate adequate funding to meet its operational requirements and reduce the reliance on borrowings for both operational and capital expenditure requirements.

OUTLOOK

Economic growth is projected to close this year at 6%, supported by a good agricultural season, high gold prices, and strong remittance inflows. The Group is very optimistic that the business will be able to break even at operating profit level in 2025, following a massive loss from operating activities amounting to USD3.2 million reported in 2024. This will be achieved through revenue growth, increased production efficiencies and continued cost containment initiatives. The installation of the state-of-the-art fibre-cement sheeting plant in Harare is now almost complete, and the plant is expected to be commissioned in the 4th quarter of 2025. This will result in an improved product offering for our valued customers, amongst other benefits.

The feasibility study for the conversion of the Bulawayo plant to produce non-asbestos sheeting has been completed and the business is in the process of considering producing some trial products for testing in the regional market.

APPRECIATION

I would like to take this opportunity to express my profound appreciation to all our stakeholders, Board, management and staff for your unwavering support.

By Order of the Board

G. H Hampshire

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Board Chairman

10 November 2025