Tanzania Cigarette Public Limited Company
Rasilimali ya Tanzania

TCC

60th ANNIVERSARY
URITHI NA FAHARI YETU

Annual Report 2021



Annual Report 2021

Content Yaliyomo

60th ANNIVERSARY
URITHI NA FAHARI YETU



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Rasilimali ya Tanzania



Financial Highlights

Consolidated five-year financial summary

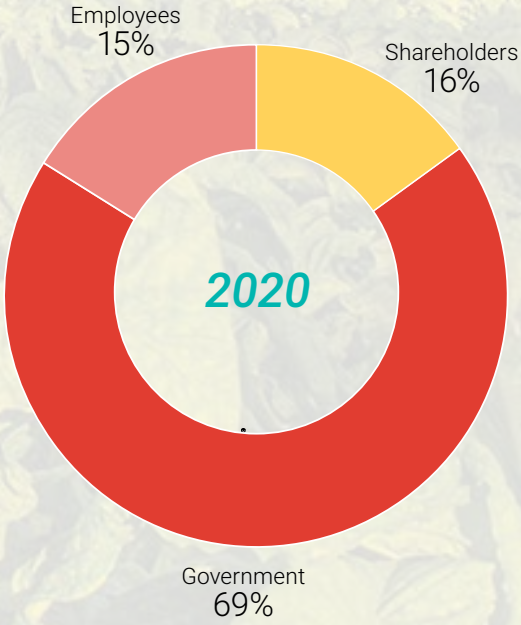
	2017 TZS M	2018 TZS M	2019 TZS M	2020 TZS M	2021 TZS M
Revenue	**279,749**	**294,386**	**309,771**	**279,354**	**312,855**
EBITDA	76,723	84,185	93,380	67,733	100,040
Depreciation and amortization	12,007	13,101	13,496	13,182	13,707
Gross Profit	158,148	166,108	175,896	150,732	171,948
Operating income	64,716	71,084	79,884	54,090	86,333
Net Finance and foreign exchange (gain)/loss	(1,201)	(397)	(1,263)	462	(1)
Corporate tax	20,558	23,544	26,936	18,166	26,780
Profit for the year	**45,357**	**47,936**	**51,248**	**35,924**	**59,555**
At year end:					
Net Property, plant and equipment	96,765	98,117	97,754	93,555	85,808
Total assets	259,802	266,614	268,627	268,621	270,173
Interest bearing debts	-	-	-	-	20,763
Total Liabilities	76,907	76,420	81,486	96,698	117,382
Total shareholders' equity	182,895	190,194	187,141	171,925	152,791
For the year:					
Net cash generated by operating activities	62,674	49,736	74,275	56,772	58,759
Net cash used in investing activities	(19,497)	(13,915)	(11,808)	(8,778)	(762)
Net cash used in financing activities	(50,000)	(40,000)	(55,047)	(50,626)	(59,683)
Cash Flow for the year	(6,823)	(4,179)	7,420	(2,632)	(1,686)
	2017	**2018**	**2019**	**2020**	**2021**
Dividend per share (TZS)	400	450	550	500	800
Earning per share (TZS)	454	479	512	359	596
Profitabilty:					
Return on equity	25%	26%	27%	20%	37%
EBITDA margin	27%	29%	30%	24%	32%
Operating income margin	23%	24%	26%	20%	28%
Total assets turnover	1.08	1.10	1.15	1.04	1.16
Stability:					
Current ratio	254%	274%	255%	223%	183%
Debt ratio (total liabilities/total assets)	30%	29%	30%	36%	43%

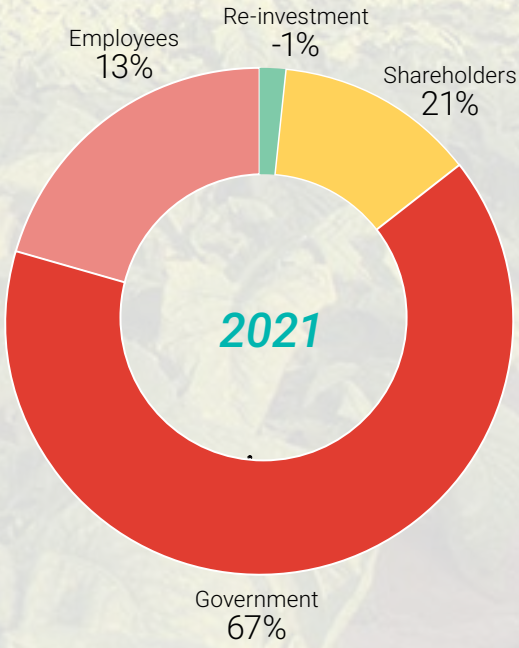
Financial Highlights

Value Added

	2016	2021 TZS M	%	2020 TZS M	%
Gross turnover		535,549		473,665	
Operating expenditures - suppliers		(163,268)		(165,893)	
Total Value added		**372,281**	**100.0**	**307,772**	**100.0**
Value distributed as follows:					
To Employees - remuneration		49,545	13.3	46,189	15.0
To Government - vat,excise duties		222,694	59.8	194,311	63.1
To Government - corporate tax		26,780	7.2	18,166	5.9
To shareholders - dividends		80,000	21.5	50,000	16.2
To Reinvestment:					
Depreciation and amortisation		13,707	3.7	13,182	4.3
Retained income		(20,445)	-5.5	(14,076)	-4.6
Total distributions		**372,281**	**100.0**	**307,772**	**100.0**

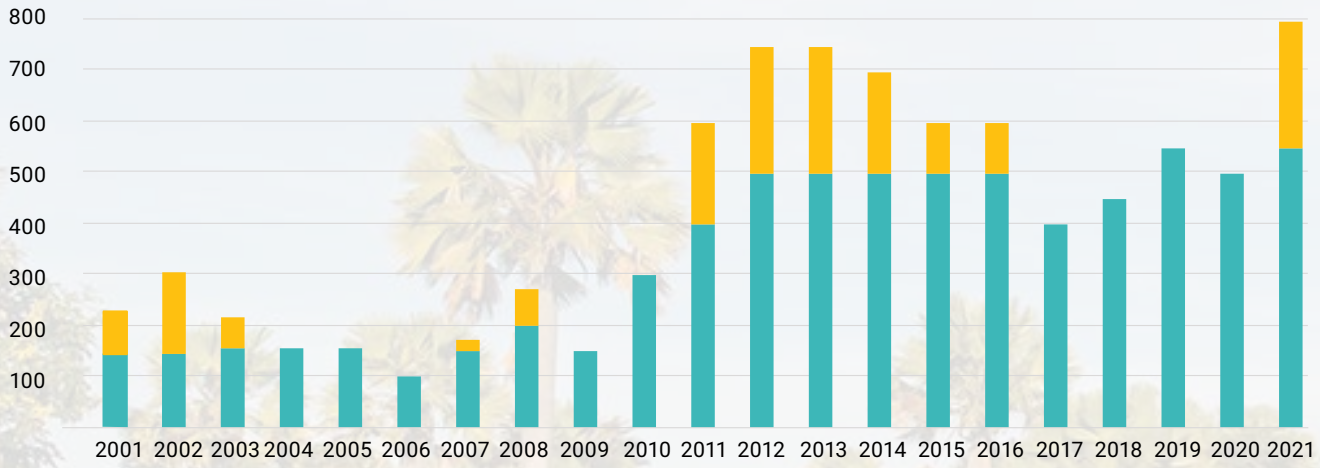
Value Distributed %





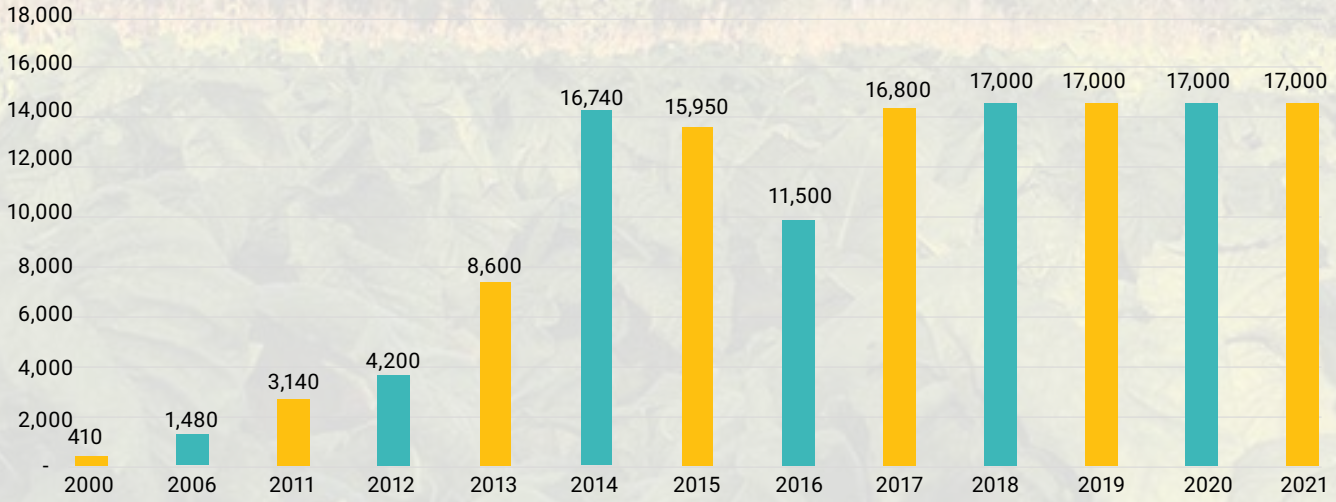
Financial Highlights

Dividend history



Share price evolution

Share price evolution (TZ/ Share): 2000-2021



Muhtasari wa Taarifa ya Fedha

Mjumuisho wa Taarifa ya Miaka Mitano

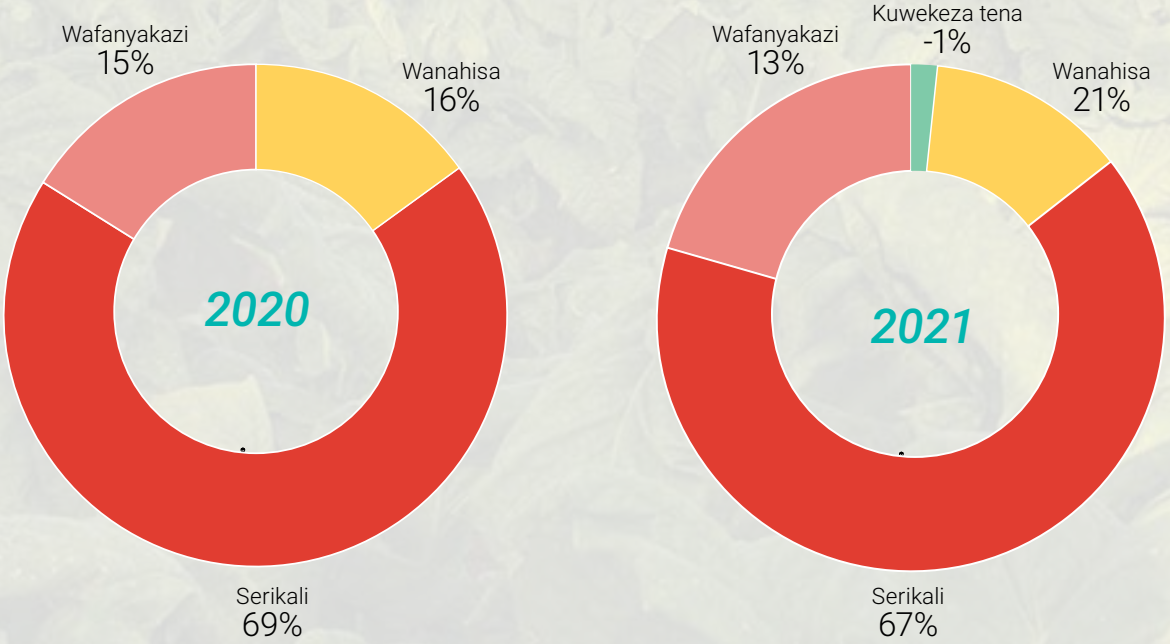
	2017 TZS M	2018 TZS M	2019 TZS M	2020 TZS M	2021 TZS M
Mapato	**279,749**	**294,386**	**309,771**	**279,354**	**312,855**
EBITDA	76,723	84,185	93,380	67,733	100,040
Kushuka kwa thamani na kupunguzwa kwa deni	12,007	13,101	13,496	13,182	13,707
Faida ghafi	1158,148	166,108	175,896	150,732	171,948
Mapato ya uendeshaji	64,716	71,084	79,884	54,090	86,333
Fedha Halisi na Fedha za kigeni (ongezeko)/Hasara	(1,201)	(397)	(1,263)	462	(1)
Kodi ya Mapato	20,558	23,544	26,936	18,166	26,780
Pato Halisi	**45,357**	**47,936**	**51,248**	**35,924**	**59,555**
Mwisho wa Mwaka:					
Majengo, Kiwanda na Vifaa vilivyobaki	96,765	98,117	97,754	93,555	85,808
Jumla ya Mali	259,802	266,614	268,627	268,621	270,173
Madeni yenye riba	-	-	-	-	20763
Jumla ya Madeni	76,907	76,420	81,486	96,698	117,382
Jumla ya Thamani ya Hisa za Wanahisa	182,895	190,194	187,141	171,925	152,791
Kwa Mwaka:					
Fedha halisi iliyozalishwa kutokana na uendeshaji	62,674	49,736	74,275	56,772	58,759
Fedha halisi iliyotumika kwenye shughuli za uwekezaji	(19,497)	(13,915)	(11,808)	(8,778)	(762)
Fedha halisi zilizotumika kwenye shughuli za uwezeshaji	(50,000)	(40,000)	(55,047)	(50,626)	(59,683)
Mtiririko wa pesa kwa mwaka	(6,823)	(4,179)	7,420	(2,632)	(1,686)
	2017	**2018**	**2019**	**2020**	**2021**
Mgao kwa Hisa (TZS)	400	450	550	500	800
Kipato kwa hisa (TZS)	454	479	512	359	596
Faida:					
Marejsho ya thamani ya hisa	25%	26%	27%	20%	37%
Mapato kabla ya makato	27%	29%	30%	24%	32%
Mapato baada ya gharama za uzalishaji	23%	24%	26%	20%	28%
Jumla ya Mali	1.08	1.10	1.15	1.04	1.16
Umadhubuti :					
Uwiano uliopo	254%	274%	255%	223%	183%
Uwiano wa deni (Jumla ya Madeni /Jumla ya Mali)	30%	29%	30%	36%	43%

Muhtasari wa **Taarifa ya Fedha**

Ongezeko la Thamani

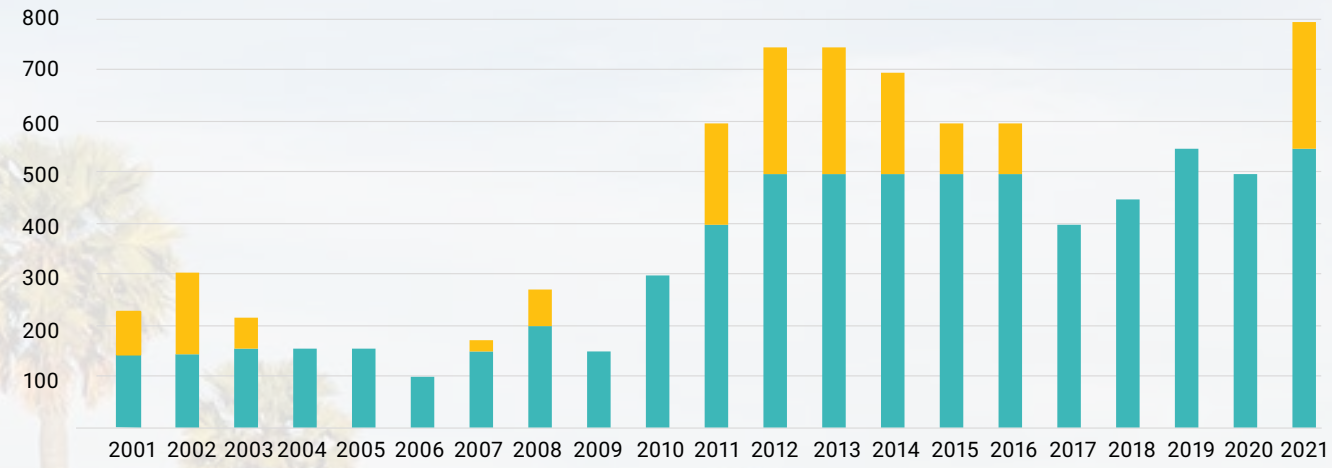
	2021 TZS M	%	2020 TZS M	%
Pato Kuu bila Makato	535,549		473,665	
Gharama za uendeshaji - Wagavi	(163,268)		(165,893)	
Thamani iligawiwa kama ifuatavyo:	**372,281**	**100.0**	**307,772**	**100.0**
Thamani iligawiwa kama ifuatavyo:				
Kwa Wafanyakazi - Mishahara	49,545	13.3	46,189	15.0
Kwa Serikali - Ushuru wa bidhaa, Kodi ya bidhaa iliyoongezewa	222,694	59.8	194,311	63.1
Kwa Serikali - Kodi ya mashirika	26,780	7.2	18,166	5.9
Kwa wanahisa - Migao	80,000	21.5	50,000	16.2
Kwenye kuwekeza upya:				
Kushuka kwa thamani na Kupunguzwa kwa Deni	13,707	3.7	13,182	4.3
Kipato kilichobakishwa	(20,445)	-5.5	(14,076)	-4.6
Jumla ya kilichotoka	**372,281**	**100.0**	**307,772**	**100.0**

Mgawanyo wa Thamani %



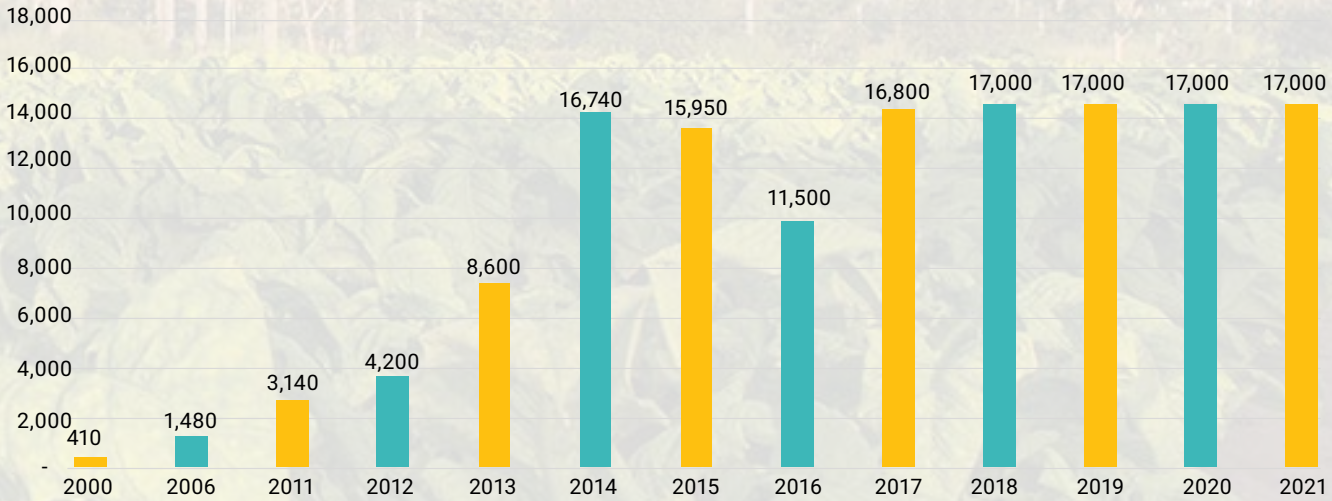
Muhtasari wa **Taarifa ya Fedha**

Historia ya Migao



Mabadiliko ya bei ya hisa

Mabadiliko ya bei ya hisa (TZ/Hisa): 2000-2021





Our Vision & Mission

Our Vision **is to continue to be the #1 tobacco company by volume in Tanzania.**

Our Mission is to grow volume and profit while defending our market share, by delivering quality brands, maximizing consumer and customer satisfaction through innovation, engaged employees, integrity and excellence in execution.



Dira na Dhamira yetu

Dira yetu **ni kuendelea kuwa kampuni namba moja ya mauzo bidhaa za tumbaku Tanzania.**

Dhamira yetu ni kukuza wingi wa bidhaa na faida huku tukitetea mgawo wetu wa soko, kuzalisha bidhaa bora na kuendelea kuwaridhisha watumiaji na wateja kwa uwezo wetu wote, kupitia ubunifu, wafanyakazi walioshirikishwa, uadilifu na umahiri katika utendaji.

Core Values
Maadili Yetu

Winning Attitude
Mwelekeo wa ushindi

We are driven by success. We have a passion, commitment and drive to succeed, putting our targets front and center.

