

UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

TCC

Chairman's statement

Dear Esteemed Stakeholders,

I am pleased to present the unaudited half-year results to June 30, 2023, on behalf of the Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc).

Half-year results to June 30, 2023

The first half of 2023 demonstrated robust performance compared to the same period in 2022. Total revenue for the first half of the year amounted to TZS 181.4 billion, representing a 7.9% growth compared to the same period last year. Gross profit increased to TZS 103.3 billion, reflecting a 7% growth. Notably, our net profit increased to TZS 39.6 billion, marking an impressive growth rate of 26.2%. Strong volume growth and operational efficiency drove these achievements.

Our domestic and export volumes grew 5.9% and 38.6%, respectively, resulting in an overall volume increase of 16.3%. This strong growth underlines the robust demand for our high-quality products within the domestic market and on the export front.

Additionally, we have maintained a steadfast commitment to optimizing operational efficiencies across all business areas, resulting in steady operating costs that rose by 4.1%, in line with inflation. This commitment reflects our dedication to responsible financial management.

Our strong operating cash position reflects our financial stability and ability to meet obligations, seize growth opportunities and navigate potential challenges ahead. Our operational cash flow reached TZS 82.5 billion, up 27% compared to a similar period last year. The company used TZS 17.6 billion for corporate income tax payments and TZS 37.0 billion to pay final gross dividends for the year ending December 31, 2022.

Dividends to Shareholders

The Board of Directors approved an interim ordinary gross dividend of TZS 300 per share (compared to TZS 250 on June 30, 2022). This dividend, subject to a 5% withholding tax, will be paid on or around October 23, 2023. Trading of shares will be cum-dividend until September 06, 2023.

Prospects to December 31, 2023

While we anticipate challenges ahead, including the growing trade in illicit tobacco products, a 20% excise tax increase announced in the June 2023 budget, and potential constraints related to the availability of US Dollars for imported raw materials, we remain steadfast in our commitment to our growth strategy. We will continue prioritizing product innovation, building brand equity and operational excellence, enabling us to navigate these challenges and continue our upward trajectory effectively.

Note of thanks

The Board extends its heartfelt appreciation to our dedicated employees, steadfast customers, and supportive shareholders, whose unwavering support has driven our success. I look forward to sharing our full-year 2023 results with you in early 2024.

Sincerely,

Paul D. Makanza

Chairman of the Board, TCC Plc

Extracts of the financial statements

Condensed Statement of comprehensive income for the six months ended June 30, 2023 (Unaudited)

	30 June 2023 TZS M	30 June 2022 TZS M	Change %
Revenue	266,910	249,024	7.2%
Excise duty	(85,518)	(80,872)	5.7%
Net sales	181,392	168,152	7.9%
Cost of sales	(78,076)	(71,595)	9.1%
Gross profit	103,316	96,557	7.0%
Operating expenses	(45,742)	(43,946)	4.1%
Profit before tax	57,574	52,611	9.4%
Income tax expense	(17,934)	(21,189)	-15.4%
Profit after tax	39,640	31,422	26.2%
Earning per share			
Basic and diluted (TZS per share)	396.40	314.22	

Condensed Statement of cash flows for the six months ended June 30, 2023 (Unaudited)

	30 June 2023 TZS M	30 June 2022 TZS M	Change %
Cash generated from operations:	82,468	64,868	27%
Interest received	384	169	
Defined benefit paid	(1,147)	(219)	
Interest paid	(3)	(27)	
Taxation paid	(17,614)	(20,526)	
Net cash generated by operating activities	64,088	44,265	45%
Net cash used in investing activities	(5,825)	(4,713)	24%
Cash flows from financing activities:			
Dividends paid to owners of the company	(37,000)	(30,000)	
Inter-company borrowing/payment	14,517	(13,649)	
Net foreign exchange difference	613	(153)	
Net cash used in financing activities	(21,870)	(43,802)	-50%
Net decrease in cash and bank balances	36,393	(4,250)	956%
Cash and bank balances at beginning of period	17,103	23,796	-28%

Condensed Statement of financial position as at June 30, 2023 (Unaudited)

	June 30 2023 TZS M	December 31 2022 TZS M
Assets		
Non-current assets	80,375	79,958
Working Capital		
Current assets	274,285	192,988
Current liabilities	(171,032)	(93,734)
Net working capital	103,253	99,254
Total assets	183,628	179,212
Capital and reserves		
Share capital	2,000	2,000
Retained earnings	156,593	153,753
Defined benefit reserves	4,250	4,250
Shareholders' equity	162,843	160,203
Non-current liabilities	20,785	19,009
Total Equity and Liabilities	183,628	179,212

Condensed Statement of changes in equity for the six months ended June 30, 2023 (Unaudited)

	Share capital TZS M	Defined benefit reserves TZS M	Retained earnings TZS M	Total TZS M
At January 1, 2022	2,000	6,043	144,748	152,791
Profit for the period			69,205	69,205
Other comprehensive income		(1,793)		(1,793)
Total	2,000	4,250	213,953	220,203
Dividend paid			(60,000)	(60,000)
Balance as at December 31, 2022	2,000	4,250	153,953	160,203
At January 1, 2023	2,000	4,250	153,953	160,203
Profit for the period			39,640	39,640
Total	2,000	4,250	193,593	199,843
Final dividend paid for 2022			(37,000)	(37,000)