

TPCPLC EARNINGS HIGHLIGHT

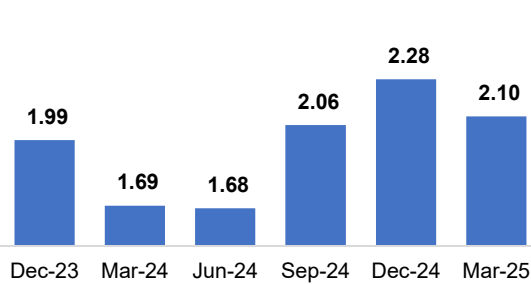
June 2025



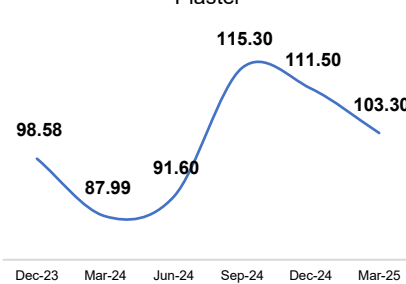
TWIGA CEMENT FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

INDUSTRIAL OVERVIEW

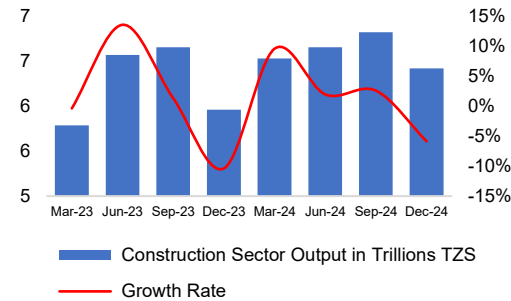
Net Cement Consumption in Million Tons



Industrial Production Index on Manufacture of Cement, Lime and Plaster



Construction Sector Gross Domestic Output



INCOME STATEMENT ANALYSIS

Net Profits decreased by 47.60%, from TZS 17.62 billion as of March 2025 to TZS 9.23 billion as of June 2025.

Possible Reasons:

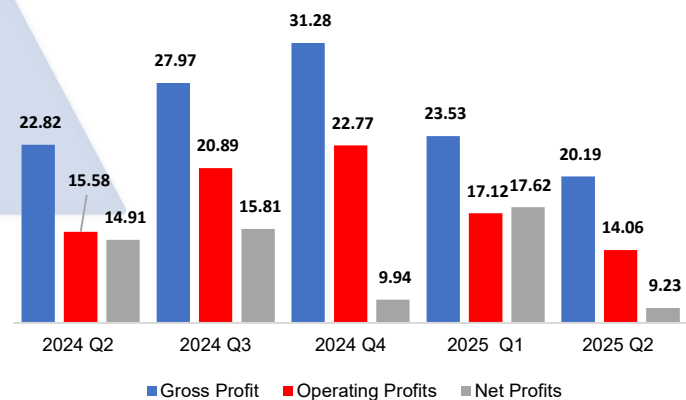
Sales dipped 1.72% QoQ from TZS 104.73 billion as of Q1'25 to TZS 102.92 billion as of Q2'25 perhaps due to lower sales volumes as cement consumption have shown a cyclical pattern of slowing down in Q2 relative to Q1 since as far back as 2015 all while competition remains fierce in the broader cement industry.

Despite sluggish sales, cost of sales surged 1.89% QoQ amounting to TZS 82.73 billion in Q2'25 with the growth brought about by increased production costs in particular energy costs following the decision to use eco-friendly energy sources i.e. natural gas over cheaper but more polluting sources such as coal.