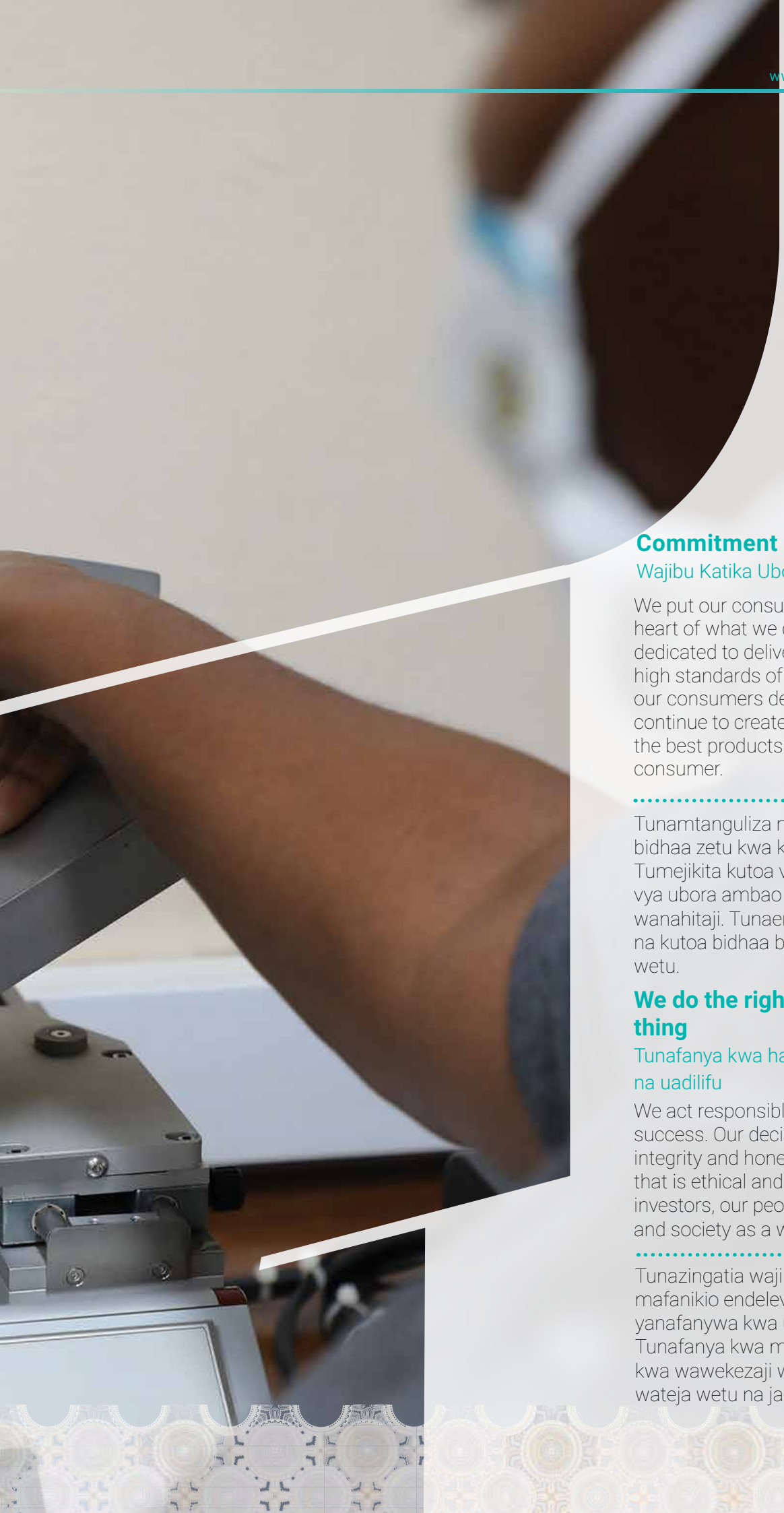
Tunasukumwa na mafanikio. Tuna shauku, dhamira na kusukumwa na mafanikio, kwa kuweka malengo yetu kwanza.

Better together
Umoja ni Nguvu

We work as 'One Team'. We value collaborative and harmonious working that embraces diversity of thoughts, and the importance of a strong, unified team.

Tunafanya kazi kama "Timu Moja". Tunathamini kazi ya ushirikiano na usawa ambayo inakubali mawazo tofauti, na umuhimu wa timu imara na moja.





Commitment to Quality

Wajibu Katika Ubora

We put our consumers at the heart of what we do. We're dedicated to delivering the high standards of quality that our consumers demand. We continue to create and deliver the best products for our consumer.

Tunamtanguliza mtumiaji wa bidhaa zetu kwa kila tunachofanya. Tumejikita kutoa viwango vya juu vya ubora ambao watumiaji wetu wanahitaji. Tunaendelea kuzalisha na kutoa bidhaa bora kwa watumiaji wetu.

We do the right thing

Tunafanya kwa haki na uadilifu

We act responsibly to drive sustainable success. Our decisions are made with integrity and honesty. Acting in a way that is ethical and responsible for our investors, our people, our customers and society as a whole.

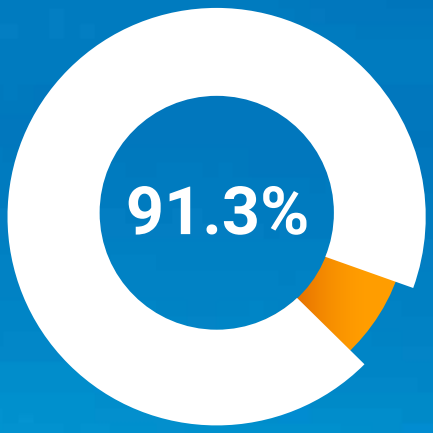
Tunazingatia wajibu wetu kupata mafanikio endelevu. Maamuzi yetu yanafanywa kwa uadilifu na uaminifu. Tunafanya kwa maadili na kuwajibika kwa wawekezaji wetu, watu wetu, wateja wetu na jamii kwa ujumla.

Business Review

FY 2021 VS FY 2020

Total volume		14.4% on PY
Revenue	**312.9** Billion Tanzanian Shillings	12.0% on PY
Gross profit	**171.9** Billion Tanzanian Shillings	14.1% on PY
Operating expenses	**85.6** Billion Tanzanian Shillings	-11.4% on PY
Profit before tax	**86.3** Billion Tanzanian Shillings	59.6% on PY
Net profit	**59.6** Billion Tanzanian Shillings	65.8% on PY

Business Review



Marketing: *TCC's share of market is estimated at* ***91.3%*** *for the year ending 2021. This represents an increase of* ***+4.1*** *percentage point compared to 2020.*

Responsible Marketing

We market to adult smokers through visibility items such as communication posters, permanent point of sale materials such as ABS boards and strategic painting, word of mouth through our sales force and brand ambassadors as well as restricted online communities through our activation platforms. To ensure responsible marketing we adhere to both Global marketing principles as well as local regulations.

Point of sale communication elements: In all our marketing activities, we ensure we:

- Do not recruit non-smokers by executing communication that does not invite adult non-smokers to smoke.
- Do not non-influential adult casts
- Place price statement " recommended retail price."
- Insert/write health warnings that covers 10% of the overall tobacco communication visuals
- Place posters only at point of sale (Duka or HORECAs) which are at a minimum of 100 Meters away from schools, hospitals, and playgrounds.

Word of mouth by field force & brand ambassadors When using word of mouth communication, we ensure we:

- Communicate only to adults (18 years old and above) during trade (buy & sell)
- Approach adult smokers only for sampling or selling task
- Conduct activations at point of sale that is Duka/ horeca
- Conduct nighttime events at point of sale or mass events that only allow/involve adults 18-year-old and above.



Rasilimali ya Tanzania

Business Review

New Ways of Working

Covid 19 has brought a number of challenges which has impacted how we used to behave at the workplace. To combat these changes, we had to challenge our status quo. TCC, as a Learning Organization is among the first companies in Tanzania to adopt faster with the new norms hence the term called "New Ways of Working". After two years of testing and learning from our own practices and others, TCC in 2022 is going to launch its own 'New Ways of Working' policy with an aim of shaping the future of our working environment where employees will be empowered and be flexible to choose how, when and where to work.

This policy is going to provide great flexibility to employees with more focus on delivery, results and not time spent in the workplace. Also, the policy will provide financial support to employees in the form of an allowance (about Tshs 690,000) to help set-up home offices to conform with ergonomic guidelines because we all understand that our Health & Safety is our number one priority.

To start with in the first phase, this policy will benefit office-based employees for both Market and Factory while the plan is already in place to test and later on implement to direct workforce for our colleagues in Sales and Factory Shopfloor.

This policy has already worked so well in other parts of the world where JTI operates and TCC Management has the same confidence that it will also work well in our company locally with our expectations of enhancing efficiency and productivity in all we do at the workplace and around.

Compensation and benefits

A key part of the Company's success lies in its ability to attract and retain highly motivated and productive employees. The Company's compensation approach continues to be 'pay for performance', while ensuring fair pay and competitiveness within the industry and country. The approach ensures all employees are fairly compensated, while being challenged for performance and engaged to work smartly to support their personal and professional growth while also supporting the Company's key business objectives in the process. Key theme in 2021 was geared towards performance management so as we can have a fit for the future workforce. With our vision 2030, we will keep on enforcing this message because it is the only way to get our vision to reality. We also started a Rewards Transparency project, aimed towards humanizing our compensation discussions between our employees and their Line Managers. This project is expected to go live in March 2022, where some elements of compensation information will be made accessible to all employees.



Rasilimali ya Tanzania

Business Review

Environment, Health, and Safety (EHS)

As an organization, we believe that nothing is more important than health and safety of our people when they are at work or at home.

To ensure that we do the right thing, when achieving our 2021 business results, we don't compromise our safety performance levels.

In 2021, we made strides to prevent incidents by managing well what we could control before any incident occur throughout the year.

We managed to avoid all preventable incidents through having right mindset of our people, building a strong safety culture, processes, and systems.

At TCC Plc, we believe that all employees have the right to be protected from work related injuries and illnesses.

We are committed to provide them with a safe and healthy work environment and to promote a culture that prioritizes people's health & safety.

Promoting a safe environment

As we all know, COVID-19 pandemic is a crisis that affected everyone yet again in the year 2021.

The company have continued to ensure "people come first" in every business decision and activity undertaken.

Health, safety, and wellbeing of our employees, their families, and the community, have remained at the heart of everything we do.

Everyone has shared the responsibility for a safe and healthy workplace, everyone has a role to play to make it happen.

It goes without saying that the year 2021 was challenging for all industries but still it has been an incident-free year in the company's operations.

This great performance is truly reflected on our commitment to take personal accountability for safety of our people.

This achievement is not by luck, but through everyone working tirelessly in the belief that safety is a core business value and embracing the zero-loss mindset in all that we do.

Sales

1. Historical volume, Share of Market.
2. Route to Market transformation Morogoro & Mtwara
3. Key Account and Modern trade new distribution model
4. Doubled Wholesale coverage 400 to 1000
5. Motorcycle Salesman operation model change

Production

- Successfully ended another year (2021) with Zero Injury Rate, marking a record of 515 injury-free days
- Factory continued to support JTI growth agenda and ONETEAM philosophy through provision of technical support and exporting talents on Short Term Assignment (STA) & International Assignment (IA) basis to other JTI entities including Jordan, Sudan and Iran
- Successful roll out of SMARTSENS, one of the most important Global projects and exciting platform led by Global Functions to improve product quality and support strategic decision making through enhanced digitalization of production process information
- Envinromental Resources Management Certification & Verification Services (ERM CVS) completed ISO Management Systems external audit with evidenced records of compliance to ISO standards and procedures with no non-conformity
- Successful roll out of Make Pack Line Centric Organization (LCO) and Primary Centric Organization (PCO), resulting into improved production performance efficiency
- Annual production record of 8.455 Bn quality cigarettes in 2021, the highest annual volume in the factory history, breaking the records of all past 60 years.
- Factory recorded the highest monthly cigarette production volume of all time (925.6 MM sticks) and Cut filler volume (86 batches) in November 2021.



> *In 2021, the Company supported People with Disabilities (PWDs) with 1,520 assistive devices (120 tricycles, 700 white canes, and 700 crutches)*

Community Investment

Under the flagship of Together Creating Change (Tunaleta Mabadiliko Pamoja), community investment programs adopt a holistic and inclusive approach in the sustainable transformation of livelihoods of adult beneficiaries.

The Company supports communities directly and indirectly through partnerships with social and cultural partners by supporting programs in Poverty Alleviation, People with Disabilities (PWDs), Natural Environment, Visual & Performing Arts, and older persons.

In 2021, the Company supported People with Disabilities (PWDs) with 1,520 assistive devices (120 tricycles, 700 white canes, and 700 crutches) distributed to Kilimanjaro, Tanga, Dodoma, Dar Es salaam, Tabora, Singida, Shinyanga, Simiyu and Zanzibar. This support is vital to address multiple forms of discrimination that increase vulnerability to exclusion based on disability and other factors.

The Company supported over 500 people organized into 31 groups of women and older youths with sewing machines, sunflower oil pressing machines, brick making machines and maize mill machines to empower them economically. The support provided opportunities for a better life, including jobs, incomes, and investments. The Company distributed over 380 recycled factory glue drums to support cleanliness campaign in Dar Es salaam city. Seven students were supported with full scholarship to pursue their Diploma course at Bagamoyo College of Arts.

Diversity & Inclusion

The Company has engaged CCBRT to partner with it so that we can bring to life a number of initiatives such as preparing staff mindset to live and work with PWD (People living with Disabilities), office premises assessments to make our workplace more accessible and more considerations for PWD's recruitment.

The diverse D&I team added a PWD in the D&I team to assist us always to remember what we need to do before we make policies and initiatives so that we can make PWD inclusive at all levels. Currently we have 3 PWDs and we plan to recruit more in line with current legislation, our vacancies and Trainees' opportunities. We are also working with our People & Culture outsourced services' companies to ensure they also recruit PWDs.

In 2021 we increased the number of female employees (Staff and Trainees) from 17% to 20% overall.



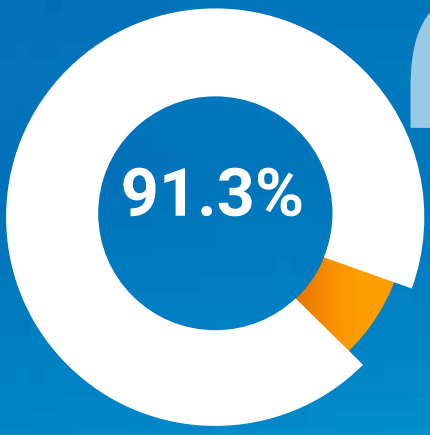
Rasilimali ya Tanzania

Mapitio ya Biashara

2021 Kulinganisha na 2020

Jumla Kuu		14.4%
Mapato	**312.9** Shilingi bilioni za Kitanzania	12.0%
Faida ghafi	**171.9** Shilingi bilioni za Kitanzania	14.1%
Gharama za uendeshaji	**85.6** Shilingi bilioni za Kitanzania	-11.4%
Faida kabla ya kodi	**86.3** Shilingi bilioni za Kitanzania	59.6%
Faida halisi	**59.6** Shilingi bilioni za Kitanzania	65.8%

Mapitio ya **Biashara**



Masoko: TCC ilishikilia asilimia **91.3** ya soko mpaka kufikia mwishoni mwa mwaka 2021. Hii inajumuisha ongezeko la asilimia **+4.1** tukilinganisha na sehemu ya soko mwaka 2020.

Uwajibikaji kwenye Masoko

Soko letu linalenga kuuza sigara kwa watu wazima kupitia vitu vinavyoonekana kama vile mabango ya mawasiliano, nyenzo za kudumu za mauzo kama vile bodi za ABS na michoro ya kimkakati, kusambaza taarifa kwa kuongea ana kwa ana na wateja kupitia kikosi chetu cha mauzo na mabalozi wa chapa na pia jumuiya zetu maalum za mitandaoni kupitia mifumo yetu ya kujitangaza. Ili kuhakikisha uuzaji unaowajibika tunafuata kanuni za uuzaji wa Kimataifa pamoja na kanuni za ndani.

Vipengele vya mawasiliano vya uuzaji:
Katika shughuli zetu zote za uuzaji, tunahakikisha kwamba:

- Hatushawishi watu wazima wasio wavutaji wa Sigara
- Lazima taarifa ya bei iwe na "bei ya rejareja iliyopendekezwa"
- Tunaweka/andika tahadhali za afya ambazo zitachukua asilimia 10 katika matangazo yote ya picha za tumbaku.
- Tunaweka matangazo katika sehemu ya mauzo pekee. (Madukani au Hoteli na Migahawa) ambayo yanatakiwa yawe kwenye umbali wa angalau Mita 100 kutoka shule, hospitali au uwanja wa michezo.

Mawasiliano yanayofanywa na kikosi chetu cha mauzo na mabalozi wa chapa kwa wateja wetu.

Tunapowasiliana na wateja ana kwa ana, tunahakikisha tuna:

- Wasiliana na watu wazima pekee (umri wa miaka 18 na zaidi) wakati wa biashara (kununua na kuuza)
- Ongea na wavutaji sigara watu wazima tu kwa sampuli au kazi ya kuuza
- Kuonesha bidhaa
- Fanya mauzo ya usiku mahali pa mauzo au sehemu za sherehe ambazo zinaruhusu/kuhusisha watu wazima tu wenye umri wa miaka 18 na zaidi na hufanyika usiku.



Rasilimali ya Tanzania

Mapitio ya **Biashara**

Njia Mpya za Kufanya Kazi

Ugonjwa wa Uviko-19 umeleta changamoto kadhaa ambazo zimeathiri jinsi tulivyokuwa tunafanya kazi mahali pa kazi. Ili kukabiliana na mabadiliko haya, ilitubidi kuangalia upya hali yetu ilivyo. TCC, kama Shirika la Kujifunzia ni miongoni mwa makampuni ya kwanza nchini Tanzania kufuata kwa kasi kanuni mpya na hivyo kuitwa "Njia Mpya za Kufanya Kazi". Baada ya miaka miwili ya majaribio na kujifunza kutokana na desturi zetu na nyinginezo, TCC mwaka 2022 itazindua sera yake ya 'Njia Mpya za Kufanya Kazi' kwa lengo la kuunda mustakabali wa mazingira yetu ya kazi ambapo wafanyakazi watawezeshwa kuchagua jinsi ya kufanya kazi, lini wafanye kazi na wapi wafanye kazi.

Sera hii itatoa fursa kubwa kwa wafanyakazi kwa kuzingatia zaidi kukamilisha kazi, matokeo na sio muda unaotumika mahali pa kazi. Pia, sera hiyo itatoa msaada wa kifedha kwa wafanyakazi kwa njia ya posho (takriban Tshs 690,000) ili kuwawezesha wafanyakazi kuwa na ofisi ndogo za kufanyia kazi nyumbani ili kuendana na miongozo ya kimfumo kwa sababu sote tunaelewa kuwa Afya na Usalama wetu ndio kipaumbele chetu kikuu.

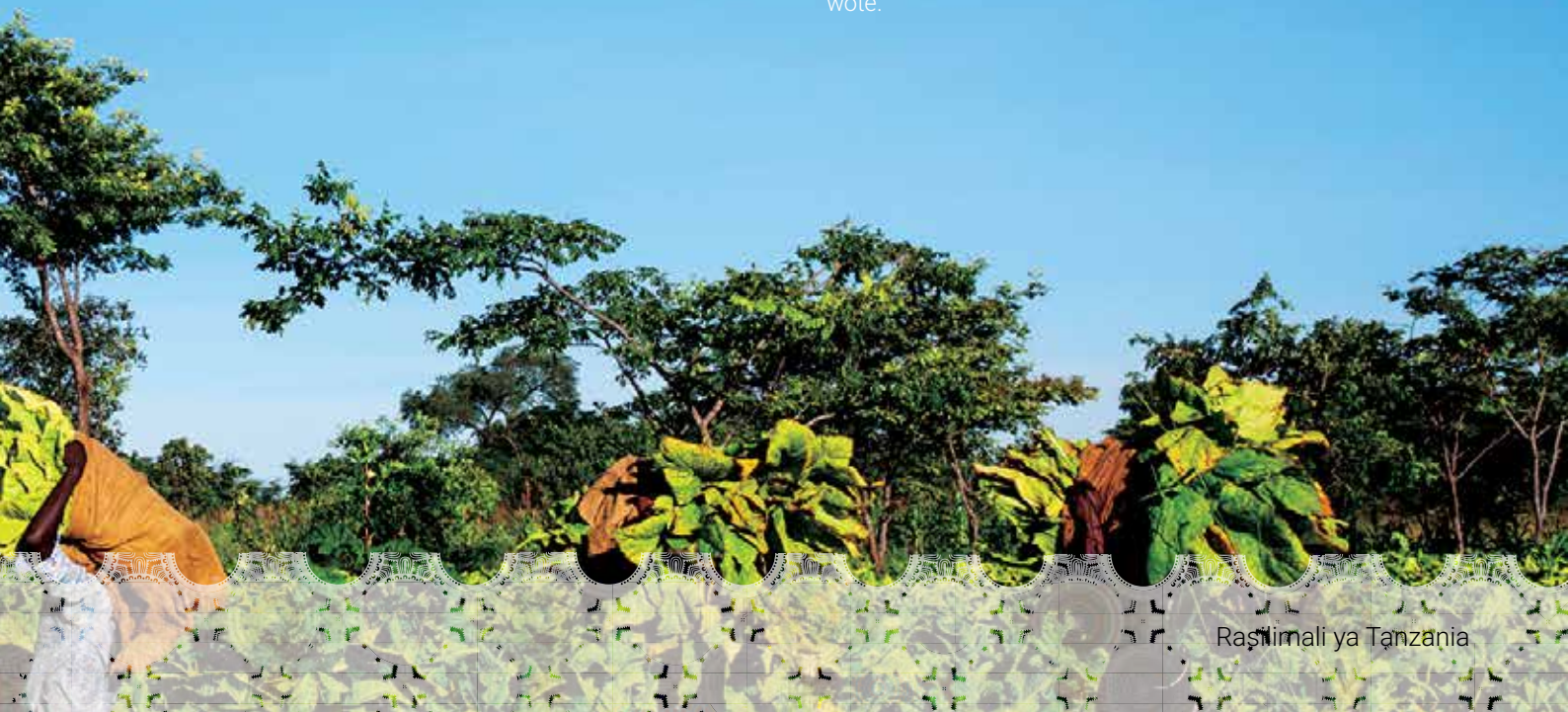
Kwa kuanzia katika awamu ya kwanza, sera hii itawanufaisha wafanyakazi wa maofisini katika vitengo vya masoko na kiwandani wakati mpango ukiwa tayari kujaribiwa na baadae kufanyiwa kazi moja kwa moja kwa wenzetu walio katika vitengo vya Mauzo na kitengo cha uzalishaji.

Sera hii tayari imefanya kazi vizuri sana katika sehemu nyingine za duniani ambako JTI hufanya kazi na Uongozi wa TCC unaamini kwamba sera hii itafanikiwa pia katika kampuni yetu hapa nchini tukiwa na malengo ya kuboresha ufanisi na uzalishaji katika vitu vyote tunavyofanya katika maeneo yetu ya kazi na sehemu zinazotuzunguka.

Fidia na Faida

Mafanikio ya kampuni yetu yanaegemea kwenye uwezo wa kuwavutia na kuendelea kuwa na wafanyakazi wachapakazi. Sera ya fidia ya kampuni inaendelea kuwa 'pongezi ya malipo kwa utendaji' huku tukihakikisha malipo stahiki na yenye ushindani katika sekta na nchi husika. Ufuatiliaji wetu unahakikisha wafanyakazi wote wanalipwa fidia wanazostahili, huku wakipewa changamoto za kujituma zaidi kiutendaji na kuhusishwa katika kufanya kazi kwa ufanisi ili kusaidia ukuaji wao binafsi na wa kitaaluma huku pia wakisaidia malengo muhimu ya biashara ya kampuni yaliyo kwenye mchakato.

Kauli mbiu ya mwaka 2021 ililenga kwenye usimamizi wa utendaji ili tuwe na nguvukazi imara hapo baadae. Maono yetu ya mwaka 2030, tutaendelea kutia mkazo ujumbe huu kwasababu ndio njia pekee ya kuhakikisha maono yetu yanakuwa kweli. Pia tumeanzisha mradi wa Tuzo za Uwazi, unaolenga kuleta utu katika majadiliano ya fidia kati ya wafanyakazi na viongozi wa vitengo vyao vya kazi. Mradi huu unatarajiwa kuanza mwezi Machi mwaka 2022, ambapo baadhi ya vipengele vya taarifa vitapatikana kwa wafanyakazi wote.



