

FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023



Tanzania Cigarette Public Limited Company
Rasilimali ya Tanzania

Chairman's statement

Dear Esteemed Shareholders and Stakeholders,

On behalf of the Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc), I am pleased to report on the performance of the Company for the period ended December 31, 2023.

A solid performance in 2023 compared to 2022

Our collective efforts in 2023 delivered another year of remarkable achievements across financial and non-financial metrics and broader strategic initiatives.

Strong volume growth of 11% drove a 9.7% year-over-year increase in revenue to TZS 373.5 billion. Strategic pricing adjustments to our premium brands, made in response to a 20% excise tax increase in June 2023, also contributed to revenue growth.

We delivered solid pre-tax profits of TZS 99.0 billion and profit after tax of TZS 66.2 billion, albeit marginally lower than the prior year, due to higher costs of imported raw materials, elevated transportation and logistics costs, and higher recharge costs.

Beyond the numbers, we expanded our product portfolio with the launch of Winston Expand in July 2023, catering to evolving consumer needs. Our community investment initiatives positively impacted over 1,700 members, supported by our employees' collective contribution of 360 hours. The Global Top Employer Institute also recognised us as an employer of choice for the 6th consecutive year for our talent management, empowerment practices, and diversity efforts. Furthermore, our commitment to sustainability is evident through a 4% reduction in greenhouse gas emissions and a substantial 41% decrease in waste generation. These efforts reflect our steadfast dedication to sustainable and responsible business practices.

Dividends payout

The TCC Plc Board of Directors has proposed a final ordinary dividend payment of TZS 200 per share for the fiscal year ending December 31, 2023. Coupled with the interim

ordinary dividend of TZS 300 per share paid to shareholders in June 2023, this brings the total ordinary dividend for the year to TZS 500 per share. The final ordinary dividend, subject to shareholders' approval at the Annual General Meeting of Shareholders in April 2024, will be paid in May 2024.

Looking ahead to 2024

Looking ahead to 2024, I am optimistic about TCC Plc's business outlook despite prevailing global economic uncertainties, including geopolitical tensions.

In Mainland Tanzania, growth is projected to remain robust, with a forecasted GDP growth rate of 5.2% in the first quarter of 2024. The inflation outlook is also favorable, with forecasts indicating a low inflation rate of around 3.2%, well below the 5% target. Furthermore, we are encouraged by the continued improvement of Tanzania's business environment and investment climate. However, we remain mindful of external risks, such as geopolitical tensions, which could impact the cost of imported goods.

Nevertheless, with our solid strategy and execution capabilities, we are well-positioned to navigate challenges and capitalize on emerging opportunities.

Appreciation

I extend heartfelt appreciation to our stakeholders for their unwavering support. Special thanks to our parent company, JTI, our dedicated management and employees, the Government and its agencies, and business associations for their invaluable assistance throughout 2023. Together, we look forward to pursuing our shared goals.

Sincerely,

Paul D. Makanza
Chairman of the Board of Directors
March 26, 2024

Audited financial results for the year ended December 31, 2023

Extracts of the financial statements

Summary Statement of profit or loss and other comprehensive income for the year ended 31 December, 2023

Million TZS	2023	2022
Revenue	373,527	340,604
Cost of sales	(169,430)	(149,763)
Gross profit	204,097	190,841
Operating expenses	(105,014)	(84,077)
Profit before tax	99,083	106,764
Income tax expense	(32,850)	(37,558)
Profit for the year	66,233	69,206
Other comprehensive income (Items that will not be reclassified subsequently to profit or loss)		
Defined benefit actuarial (gain)/ - loss	4,697	(2,562)
Tax (expense)/(credit) relating to - components of other comprehensive income	(1,409)	769
Total comprehensive income, net of income tax	69,521	67,413
Earnings per share		
Basic and diluted (TZS per share)	662	692

Summary Statement of financial position as at 31 December 2023

Millions TZS	2023	2022
Assets		
Non-current assets		
Property, plant and equipment	83,593	79,640
Right-of-use assets	494	318
Total non-current assets	84,087	79,958
Current assets		
Inventories	166,862	119,428
Income tax Receivable	2,503	-
Trade and other receivables	57,681	56,457
Cash and bank balances	39,976	17,103
Total current assets	267,022	192,988
Total assets	351,109	272,946
Equity and liabilities		
Capital and reserves		
Share capital	2,000	2,000
Defined benefit reserves	7,538	4,250
Retained earnings	153,186	153,953
Shareholders equity	162,724	160,203
Non-current liabilities		
Deferred tax liabilities	2,322	1,801
Defined benefit obligation	13,479	17,184
Lease liability	20	24
Total non-current liabilities	15,821	19,009
Current liabilities		
Trade and other payables	123,699	70,727
Provisions	15,457	9,254
Lease liability	193	55
Income tax liability	-	1,650
Inter-Company short debt	33,215	12,048
Total current liabilities	172,564	93,734
Total liabilities	188,385	112,743
Total equity and liabilities	351,109	272,946

Summary Statement of cash flows for the year ended 31 December 2023

Millions TZS	2023	2022
Cash flows from operating activities		
Cash generated by operating activities	124,817	104,665
Defined benefit paid	(1,876)	(219)
Interest received	885	416
Interest paid	(1,302)	(1,074)
Income tax paid	(37,891)	(40,185)
Net cash generated by operating activities	84,633	63,603
Cash flows from investing activities		
Purchase of property, plant and equipments	(15,509)	(8,297)
Proceeds from disposal of property, plant and equipments	508	6,596
Net cash used in investing activities	(15,001)	(1,701)
Cash flows from financing activities		
Dividends paid	(67,000)	(60,000)
Lease rentals paid	(611)	(439)
Inter-Company repayments	(27,555)	(27,177)
Inter-Company short debt	48,407	19,023
Net cash used in financing activities	(46,759)	(68,593)
Net (decrease)/ increase in cash and cash equivalents	22,873	(6,691)
Cash and cash equivalents at the beginning of the year	17,103	23,794
Cash and cash equivalents at the end of the year	39,976	17,103
Represented by		
Cash & bank balances	39,976	17,103