



P.O. Box 335, 15 Vumba Road, Mutare, Zimbabwe
Tel: +263 (20) 2060831 | VoiP: +263 8677447521
Email: investorrelations@tangandatea.com | Website: www.tangandatea.com
(Incorporated in Zimbabwe under Company Registration Number 742/1930) ZSE Code: TANG.zw ISIN ZW 000 901 2411

PROFIT WARNING AND MARKET UPDATE

INTRODUCTION

Further to the third quarter trading update published on 15 September 2025, the Board of Directors wishes to provide an update on the Company's operational and financial status. The third quarter trading update highlighted significant underperformance of the macadamia and avocado plantations due to a combination of adverse weather conditions and a biennial bearing phenomenon. Tea production was affected by the late onset and uneven distribution of rainfall.

The Company's audited financial results for the year ended 30 September 2025, to be published on 9 December 2025, with a loss after tax of US\$4.2million, accentuate the financial position of the business due to underperformance of operations and the impact of the historic Covid-19 induced commodity price decline.

UPDATE ON THE BUSINESS TURNAROUND PLAN

1. RAISING CAPITAL

As part of its business recovery plan, the Company is mobilizing an injection of up to US\$8 million to address the working capital deficit and to embark on critical capital expenditure that will boost revenue and address efficiencies in the value chain. Several factors have delayed the consummation of the capital raise transaction since issuance of the first cautionary statement on 28 October 2024. Some of these include:

- Deliberations on the most appropriate stock exchange on which to undertake the capital raise. Consideration was initially given to a migration to the Victoria Fall Stock Exchange however, following extensive consultation and after further careful consideration, a decision was made to issue ordinary shares on the Zimbabwe Stock Exchange and raise US\$8 million.
- The Board has undergone a robust process to identify the most suitable underwriter taking several factors into consideration, including clearances from regulatory authorities.

In order to accelerate realisation of the capital raise proceeds in general, the Board has also approved additional alternative capital raise options, as outlined below:

- Strategic disposal of non-core assets. A due diligence by the off taker is under way and a term sheet has been finalized for the disposal of the asset. Once an agreement is signed, US\$4.5 million proceeds are expected to be realised within 30 days subject to shareholder approval at an Extra Ordinary General Meeting.
- Bridging facility of US\$2.5 million. This is in advanced stages of review by the relevant financial institution.

The Board and management are confident that these additional set of options will meet the immediate working capital requirements for the Company.

2. RATIONALIZATION OF OPERATIONS

In view of the agricultural commodity price decline, the Board and management have undertaken to streamline operations in pursuit of business sustainability. These strategies include:

- Implementing a board approved staff rationalisation exercise to achieve efficient use of human resources throughout the Company. The on-going exercise resulted in an annual saving of US\$1.8 million for the year ended 30 September 2025.
- The cattle business unit has been trimmed and consolidated. All livestock has been relocated to New Year's Gift and Zona which are monocropping estates releasing 50 employees from the livestock section to the Company's core business.

PROFIT WARNING AND MARKET UPDATE (continued)

3. SOLAR PLANTS RETICULATION, GRID-TIE AND NET-METERING AND POWER FACTOR CORRECTION

The following measures have been implemented on the three solar plants and power management;

- The Company has managed to complete the reticulation of its solar power at the estates;
- Solar energy experts who have been identified will soon grid-tie and net meter the three solar plants. Excess generated solar power currently being lost will be banked and utilized; and
- The Company has invested into improved power factor correction equipment to reduce Zimbabwe Electricity Transmission and Distribution Company (ZETDC) maximum demand charges.

These measures are set to improve power efficiency and lower the overall cost of power by US16 cents per Kwh. This is expected to significantly improve the return on the solar investment.

4. CROP FLOWERING, FRUIT SET AND TEA FLASH

The 2025/6 crop flowering and fruit set on macadamia and avocado plantations is showing early signs of strong yields. The tea fields have been adequately prepared for the season and the rains received in November 2025 have already triggered a tea flash. Tea, macadamia, avocado and coffee agronomists and consultants have all pointed to a significantly better crop this season than achieved in the past three years. Management's alertness has been heightened on the following:

- Prioritise payment of tea plucking labour and introduce cash plucking;
- Ensure that the macadamia spraying programme is supported by adequate and effective chemicals to enhance quality; and
- Procure adequate nutrition for the avocado plantation to support fruit development.

Support has been secured from the Company's key fertilizer and chemical suppliers.

5. VALUE ADDITION AND DIVERSIFICATION OF CROP MARKETS

The new avocado oil extraction joint venture plant processed 1 931 tonnes of secondary grade fruit in its maiden year of operation, 2025. This value addition innovation will boost the Company's revenue in the future and has created a market for the Company's and other growers' secondary grade fruit. In the prior year 400 tonnes of secondary grade avocado fruit which could not find a market were composted leading to loss of potential revenue. In preparation for the plant's second season, management has approached Mozambican avocado growers who have expressed interest in supplying fruit to the oil extraction plant. Estimated fruit of approximately 1 000 tonnes from Mozambique will enhance plant capacity utilisation.

Management continue with market diversification of agricultural produce to improve export earnings and achieve higher average selling prices. Following the agreement between the Zimbabwean and Chinese Governments on the export of avocados from Zimbabwe, the Company is now registered on the General Administration of Customs of the People's Republic of China (GACC). Exports of avocados to China will commence early next year 2026. Potential buyers were identified during a visit to China in June 2025 in collaboration with Zimtrade.

6. BEVERAGE DIVISION REVENUE ENHANCING STRATEGIES

The Company has embarked on the following key strategies to grow Beverage packed tea sales volumes;

- Prioritise and ensure consistent supply of Beverage packaging material and inputs. A 40% growth in October 2025 over same period prior year achieved after adequate packaging material supply indicates the divisions potential in contributing to the business recovery;
- Enhance distribution capacity to sell products into the informal market;
- Pursuit of new regional markets and resuscitation of old ones. This involves careful identification of suitable agents, signing agreements and giving the necessary promotional and product support to foster growth in these markets;
- Launch new products in the herbal infusion and flavoured tea categories; and
- Toll manufacturing for other blenders and house brands.

The Company is optimistic about the prospects of recovery. The Shareholders, Board of Directors and management are working in harmony to return the business to sustainable profitability and to a dividend-paying position. The Company acknowledges the continued support it receives from all its stakeholders.

The Board, Management and Staff wishes everyone a happy festive season and a prosperous future.

By order of the Board



Sharon N Kodzanai
Company Secretary
8 December 2025