Mapitio ya **Biashara**

EHS

Kama shirika, tunaamini kuwa hakuna kitu muhimu zaidi kuliko afya na usalama wa wafanyakazi wetu wanapokuwa kazini au nyumbani.

Ili kuhakikisha kuwa tunafanya inavyotakiwa, tunapofikia matokeo ya biashara yetu ya 2021, hatuhatarishi viwango vyetu vya utendaji wa usalama.

Mnamo 2021, tulipiga hatua kuzuia matukio kwa kudhibiti vyema kile ambacho tungeweza kudhibiti kabla ya tukio lolote kutokea mwaka mzima.

Tulifaulu kuepuka matukio yote yanayoweza kuzuilika kwa kuwa na mawazo yanayofaa kuhusu watu wetu, kujenga utamaduni thabiti wa usalama, taratibu na mifumo.

TCC Plc, tunaamini kwamba wafanyakazi wote wana haki ya kulindwa dhidi ya majeraha na magonjwa yanayohusiana na kazi.

Tumejitolea kuwapa mazingira salama na yenye afya ya kazi na kukuza utamaduni unaotanguliza afya na usalama wa watu.

Kukuza mazingira salama

Kama tunavyojua, janga la UVIKO-19 ni janga ambalo liliathiri kila mtu tena katika mwaka wa 2021.

Kampuni imeendelea kuhakikisha “watu kwanza” katika kila uamuzi wa biashara na shughuli zinazofanywa.

Afya, usalama, na ustawi wa wafanyakazi wetu, familia zao, na jamii, vimebakia kuwa kiini cha kila kitu tunachofanya.

Kila mtu ameshiriki jukumu la mahali pa kazi salama na lenye afya, kila mtu ana jukumu la kutekeleza ili kutendeka.

Ni wazi kwamba mwaka wa 2021 ulikuwa na changamoto kwa tasnia zote lakini bado umekuwa mwaka usio na matukio katika shughuli za kampuni.

Utendaji huu mzuri unaakisiwa kwa dhati juu ya kujitolea na kuwajibika kwa ajili ya usalama wa wafanyakazi wetu.

Mafanikio haya si kwa bahati, bali kupitia jitihada za kila mtu kufanya kazi bila kuchoka kwa imani kwamba usalama ndio thamani kuu ya biashara na kukumbatia mawazo ya “kutokupoteza au kuharibu kitu” katika yote tunayofanya.

Mauzo

1. Kiwango cha kihistoria cha mauzo, jumla ya asilimia ya mauzo ya sigara kwenye soko.
2. Mabadiliko ya uletaji bidhaa kwa muda sahihi na sehemu sahihi ya mauzo kwa mkoa Morogoro na Mtwara
3. Ufuatiliaji wa wateja na Mtindo mpya wa usambazaji bidhaa kisasa.
4. Uuzaji wa jumla mara mbili kutoka 400 hadi 1000
5. Mfumo wa Uendeshaji Mauzo kwa wauzaji wanaotumia pikipiki umebadilika.

Uzalishaji

- Tunajipongeza kwa kumaliza mwaka mwingine (2021) bila kutokea athari yeyote ya mtu kuumia, tukiweka kumbukumbu ya kukamilisha siku 515 bila kutokea majeruhi.
- Kiwanda kiliendelea kuunga mkono ajenda ya ukuaji wa JTI na falsafa ya ONETEAM(KIKUNDI KIMOJA) kupitia kutoa usaidizi wa kiufundi na kusafirisha talanta kwa misingi ya STA & IA kwa taasisi nyingine za JTI zikiwemo Jordan, Sudan na Iran.
- Utoaji wa SMARTSENS umefaulu, mojawapo ya miradi muhimu ya Kimataifa na jukwaa la kusisimua linaloongozwa na Global Functions ili kuboresha ubora wa bidhaa na kusaidia kufanya maamuzi ya kimkakati kupitia uboreshaji wa uwekaji taarifa za mchakato wa uzalishaji kidigitali.
- ERM CVS ilikamilisha ukaguzi wa nje wa Mifumo ya Usimamizi wa ISO na rekodi zilizothibitishwa za kufuata viwango na taratibu za ISO bila kukiuka kanuni.
- Ufanikishaji wa Make Pack Line Centric Organization(LCO) na Primary Centric Organization(PCO), ulisababisha maboresho kwenye uzalishaji na ufanisi kwenye utendaji kazi.
- Rekodi ya mwaka ya uzalishaji wa sigara 8.455 Bn zenye ubora iliwekwa mwaka 2021, ikiwa ni kiasi cha juu zaidi cha mwaka katika historia ya kiwanda, na kuvunja rekodi za miaka 60 iliyopita.
- Kiwanda kilirekodi kiwango cha juu zaidi cha kila mwezi cha uzalishaji wa sigara wakati wote (vijiti 925.6 MM) na Cut filler volume (beti 86) mnamo Novemba 2021..



Rasilimali ya Tanzania

> *Mwaka 2021, kampuni imesaidia Watu Wenye Ulemavu (WWU) kwa kuwapatia vifaa vya usaidizi 1520 (Baiskeli za miguu mitatu 120, fimbo za kuongozea walemavu wa macho 700, na magongo ya kusaidia kutembea 700)*

Mapitio ya **Biashara**

Kusaidia Jamii inayotuzunguka

Msemo wetu wa "Pamoja Tunaleta Mabadiliko" programu za uwekezaji wa jamii inajumuisha uwasilishaji katika mageuzi endelevu ya maisha ya wanufaika watu wazima.

Kampuni inasaidia jamii kwa njia ya moja kwa moja na kwa njia isiyo ya moja kwa moja kupitia ushirikiano na washirika wa kijamii na kitamaduni kwa kusaidia programu katika Kupunguza Umaskini, Watu Wenye Ulemavu (Walemavu), Mazingira Asilia, Sanaa ya Maonesho na wazee.

Mwaka 2021, kampuni imesaidia Watu Wenye Ulemavu (WWU) kwa kuwapatia vifaa vya usaidizi 1520 (Baiskeli za miguu mitatu 120, fimbo za kuongozea walemavu wa macho 700, na Magongo ya kusaidia kutembea 700) zilizosambazwa na kugawiwa katika mkoa wa Kilimanjaro, Tanga, Dodoma, Dar Es salaam, Tabora, Singida, Shinyanga, Simiyu na Zanzibar. Usaidizi huu ni muhimu ili kushughulikia aina nyingi za ubaguzi zinazoongeza uwezekano wa kutengwa kulingana na ulemavu na mambo mengine.

Kampuni imesaidia zaidi ya watu 500 waliojiunga katika vikundi 31 vya wakina mama na vijana wenye umri wa miaka 18 na zaidi kwa kuwapatia mashine za kushonea, mashine za kukamulia alizeti, mashine za kufyatulia matofali, mashine za kusagia unga wa mahindi kuwawezesha kiuchumi. Msaada unatoa nafasi ya kuboresha maisha ya watu, kupata kazi, kipato na mitaji. Kampuni imesambaza zaidi ya mapipa 380 ya gundi ya kiwandani ili kusaidia kampeni ya usafi katika jiji la Dar Es salaam. Wanafunzi saba walifadhiliwa kwa ufadhili kamili wa kuendelea na masomo yao ya Diploma katika Chuo cha Sanaa Bagamoyo.

Utofauti & Ushirikishwaji

Kampuni inashirikiana na CCBRT kwa ajili ya kufanikisha mipango kadhaa kama vile kuwaandaa kimawazo wafanyakazi ili waweze kuishi na kufanya kazi na WWU (Watu Wanaoishi na Ulemavu), kufanya tathmini ya majengo ya ofisi ili kufanya mahali pa kazi rafiki kwa watu wenye ulemavu na kuwa na mikakati ya ajira kwa watu Wanaoishi na Ulemavu.

Timu mbalimbali za D&I ziliongeza watu wenye ulemavu katika timu ya D&I ili kutusaidia kukumbuka kila wakati kiletunachohitaji kufanya kabla ya kutunga sera na mipango ilituweze kuwajumuisha watu wenye ulemavu katika viwangovyote. Kwa sasa tuna watu watatu wenye ulemavu na tunampango wa kuajiri zaidi kulingana na sheria ya sasa, nafasi zetu za kazi na fursa za Wanaojifunza kazi. Pia tunafanya kazi na kampuni zetu za huduma za Watu na Utamaduni ilikuhakikisha pia zinaajiri watu wenye ulemavu..

Mwaka 2021 tuliongeza idadi ya wanawake (Wafanyakazi na Wanaofundishwa kazi) tulioajiri kutoka asilimia 17 hadi asilimia 20 kwa ujumla.



Rasilimali ya Tanzania

Members of the Board
Wajumbe wa Bodi



Paul Makanza
Chairman

- Paul D. Makanza has over 20 years senior level management and leadership experience in the private sector in Tanzania and Sub-Saharan Africa.
- He has extensive leadership, governance and government relations experience. He currently leads several boards. He is the Chairman of the Tanzania Cigarette Company Plc (TCC Plc), the Confederation of Tanzania Industries (CTI) and the Tanzania Start-up Association (TSA). He is also the Vice Chairman of the Tanzania Private Sector Foundation (TPSF). His sectoral experience includes the tobacco industry (TCC Plc and JTI) and professional services (PwC Tanzania). He has served as Chairman of the TCC Board since August 3, 2017, and was re-elected in the same position on August 11, 2020.

Paul Makanza
Mwenyekiti

Paul ana uzoefu wa zaidi ya miaka 20 kwenye uongozi na usimamizi wa juu katika sekta binafsi kusini mwa jangwa la Sahara barani Afrika.

- Ana uzoefu mkubwa wa uongozi, utawala na mahusiano ya serikali. Hivi sasa anaongoza bodi kadhaa. Ni Mwenyekiti wa Kampuni ya Sigara Tanzania (TCC Plc), Shirikisho la Viwanda Tanzania (CTI) na Tanzania Start-up Association (TSA). Pia ni Makamu Mwenyekiti wa Tanzania Private Sector Foundation (TPSF). Uzoefu wake kisekta unajumuisha tasnia ya tumbaku (TCC Plc na JTI) na huduma za kitaalamu (PwC Tanzania). Amehudumu kama Mwenyekiti wa Bodi ya TCC tangu Agosti 3, 2017, na alichaguliwa tena katika nafasi hiyo hiyo Agosti 11, 2020.



Michal Bachan
General Manager and CEO

- Michal Bachan has over 20 years international leadership experience across various markets within and outside JTI including Poland, United Kingdom, Tanzania and Switzerland. In August 2019, Michal assumed the role of Chief Executive Officer (CEO) and General Manager at TCC Plc, after serving as JTI Regional Marketing and Sales Director for Middle East, Near East, Africa, Turkey and Global Travel Retail (MENEAT-GTR) for 3 years based in the UK. He brings a wealth of valuable expertise in Marketing, Sales, Planning and Development. Other previous roles held within JTI include Commercial Brand Manager in HQ in Switzerland from 2001 to 2004, Marketing Manager in Tanzania from 2004 to 2005 and Director of Sales & Marketing in Tanzania 2005 to 2007, Planning & Development Director 2009 to 2012 and Marketing Director 2012 to 2016 in Poland. Michal joined the TCC Board on August 27, 2019.

Michal Bachan
Meneja Mkuu na Mkurugenzi Mtendaji

- Michal ana zaidi ya miaka 20 ya uongozi wa kimataifa katika masoko mbalimbali ndani na nje ya JTI ikiwa ni pamoja na Poland, Tanzania na Uswizi.
- Mnamo Agosti 2019, Michal alichukua nafasi ya Afisa Mkuu Mtendaji (Mkurugenzi Mtendaji) na Meneja Mkuu katika TCC Plc, baada ya kuhudumu kama Mkurugenzi wa Masoko na Mauzo wa JTI wa Kanda ya Mashariki ya Kati, Mashariki ya Karibu, Afrika, Uturuki na Global Travel Retail (MENEAT-GTR) kwa miaka 3 nchini Uingereza. Analeta utaalamu muhimu katika Masoko, Mauzo, Mipango na Maendeleo. Majukumu mengine ya awali aliyoyafanya ndani ya JTI ni pamoja na Meneja wa Chapa ya Biashara katika Makao Makuu ya Uswizi kuanzia 2001 hadi 2004, Meneja Masoko Tanzania kuanzia 2004 hadi 2005 na Mkurugenzi wa Mauzo na Masoko Tanzania 2005 hadi 2007, Mkurugenzi wa Mipango na Maendeleo 2009 hadi 2012 na Mkurugenzi wa Masoko 2012 hadi 2016 huko Poland. Michal alijiunga na Bodi ya TCC mnamo Agosti 27, 2019.

Wajumbe wa Bodi | **Members** of the Board



Baraka Katemba

- Baraka Jonathan Katemba is currently serving as the Finance and Administration Manager in the Copyright Society of Tanzania (COSOTA) since October 2020.
- Prior to that, he has held various positions in the public and private sector including the positions of Finance, Investment and Planning Manager at Tanzania Standard Newspapers (TSN) for 3 years until September 2020 and the position of the Senior Finance Management Advisor at the Office of the Treasury Registrar where he served for 8 years. He also served in the University of Dar es Salaam Governing Council from 2015 to 2017. Baraka has extensive knowledge and experience in Investment and Financial Management, Accountancy, Taxation and Banking. He joined the Board of Directors of TCC on April 23, 2018 representing the Government of the United Republic of Tanzania until on April 22, 2021 when he retired from the Board of TCC.

Baraka Katemba

- Baraka ni Meneja wa Fedha na Utawala katika Taasisi ya Hakimiliki ya Tanzania (COSOTA) tangu Oktoba 2020.
- Kabla ya hapo, amewahi kushika nyadhifa mbalimbali katika sekta ya umma na binafsi zikiwemo nyadhifa za Meneja wa Fedha, Uwekezaji na Mipango katika Kampuni ya Tanzania Standard Newspapers (TSN) kwa miaka 3 hadi Septemba 2020 na nafasi ya Mshauri Mkuu wa Usimamizi waFedha katika Ofisi ya Msajili wa Hazina ambapo alihudumu kwa miaka 8. Pia alihudumu katika Baraza la Uongozi la Chuo Kikuu cha Dar es Salaam kuanzia mwaka 2015 hadi 2017. Baraka ana ujuzi na uzoefu mkubwa katika Uwekezaji na Usimamizi wa Fedha, Uhasibu, Ushuru na Benki. Alijiunga na Bodi ya Wakurugenzi ya TCC Aprili 23, 2018 akiiwakilisha Serikali ya Jamhuri ya Muungano wa Tanzania hadi Aprili 22, 2021 alipostaafu Bodi ya TCC.



Johnny Ng

Internal Audit Vice President. JT International SA

- Johnny is the Internal Audit Vice President of JT International SA from 2019 to date. Prior to that Johnny was the CFO and Vice President of JTI Russia from 2016, he also served as JTI Finance Vice President Taiwan (2005-2016) and Finance Director JTI China (2002- 2005).
- Before joining JTI, Johny held various positions including; Senior Consultant- Deloitte Consulting (2000-2002) based in Hong Kong, Business Analyst with PWC Limited Hong Kong (1998 to 1999) and International Consultant - HSO Business System China Limited based in Hong Kong (1997- 1998). Johnny holds a Masters of Business Administration.
- Appointed to the TCC Board of Directors on January 01, 2021

Johnny Ng

Makamu wa Rais, Mkaguzi wa Ndani. JT International SA

- Johnny ni Makamu wa Rais wa Ukaguzi wa Ndani wa JT International SA kuanzia mwaka 2019 hadi sasa. Kabla ya hapo Johnny alikuwa Afisa Mkuu wa Kitengo cha Fedha (CFO) na Makamu wa Rais wa JTI Russia kuanzia mwaka 2016, pia aliwahi kuwa Makamu wa Rais wa Fedha wa JTI Taiwan mwaka (2005-2016) na Mkurugenzi wa Fedha JTI China mwaka (2002- 2005).
- Kabla ya kujiunga na JTI, Johnny alishika nyadhifa mbalimbali zikiwemo; Mshauri Mkuu- Deloitte Consulting mwaka (2000-2002) Hong Kong, Mchambuzi wa Biashara wa PWC Limited Hong Kong mwaka (1998 hadi 1999) na Mshauri wa Kimataifa wa HSO Business System China Limited yenye makao yake Hong Kong mwaka (1997-1998). Johnny ana Shahada ya Uzamili ya Utawala wa Biashara.
- Aliteuliwa kwa Bodi ya Wakurugenzi ya TCC mnamo January 01, 2021.

Wajumbe wa Bodi | **Members** of the Board



Onesmo Makombe
Vice- Chairman of the national Anti - Money Laundering (AML) Committee

- Mr. Onesmo Makombe is the Vice- Chairman of the national Anti - Money Laundering (AML) Committee, a role served from 2015.
- Prior to the current positions, Mr. Onesmo has held various positions in the public service including; The Commissioner and Chief Executive Officer of the Financial Intelligence Unit (FIU) from 2015 to 2021, The Chair of the Eastern and Southern Anti – Money Laundering Group (ESAAMLG) Task Force (2017- 2018), Acting Commissioner FIU (2013), Assistant Commissioner FIU (2011), Financial and Intelligence Analyst under Ministry of Finance (2007-211), Bank Examiner with BOT (1997-2007).

  Mr. Makombe joined the TCC Plc Board on April 23, 2021 representing the Government of Tanzania.

Makamu Mwenyekiti wa Kamati ya Kitaifa ya Kupambana na Utakatishaji Fedha Haramu (AML).

- Bw. Onesmo Makombe ni Makamu Mwenyekiti wa Kamati ya Kitaifa ya Kupambana na Utakatishaji Fedha Haramu (AML), jukumu alilotumikia kuanzia 2015.
- Kabla ya nafasi za sasa, Bw. Onesmo amewahi kushika nyadhifa mbalimbali katika utumishi wa umma zikiwemo; Kamishna na Afisa Mtendaji Mkuu wa Kitengo cha Intelijensia ya Fedha (FIU) kuanzia 2015 hadi 2021, Mwenyekiti wa Kikosi Kazi cha Kikosi Kazi cha Kuzuia Utakatishaji Fedha Mashariki na Kusini (ESAAMLG) (2017-2018), Kaimu Kamishna FIU (2013), Kamishna FIU (2011), Mchambuzi wa Fedha na Intelijensia chini ya Wizara ya Fedha (2007-211), Mkaguzi wa Benki na BOT (1997-2007).

  Bw Makombe alijiunga na Bodi ya TCC Plc Aprili 23, 2021 akiwakilisha Serikali ya Tanzania.



Asina Omari
Advocate of the High Court of Tanzania

- Ms. Asina is a lawyer with more than 15 years' experience in the legal profession. She is an Advocate of the High Court of Tanzania and Courts subordinate thereto. She is serving as an assistant lecturer at the School of Law, University of Dar es Salaam and as a part time instructor at the Law School of Tanzania, roles she has served from 2006, 2008 respectively, to date.
- Chairperson of the Legal Aid Committee School of Law, University of Dar es Salaam from 2012 to date, Chair of the Finance, Planning and Development Committee, Institute of Judicial Administration Lushuto(2010-2016). Ms. Asina also sits on various Boards within the public and private sector.
- Appointed to the TCC Board of Directors on August 19, 2021, as additional representative of the minority shareholders.

Wakili wa Mahakama Kuu ya Tanzania

- Bi Asina ni wakili mwenye uzoefu wa zaidi ya miaka 15. Ni wakili wa Mahakama Kuu ya Tanzania na Mahakama zilizo chini yake. Anahudumu kama mhadhiri msaidizi katika Shule ya Sheria, Chuo Kikuu cha Dar es Salaam na kama mwalimu wa muda katika Shule ya Sheria ya Tanzania, majukumu ambayo ametumikia kuanzia 2006, 2008 mtawalia, hadi sasa..
- Mwenyekiti wa Kamati ya Msaada wa Kisheria Shule ya Sheria, Chuo Kikuu cha Dar es Salaam kuanzia 2012 hadi sasa, Mwenyekiti wa Kamati ya Fedha, Mipango na Maendeleo, Taasisi ya Utawala wa Mahakama Lushuto(2010-2016). Bi Asina pia anakaa katika Bodi mbalimbali ndani ya sekta ya umma na binafsi.
- Aliteuliwa kwa Bodi ya Wakurugenzi ya TCC mnamo Agosti 19, 2021, kama mwakilishi wa ziada wa wanahisa wachache.

Wajumbe wa Bodi | **Members** of the Board



Bertrand Tamisier

Chief Financial Officer and Vice President of JTI Middle East, Near East, Africa, Turkey, and Worldwide Duty Free (MENEAT/WWDF)

- Bertrand Tamisier is the Chief Financial Officer and Vice President of MENEAT & GTR Region since January, 2018. He has extensive experience and expertise in finance from his various roles within JTI for the past 25 years.

- Bertrand has worked in various senior positions in JTI. His previous roles within JTI include Global Financial Operations VP in 2017, Strategy and Insights Lead VP from 2016 to 2017, Chief Financial Officer and VP in JTI SA and Central Europe Region from 2008 to 2011 and from 2011 to 2016 respectively, Adriatica Chief Financial Officer from 2007 to 2008, Senta Integration Director from 2006 to 2007, Research and Development / Scientific and Regulatory Affairs Finance Director from 2005 to 2006, Chief Financial Officer and Finance Director in Iran from 2002 to 2005, WWDF & MENA Finance Controller from 2000 to 2002, Baltics, Belarus and Kaliningrad CFO from 1998 to 1999, CIS Finance Manager Operations and Exports from 1997 to 1998. Bertrand was appointed to the TCC Board of Directors on January 01, 2018 and re-elected on January 01, 2021.

