

# FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021



## Chairman's statement

Dear Shareholders,

**The year 2021 was a historic, record year for the Company.**

On behalf of the Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc), it gives me great pleasure to report the Company's results for the year ended December 31, 2021.

**We marked our 60th year of operations in Tanzania.**

December 4, 2021, marked 60 years of operations in Tanzania and Tanzania's (Tanganyika's) 60th independence anniversary on December 9, 2021. It's been a remarkable 60-year journey of transformation, adaption, and resilience. We take pride in our strong heritage in Tanzania and look forward to another successful 60 years.

**We achieved record sales volume, with net profit up 65.8% prior year.**

Revenue grew by 12.0% on prior year to TZS 312.9 billion. Gross profit increased by 14.1% to TZS 171.9 billion. Profit before tax was up 59.6% to TZS 86.3 billion. And net profit grew by 65.8% to TZS 59.6 billion, driven by record sales volume and operational cost efficiencies.

Total sales volume increased by 14.4% vs. prior year, reflecting the strength of our revised domestic distribution model and a return to normal trading conditions after demand and supply chain disruptions in 2020 due to the COVID-19 pandemic.

Operating costs declined by 11.4% versus prior year due to operational efficiencies and cost savings across the entire organization.

**Tax contribution and dividend.**

Value-added tax (VAT) and excise tax contribution increased by 14.6% to TZS 222.6 billion in 2021 compared to TZS 194.3 billion in 2020.

Total gross dividend per share for the year ended December 31, 2021, is TZS 550 per share Vs TZS 550 per share paid out in 2020. This includes an interim gross dividend of TZS 250 per share paid out in November 2021 and a proposed final gross dividend of TZS 300 per share to be paid out on May 17, 2022, subject to shareholders approval at the AGM on April 21, 2022.

**Going forward, we are optimistic about the year ahead.**

We have a robust plan in place to achieve sustainable profit growth. This plan is anchored on portfolio optimization, a stable product mix and consumer up trading, route-to-market expansion and efficiencies, sustainable pricing and cost efficiencies, and an agile and competitive team.

Policy measures instituted by the 6th Phase Government in 2021 to improve the investment climate and business environment for economic recovery and growth show positive results. According to the World Bank Tanzania Economic Update – March 2022 Report, economic growth is expected to grow by 4.5% to 5.5% in 2022 and 6% in the medium-term, assuming the external environment improves.

**Finally, thank you for your continued support.**

On behalf of the Board of Directors, I wish to thank our customers, shareholders, employees, and society at large and our business associations – for their continued support of our business. A special thanks to the Management and employees of TCC Plc for delivering record sales volume in 2021. Finally, I thank my fellow board members for their wise counsel and guidance throughout the year.

With kind regards,

Paul D. Makanza

Chairman of the Board of Directors

March 25, 2022

## Extracts of the financial statements

### Summary Statement of cash flows for the year ended 31 December 2021

	2021 TZS M	2020 TZS M
<b>Cash flows from operating activities</b>		
Cash generated by operating activities	84,297	79,882
Defined benefit paid	(600)	(795)
Interest received	954	1,122
Interest paid	(33)	(14)
Income tax paid	(25,859)	(23,619)
<b>Net cash generated by operating activities</b>	<b>58,759</b>	<b>56,576</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipments	(7,493)	(9,434)
Proceeds from disposal of property, plant and equipments	6,731	656
<b>Net cash used in investing activities</b>	<b>(762)</b>	<b>(8,778)</b>
<b>Cash flows from financing activities:</b>		
Dividends paid	(80,000)	(50,000)
Lease rentals paid	(446)	(626)
Inter-Company borrowing	20,763	-
<b>Net cash used in financing activities</b>	<b>(59,683)</b>	<b>(50,626)</b>
Net decrease in cash and cash equivalents	(1,686)	(2,828)
Net foreign exchange difference	342	196
Cash and cash equivalents at the beginning of the year	25,139	27,771
<b>Cash and cash equivalents at the end of the year</b>	<b>23,795</b>	<b>25,139</b>
Represented by:		
<b>Bank balances</b>	<b>23,795</b>	<b>25,139</b>

### Summary Statement of profit or loss and other comprehensive income for the year ended 31 December, 2021

	2021 TZS M	2020 TZS M	Change %
Revenue	312,855	279,354	12.0%
Cost of sales	(140,907)	(128,622)	9.6%
<b>Gross profit</b>	<b>171,948</b>	<b>150,732</b>	<b>14.1%</b>
Operating expenses	(85,613)	(96,642)	-11.4%
<b>Profit before tax</b>	<b>86,335</b>	<b>54,090</b>	<b>59.6%</b>
Income tax expense	(26,780)	(18,166)	47.4%
<b>Profit for the year</b>	<b>59,555</b>	<b>35,924</b>	<b>65.8%</b>
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
- Defined benefit actuarial gain/(loss)	1,873	(1,629)	
- Tax (expense)/credit relating to components of other comprehensive income	(562)	489	
<b>Total comprehensive income, net of income tax</b>	<b>60,866</b>	<b>34,784</b>	<b>75.0%</b>
Earnings per share:			
Basic and diluted (TZS per share)	596	359	

### Summary Statement of financial position as at 31 December 2021

	2021 TZS M	2020 TZS M
<b>Assets:</b>		
<b>Non-current assets</b>		
Property, plant and equipment	85,808	93,555
Right-of-use assets	727	577
Intangible assets	-	-
<b>Total non-current assets</b>	<b>86,535</b>	<b>94,132</b>
<b>Current assets:</b>		
Inventories	116,658	112,701
Income tax Receivable	-	540
Trade and other receivables	42,928	35,494
Bank balances	23,795	25,139
<b>Total current assets</b>	<b>183,381</b>	<b>173,874</b>
Non-current asset held for sale	257	615
<b>Total assets</b>	<b>270,173</b>	<b>268,623</b>
<b>Equity and liabilities:</b>		
<b>Capital and reserves:</b>		
Share capital	2,000	2,000
Defined benefit reserves	6,043	4,733
Retained earnings	144,748	165,192
<b>Shareholders equity</b>	<b>152,791</b>	<b>171,925</b>
<b>Non-current liabilities:</b>		
Deferred tax liabilities	4,419	5,904
Defined benefit obligation	12,536	12,700
Lease liability	76	175
<b>Total non-current liabilities</b>	<b>17,031</b>	<b>18,779</b>
<b>Current liabilities:</b>		
Trade and other payables	68,655	69,791
Provisions	8,083	7,958
Lease liability	422	170
Income tax liability	2,428	-
Inter-company borrowing	20,763	-
<b>Total current liabilities</b>	<b>100,351</b>	<b>77,919</b>
<b>Total liabilities</b>	<b>117,382</b>	<b>96,698</b>
<b>Total equity and liabilities</b>	<b>270,173</b>	<b>268,623</b>