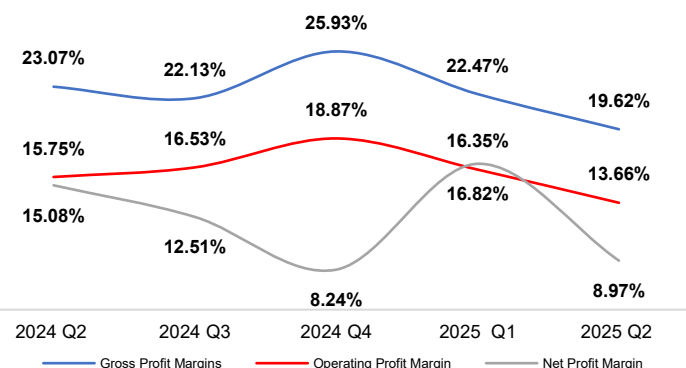
Finance Income fell 119.60% QoQ to TZS 1.57 billion in Q2'25 following translation losses on their cash and cash equivalent which is mainly held in USD as the currency continued to weaken on a global front due to unpredictable policies and rising fiscal debt.

Other operating income fell 49.30% QoQ to TZS 411.64 million likely due to a slowdown in miscellaneous income arising from hiring cement bulk tankers and scrap sales.

TPCPLC Profitability Trend in Billions TZS



TPCPLC Profit Margins



Income Statement Analysis Amounts in Billions TZS	Jun-24	Sep-24	Dec-24	Mar-25	Jun-24
Sales	98.92	126.36	120.65	104.73	102.92
Growth Rate	-3.63%	27.74%	-4.52%	-13.20%	-1.72%
Operating Expenses	7.52	7.33	8.78	7.22	6.54
Growth Rate	17.00%	-2.43%	19.68%	-17.71%	-9.41%

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BALANCE SHEET STATEMENT ANALYSIS

Total assets grew 3.50% QoQ amounting to TZS 481.85 billion in Q2'25 compared to TZS 465.56 billion in the prior quarter.

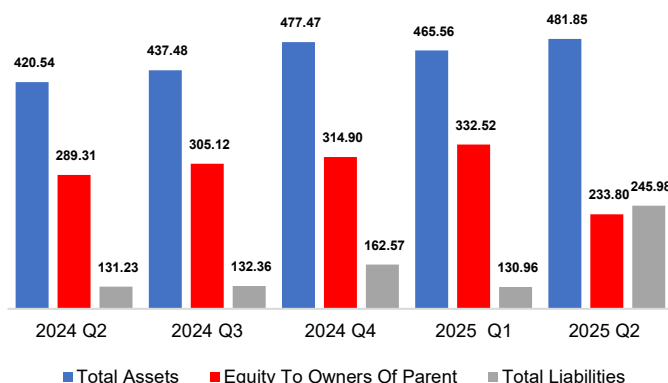
Possible Reasons:

Trade and other receivables surged 15.72% to TZS 97.67 billion in Q2'25 mainly driven by a surge in short-term receivables possibly due to a surge in advance payments to suppliers and other billable operating expenses or increased staff loans.

Tax assets also surged 4.31% QoQ amounting to TZS 6.17 billion indicating tax credits that could reduce the effective corporate tax charged in forthcoming quarters

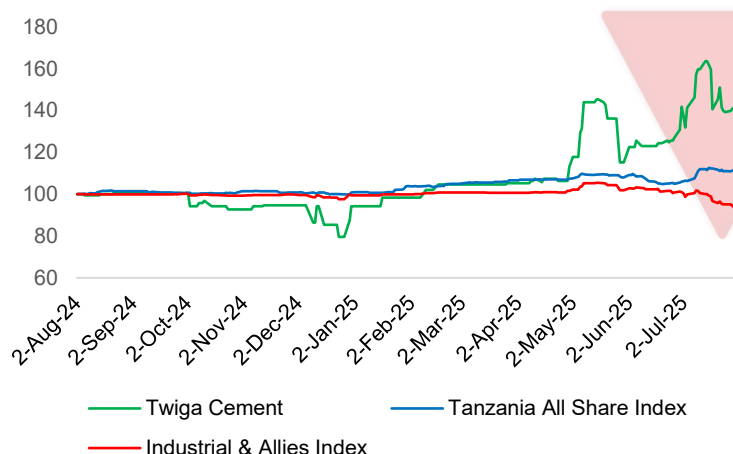
These assets were mainly financed by increased profitability and trade and other payables