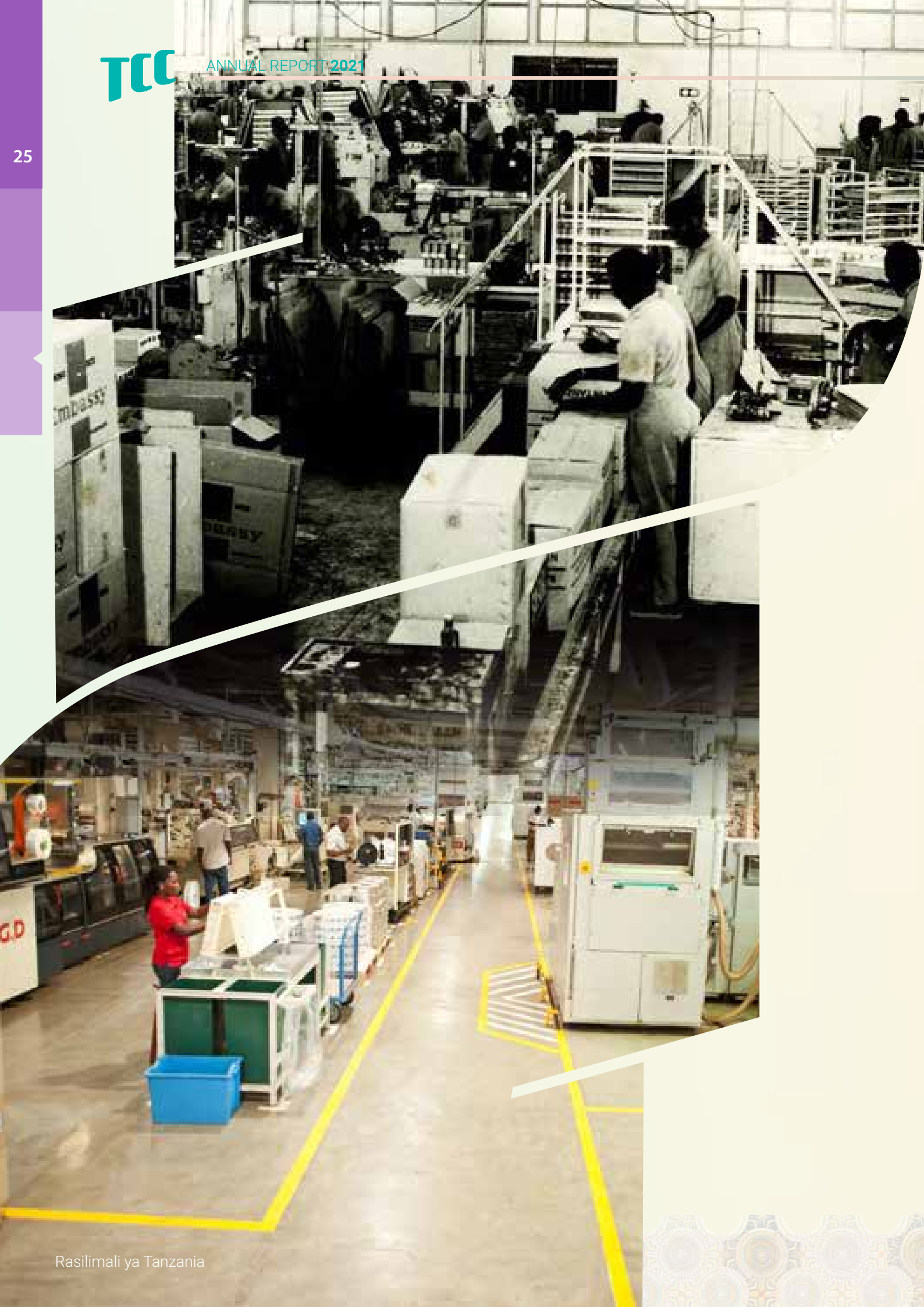
Bertrand Tamisier

Afisa Mkuu wa Fedha na Makamu wa Rais wa JTI MENEAT & GTR

- Ana uzoefu na utaalamu mkubwa kwenye maswala ya fedha kutokana na nafasi mbali mbali alizoshika katika miaka 20 aliyotumikia JTI.

- Bertrand ameshika nyadhifa mbali mbali ndani ya JTI ikiwa ni pamoja na kuwa Makamu Kiongozi wa shughuli za kifedha ngazi ya kimataifa mnamo 2017, Makamu Kiongozi wa Mikakati na Maarifa kutoka 2016 hadi 2017, Afisa Mkuu wa Fedha na Makamu Kiongozi wa JTI SA na Eneo la Ulaya ya Kati kutoka 2008 hadi 2011 na kutoka 2011 hadi 2016. Aidha, amekuwa Afisa Mkuu wa Fedha wa Adriatica kutoka 2007 hadi 2008, Mkurugenzi wa Muingiliano wa Senta kutoka 2006 hadi 2007, Mkurugenzi wa Fedha wa Utafiti na Maendeleo / Sayansi na Masuala ya Udhibiti kutoka 2005 hadi 2006, Afisa Mkuu wa Fedha na Mkurugenzi wa Fedha nchini Iran kutoka 2002 hadi 2005, Mdhibiti wa Fedha wa WWDF & MENA kutoka 2000 hadi 2002, Baltiki, Belarusi na Afisa Mkuu wa Fedha wa Kaliningrad kutoka 1998 hadi 1999, Meneja wa Uendeshaji wa Fedha wa CIS na Mauzo ya nje kutoka 1997 hadi 1998.

- Bertrand aliteuliwa kujiunga na Bodi ya Wakurugenzi ya TCC tangu tarehe 01, Januari mwaka 2018 na akateuliwa tena tarehe 01 Januari mwaka 2021.



Rasilimali ya Tanzania

Management
Uongozi



Godson Killiza
Legal Affairs Director



Michal Bachan
General Manager and CEO



Charles Mauya
Sales Director



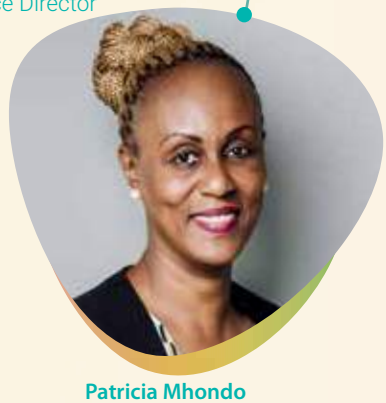
Samwel Mandara
Manufacturing Director



Angela Mangecha
People & Culture Director



Thomas Hadorn
Finance Director



Patricia Mhondo
Corporate Affair and
Communication Director



Yassin Hussein
Marketing Director



Net profit increased by 65.8% to TShs. 59.6 billion in 2021 compared to TShs. 35.9 billion in 2020, driven by double-digit volume growth and significant operational cost savings.

Rasilimali ya Tanzania

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 in line with Tanzania's socio-political and economic changes over the last six decades. We take pride in our strong heritage in Tanzania and look forward to another successful 60 years.

We achieved record domestic sales volume, with net profits up 65.8% in the prior year.

Net profit increased by 65.8% to TZS 59.6 billion in 2021 compared to TZS 35.9 billion in 2020, driven by double-digit volume growth and significant operational cost savings.

Total sales volume increased by 14.4% on the prior year. Domestic sales volume increased by 16.5% and was at a record high in the Company's 60-year history. Export volume was up 10% on the prior year. This record domestic volume achievement was due to a successful route to market transformation – from third party distribution to direct sales to customers under TCC Plc management.

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

Record sales volume has allowed us to contribute 14.6% more taxes to the Treasury

Value-added tax (VAT) and excise tax increased by 14.6% to TZS 222.7 billion in 2021 compared to TZS 194.3 billion in 2020 due to solid domestic volume performance, indicating that volume is a more sustainable driver of government tax revenue than large excise tax increases, which tend to increase prices, reduce sales volume, and negatively impact tax revenue in the long term.

It also allowed us to pay our shareholders dividend

Due to the solid financial results, the total gross dividend per share for the year ended December 31, 2021, is TZS 800 per share vs. TZS 550 per share paid out in 2020. This gross dividend per share includes an interim gross dividend of TZS 250 per share and special gross dividend of TZS 250 per share paid out in November 2021 and a final gross dividend of TZS 300 per share.

The final gross dividend of TZS 300 per share, as proposed by the Board, is subject to shareholders' approval at the AGM scheduled for April 21, 2022 and will be paid out on or about May 17, 2022.

We achieved these results while ensuring that our employees' safety was our top priority.

The COVID-19 pandemic brought an unprecedented upheaval worldwide from early 2020, with considerable disruptions to global supply chains and risks to lives and livelihoods throughout 2021. In response, our top priorities were the safety of our employees and the continuity of our business.

Effective March 23, 2020, all non-critical employees were encouraged to work from home. To facilitate this exercise, we upgraded our IT infrastructure. We provided personal protective equipment, such as masks, to employees whose jobs required their presence at the premises and insisted on strict adherence to hand-washing, sanitizing, mask-wearing, and checking body temperature.

We encouraged employees to get vaccinated following the

Net profit increased by 65.8% to TShs. 59.6 billion in 2021 compared to TShs. 35.9 billion in 2020, driven by double-digit volume growth and significant operational cost savings.



COVID-19 vaccine rollout in August 2021. By December 2021, the number of vaccinated employees was 47%. We hope to achieve a 70% vaccination rate by March, 2022. We commend the 6th Phase Government for recognizing the importance of COVID-19 vaccination and giving it free of charge. We continue to operate with maximum safeguards against COVID-19 in place.

In addition, to mitigate supply chain disruptions caused by the pandemic, we increased our raw materials and finished product levels to 6 months and 2.5 months, respectively, to ensure business continuity.

Our obligation to improve our social impact

In 2021 we implemented several community investment programs focussed on poverty alleviation and economic empowerment for marginalized groups, support for people with disability, natural environment and education. For example, we donated 1,520 assistive devices for the disabled in nine regions, 155 sewing machines, five oil pressing machines, three maize milling and two brick making machines. These programs help communities to become more inclusive, sustainable, and resilient.

Our obligation regarding climate change:

Global warming is a major societal concern. According to scientists, keeping the global warming level below 1.5% is the best way to save the planet from the dangerous effects of climate change. Yet, the world is currently not on track to achieve this, with global temperatures rising.

We recognize our vital responsibility as a company to contribute to a decarbonized society. We are committed to accelerating our efforts to reduce greenhouse gas (GHG) emissions at our factory and achieve net-zero GHG emissions by 2030. To this end, in 2021, we accelerated our solar energy project to be completed in early 2022. The project, comprising 738 panels over a 2,300-square-meter area, will generate 532,800 kWh per annum, save up to 15% of our electricity requirements, and reduce CO2 emissions by 211 tons per annum.

Changes to the Board—Minority representation and gender diversity:

Mr. Paul D. Makanza and Mr. Betrand Tamisier were reelected as directors of the company for another three-year term. In addition, the Board reelected Mr. Paul D. Makanza as chairman. I thank the Board for the confidence placed in me to lead for another term.



Mr. Onesmo Makombe, a government appointee representing the Office of the Treasury Registrar (OTR), joined the Board on April 23, 2021. Mr. Makombe replaced the former OTR Board representative, Mr. Baraka Katemba, who retired from the Board on April 22, 2021.

In line with the Capital Markets and Securities Authority Corporate Governance Guidelines on minority representation, the Treasury Registrar appointed Ms. Asina Omari to represent minority shareholders (retail) on the Board of TCC Plc. Ms. Asina, an assistant lecturer at the Dar es Salaam University School of Law, brings a wealth of experience to the Board as well as gender diversity.

I wish to congratulate and welcome our new board members. We look forward to your wise counsel and experience in driving forward our vision for the Company. I thank Mr. Katemba for his diligent service to the Board.

Going forward, we are optimistic about the year ahead.

Sustaining the strong volume performance achieved in 2021 will be critical to sustainable profit growth. We have a robust plan in place to achieve this. 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.

Continued improvements in the investment climate and business environment will also be essential. 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. Household consumption, investor confidence, domestic and foreign investments, and exports are on the rise. 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.

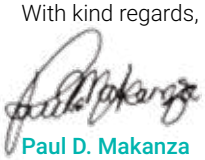
We are confident that the Government will sustain these gains and address other challenges, such as the high cost of electronic tax stamps (ETS) and duties and regulations that impact the cost of doing business.

We thank the Government for its willingness and readiness to always engage stakeholders on issues of concern.

Finally, I wish to thank our stakeholders for their continued support.

On behalf of the Board of Directors, I wish to thank all our stakeholders – customers, shareholders, employees, and society at large – 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. I also wish to thank our business associations, TPSF, CTI, EABC, and TNBC, for their support in engaging the Government. Finally, I thank my fellow board members for their wise counsel and guidance.

With kind regards,



Paul D. Makanza
Chairman of the Board



Faida halisi iliongezeka kwa asilimia 65.8 hadi TShs. 59.6 bilioni mwaka 2021 ikilinganishwa na TShs. bilioni 35.9 mwaka 2020, kutokana na ukuaji wa kiasi cha tarakimu mbili na uokoaji mkubwa wa gharama za uendeshaji.

Rasilimali ya Tanzania

Waraka wa Mwenyekiti

Wapendwa Wanahisa,
Kwa niaba ya Bodi ya Wakurugenzi wa Kampuni ya Sigara Tanzania (TCC Plc) ninayo furaha kuwasilisha utendaji wa kampuni kwa kipindi kilichohitimishwa Decemba 31, 2020.

Mwaka 2021 ulikuwa wa kihistoria, mwaka ulioweka rekodi kwa Kampuni.
Kwa niaba ya Bodi ya Wakurugenzi ya Kampuni ya Sigara Tanzania (TCC Plc), inanipa furaha kubwa kuripoti matokeo ya Kampuni kwa mwaka ulioishia tarehe 31 Desemba 2021.

Tuliadhimisha miaka 60 ya utendaji kazi nchini Tanzania.
Tarehe 4 Desemba 2021, iliadhimisha miaka 60 ya utendaji nchini Tanzania na maadhimisho ya miaka 60 ya uhuru waTanzania (Tanganyika) tarehe 9 Desemba 2021. Imekuwasafari ya miaka 60 ya mabadiliko, marekebisho, na uthabiti kulingana na hali ya kijamii, kisiasa na mabadiliko ya kiuchumi ya Tanzania katika miongo sita iliyopita. Tunajivunia urithi wetu mzuri nchini Tanzania na tunatazamia miaka mingine 60 yenye mafanikio.

Tulipata rekodi ya mauzo ya ndani, na faida halisi iliongezeka kwa asilimia 65.8 katika mwaka uliotangulia.
Faida halisi iliongezeka kwa asilimia 65.8 hadi TShs. 59.6 bilioni mwaka 2021 ikilinganishwa na TShs. bilioni 35.9 mwaka 2020, kutokana na ukuaji wa kiasi cha tarakimu mbili na uokoaji mkubwa wa gharama za uendeshaji.

Kiasi cha mauzo kiliongezeka kwa 14.4% katika mwaka uliotangulia. Kiasi cha mauzo ya ndani kiliongezeka kwa asilimia 16.5 na kilikuwa katika rekodi ya juu katika historia ya miaka 60 ya Kampuni. Kiasi cha mauzo ya nje kiliongezeka kwa asilimia 10 katika mwaka uliotangulia. Rekodi hii ya mafanikio ya kiasi cha ndani ilitokana na njia iliyofanikiwa ya mabadiliko ya soko - kutoka kwa usambazaji wa wasambazaji hadi kuelekeza kwa wateja chini ya usimamizi wa TCC Plc.

Aidha, gharama za uendeshaji zilipungua kwa asilimia 11.7 ikilinganishwa na mwaka uliopita kutokana na ufanisi wa uendeshaji na kuokoa gharama katika shirika zima.

Kiasi cha mauzo ya rekodi kimeturuhusu kuchangia kodi zaidi ya asilimia 14.6 kwa Hazina.
Kodi ya Ongezeko la Thamani (VAT) na ushuru wa bidhaa iliongezeka kwa asilimia 14.6 hadi TShs. 222.6 bilioni mwaka 2021 ikilinganishwa na TShs. bilioni 194.3 mwaka 2020 kutokana na utendaji thabiti wa ndani, ikionyesha kwamba kiasi hicho ni kichocheo endelevu cha mapato ya serikali kuliko ongezeko kubwa la ushuru wa bidhaa, ambalo huelekea kuongeza bei, kupunguza kiwango cha mauzo na kuathiri vibaya mapato ya ushuru kwa muda mrefu.

Pia iliturahusu kulipa wanahisa wetu mgao wa faida.
Kutokana na matokeo thabiti ya kifedha, jumla ya gawio la jumla kwa kila hisa kwa mwaka ulioishia tarehe 31 Desemba 2021, ni TShs. 800 kwa kila hisa dhidi ya TZS. 550 kwa kila hisa iliyolipwa mwaka 2020. Gawio hili la jumla kwa kila hisa linajumuisha gawiwo la awali la TZS. 250 na gawiwo maalumu la TZS. 250 kwa kila hisa iliyolipwa Novemba 2021 na gawiwo la mwisho la TZS. 300 kwa kila hisa.

Mgao wa mwisho wa jumla wa TShs. 300 kwa kila hisa, kama inavyopendekezwa na Bodi, unategemea idhini ya wanahisa katika Mkutano Mkuu wa Mwaka uliopangwa kufanyika tarehe 21 Aprili 2022 na italipwa mnamo tarehe 17 Mei 2022.

Tulipata matokeo haya chanya huku tukihakikisha kuwa usalama wa wafanyikazi wetu ulikuwa kipaumbele chetu kikuu.
Janga la UVIKO-19 lilileta msukosuko ambao haujawahi kushuhudiwa duniani kote kuanzia mwanzoni mwa mwaka 2020, huku kukiwa na usumbufu mkubwa kwa minyororo ya usambazaji bidhaa duniani na kuhatarisha maisha katika mwaka wa 2021. Kutokana na janga hili, vipaumbele vyetu vikuu vilikuwa usalama wa wafanyikazi wetu na mwendelezo wa biashara yetu.

Kuanzia tarehe 23 Machi 2021, wafanyakazi wote wasio wa lazima kuwepo kazini walihimizwa kufanya kazi wakiwa nyumbani. Ili kuwezesha zoezi hili, tuliboresha miundombinu yetu ya TEHAMA. Tulitoa vifaa vya kujikinga binafsi, kama vile barakoa, kwa wafanyikazi ambao kazi zao zilihitaji uwepo wao kwenye majengo na tulisisitiza kuzingatia sana unawaji wa mikono, kunawa mikono na dawa za kuua virusi, kuvaa barakoa na kuangalia joto la mwili.

Tuliwahimiza wafanyakazi kupata chanjo kufuatia kuwepo kwa chanjo ya UVIKO-19 mnamo Agosti 2021. Kufikia Desemba 2021, idadi ya wafanyakazi waliopatiwa chanjo ilikuwa asilimia 47. Tunatumai kufikia kiwango cha chanjo cha asilimia 70 itakapofika mwezi Machi, 2022. Tunaipongeza Serikali ya Awamu ya 6 kwa kutambua umuhimu wa chanjo ya UVIKO-19 na kuitoa bure kwa wananchi. Tunaendelea kufanya kazi huku tukijilinda kwa kiwango cha juu dhidi ya UVIKO-19.

Kwa kuongezea, ili kupunguza usumbufu wa ugavi unaosababishwa na janga hili, tuliongeza malighafi zetu na kumaliza viwango vya bidhaa hadi miezi 6 na miezi 2.5, ili kuhakikisha mwendelezo wa biashara.

Faida halisi iliongezeka kwa asilimia 65.8 hadi TShs. 59.6 bilioni mwaka 2021 ikilinganishwa na TShs. bilioni 35.9 mwaka 2020, kutokana na ukuaji wa kiasi cha tarakimu mbili na uokoaji mkubwa wa gharama za uendeshaji



Wajibu wetu wa kuboresha athari zetu za kijamii:
Mnamo 2021 tulitekeleza mipango kadhaa ya uhusiano wetu na jamii uliyolenga kupunguza umaskini na uwezeshaji wa kiuchumi kwa makundi yaliyotengwa, usaidizi kwa watu wenye ulemavu, mazingira asilia na elimu. Kwa mfano, tulitoa vifaa saidizi 1,520 kwa walemavu katika mikoa tisa, cherehani 155, mashine tano za kukamua mafuta, tatu za kusaga mahindi na mashine mbili za kutengeneza matofali. Programu hizi husaidia jamii kuwa jumuishi zaidi, endelevu na thabiti.

Wajibu wetu kuhusu mabadiliko ya hali ya hewa:
Ongezeko la joto duniani ni tatizo kubwa la kijamii. Kulingana na wanasayansi, kuweka kiwango cha joto duniani chini ya 1.5% ndiyo njia bora ya kuokoa sayari kutokana na athari hatari za mabadiliko ya hali ya hewa. Hata hivyo, dunia kwa sasa haiko kwenye njia ya kufikia hili, huku halijoto duniani ikiongezeka.

Tunatambua wajibu wetu muhimu kama kampuni ya kuchangia katika jamii iliyopunguzwa kaboni. Tumejitolea kuharakisha juhudi zetu za kupunguza uzalishaji wa gesi chafuzi (GHG) katika kiwanda chetu na kufikia uzalishaji wa GHG usiozidi sifuri ifikapo 2030. Ili kufikia lengo hili, katika mwaka 2021, tuliharakisha mradi wetu wa nishati ya jua ili kukamilika mapema 2022. Mradi huu, inayojumuisha paneli 738 katika eneo la mita za mraba 2,300, itazalisha kWh 532,800 kwa mwaka, kuokoa hadi 15% ya mahitaji yetu ya umeme, na kupunguza uzalishaji wa CO2 kwa tani 211 kwa mwaka.

Mabadiliko kwa Bodi-uwakilishi wa wachache na tofauti za kijinsia:
Bw. Paul D. Makanza na Bw. Betrand Tamisier walichaguliwa tena kuwa wakurugenzi wa kampuni kwa kipindi kingine cha miaka mitatu. Aidha, Bodi ilimchagua tena Bw. Paul D. Makanza kuwa mwenyekiti. Naishukuru Bodi kwa imani iliyowekwa kwangu ya kuongoza kwa muhula mwingine.

Bw. Onesmo Makombe, mteule wa serikali anayewakilisha Ofisi ya Msajili wa Hazina (OTR), alijiunga na Bodi hiyo tarehe 23 Aprili, 2021. Bw. Makombe alichukua nafasi ya aliyekuwa mwakilishi wa Bodi ya OTR, Bw. Baraka Katemba, ambaye alistaafu kutoka kwenye Bodi Aprili. 22, 2021.

Sambamba na Miongozo ya Utawala Bora wa Mamlaka ya Masoko ya Mitaji na Dhamana kuhusu uwakilishi wa wachache, Msajili wa Hazina alimteua Bi. Asina Omari kuwakilisha wanahisa wachache (rejareja) kwenye Bodi ya



TCC Plc. Bi Asina, mhadhiri msaidizi katika Shule ya Sheria ya Chuo Kikuu cha Dar es Salaam, anajumuika nasi akiwa na uzoefu wa kutosha ambao utaleta tija kwenye Bodi pamoja na kuleta pia utofauti wa kijinsia.

Napenda kuwapongeza na kuwakaribisha wajumbe wetu wapya wa bodi. Tunatazamia ushauri wenu wenye busara na uzoefu katika kuendeleza maono yetu kwa ajili ya Kampuni. Namshukuru sana Mheshimiwa Katemba kwa utumishi wake makini kwa Bodi.

Kwa kuendelea, tuna matumaini kuhusu mwaka ujao.
Kudumisha utendaji thabiti uliopatikana mwaka wa 2021 kutakuwa na umuhimu kwa ukuaji endelevu wa faida. Tuna mpango thabiti wa kufanikisha hili. Mpango huu umejikita katika uboreshaji wa bidhaa, mchanganyiko imara wa bidhaa na biashara kwa watumiaji, upanuzi wa njia za soko na ufanisi, bei endelevu na ufanisi wa gharama, na timu yenye ushindani.

Kuendelea kuboreshwa kwa mazingira ya uwekezaji na mazingira ya biashara pia itakuwa muhimu. Hatua za kisera zilizoanzishwa na Serikali ya Awamu ya 6 mwaka 2021 ili kuboresha mazingira ya uwekezaji na biashara kwa ajili ya kufufua na kukuza uchumi zinaonyesha matokeo chanya. Matumizi ya kaya, imani ya wawekezaji, uwekezaji wa ndani na nje, na mauzo ya nje yanaongezeka. Kwa mujibu wa Ripoti ya Maendeleo ya Uchumi ya Benki ya Dunia Tanzania – Machi 2022, ukuaji wa uchumi unatarajiwa kukua kwa asilimia 4.5 hadi asilimia 5.5 mwaka 2022 na asilimia 6 katika muda wa kati, ikizingatiwa kuwa mazingira ya nje yanavyoboreshwa.

Tuna imani kwamba Serikali itaendeleza mafanikio hayo na kutatua changamoto nyinginezo, kama vile gharama kubwa za stempu za kielektroniki za ushuru (ETS) na ushuru na kanuni zinazoathiri gharama ya kufanya biashara.

Tunaishukuru Serikali kwa nia na utayari wake wa kuwashirikisha wadau kila mara katika masuala yanayowahusu.

Mwisho, napenda kuwashukuru wadau wetu kwa kuendelea kutuunga mkono.
Kwa niaba ya Bodi ya Wakurugenzi, ningependa kuwashukuru wadau wetu wote - wateja, wanahisa, wafanyakazi, na jamii kwa ujumla - kwa msaada wao wa kuendelea kuiunga mkono biashara yetu. Shukrani za pekee ziende kwa Uongozi na wafanyakazi wa TCC Plc kwa kuweka rekodi ya mauzo katika mwaka wa 2021. Pia ningependa kuvishukuru vyama vyetu vya wafanyabiashara, TPSF, CTI, EABC, na TNBC, kwa msaada wao katika kuishirikisha Serikali. Mwisho, napenda ninawashukuru wajumbe wenzangu wa bodi kwa ushauri na mwongozo wao wa busara.

,



Paul D. Makanza
Mwenyekiti wa Bodi



"Our volume grew by 14.4% driven by both, export (+10.0%) with good performance in DR Congo, and even more so domestic market (+16.5%)."

Rasilimali ya Tanzania

CEOs' Statement



Dear Shareholders,

As I reflect on TCC's performance in 2021, the two words that come to mind to describe it best are: historic and record-breaking.

Business turnaround, from a difficult 2020 to the record-breaking sales and production in 2021.

In 2021 our company turned 60 years old, and we celebrated this jubilee along with the 60th anniversary of independence for Tanganyika. This is a significant milestone for TCC and a great display of successful privatization. What better way to celebrate this momentous event than to break the all-time sales and production records, grow our market share, strengthen our leadership in the cigarette sector in Tanzania, and achieve double-digit growth in profitability. My team and I are extremely proud of these achievements.

Our volume grew by 14.4%, driven by exports (+10.0%) with good performance in DR Congo, and the domestic market (+16.5%). Several factors contributed to the double-digit sales increase in Tanzania. Amongst others, a successful transformation of our route to consumer, enhancing our partnership with wholesale partners and, above all, ownership, commitment, and hard work of our salespeople with the support of colleagues across the organization. Our teams in Dar es Salaam and 15 sales branches across the country worked relentlessly to serve our customers, availing a wide portfolio of quality products to adult smokers in Tanzania. Our teams in DR Congo also brought an excellent performance, expanding distribution and offtake of our products, which increased our export volumes.

Our factory team delivered an outstanding performance despite many logistic challenges, ensuring an uninterrupted supply of high-quality products. They also broke the manufacturing record, producing in our factory in Dar es Salaam more cigarettes than ever in the company's history.

Dedication and commitment to deliver a shared vision as One team by our employees across TCC enabled us to celebrate our company's stellar performance in 2021. I sincerely thank all of our employees for their exceptional efforts and contributions.

Our record sales volume coupled with cost efficiencies drove excellent profitability improvement. EBIDTA increased by 47.7% compared to 2020 and reached TZS 100.04 billion. Net Income grew by 65.8% versus the prior year, reaching TZS 59.6 billion. EBIDTA to Net Sales ratio was 32%, the highest in the last five years, driven by strong financial performance.

Our employees are the most valuable asset of TCC.

I firmly believe that our employees and their contributions to the business are the reason we are celebrating such fantastic results. We have been consistently investing and upgrading our human resources processes and practices to ensure our workplace is conducive for our employees to fulfil their potential. In 2021, TCC received the Top Employer Award in Tanzania for the 5th consecutive year. This award is a reconfirmation that our company is an employer of choice for Tanzanians and that the strategy of investing in our people will ensure TCC's success to be sustainable.

We place the safety of our employees as a top priority. Therefore, throughout 2021, to minimize COVID-19 risks for our teams, we continued to enable office-based employees to Work-Smart-From-Home. For our field sales and factory personnel, we continued with policies introduced in 2020. We provided personal protective equipment (PPE) to enable them to stay safe while performing their duties and supporting the continuity of our business operations. We have also relentlessly educated our employees on the benefits of COVID vaccines and partnered with Government institutions to provide easy access to vaccination for our employees and their dependents at our onsite clinic in Dar es Salaam and affiliated hospitals across the country.

Another strategic focus of the company, and my personal objective, is to make TCC a more diverse and inclusive workplace for female and male employees, employees with disabilities, and people of all ethnic origins and religions. I strongly believe that a more diverse and truly inclusive team makes the company stronger and creates a workplace where everyone feels empowered and encouraged to contribute. I am, more than ever, committed to making a difference, and I feel inspired by our improvements last year. In 2022, we will continue this path to make diversity and inclusion an output of our company culture and a part of our DNA at TCC.

The operating environment has improved, but some challenges remain

I am confident that TCC's strong momentum will also enable us to record good performance in 2022 and deliver on our stakeholders' expectations. We appreciate the Government's ongoing efforts to lower the cost and improve the ease of doing business for the competitiveness of our manufacturing sector. We have no doubt this will continue going forward.

One of the biggest challenges we continued to face in 2021 is the disproportionately high cost of electronic tax stamps (ETS) for tobacco products. TCC spent TZS 36.3 billion procuring the stamps in the last three years, an amount paid to an ETS supplier company, SICPA, contracted by TRA in 2018. We support government efforts in improving tax collection efficiency and the use of reasonably priced ETS. We also appreciate the 8% reduction in cost announced by TRA in January 2022. However, we believe these costs are still prohibitively high and undermine the profitability of manufacturers and corporate tax due to the Government. We will continue to engage with the Government and all key stakeholders to consider more efficient and cost-effective solutions that available globally.

We commend the Government for not increasing excise tax on tobacco products in 2021. This moratorium helped us contain the cost of doing business and allowed us to make necessary investments to improve our performance in the market. Maintaining a reasonable tax regime and moratorium on excise tax rates in 2022 will enable TCC to grow sales and generate more government tax revenue through volume growth. In 2021, TCC's Valued Added Tax (VAT) and excise tax contribution increased by 14.6% to TZS 222.7 billion compared to TZS 194.3 billion in 2020 driven by sales volume.

Investing in a portfolio of heritage and Global brands to ensure we address consumer needs

Consistent investment behind our global and local heritage brands brought improved performance, reaffirming the strategic direction we will continue in 2022. Winston, the largest brand in the global portfolio of our parent company (JTI), consolidated its number one position by volume in Tanzania and continued to grow by 39% in 2021 compared to the previous year. Our premium propositions, Embassy supported by unique, innovative product extension Double Click, and Camel, increased its volumes by 13% and 11% respectively.

With such strong momentum, the strategy of investing in our portfolio is bringing expected results; I am confident this will continue in 2022. It is important to highlight that all our marketing initiatives were and will continue to be conducted strictly per the current tobacco laws and regulations.

Strategic business outlook

The financial condition of our company remains healthy. With the strong sales momentum achieved in 2021, I am confident we will deliver on our 2022 business objectives by growing our sales and profits, subject to a strong recovery of economic activities and a conducive regulatory and fiscal environment.

The cornerstone of our plan is to focus on meeting our customers' and consumers' needs and continuously improving our products' quality and operational efficiencies.

Appreciation

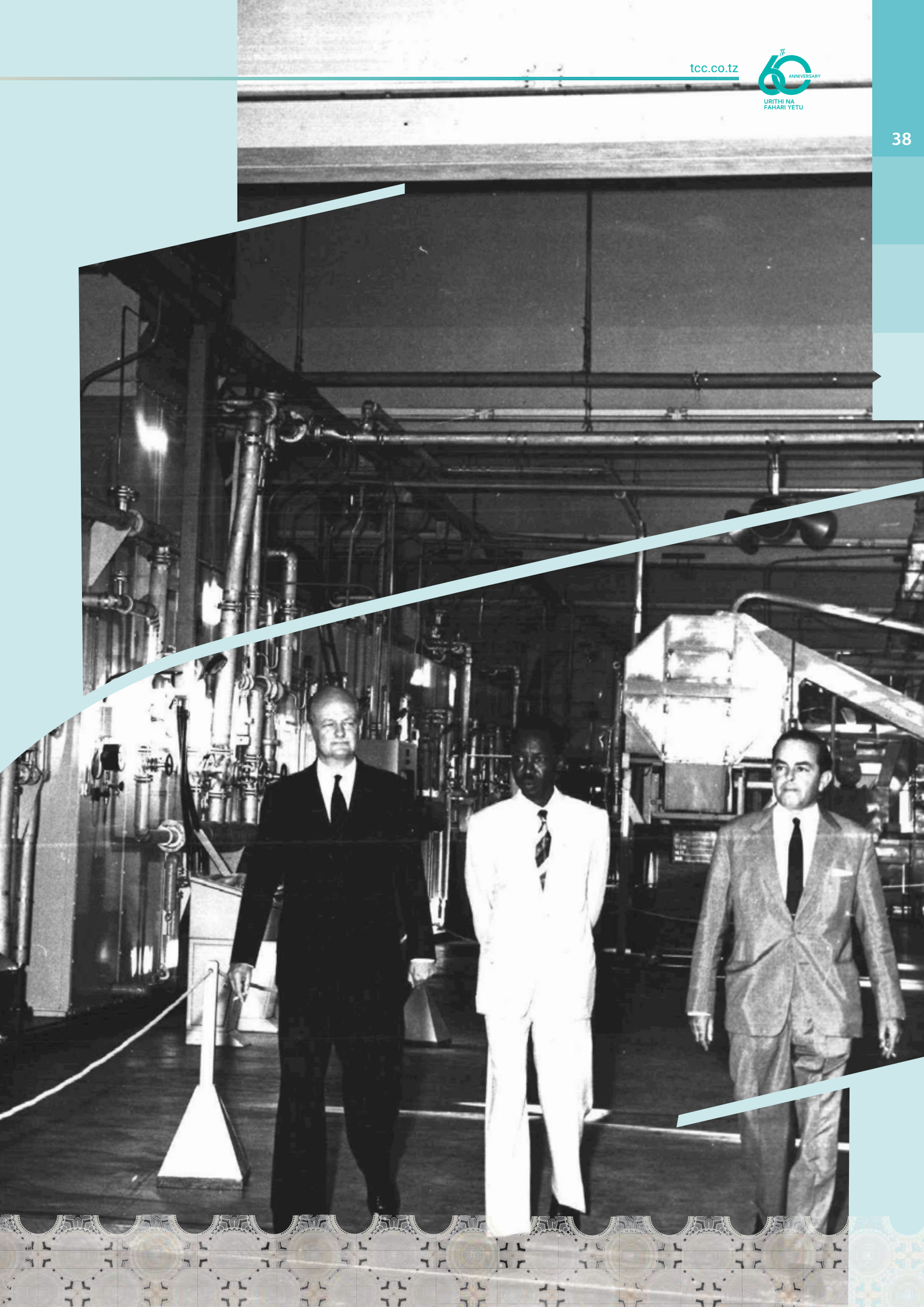
I want to extend my sincere appreciation to all our key stakeholders for their unwavering support and commitment to Tanzania Cigarette Public Limited Company. Thank you to our valued employees, management team and fellow Board members for your continued contributions to our business and a heartfelt thank you to our loyal customers and consumers. Your loyalty and dedication enabled TCC to celebrate a record-breaking year and the 60th anniversary of operations in Tanzania.

With kind regards



MICHAL BACHAN
Chief Executive Officer

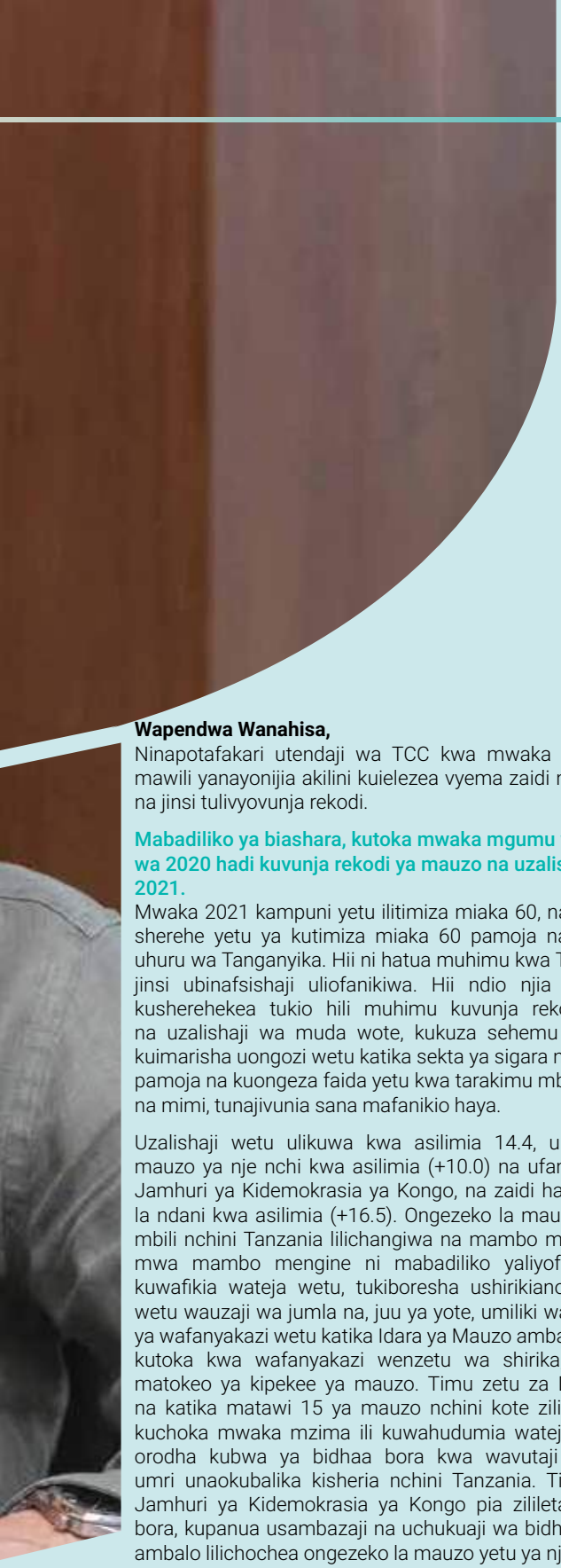






"Uzalishaji wetu ulikuwa kwa asilimia 14.4, ukichangiwa na mauzo ya nje nchi kwa asilimia (+10.0) na ufanisi bora katika Jamhuri ya Kidemokrasia ya Kongo, na zaidi hasa katika soko la ndani kwa asilimia (+16.5)."

Waraka wa Mtendaji Mkuu



Wapendwa Wanahisa,

Ninapotafakari utendaji wa TCC kwa mwaka 2021, maneno mawili yanayonijia akilini kuielezea vyema zaidi ni: Historia yetu na jinsi tulivyovunja rekodi.

Mabadiliko ya biashara, kutoka mwaka mgumu wa kibiashara wa 2020 hadi kuvunja rekodi ya mauzo na uzalishaji mwaka 2021.

Mwaka 2021 kampuni yetu ilitimiza miaka 60, na tuliadhimisha sherehe yetu ya kutimiza miaka 60 pamoja na miaka 60 ya uhuru wa Tanganyika. Hii ni hatua muhimu kwa TCC kuonyesha jinsi ubinafsishaji uliofanikiwa. Hii ndio njia bora zaidi ya kusherehekea tukio hili muhimu kuvunja rekodi za mauzo na uzalishaji wa muda wote, kukuza sehemu yetu ya soko, kuimarisha uongozi wetu katika sekta ya sigara nchini Tanzania, pamoja na kuongeza faida yetu kwa tarakimu mbili. Timu yangu na mimi, tunajivunia sana mafanikio haya.

Uzalishaji wetu ulikuwa kwa asilimia 14.4, ukichangiwa na mauzo ya nje nchi kwa asilimia (+10.0) na ufanisi bora katika Jamhuri ya Kidemokrasia ya Kongo, na zaidi hasa katika soko la ndani kwa asilimia (+16.5). Ongezeko la mauzo ya tarakimu mbili nchini Tanzania lilichangiwa na mambo mengi; miongoni mwa mambo mengine ni mabadiliko yaliyofanikiwa katika kuwafikia wateja wetu, tukiboresha ushirikiano na washirika wetu wauzaji wa jumla na, juu ya yote, umiliki wa ahadi na bidii ya wafanyakazi wetu katika Idara ya Mauzo ambao, kwa usaidizi kutoka kwa wafanyakazi wenzetu wa shirika, waliwasilisha matokeo ya kipekee ya mauzo. Timu zetu za Dar es Salaam na katika matawi 15 ya mauzo nchini kote zilifanya kazi bila kuchoka mwaka mzima ili kuwahudumia wateja wetu, zikitoa orodha kubwa ya bidhaa bora kwa wavutaji sigara wenye umri unaokubalika kisheria nchini Tanzania. Timu zetu zilizo Jamhuri ya Kidemokrasia ya Kongo pia zilileta utendaji kazi bora, kupanua usambazaji na uchukuaji wa bidhaa zetu, jambo ambalo lilichochea ongezeko la mauzo yetu ya nje.

Timu yetu ya kiwanda ilitoa utendaji kazi bora, ikihakikisha usambazaji usiokatizwa wa bidhaa za ubora wa juu, licha ya changamoto nyingi za vifaa. Pia walivunja rekodi ya utengenezaji, na kuzalisha katika kiwanda chetu cha Dar es Salaam sigara nyingi zaidi kuliko hapo awali katika historia ya kampuni.

Kujitolea na kuahidi kutoa maono ya pamoja kama Timu Moja ya wafanyakazi wetu kote TCC, kulituwezesha kusherehekea utendaji mzuri kama huu kwa kampuni yetu mwaka wa 2021. Ninawashukuru kwa dhati wafanyakazi wetu wote kwa juhudi na michango yao ya kipekee.

Matokeo ya kihistoria ya mauzo yakiwa na unafuu wa gharama katika biashara yetu yalichangia kuleta uboreshaji mzuri wa faida. EBIDTA iliongezeka kwa asilimia 47.7 ikilinganishwa na mwaka 2020 na kufikia TShs 100.04 bilioni. Mapato Halisi yalikua kwa asilimia 65.8 ikilinganishwa na mwaka uliopita, na kufikia TShs 59.6 bilioni. Utendaji thabiti wa kifedha uliotafsiriwa kufikia kiwango cha juu zaidi, katika miaka 5 iliyopita, uwiano wa EBIDTA hadi asilimia 32.

Wafanyakazi wetu ni mali ya thamani zaidi ya TCC

Ninaamini kabisa kwamba wafanyakazi wetu na michango yao kwa biashara ndiyo sababu tunasherehekea matokeo hayo mazuri. Tumekuwa tukiwekeza mara kwa mara na kuboresha michakato ya rasilimali watu ili kuhakikisha maeneo yetu ya kazi panafaa kwa wafanyakazi wetu kutimiza uwezo wao. Hili limetambuliwa na kampuni huru, iliyoipa tuzo TCC, kwa mwaka wa 5 mfululizo, na Tuzo ya Mwajiri Bora kwa mwaka 2022 nchini Tanzania. Tuzo hii ni uthibitisho kwamba kampuni yetu ni mwajiri chaguo la Watanzania na kwamba mkakati wa kuwekeza kwa watu wetu utahakikisha mafanikio ya TCC kuwa endelevu.

Tunaweka usalama wa wafanyakazi wetu kuwa kipaumbele cha kwanza na kwa mwaka 2021, ili kupunguza hatari za UVIKO-19 kwa timu zetu, tuliendelea kuwezesha wafanyakazi walio ofisini kufanya kazi-nyumbani (Smart-From-Home). Kwa wafanyakazi wetu wa idara ya mauzo na wanaofanya kazi kiwandani tuliendelea na sera zilizoanzishwa mnamo 2020 ya kutoa vifaa vya kinga binafsi (PPE), ili kuwawezesha kukaa salama wanapotekeleza majukumu yao na kusaidia mwendelezo wa shughuli zetu za biashara. Pia tumekuwa tukiwaelimisha wafanyakazi wetu kuhusu manufaa ya chanjo ya UVIKO-19, pamoja na kushirikiana na taasisi za Serikali kutoa chanjo kwa wafanyakazi wetu na wategemezi wao katika zahanati yetu iliyopo Dar es Salaam na katika hospitali washirika kote nchini.

Mtazamo mwingine wa kimkakati wa kampuni, na lengo langu binafsi, ni kuifanya TCC kuwa na mazingira ya kazi bora zaidi kwa wafanyakazi wa kike na wa kiume, kwa wafanyakazi wenye ulemavu, na kwa watu wa asili na dini zote. Ninaamini kwa dhati kuwa timu tofauti zaidi na inayojumuisha watu wote, hufanya kampuni kuwa na nguvu zaidi na kuunda sehemu ya kazi ambayo kila mtu anahisi kuwezeshwa na kuhimizwa kuchangia. Ni safari ya kufanya mabadiliko yafanyike, lakini binafsi nimejitolea zaidi kuliko hapo awali kuleta mabadiliko, na ninahisi kutiwa moyo na maboresho ambayo tumefanya mwaka jana. Mnamo

mwaka 2022, tutaendelea na njia hii ili kufanya utofauti na ujumuishaji kuwa matokeo ya utamaduni wa kampuni yetu na sehemu ya DNA yetu katika TCC.