Balance Sheet Highlights in Billions TZS



INVESTORS' CORNER

TPCPLC VS TSI & IA 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	TPCC
Closing Price as of 1 st August 2025	TZS 5,600
Book Value per Share	TZS 1,299.44
P/B Ratio	4.31x
Trailing EPS	TZS 292.36
P/E Ratio	19.15x
ROE	22.50%
ROA	10.92%

OUTLOOK

Profits for the year fell 13.17% YoY for the six months ending 2025 amounting to TZS 26.85 billion. This marks the second consecutive half year in which Twiga's profits has seen substantial decline in earnings albeit its worth highlighting that the rate of earnings decline has fallen from 38.17% YoY to 13.17% YoY. This year in particular the decline in earnings has been mainly influenced by a 105.09% YoY drop in net gains from foreign currency translation whose decline has been due to the fact that relative to June 30th 2024, the USD has seen substantial weakening against the TZS during June 30th 2025, which ramps up translation losses on the company's cash and cash equivalent which is largely denominated in USD. (As of 2024 stood at foreign currency holdings as a % of the company's total cash and cash equivalents stood at 89.22%).

Furthermore, gross profits fell 10.85% YoY amounting to TZS 43.72 billion following cost of sales growth growing at double the pace compared to sales growth 7.47% YoY versus 3.01% YoY amounting to TZS 163.93 billion and TZS 207.65 billion respectively with the company's cost of sales growing rampantly due to rising energy costs as a result of using natural gas as a source of energy.

Looking ahead the broader cement industry is likely to see a growth in cement demand following extensive construction projects taking place across the country. Twiga Cement however remains in a difficult position to capitalize broader market growth unless it addresses cost pressures articulated by more expensive energy sources. Another challenge worth addressing is the divided attention between Scancem's two subsidiaries of Tanga and Twiga Cement by senior management as efforts are underway to improve Tanga's health and effectiveness while this may ultimately serve Scancem's objectives it hinders the lack of effective attention needed by Twiga in order to maintain sustainable earnings growth thus negatively affecting Twiga Shareholders.

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RATIO ANALYSIS

TPCPLC Ratios:

Capital Structure:

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Debt to Equity	38.35%	34.88%	31.98%	45.36%	43.38%	51.63%	39.38%	105.21%
Equity Multiplier	1.38	1.35	1.32	1.45	1.43	1.52	1.40	2.06
Interest Coverage	234.70	180.37	114.02	59.55	120.52	134.51	-34.11	-23.97

Asset Quality:

Total Asset Turnover	1.26	1.06	0.91	0.90	1.18	1.05	0.89	0.87
Inventory Turnover	0.84	0.86	0.88	0.91	1.21	1.11	0.93	0.91
Return on Assets	25.67%	19.80%	14.08%	14.18%	14.46%	8.33%	15.14%	7.66%

Management Quality:

Revenue Growth	16.96%	-11.11%	-10.56%	-3.63%	27.74%	-4.52%	-13.20%	-1.72%
Gross Profit Margins	33.61%	28.65%	25.55%	23.07%	22.13%	25.93%	22.47%	19.62%
Operating Profit Margins	28.19%	25.68%	19.44%	15.75%	16.53%	18.87%	16.35%	13.66%

Earnings Quality:

Net Profit Growth	6.11%	-19.46%	-27.05%	-6.82%	6.03%	-37.12%	77.16%	-47.60%
Net Profit Margins	21.10%	19.12%	15.59%	15.08%	12.51%	8.24%	16.82%	8.97%
Return on Equity	35.52%	26.71%	18.58%	20.62%	20.73%	12.63%	21.19%	15.79%

Liquidity Ratio:

Current Ratio	2.98	3.23	3.52	2.50	2.28	2.02	2.46	1.27
Quick Ratio	1.94	2.25	2.59	1.74	1.59	1.45	1.67	0.88
Cash Ratio	1.19	1.41	1.68	0.86	0.79	0.79	0.90	0.43

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