Mazingira ya kufanya kazi yameboreshwa, lakini bado kuna changamoto

Nina imani kwamba kasi kubwa ya TCC itatuwezesha kurekodi utendaji mzuri pia katika mwaka 2022, na kutimiza matarajio ya wadau wetu. Tunashukuru juhudi zinazoendelea za Serikali za kupunguza gharama na kuboresha urahisi wa kufanya biashara ili kuleta ushindani wa sekta yetu ya viwanda. Hatuna shaka hii itaendelea kwenda mbele.

Mojawapo ya changamoto kubwa tulizoendelea kukabiliana nazo mwaka wa 2021 ni gharama ya juu kupita kiasi ya stempu za kielektroniki (e-stamps) kwa bidhaa za tumbaku. TCC ilitumia TShs. bilioni 36.3 kununua stempu hizo katika miaka 3 iliyopita, kiasi ambacho kililipwa kwa kampuni ya SICPA iliyochaguliwa na TRA mwaka wa 2018. Hata hivyo, tunaunga mkono matumizi ya stempu za kielektroniki na haja ya kuboresha ufanisi wa ukusanyaji wa kodi. Pia tunathamini punguzo la asilimia 8 la gharama lililotangazwa na TRA Januari 2022. Hata hivyo, tunaamini kuwa gharama hizi bado ni kubwa mno na zinaathiri vibaya faida ya kampuni yetu, hivyo basi kupunguza kodi ya shirika inayolipwa kwa Serikali. Tutaendelea kushirikiana na Serikali na wadau wote muhimu wanaohusika ili kupata suluhisho la bei nafuu kutoka sehemu nyingi zinazopatikana duniani; suluhu litakalofanikisha lengo la TRA la kuhakikisha ukusanyaji wa kodi lakini kwa gharama nafuu sana kwa TCC na watu wengine.

Tunaipongeza Serikali kwa kutoongeza ushuru wa bidhaa kwenye bidhaa za tumbaku mwaka 2021. Hii ilitusaidia kudhibiti gharama za kufanya biashara na kuruhusu uwekezaji unaohitajika ili kuboresha utendaji wetu sokoni. Kudumisha utaratibu mzuri wa kodi na kusitishwa kwa viwango vya ushuru wa bidhaa mwaka 2022 kutakuwa njia kuu ya TCC kuendelea kukuza mauzo yetu, ambayo nayo italeta kodi ya juu zaidi kwa Serikali; sawa na mwaka 2021 ambapo Kodi ya Ongezeko la Thamani ya TCC (VAT) na mchango wa ushuru uliongezeka kwa asilimia 14.6, ambayo ni TShs. bilioni 222.6 ikilinganishwa na TShs. bilioni 194.3 mwaka 2020.

Kuwekeza kwenye jalada la urithi na chapa za Kimataifa ili kuhakikisha kuwa tunashughulikia mahitaji ya watumiaji

Uwekezaji thabiti unaoendeshwa chini ya chapa zetu za urithi wa kimataifa na wa ndani ulileta utendakazi ulioboreshwa, na hivyo kuthibitisha mwelekeo wa kimkakati tutakaoendelea mwaka 2022. Winston, chapa kubwa zaidi katika orodha ya kimataifa ya kampuni mama yetu (JTI), iliunganisha nafasi yake ya kwanza kwa uzalishaji mkubwa nchini Tanzania na iliendelea kukua kwa asilimia 39 mwaka 2021 ikilinganishwa na mwaka uliopita. Mapendekezo yetu ya juu, Embassy ikisaidiwa na upanuzi wa kipekee wa bidhaa bunifu wa Double Click, na Camel iliongeza uzalishaji wake kwa asilimia 13 na asilimia 11 kwa mtiririko huo.

Kwa kasi hiyo kubwa, mkakati wa uwekezaji wetu ni kuleta matokeo yanayotarajiwa; Nina imani hili litaendelea mwaka wa 2022. Ni muhimu kuangazia kwamba mipango yetu yote ya uuzaji ilikuwa na itaendelea kutekelezwa kulingana na sheria na kanuni za sasa za tumbaku.

Mtazamo wa kimkakati wa biashara

Hali ya kifedha ya kampuni yetu inaendelea kuwa nzuri, na kwa kasi kubwa ya mauzo iliyoonyeshwa katika mwaka wote wa 2021, nina imani tutatimiza malengo yetu ya biashara ya 2022 kwa kukuza mauzo na faida zetu, kulingana na ufufuaji mkubwa wa shughuli za kiuchumi, na mwafaka. mazingira ya udhibiti wa fedha.

Msingi wa mpango wetu unaangazia kukidhi mahitaji ya wateja wetu na watumiaji, pamoja na kuendelea kuboresha ubora wa bidhaa zetu na ufanisi katika utendaji.

Kuthamini

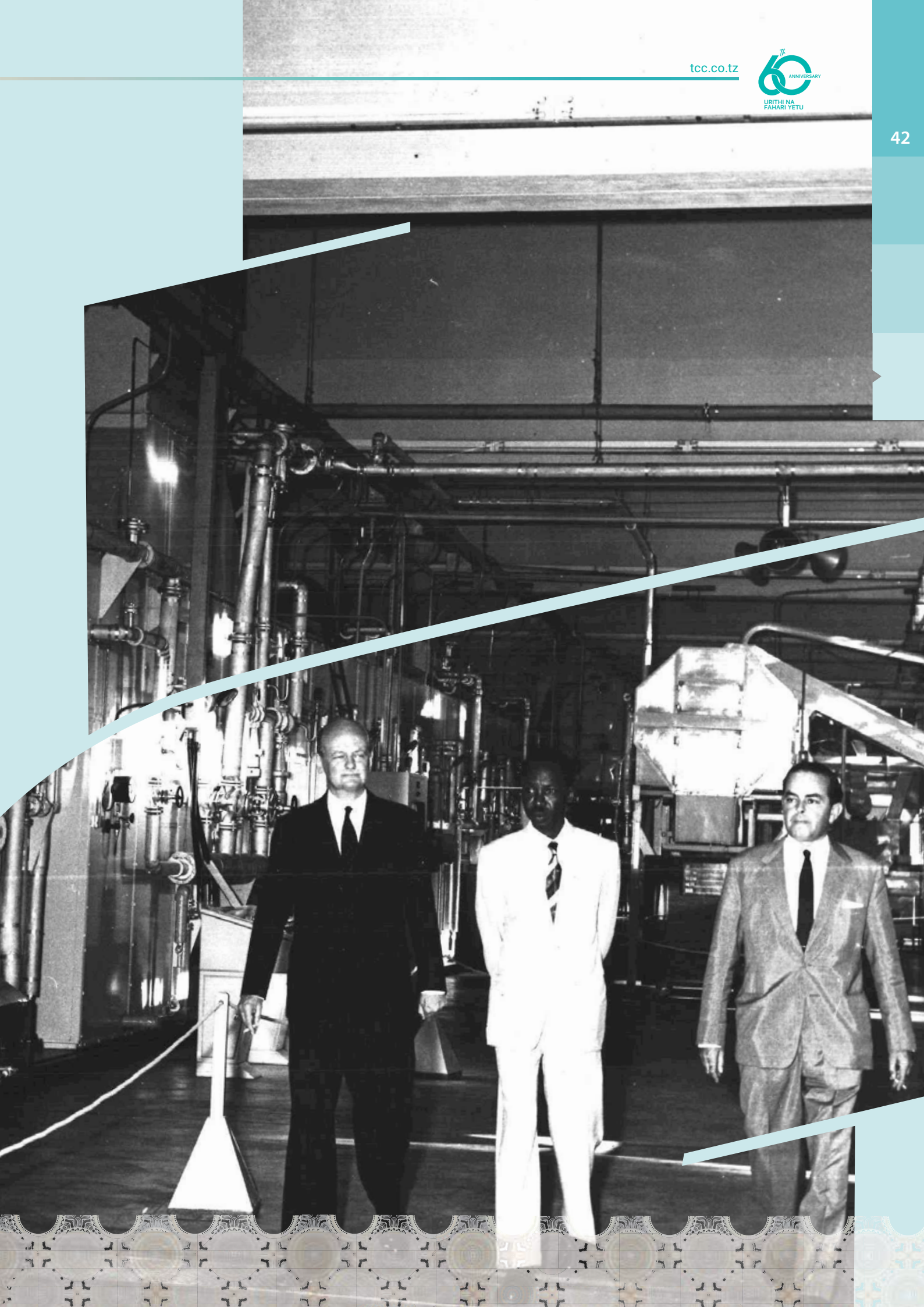
Ningependa kutoa shukrani zangu za dhati kwa wadau wetu wote wakuu kwa msaada wao usioyumba na kujitolea kwa Kampuni ya Tanzania Cigarette Public Limited. Asante kwa wafanyakazi wetu wa thamani, timu ya usimamizi na wanachama wenzetu wa Bodi, kwa michango yenu endelevu kwa biashara yetu na shukrani za dhati kwa wateja na watumiaji wetu waaminifu. Ni uaminifu wako na kujitolea kwako vilivyoiwezesha TCC kusherehekea mwaka wa kuvunja rekodi na miaka 60 ya kazi nchini Tanzania.

Wenu mtiifu,



MICHAL BACHAN
Mkurugenzi Mkuu







Rasilimali ya Tanzania



Corporate Information

Directors and advisers:

Directors

Mr. Paul Makanza (Chairman)*
Mr. Onesmo Makombe*
Mr. Bertrand Tamisier*
Mr. Johnny Ng*
Mr. Michal Bachan
Mr. Baraka Katemba Jonathan**
Ms. Asina Omari *

**Non-executive Directors*

***Retired*

Principal bankers

Standard Chartered Bank Tanzania Limited
CRDB Bank PLC
National Microfinance Bank PLC
Citibank Bank Tanzania Limited
ABSA Bank Tanzania Limited

Secretary, Registered Office and Principal place of business

Mr. Godson Killiza
20 Nyerere Road
P.O. Box 40114
Dar es Salaam
Tel: +255 22 216 6000/1

Shareholding structure:

Shareholder	Shareholding**
JT International Holding B.V.	75.0%
Kingsway Fund	8.8%
General Public	6.0%
Public Service Social Security Fund	4.7%
The United Republic of Tanzania	2.2%
Umoja Unit Trust Scheme	2.2%
TCCIA investment Company Limited	0.3%
Allan Gray Africa EX-SA Equity Fund Limited	0.3%
Neon Liberty Emerging Markets Fund LP	0.2%
Sayed H. Kadri &/or Basharat Kadri &/or Mehboob &/or Khalid &/or Muzammil Kadri	0.2%
Alliance Insurance Corporation Limited	0.1%
Total	**100%**

Shareholding classification by location

Local	15.7%
Foreign	84.3%
Total	**100.00%**

Holding and ultimate holding companies

Japan Tobacco Inc (JT)	Ultimate holding
JT International Holding B.V.	Holding

Auditors

Ernst & Young
4th Floor, Tanhouse Tower
Plot 34/1-Ursino South
New Bagamoyo rd
P O Box 2475
Dar es Salaam
Tanzania

Report of the Directors
for the year ended December 31, 2021

The Directors present their annual report and the audited financial statements of Tanzania Cigarette Public Limited Company (the "Company" or "TCC") for the year ended December 31, 2021, which disclose the Company's state of affairs.

Incorporation
The Company was incorporated under the Companies Ordinance, Cap 212 which was repealed by the Companies Act, 2002 with registration number 3542 and is listed at the Dar es Salaam Stock Exchange (DSE). The registered office and principal place of business are disclosed on page 1.

Vision, mission and values
The company's vision is to maintain the number one position by volume in Tanzania. Its mission is to grow volume and profit while defending market share by delivering quality brands and maximizing consumer and customer satisfaction through innovation, employees' engagement, integrity and excellence in execution.

Our core values are:

Winning attitude: We are driven by success. We have a passion, commitment and drive to succeed, putting our targets front and center.

Better together: We work as 'One Team'. We value collaborative and harmonious working that embraces diversity of thoughts, and the importance of a strong, unified team.

Commitment to quality: We put the consumer at the heart of what we do. We're dedicated to delivering the high standards of quality that our consumers demand. We continue to create and deliver the best products for our consumer.

We do the right thing: We act responsibly to drive sustainable success. Our decisions are made with integrity and honesty. Acting in a way that is ethical and responsible for our investors, our people, our customers and society as a whole.

Principal activities
The Company's principal activities are the manufacturing, distribution, marketing and sale of cigarettes inside and outside Tanzania. Domestic brands include: Embassy, Portsman, Sweet Menthol, Safari, Club and Crescent & Star. The Company also manufactures, distributes, markets and sells in domestic market the international brands: Camel, Winston and LD.

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Capital structure and shareholders

The Company's capital structure is as follows:

		2020 TZS M	2021 TZS M
Authorized	125,000,000 ordinary shares of TZS 20 each	2,500	2,500
Issued and fully paid up	100,000,000 ordinary shares of TZS 20 each	2,000	2,000

The Company's shareholding structure as at December 31, 2021 is shown on page 44.

JT International Holding B.V. is the majority shareholder in the Company, owning 75% of the issued and paid-up ordinary shares (75 million shares). Local institutions, the general public and other foreign investors own the remaining 25% (25 million shares).

Directors' interest in the issued capital

The Directors of the Company do not hold any material interest in the issued share capital of the Company.

Stakeholders' relations

The Company enjoys positive relations with its key stakeholders - suppliers, customers and consumers, shareholders, current and potential employees, Government and regulators, and the wider society. It continually seeks to balance the interests of its stakeholders and exceed their expectations.

Corporate governance

Board of Directors

The Company is governed by a Board of Directors consisting of members with diverse international, local industry experience and professional expertise. The Board comprises of one Executive Director and five Non-Executive Directors. Two Non-Executive Directors represent the minority shareholders. A Company Secretary supports the Board.

The Board meets a minimum of two times a year to conduct its affairs. Nomination and Audit Committees support the Board of Directors. The Committees meet at least two times annually.

Key responsibilities of the Board include: identifying and mitigating risks; ensuring effective policies, procedures, and internal controls are in place; ensuring compliance with sound corporate governance principles; approving and monitoring investment as well as other significant business decisions; and reviewing the performance of management business plans and budgets.

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Corporate governance (continued)
Board of Directors (continued)

The Directors of the Company at the date of this report and who served since January 1, 2020, except where otherwise stated, are:

Name	Position	Qualification	Nationality	Age	Appointed/ Resigned	Date Appointed/ Resigned / Retired
Paul Makanza	Chairman (Non -executive)	B.Com, MBA	Tanzanian	54	Re-appointed	August 11, 2020
Onesmo Makombe	Director (Non-executive)	MBA, Certified Certified Public Accountant	Tanzanian	51	Appointed	April 23, 2021
Asina Omari	Director (Non-executive)	Masters of Laws	Tanzanian	42	Appointed	August 19, 2021
Bertrand Tamisier	Director (Non-executive)	Masters of Science in Business Administration, Certified Public Accountant	Swiss	54	Re-appointed	January 1, 2021
Johnny Ng	Director (Non-executive)	MBA	Chinese	47	Appointed	January 1, 2021
Baraka Katemba Jonathan	Director (Non-executive)	Masters of Finance & Investment, Certified Public Accountant	Tanzanian	38	Retired	April 22, 2021
Michal Bachan	CEO	Masters of Marketing & Management	Polish	44	Appointed	August 27, 2019

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Corporate governance (continued)

Audit Committee

The Audit Committee liaises with internal and external auditors on accounting, internal controls, and financial reporting matters. The Committee reviews the effectiveness of internal control systems and risk management processes within the Company.

The Audit Committee constitutes three Non-Executive members as indicated below:

Name	Position
Johnny Ng	Committee Chairman
Onesmo Makombe	Member
Bertrand Tamisier	Member

The committee met twice in the year 2021 on the March 18 and August 19 respectively. The committee among other things recommended to the board the final and interim financials for approval respectively, considered updates from internal and external auditors and deliberated on the progress of remediation actions.

Nomination Committee

The Nomination Committee identifies individuals qualified to become members of Tanzania Cigarette Public Limited Company's Board of Directors and its committees, recommends to the Board candidates for the Board and its committees, identifies individuals qualified to become senior executives of the Company, develops and recommends to the Board a set of corporate governance principles, performs a leadership role in shaping the Company's corporate governance policies

The Committee constitutes three non-executive members as provided below:

Name	Position
Bertrand Tamisier	Committee Chairman
Paul Makanza	Member
Johnny Ng	Member

The Committee held two meetings in the year, on March 18 and August 19 respectively. All the members were in attendance in the meeting and the committee was satisfied that there is a robust succession plan in the organization and recommended for appointment of Ms. Asina Omari as an additional representative for the minority shareholders. The Board of Directors accepted the recommendation and appointed Ms. Omari to be one of the board members

Management team

Management is responsible for day-to-day operations under the Chief Executive Officer (CEO). The CEO is supported by a highly qualified and experienced Executive Management Team of seven (7) Heads of Functions.

Heads of Functions report to the CEO, except for the Manufacturing Lead, who reports to Regional Manufacturing Vice President (VP). Below are details of the Management team.

Department	Head of Department	Qualification	Nationality
Chief Executive Officer	Michal Bachan	Masters of Marketing & Management	Polish
Manufacturing	Samwel Mandara	Bachelor of Engineering	Tanzanian
Finance and IT	Thomas Hadorn	Masters of Business Administration	Swiss
People and Culture	Angela Mangecha	BA (Human Resources)	Tanzanian
Legal	Godson Killiza	LLB	Tanzanian
Sales	Charles Mauya	Masters of Business Administration	Tanzanian
Corporate Affairs	Patricia Muhondo	Masters of Business Administration	Tanzanian
Marketing	Yassin Hussein	Masters of Marketing	Tanzanian

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Corporate governance (continued)

Performance evaluation and reward
Details of remuneration of the directors and key management personnel are disclosed in Note 29 (iii) to the financial statements. The Company utilises results of market surveys to ensure salaries/fees and benefits are paid according to market trends, while considering the value of the employee's contribution and performance of the Company.

Key policies and procedures
The Company has in place a Code of Conduct - the JTI Code of Conduct (CoC), Operating Guidelines (OGL) and policies and procedures to guide its business operation. All employees are required to comply with these principal policy guidelines. Non-compliance is a serious breach and could result in disciplinary measures which could include termination of employment.

The JTI CoC sets out ethical business conduct and behaviors expected of all employees in the course of conducting business. Employees can also raise concerns on suspected violation of the CoC through their supervisors or anonymously via YOUR VOICE.

The Company's Operating Guidelines - JTI Operating Guidelines (JTI OGL) - form an integral part of the Company's internal control structure and corporate governance framework. They reflect the delegation of decision-making authority from the parent company, JTI, to the Company and the approvals required for various business decisions.

Key policies and procedures found in the JTI CoC and JTI OGL include:

Equal opportunity employer: The Company is an equal opportunity employer. It does not discriminate on the basis of gender, religion or disability. All current and potential employees are entitled to equal opportunity and treatment in terms of recruitment, compensation and benefit, succession planning, performance appraisal and reward, and disciplinary process.

Environmental Health and Safety (EHS): The Company manages its environmental impact and promotes continuous improvements through its EHS policy, standards, procedures, guidance, training and management tools. All employees are required to: comply with the Company's Health and Safety standards, complete relevant Health and Safety training, comply with the Company's procedures and safe working practices, and report unsafe conditions, accidents, near accidents and unsafe behavior.

Know Your Supplier (KYS): Suppliers are selected objectively and impartially, based on various criteria that include integrity, quality, performance, commercial terms, and commitment to safety and environmental protection. All key suppliers are formally certified to ensure they meet the Company's Supplier Standards.

Product quality: Only products that meet the Company's stringent quality standards reach the Company's customers. The Company manufactures products with stringent specifications using consistently high-quality supplies of tobacco and non-tobacco material from certified suppliers. Quality is assured throughout all stages of sourcing, manufacturing, storage, distribution and customer service, in full compliance with regulatory and legal requirements.

Know Your Customer (KYC): The Company rigorously analyses all its customers periodically, to ensure it does business with legitimate and law-abiding customers only.

Responsible marketing: The Company is committed to marketing its products responsibly. It complies with all national laws and regulations and implements the Global Marketing Principles that govern the marketing of its products. If a conflict exists between the Global Marketing Principles and applicable local laws in terms of restrictions, the more restrictive standard is applied. The Company believes that minors should not smoke and should not be able to obtain tobacco products, and adult smokers should be appropriately informed about the health risks of smoking before they make the decision to smoke.

Anti-corruption: The Company does not tolerate any form of bribery or corruption. Business partners are expected to comply fully with the Company's position on anti-corruption as a condition for doing business. The Company prohibits the provision of money, gifts, entertainment or anything of value to any Government or public official for the purpose of obtaining a business advantage. The Company does not permit facilitation payments or fees requested by Government officials to facilitate the performance of routine Government actions.

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Risk management and internal controls (continued)

Risk management and internal controls

Failure to comply with the JTI Code of Conduct, Operating Guidelines, or Policies and Procedures could result in fraud, operational and financial risks which would negatively impact the business and its reputation. Risk mitigation measures in place include:

Strict enforcement of the JTI Code of Conduct,

Operating Guidelines and Policies and Procedures described above: The Chief Compliance Officer, who is also the Head of the Legal Affairs, is the custodian of policies and procedures and is responsible for enforcement assisted by respective Functional Heads. All employees are required to sign a declaration that they have read, understood and will abide with the Code of Conduct.

Internal audit: The Company has a fully outsourced internal audit service. The independent internal auditor is responsible for planning and delivering a risk based internal audit plan. The independent internal auditor reports to the Chairman of the Audit Committee. The Chairman approves its charter, annual audit plan, monitors execution of audits, evaluates audit findings, recommendations and implementation of recommendations by Management.

Management is responsible for developing, managing, and improving internal financial and operational control systems. Whilst no system of internal control can provide absolute assurance against misstatements or losses, the Company's internal control systems are designed to provide the Board with reasonable assurance that the procedures in place are effective.

Ultimate responsibility for managing risks and ensuring appropriate and effective internal control systems are in place lies with the Board. The Board assessed the internal control systems throughout the financial year ended December 31, 2021 and is of the opinion that they met accepted criteria.

Employee welfare

Employee relations

The Company is an equal opportunity employer. It does not discriminate on the basis of gender or religion As at December 31, 2021 the Company had 445 employees (2020: 445 employees). Female employees constituted 19.1% (2020:18.7%) of the total workforce.

Gender	2021	2020
Male	360	362
Female	85	83
	445	445

The safety of employees, their families and business continuity continued to be key priorities for the Company even in 2021. Despite the challenges brought about by the pandemic, the Company continued to deliver on its priorities maintaining excellent people practices in the workplace. The Company was named Top Employer once again for a 5th year in a row by the Top Employer Institute. TCC Plc is among the only three local companies in Tanzania to participate in the Top Employer certification. The Top Employers Institute is a global authority that recognizes excellence in People Practices. Top Employers Institute has certified over 1857 organizations in 123 countries/regions. These certified Top Employers positively impact the lives of over 8 million employees globally.

Talent management

Our Talent Management key strategic priorities are to identify, attract, develop, and retain the right talents who are well prepared for future challenges and exciting opportunities within the company. Our approach to Talent Management (TM) is well structured to ensure employees get a better platform to develop their careers and contribute to the Company's. In 2021, the Company invested TZS 170 million (an average of 0.4 million per employee) (2020: 198 million or 0.5 million per employee) in training and development only by offering employees numerous learning opportunities. The Company also continued to utilize its talents well, wherein 2021, internal employees filled more than 50% of management roles and with 1.4% increase female hire.

Learning & development

TCC Plc is particularly focus on adapting a blended approach for learning interventions to our employees. In 2021, we managed to onboard various learning intervention from self-paced eLearning (LinkedIn Learning, EdX), virtual trainings, virtual workshops, virtual executive education programs, virtual coaching program and few physical inhouse training i.e., Executive Coaching, Authentic Leader Manager, Sales Leadership Program, Personal Finance, Stress Management and Work-life Balance as for some amongst others.

With the paradigm shift to remote work, our focus for 2022 is to adapt training strategies for a hybrid

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Employee welfare (continued)

workplace, that aims at upskilling, reskilling and engage remote employees by using a blended learning approach in building high-performance, fully engaged, inclusive workplace.

Medical assistance
The Company has a medical insurance scheme covering staff members, including a maximum of five dependents, this is covered by Strategies Insurance Tanzania. In addition, there is an employee wellness program to raise awareness and educate employees on prevention of common ailments such as diabetes, hypertension, obesity, malaria, Cancer and HIV/ AIDS. Currently this service is outsourced and provided by Aris Risk and Insurance Solution Limited.

Financial assistance to staff
Management encourages staff to join Mkombozi Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. The Company also provides education allowance for its eligible employees.

Compensation and benefits
A key part of the Company's success lies in its ability to attract and retain highly motivated and productive employees. The Company's compensation approach continues to be 'pay for performance', while ensuring fair pay and competitiveness within the industry and country. The approach ensures all employees are fairly compensated, while being challenged for performance and engaged to work smartly to support their personal and professional growth while also supporting the Company's key business objectives in the process. Key theme in 2021 was geared towards performance management so as we can have a fit for the future workforce. With our vision 2030, we will keep on enforcing this message because it is the only way to get our vision to reality. We also started a Rewards Transparency project, aimed towards humanizing our compensation discussions between our employees and their Line Managers. This project is expected to go live in March 2022, where some elements of compensation information will be made accessible to all employees.

Diversity & inclusion
The Company has engaged CCBRT with a key focus to partner and embark on several initiatives to address D&I matters. Notable initiatives include instilling the readiness mind and culture for TCC staff to live and work with "People With Disabilities" (PWDs), office premises assessments to make the workplace more conducive and accessible to all as well as the recruitment of PWDs among others.

The Company has an existing diverse D&I team which includes a member who is a person with disability and play a pivotal role in addressing inclusivity agenda for PWDs and related matters during the setting of various policies and initiatives at all levels.

The company has currently 3 PWDs, management is still committed and plans to recruit more in line with current legislation, available vacancies, and trainees' opportunities. In effort to address D&I challenges, the Company is also working closely with People & Culture Vendors to ensure they also recruit PWDs.

Promoting a safe environment
Amidst COVID-19 challenges, TCC Plc has consistently and continuously been monitoring the situation, offering support, and sharing important updates and guidance related to employee's safety. The Company has ensured the health, safety, and wellbeing of employees, their families, and the community in which TCC Plc operates, have always remained at the heart of everything it does. Likewise, it also makes sure "people come first" and everyone shares the responsibility for a safe and healthy workplace. At TCC Plc, everyone counts and has a role to play in making it happen. Furthermore, the Company aims at creating an injury and illness-free work environment where everyone goes home the same way she/he came to workplace and business results and objectives shall never conflict with safety of our employees.

Political and charitable donations
As a matter of policy, the Company does not make political contributions.

Giving back to communities
Under the flagship of Together Creating a Change (Tunaleta Mabadiliko Pamoja), community investment programs adopt a holistic and inclusive approach in the sustainable transformation of livelihoods of adult beneficiaries.

The Company supports communities directly and indirectly through partnerships with social and cultural partners by supporting programs in Poverty Alleviation, People with Disabilities (PWDs), Natural Environment, Visual & Performing Arts, and older persons.

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Principal risks and uncertainties (continued)

In 2021, the Company supported People with Disabilities (PWDs) with 1,520 assistive devices (120 tricycles, 700 white canes, and 700 crutches) distributed to Kilimanjaro, Tanga, Dodoma, Dar Es salaam, Tabora, Singida, Shinyanga, Simiyu and Zanzibar. This support is vital to address multiple forms of discrimination that increase vulnerability to exclusion based on disability and other factors.

The Company supported over 500 people organized into 31 groups of women and older youths with sewing machines, sunflower oil pressing machines, bricks making machines and maize mills machines to empower

them economically. The support provided opportunities for a better life, including jobs, incomes, and investments. The Company distributed over 380 recycled factory glue drums to support cleanliness campaign in Dar es Salaam city. Seven students were supported with full scholarship to pursue their Diploma course at Bagamoyo College of Arts.

Principal risks and uncertainties
The Company values risk management as an integral part of business operations. Risk is assessed as part of both strategic and operational decision making. The principal risks that may significantly affect the Company's strategies and development are mainly fraud, operational and financial risks. Below is a description of the fraud, operational and financial risks facing the Company:

Fraud risk
The Company could incur losses resulting from fraudulent transactions, but it has formalized Preventing Financial Crime (PFC), Know Your Customer (KYC) and Know Your Supplier (KYS) policies that are designed, implemented and strictly followed and controlled by the Chief Compliance Officer to mitigate these risk areas.

Operational risk
This is a risk resulting from the Company's activities not being conducted in accordance with formally recognized procedures including non-compliance with KYC, KYS and PFC procedures. Management ensures that the Company complies with all internal procedures.

Financial risk
The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. More details of the financial risks facing the Company are provided in Note 33 to the financial statements.

Stock exchange information
In 2000, the Company was listed on the Dar es Salaam Stock Exchange at an initial public offering (IPO) price of TZS 410 per share. The performance of the Company's shares in the secondary market as measured by market capitalization as at December 31, 2021 was TZS 1,700 billion (2020: TZS 1,700 billion).

Related party transactions and balances
All related party transactions and balances are disclosed in Note 29 to these financial statements.

Performance for the year
Despite a tough domestic economic environment and competitive export market gross revenue grew by 12.0% to TZS 312.9 billion (2020: TZS 279.4 billion) and gross profit was up by 14.1% to TZS 171.9 billion (2020: TZS 150.7 billion). Whilst net profit increased by 65.8% to TZS 59.6 billion (2020: TZS 35.9 billion), driven by volume growth and cost efficiencies.

Domestic and export volumes grew by 16.5% and 10.0%, respectively. Overall, volume increased by 14.4%, 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

Tax compliance
The Company asserts that it was fully tax compliant in 2021. The Company understands its obligation to comply with the country's tax laws and thus always promotes high degree of tax compliance and pays all relevant taxes as specified by such tax laws to the Tanzania Revenue Authority.

Dividend
During the year, the Directors declared for 2020, a final ordinary gross dividend of TZS 30 billion or TZS 300 per share (2019: TZS 25 billion or TZS 250 per share). Later in the year, the Directors declared for 2021, an interim ordinary gross dividend of TZS 25 billion or TZS 250 per share and a special gross dividend of TZS 25 or TZS 250 per share, which was paid in November 2021 (2020: TZS 25 billion or TZS 250 per share).

After year-end, the Directors have proposed the declaration of a final ordinary gross dividend of TZS 30 billion or TZS 300 per share (2020: TZS 30 billion or TZS 300 per share). The final ordinary dividends are subject to adoption by shareholders at the Annual General Meeting.

The total gross dividend paid in the current year was TZS 80 billion or TZS 800 per share (2020: TZS 50 billion or TZS 500 per share).

Report of the Directors
for the year ended December 31, 2021 **(Continued)**

Business environment
The business environment is constantly evolving due to changes in the economic and regulatory environments, as well as the competitive landscape. Management therefore continuously monitors and anticipates developments that affect the business in order to pro-actively address them; as well as complying with applicable laws and regulations. Management expects the business environment to remain challenging in 2022 but is well-prepared to face the challenges ahead.

Future development plans
The Company's goal is to grow its top and bottom line in a sustainable manner, while carefully managing both costs and risks. Focus will be placed on meeting the needs of adult consumers, building the equity of existing brands, expanding product offering, monitoring and improving the efficiency and effectiveness of route to market strategy; and enhancing the productivity of its people.

Cash flow projection
The Company's cash projections indicate that future cash flows will mostly be generated by operations. TZS 87.5 billion is planned to be generated for the 2022 financial year. This will be used to fund capital investments as well as providing returns to shareholders.

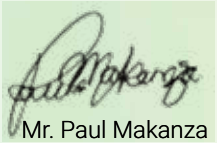
Capital investments over the medium term of TZS 16.4 billion are planned, focused warehousing and infrastructure improvements (TZS 3.9 billion), IT projects (TZS 0.4 billion) machinery and equipment (TZS 9.1 billion) and distribution fleet and infrastructure rejuvenation (TZS 3.0 billion).

Resources
Apart from those items that are reflected in the statement of financial position, the Company's intangible assets include the equity of its brands, the quality of its products, highly motivated employees and the strength of its wide distribution network.

Solvency
The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors consider the Company to be solvent within the meaning ascribed by the Companies Act, 2002.

Auditors
Ernst & Young, were appointed during the year and have expressed their willingness to continue in office as auditors in accordance with Section 170 (1) of the Companies Act, 2002.

Approved and authorized for issue by the Board of Directors on March 25, 2022 and signed on its behalf by:



Mr. Paul Makanza
Chairman
March 25, 2022



Mr. Michal Bachan
Chief Executive Officer
March 25, 2022

Statement of Director's Responsibilities

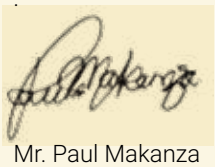
The Companies Act, 2002 (the "Act") of Tanzania requires the Directors to prepare financial statements for each financial year that present fairly the state of affairs of the Company and its operating results for that year. The Act also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that present fairly in all material respects the financial position and results of the Company in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The Directors are of the opinion that the financial statements present fairly the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement



Mr. Paul Makanza
Chairman
March 25, 2022



Mr. Michal Bachan
Chief Executive Officer
March 25, 2022

Declaration by The Head of Finance

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the Statement of Directors' Responsibilities on an earlier page.

I, Thomas Hadorn, being the Finance Director of Tanzania Cigarette Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended

December 31, 2021 have been prepared in compliance with International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Mr. Thomas Hadorn
Finance Director
NBAA Membership No.: TACPA 3845
March 25, 2022

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Independent Auditor's Report

To the shareholders of Tanzania Cigarette Public Limited Company
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tanzania Cigarette Public Limited Company (the "Company") set out on pages 61 to 100, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and the financial performance and cash flows of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Company for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 9, 2021.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanzania Cigarette Public Limited Company
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

No.	Key audit matter	How our audit addressed the key audit matter
1.	Revenue recognition	
	The Company focuses on earnings growth as one of the measures derived from expectations from the shareholders to earn dividend and maintaining the leading role in terms of market share. Furthermore, employees including management are being incentivized by achieving key performance. This may create an incentive for revenue to be recognized before the performance obligations have been fulfilled, resulting in a significant risk associated with revenue from an audit perspective. Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter. Revenue has been disclosed in note 6 and the accounting policy on note 3 of the financial statements.	• We evaluated the selection and application of accounting policies on revenue including assessing that the policies are in accordance with IFRS 15 Revenue from contracts with customers. • We obtained an understanding of the revenue process from initiation to the point where revenue is recorded in the accounting system. • We tested controls over the point of transfer of risks and rewards and supported our testing by substantive audit procedures. • We tested for proper cut off by selecting transactions close to period end (before and after) as well as dispatch records to check that revenue is not recorded prior to the revenue recognition criteria being met. • We performed data analysis procedures by comparing production, inventory and sales volumes and check that they units do reconcile as expected.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanzania Cigarette Public Limited Company
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2002, the Chairperson's Statement, Message from the Chief Executive Officer, Business Review, Financial Highlights, Statement of Directors' Responsibilities and the Declaration by the Head of Finance. The other information does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanzania Cigarette Public Limited Company
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanzania Cigarette Public Limited Company
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements.
- Information specified by law regarding directors' remuneration and transactions with the Bank is disclosed; and
- The statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Neema Kiure (FCPA 1227).

Signed by: Dr. Neema Kiure (FCPA 1227)
On behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam

Date: 14 April 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 TZS M	2020 TZS M
Revenue	6(a)	312,855	279,354
Cost of sales	7	(140,907)	(128,622)
Gross profit		**171,948**	**150,732**
Selling, marketing and distribution expenses	8(a)	(39,891)	(43,336)
Administration expenses	8(b)	(48,030)	(43,241)
Other expenses		(3,367)	(10,350)
Expected credit losses	21	(1,042)	(97)
Other gains	9	7,312	744
Interest income	10	954	1,122
Interest expense	11	(1,549)	(1,484)
Profit before tax	12	**86,335**	**54,090**
Income tax expense	13(a)	(26,780)	(18,166)
Profit for the year		**59,555**	**35,924**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
- Defined benefit actuarial gain//(loss)	27	1,873	(1,629)
- Tax (expense)/credit relating to components of other comprehensive income	13(c)	(562)	489
		1,311	(1,140)
Total comprehensive income for the year		**60,866**	**34,784**
Earnings per share:			
Basic and diluted (TZS per share)	14	596	359

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Notes	2021 TZS M	2020 TZS M
Assets			
Non-current assets			
Property, plant and equipment	16	85,808	93,555
Right-of-use assets	17	727	577
Total non-current assets		**86,535**	**94,132**
Current assets			
Inventories	20	116,658	112,701
Trade and other receivables	21	42,928	35,496
Income tax asset	13(d)	-	540
Bank balances	22	23,795	25,139
Total current assets		183,381	173,876
Non-current assets held for sale	19	257	615
		183,638	174,491
Total assets		**270,173**	**268,623**
Equity and liabilities			
Capital and reserves			
Share capital	23	2,000	2,000
Defined benefit reserve		6,043	4,732
Retained earnings		144,748	165,193
Total equity		**152,791**	**171,925**
Non-current liabilities			
Deferred tax liability	24	4,419	5,904
Defined benefit obligation	27	12,536	12,700
Lease liability	17	76	175
Total non-current liabilities		**17,031**	**18,779**
Current liabilities			
Trade and other payables	25	68,655	69,791
Provisions	26	8,083	7,958
Lease liability	17	422	170
Inter-Company borrowing	32	20,763	-
Income tax liability	13(d)	2,428	-
Total current liabilities		**100,351**	**77,919**
Total liabilities		**117,382**	**96,698**
Total equity and liabilities		**270,173**	**268,623**

The financial statements on pages 61 to 100 were approved and authorized for issue by the Board of Directors on March 25, 2022 and were signed on its behalf by the following Directors:

Mr. Paul Makanza
Chairman

Mr. Michal Bachan
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	Share capital TZS M	Defined benefit reserve TZS M	Retained earnings TZS M	Total TZS M
At January 01, 2020		2,000	5,872	179,269	187,141
Profit for the year		-	-	35,924	35,924
Other comprehensive Loss		-	(1,140)	-	(1,140)
Dividend paid (2019 final and 2020 interim)	15	-	-	(50,000)	(50,000)
At December 31, 2020		**2,000**	**4,732**	**165,193**	**171,925**
At January 01, 2021		2,000	4,732	165,193	171,925
Profit for the year		-	-	59,555	59,555
Other comprehensive Income		-	1,311	-	1,311
Dividend paid (2020 final and 2021 interim)	15	-	-	(80,000)	(80,000)
At December 31, 2021		**2,000**	**6,043**	**144,748**	**152,791**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 TZS M	2020 TZS M
Cash flows from operating activities			
Profit before tax		86,335	54,090
Adjustments for:			
Depreciation of property, plant and equipment	16	13,707	13,182
Depreciation of right use-of-asset	17	438	407
Defined benefit expense		805	2,342
Net foreign exchange differences		(342)	(196)
Interest expense	11	1,549	1,484
Interest income	10	(954)	(1,122)
Gain on disposal of property, plant and equipment	9	(4,841)	(529)
Operating profit before working capital changes		**96,697**	**69,658**
Working capital changes:			
Increase in inventories		(3,957)	(9,091)
Increase/(decrease) in trade and other receivables		(7,432)	3,635
Decrease/(increase) in trade and other payables		(1,136)	12,903
Increase in provisions		125	2,777
Net cash generated from operations		**84,297**	**79,882**
Defined benefit paid	27	(600)	(795)
Interest received	10	954	1,122
Interest paid		(33)	(14)
Current tax paid	13(d)	(25,859)	(23,619)
Net cash generated by operating activities		**58,759**	**56,576**
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(7,493)	(9,434)
Proceeds from disposal of property, plant and equipment		6,731	656
Net cash used in investing activities		**(762)**	**(8,778)**
Cash flows from financing activities			
Dividends paid	15	(80,000)	(50,000)
Inter-Company borrowing	32	20,763	-
Lease rentals paid	28	(446)	(626)
Net cash used in financing activities		**(59,683)**	**(50,626)**
Net (decrease)/increase 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
Cash and cash equivalents at the end of the year	22	**23,795**	**25,139**

Notes to the **Financial Statements** for the year ended December 31, 2021

1. General information

The financial statements of Tanzania Cigarette Public Limited Company for the year ended December31, 2021 were authorised for issue in accordance with a resolution of the Directors on March 25, 2022.

Tanzania Cigarette Public Limited Company ('The Company') is a limited liability public company incorporated in the United Republic of Tanzania. The address of its registered office and principal place of business is disclosed in the corporate information on page 1 of this report. The principal activities of the Company are described in the Report of the Directors.

2. Adoption of new and revised International Financial Reporting Standards

a) New standards and amendments to published standards effective for the year ended December 31, 2021

The following amendments to IFRSs, which are effective for annual periods beginning on or after January 1, 2021, have been applied in the current year and had no material impact on the disclosures or on the amounts reported in these financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment to IFRS 16 will provide relief to lessees for accounting for rent concessions from lessors specifically arising from the covid-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concession as the terms of the concession granted may vary. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The standard does not impact the Company as there were no rent concessions during the period.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. The standard does not impact the entity as they do not have hedging transactions.

New and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2021

Definition of Accounting Estimates (Amendments to IAS 8)	Effective for accounting periods beginning on or after 1 June 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Effective for accounting periods beginning on or after 1 June 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	Effective for accounting periods beginning on or after 1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Effective for accounting periods beginning on or after 1 January 2023
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3)	Effective for accounting periods beginning on or after 1 January 2022

2. Adoption of new and revised International Financial Reporting Standards (continued)

a) New amended standards and and interpretations in issue but not yet effective in the year ended 31 December 2021 (continued)

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	Effective for accounting periods beginning on or after 1 January 2022
Annual Improvements to IFRS Standards 2018–2020	Effective for accounting periods beginning on or after 1 January 2022

b) Impact of new and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2021

Definition of Accounting Estimates (Amendments to IAS 8)
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendment is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment to IAS 1 is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have significant impact on the financial statements.

IFRS 17 Insurance Contracts
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have any impact on the financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment to IAS 1 is effective for accounting periods beginning on or after 1 January 2023 and is not expected to have significant impact on the financial statements.

2. Adoption of new and revised International Financial Reporting Standards (continued)

Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard. The amendment is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment to IAS 16 is effective for accounting periods beginning on or after 1 January 2022 and due to the manure of the Company, is not expected to have significant impact on the financial statements.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment to IAS 37 is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Annual Improvements to IFRS Standards 2018–2020
The Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

- **IFRS 1** – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9** – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value techniquee.

The amendment to above standards is effective for accounting periods beginning on or after 1 January 2022 and is not expected to have significant impact on the financial statements.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

Amendment to IFRS 16 is effective for accounting periods beginning on or after 1 April 2021. The Directors are still assessing impact of IFRS 16 to the financial statements.

c) Early adoption of standards

The Company did not early-adopt any new or amended standards in the year ended December 31, 2021.

3. Significant accounting policies

Statement of compliance
The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards.

3. Significant accounting policies (continued)

Statement Compliance (continued)

For the Tanzanian Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the financial statements as statement of profit or loss and other comprehensive income.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments that are measured at revalued amounts or fair values as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are stated in Tanzanian Shillings (TZS), rounded to the nearest million.

The Company has an investment in TCC (Kenya) Limited, a wholly owned subsidiary, which is incorporated in Kenya under the Kenyan Companies Act.

The Company has determined that the investment is not material and has no impact on the reported profit or loss and its statement of financial position. The Group (Tanzania Cigarette Public Limited Company) and Company numbers are the same after taking into account the investment in the dormant subsidiary.

Revenue recognition

The Company derives its revenue from the sale of cigarettes to domestic and export customers.

Revenue is recognized based on the following five-step approach.

Step 1: Identify the contract with customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligation in the contract;

Step 5: Recognize revenue when the entity satisfies a performance obligation.

Revenue is recognized upon delivery of product because the customer obtains control of the product upon delivery by which the Company evaluates that the performance obligation is satisfied. Revenue is measured at the consideration promised in a contract with customer, less discounts, rebates, amounts collected on behalf of third parties and taxes.

The excise taxes and other transaction in which the Company is involved as an agency are excluded from revenue. The amount after deducting the excise taxes and other transactions is presented as revenue in the statement of profit or loss and other comprehensive income.

Sale of cigarettes to domestic customers

Revenue for sales of goods to domestic customers is recognized when control of the goods has transferred, being at the point the customer purchases the goods. Payment of the transaction price is due immediately at the point the customer purchases the goods for cash customers and for credit customers based on the agreed credit periods with the Company as stipulated in the contracts.

Sales of cigarettes to export customers

Revenue from sales of goods to export customers is recognized when control of the goods has transferred, being when the goods have been shipped to the customer's specific delivery location.

A receivable is recognised by the Company when the goods are shipped to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Foreign currency translation

These financial statements are presented in Tanzania Shillings, which is also the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in

3. Significant accounting policies (continued)

Foreign currency translation (continued)

foreign currencies are retranslated using the closing rates. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowing.

Retirement benefits obligations

The voluntary agreement between management and the trade union created a defined benefit plan. The Company operates an unfunded and unvested defined benefit scheme for its employees. Provision is made in the financial statement for the estimated cost of the future benefits under the scheme. No employee contributions are made to the scheme. Payments to the scheme are recognized as an expense in profit or loss when employees have rendered service entitling them to the scheme with actuarial valuations being carried out at the end of each reporting period. Actuarial gains or losses are fully recognized in other comprehensive income. Past service costs are recognized immediately in profit or loss.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for actuarial gains and losses. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using various factors as described in the Note 27 of these financial statements.

The Company and its employees also make statutory contributions to the National Social Security Fund (NSSF). The Company's obligations with respect to contributions are 10% of the employees' emoluments. The Company's contributions with respect to these retirement benefits obligations are charged to the profit or loss in the period to which they relate.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Corporate tax

The current corporate tax charge in profit or loss is based on statutory income tax rate of 30% applied on taxable profit for the year under review. The taxable profit is arrived at after taking into consideration relevant provisions of IAS 12 and the Income Tax Act of 2004 together with its subsequent amendments through the Finance Acts as enacted by the Parliament of United Republic of Tanzania.

Taxable profit differs from account profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in different accounting periods (temporary differences) and items that are never taxable or deductible (permanent differences). The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, the written down value. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available in future against which those deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period under review

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Value Added Tax (VAT)

The revenues, expenses and assets are recognized at amounts net of VAT. However, in the event that VAT incurred on a purchase of assets or services is not claimable as input VAT as provided in the VAT Act, 2014 together with its subsequent amendments and regulations, the VAT is recognized as part of cost of acquisition of the assets or part of the expense item as appropriate.

Any unpaid or uncollected amounts due to suppliers or due from customers are stated and reported as gross amounts including VAT.

The net (Output VAT less Input VAT) amount of VAT payable to Tanzania Revenue Authority at the year-end is included in trade and other payables.

Excise duty

The excise duty paid/payable to Tanzania Revenue Authority is determined by applying specific rates as provided in the Excise (Management and Tariff) Act, Cap 147 together with its subsequent amendments. The current specific excise duty rates which are applicable as at year end are as follows:

- Cigarettes without filter tip and containing domestic tobacco exceeding 75% is TZS 12,447 per 1,000 cigarettes (2020: TZS 12,447).
- Cigarettes with filter tip and containing domestic tobacco exceeding 75% is TZS 29,425 per 1,000 cigarettes (2020: TZS 29,425).
- Other cigarettes not mentioned in first and second bullet above is TZS 55,897 per 1,000 cigarettes (2020: TZS 55,897).

The amount of excise duty payable to Tanzania Revenue Authority at the year-end is included in trade and other payables.

Investment in Subsidiary Company

Investment in subsidiary is recognized at cost less any accumulated impairment losses.

Inventories

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition.

Inventories are stated at the lower of cost and net realizable value. Cost of raw materials and consumable stores are determined by the weighted average cost method. Cost of finished goods and work in progress are valued at direct raw material cost and include a portion of manufacturing overhead expenses, determined on a weighted average basis. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made where necessary for the obsolete, slow moving and defective inventories.

3. Significant accounting policies (continued)

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise;

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical

3. Significant accounting policies (continued)

Leases (continued)
The Company as lessee

expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life to the estimated residual value. Useful life, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life. Each significant component included in an item of property, plant and equipment is separately recorded and depreciated. Capital work in progress is not depreciated. The estimated useful life of assets at time of acquisition is assumed as follows:

	Years
Permanent buildings	50
Temporary buildings	3
Plant and machinery	5 - 20
Other equipment	3 - 10
Motor vehicles	4

Maintenance and repairs, which neither materially add to the value of the assets nor appreciably prolong their useful lives, are recognised as an expense in the period incurred. Minor plant and equipment items are also recognised as an expense during the period incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Profits or losses on the retirement or disposal of property, plant and equipment, determined as the difference between the actual proceeds and the carrying amount of the assets, are recognised in profit or loss in the period in which they occur. The date of disposal is determined as the date on which the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the proceeds on the sale can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the asset, from the date that it is available for use. The estimated useful life and amortisation method are reviewed at the end of each financial year with any changes being accounted for on prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognised. The estimated useful life from year of acquisition is estimated to be 10 (ten) years.

Impairment of tangible and intangible assets

Assets that have an indefinite useful life and intangible assets not available for use are tested annually for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets (continued)

An impairment loss is recognized if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognized as an expense in profit or loss immediately. The recoverable amount of an asset is the higher of the asset's fair value less cost of disposal and its value in use.

The fair value represents the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment loss is allocated to reduce the carrying amount of the assets of the cash-generating unit, first to goodwill in respect of the cash generating unit, if any, and then to the other assets on a pro-rata basis based on their carrying amounts. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase. No goodwill impairment losses are reversed.

After the recognition of an impairment loss, any depreciation or amortization charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its estimated residual value, on a systematic basis over its remaining useful life.

Non-current assets held-for-sale

An asset or asset group for which the value is expected to be recovered through a sales transaction rather than through continuing use is classified into a non-current asset or disposal asset held-for-sale when the following conditions are met: it is highly probable that the asset or asset group will be sold within one year, the asset or asset group is available for immediate sale in its present condition, and the Company management commits to the sale plan. In such cases, the non-current asset is not depreciated or amortized and is measured at the lower of its carrying amount or its fair value less costs of disposal.

Dividends

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

3. Significant accounting policies (continued)

Subsequent measurement (continued)

ii) Subsequent measurement

Financial assets are classified into the following specified categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The Company's principal financial assets are trade and other receivables and cash and cash equivalents.

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at amortised cost or fair value, depending on the classification of financials assets

iii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Trade and other receivables

Trade and other receivables are stated at invoice amounts less provision for impairment. A provision for impairment is established using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments and duly reconciled to the related items in the statement of financial position.

iv) Impairment of Financial Assets

With respect to financial assets measured at amortized cost, the Company recognizes an allowance for doubtful accounts for expected credit losses (ECLs). The expected credit losses are calculated based on historical loss experience or future recoverable amounts.

An allowance for doubtful accounts for trade receivables is always recognized in an amount equal to the full lifetime expected credit losses. In principle, with respect to financial assets except for trade receivables, an allowance for doubtful accounts is measured at an amount equal to the 12-month expected credit losses. However, the allowance for doubtful accounts is measured at an amount equal to the full lifetime expected credit losses if a credit risk on the financial asset has increased significantly since initial recognition.

The Company assesses whether a credit risk on a financial asset has increased significantly based on a change of the default risk considering past due information, financial difficulties of obligors or downgrades of the internal credit rating. The Company assesses a whole or part of the financial asset which is deemed extremely difficult to be collected as a

3. Significant accounting policies (continued)

Impairment of Financial Assets (continued)

default and recognizes it as a credit-impaired financial asset. If the Company reasonably determines that a whole or part of the financial asset is uncollectible, the carrying amounts of financial assets are written-off directly.

An allowance for doubtful accounts for financial assets is recognized in profit or loss. If an event which causes a reduction in the allowance for doubtful accounts occurs, a reversal of an allowance for doubtful accounts is recognized in profit or loss.

v) De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

i) Initial Recognition and measurement

Financial liabilities are classified into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost. The Company determines the classification at initial recognition.

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities. The Company's financial liabilities include trade and other payables.

ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the following classifications:

Financial liabilities at Measured at Fair Value through Profit or Loss (FVTPL)

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition.

Financial liabilities measured subsequently at amortised cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization under the effective interest method and gains or losses on derecognition are recognized as profit or loss in the consolidated statement of income. After initial recognition, financial guarantee contracts are measured at the higher of:

- The amount of an allowance for doubtful accounts calculated in accordance with "Impairment of Financial Assets" above, and
- The amount initially measured less cumulative revenue recognized in accordance with IFRS 15 "Revenue from Contracts with Customers".

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss..

Offset

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4. Critical accounting judgements and key sources of estimation uncertainties

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below. These estimates are based on management's best knowledge of current events and actions they may undertake in the future, but the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are regularly reviewed and revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas of critical judgements and key sources of estimation uncertainty are as set out below

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably

Taxation

The Company is subjected to numerous taxes and levies by various government and quasi-government regulatory bodies. Generally, the Company recognises liabilities with regard to anticipated taxes and levies payable with utmost care and diligence. However, significant judgement is required in the interpretation and application of those taxes and levies. In the event that management assesses that the initially recorded liability was erroneous, the differences are charged to the profit and loss account in the period in which the differences are determined

Asset useful lives

The estimated useful lives and residual values of items property, plant and equipment and right of use of an assets are reviewed annually and are in line with the rates at which they are depreciated.

Refer to notes 16 and 17 for the carrying amount of property, plant and equipment and right of use of an asset

Impairment provision

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future

4. Critical accounting judgements and key sources of estimation uncertainties (continued)

Impairment provision(Continued)

When measuring expected credit losses, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Provisions for pending litigations

The Company is currently involved in various legal cases. Management regularly reviews the status of these cases and, in consultation with legal counsel, estimates the probable liabilities that could be incurred in the event that the Company loses the cases. In determining whether to process the provisions in the financial statements, management critically evaluates the probability of losing these cases and only makes provision for the cases in which it is probable that future outflow of resources will be required to settle the obligations.

Defined benefit plan

The Company operates an unfunded defined benefit retirement plan for all employees. Employees do not contribute to the plan the Company bears all cost. A provision is made in the financial statements for the estimated cost of the future benefits. The accuracy and completeness of such provisions is confirmed periodically by an independent actuarial valuation. Refer to Note 27 of the financial statements for uncertainty and sensitivity disclosure.

5. Operating segments

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. The Company has two operating segments namely domestic and export markets. The domestic market has reported revenue from both external customers and intersegment sales or transfers, of 89 percent (2019: 89 percent) of the combined revenue of all operating segments, thus qualifying as reportable segment.

The chief operating decision maker (Chief Executive Officer) monitors the operating results of business segments separately for the purpose of performance assessment and decision making on resource allocation. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The domestic market segment is carrying on the business of manufacturing and selling of cigarettes in Tanzania. Brands sold in domestic market include Camel, Winston, LD, Club, Embassy, Portsman, Sweet Menthol, Safari and Crescent & Star.

Export markets include Democratic Republic of Congo, Mozambique and Southern Africa. The export brands include Camel, Winston, Monte Carlo and LD. Export markets reported revenue of 9 percent of the combined revenue (2020:8 percent).

Information about transactions with major customers

Below is the revenue from top ten domestic customers, the amounts are disclosed exclusive of VAT.

	2021 TZS M	2020 TZS M
Revenue from top ten customers	88,412	179,756

The domestic segment has about 1000 active customers.

5. Operating segments (continued)

The following is an analysis of the Company's revenue and results from operations by reportable segment.

	Segment revenue		Segment gross profit	
	2021 TZS M	2020 TZS M	2021 TZS M	2020 TZS M
Domestic Market	270,274	245,653	170,316	150,390
Export Market	42,581	33,701	1,632	342
	312,855	**279,354**	**171,948**	**150,732**
Marketing, selling & distribution expenses:				
- Export market			(6,860)	(8,329)
- Domestic market			(33,031)	(35,007)
Administration expenses			(48,030)	(43,241)
Other expenses			(3,367)	(10,350)
Expected credit losses			(1,042)	(97)
Other gains			7,312	744
Interest income			954	1,122
Interest expense			(1,549)	(1,484)
Profit before tax			**86,335**	**54,090**

The following is an analysis of the operating segment revenue inclusive of excise duty from its major products in domestic market.

	Domestic revenue		Export revenue	
	2021 TZS M	2020 TZS M	2021 TZS M	2020 TZS M
Embassy	43,405	37,518	-	-
Club	37,815	62,413	1,252	763
Portsman	40,758	46,524	18,683	13,932
Sweet Menthol	26,542	28,873	-	-
Winston	241,991	172,638	-	-
Others	27,881	25,150	1,048	1,959
Monte Carlo	-	-	19,934	15,047
LD	-	-	1,664	2,000
	418,392	**373,116**	**42,581**	**33,701**

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

5. Operating segments (continued)

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to domestic and export market.

	2021 TZS M	2020 TZS M
Segment assets		
Property, plant and equipment	85,808	93,555
Right-of-use assets	727	577
Total segment non-current assets	**86,535**	**94,132**
Inventories	116,658	112,701
Income tax asset	-	540
Trade and other receivables	42,928	35,496
Non-current asset held -for-sale	257	615
Cash and cash equivalents	23,795	25,139
Total segment current assets	**183,638**	**174,489**
Total assets	**270,173**	**268,623**
Segment liabilities		
Deferred tax liability	4,419	5,904
Defined benefit obligation	12,536	12,700
Lease liabilities	76	175
Total segment non-current liabilities	17,031	18,779
Trade and other payables	68,655	69,791
Provisions	8,083	7,958
Lease liabilities	422	170
Inter-Company Borrowing	20,763	-
Income tax liability	2,428	-
Total segment current liabilities	**100,351**	**77,919**
Total liabilities	**117,382**	**96,698**

5. Operating segments (continued)

Other segment information

	Depreciation and amortization		Additions to non-current assets	
	2021 TZS M	2020 TZS M	2021 TZS M	2020 TZS M
Building	1,392	1,411	539	429
Plant and machinery	8,956	8,667	1,353	4,112
Other equipment	1,224	1,118	1,446	1,075
Motor vehicles	2,135	1,986	2,223	1,253
Capital work in progress	-	-	1,932	2,565
Total	**13,707**	**13,182**	**7,493**	**9,434**

6. Revenue from contract with customers

(a) Revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2021 TZS M	2020 TZS M
Types of goods or services		
Sale of cigarettes- Domestic Market	270,274	245,653
Sale of cigarettes- Export Market	42,581	33,701
Total revenue from contracts with customers	**312,855**	**279,354**

(b) Contract balances

	2021 TZS M	2020 TZS M
Trade receivables	42,928	35,496
	42,928	35,496

The performance obligation relating to sale of cigarette is satisfied upon delivery of cigarette and payment is generally due within 7 days from delivery. For export customers, control of the goods passes to the customer when the delivery truck crosses the boarder and payment is due within 60 to 90 days from delivery.

7. Cost of sales

Direct costs	89,479	78,302
Stock adjustments	3,001	1,419
Production and price variance	9,350	7,642
Overheads	39,077	41,259
	140,907	**128,622**

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

8. Selling, Marketing and Distributions expenses/Administrative expenses

(a)Selling, Marketing and Distributions expenses

	2021 TZS M	2020 TZS M
Advertising and promotion cost	2,830	1,256
Depreciation and amortization	1,890	1,656
Employee's benefits expense	23,499	21,795
Operating expenses	2,208	4,977
Operating lease rental	405	476
Transport and vehicle running cost	2,840	5,214
Research and development costs	5,436	7,129
Managerial, technical and administrative	783	833
	39,891	**43,336**

(b) Administrative expenses

	2021 TZS M	2020 TZS M
Depreciation and amortization	2,001	2,065
Employee's benefits expense	20,757	18,918
Managerial, technical and administrative	18,810	15,477
Operating expenses	5,496	4,060
Operating lease rental	46	252
Transport and vehicle running cost	282	1,330
Communication	450	853
Auditors 'remuneration-audit service	188	286
	48,030	**43,241**

9.Other gain

	2021 TZS M	2020 TZS M
Sundry income *	662	215
Gain from pension release	1,809	-
Gain on sale of property, plant, and equipment	4,841	529
	7,312	**744**

* Sundry income includes income from sale of rejected boxes and scrap metal.

10. Interest income

	2021 TZS M	2020 TZS M
Interest income on bank deposits	954	1,122
	954	**1,122**

11. Interest Expenses

	2021 TZS M	2020 TZS M
Interest expense defined benefit pension	1,504	1,448
Interest on lease liability	12	22
Interest expense on collateral	33	14
	1,549	**1,484**

12. Profit before tax

Profit before tax has been arrived at after charging/(crediting) the following:

	2021 TZS M	2020 TZS M
Key management and Directors' emoluments	4,457	2,441
Depreciation of property, plant and equipment	13,707	13,182
Depreciation of right use-of-asset	437	407
Technical and management service fees	17,635	13,865
Auditor's remuneration	183	265
Donations	292	202
Insurance proceeds	(121)	(135)
Gain on disposal of property, plant and equipment	(4,841)	(529)
Foreign exchange loss	908	1,067
Employee benefits:		
Short term benefits:		
- Salaries	29,428	28,292
- Bonus	7,672	4,822
- Fringe benefits	4,700	5,351
- Vacation benefits	1,945	1,866
- Other staff costs	192	243
Long term benefits:		
- Defined benefit expense	2,310	3,790
- NSSF and PSSSF contributions	1,713	3,613
Other statutory contributions:		
- Skills and Development Levy (SDL)	1,392	1,332
- Workers Compensation Fund (WCF)	193	172
Total employee benefits	**49,545**	**49,481**

13. Income tax

(a) Income tax expense

	2021 TZS M	2020 TZS M
Current tax - current year at 30%	27,524	17,060
- prior year under provision	1,301	1,290
	28,825	**18,350**
Deferred taxation - current year credit	(1,192)	(191)
- prior year under/(over) provision	(853)	7
	(2,045)	**(184)**
	26,780	**18,166**

Tax expense represents the sum of current tax and deferred tax.

(b) Reconciliation of accounting profit to income tax expense

	2021 TZS M	2020 TZS M
Profit before tax	**86,335**	**54,090**
Tax charge at 30%	25,901	16,227
Income not subject to tax	(19)	(18)
Effect of disallowable expenditure	451	660
Current tax relating to prior years	1,301	1,290
Prior years (under)/over provision of deferred tax	(854)	7
Income tax expense	**26,780**	**18,166**

(c) Tax expense/(credit) on other comprehensive income

Deferred tax expense/(credit) - Defined benefit plan actuarial gain/(loss)	562	(489)

(d) Current income tax liability/(asset)

At beginning of the year	(540)	4,729
Charge for the year (Note 13(a))	28,827	18,350
Current tax paid	(25,859)	(23,619)
Balance at end of year	**2,428**	**(540)**

14. Earnings per share

The earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders for the year by the weighted average number of ordinary shares in issue during the year.

	2021 TZS M	2020 TZS M
Profit for the year attributable to ordinary shareholders (TZS M)	59,555	35,924
Weighted average number of ordinary shares in issue (million)	100	100
Earnings per share (TZS)	596	359

There were no potential dilutive shares outstanding at December 31,2021 and at December 31,2020.

15. Dividends

Prior year final dividend	30,000	25,000
Current year interim dividend	50,000	25,000
Total	80,000	50,000
Number of ordinary shares in issue (million)	100	100
Dividend per share (TZS)	800	500

During the year, the Directors declared for 2020, a final ordinary gross dividend of TZS 30 billion or TZS 300 per share (2019: TZS 25 billion or TZS 250 per share). Later in the year, the Directors declared for 2021, an interim ordinary gross dividend of TZS 25 billion or TZS 250 per share and a special gross dividend of TZS 25 or TZS 250 per share, which was paid in November 2021 (2020: TZS 25 billion or TZS 250 per share).

The Directors propose a final ordinary gross dividend of TZS 30 billion or TZS 300 per share (2020: TZS 30 billion or TZS 300 per share). The final ordinary dividend is subject to adoption by shareholders at the Annual General Meeting.

The total gross dividend paid in the current year was TZS 80 billion or TZS 800 per share (2020: TZS 50 billion or TZS 500 per share).

16. Property, plant and equipment

	2021 TZS M	2020 TZS M
Cost	221,550	221,919
cumulated depreciation	(135,742)	(128,364)
	85,808	**93,555**
Net book value		
Buildings	29,716	29,698
Plant and machinery	44,271	50,695
Other equipment	3,798	3,527
Motor vehicles	5,634	5,641
Capital work in progress	2,389	3,994
	85,808	**93,555**

16. Property, plant and equipment (continued)

	Buildings TZS M	Plant and machinery TZS M	Other equipment TZS M	Motor vehicles TZS M	work in progress TZS M	Total TZS M
Cost						
At January 1, 2020	44,701	132,957	13,465	12,795	5,260	209,178
Additions	429	4,112	1,075	1,253	2,565	9,434
Transfers from WIP	476	3,108	116	131	(3,831)	-
Transfer to asset held for sale	(505)	-	-	-	-	(505)
Disposals	(625)	-	(373)	(581)	-	(1,579)
At December 31, 2020	**44,476**	**140,177**	**14,283**	**13,598**	**3,994**	**216,528**
Additions	539	1,353	1,446	2,223	1,932	7,493
Transfers from WIP	884	2,583	55	-	(3,522)	-
Disposals	(34)	(4,545)	(966)	(2,317)	-	(7,862)
At December 31, 2021	**45,865**	**139,568**	**14,818**	**13,504**	**2,404**	**216,159**
Accumulated depreciation						
At January 1, 2020	14,028	80,814	10,029	6,552	-	111,423
Charge for the year	1,411	8,667	1,118	1,986	-	13,182
Transfers to asset held for sale	(181)	-	-	-	-	(181)
Disposals	(499)		(372)	(581)	-	(1,452)
At December 31, 2020	**14,759**	**89,481**	**10,775**	**7,957**	**-**	**122,972**
Charge for the year	1,392	8,956	1,224	2,135	-	13,707
Disposals	(21)	(3,140)	(958)	(2,207)	-	(6,326)
At December 31, 2021	**16,130**	**95,297**	**11,041**	**7,885**	**-**	**130,353**
Net book value						
At December 31, 2021	**29,716**	**44,271**	**3,798**	**5,634**	**2,389**	**85,808**
At December 31, 2020	**29,717**	**50,695**	**3,527**	**5,641**	**3,994**	**93,555**

16. Property, plant and equipment (continued)

Capital work in progress relates to the cost of various capital expenditure items which were under construction or were not received at year end.

Included in property, plant and equipment are assets with an original cost of TZS 2,809 million (2020: TZS 3,236 million) which are fully depreciated as of the reporting date whose normal depreciation charge for the year was TZS 313 million (2020: TZS.262 million). There were no idle assets included in property, plant, and equipment.

No items of property, plant and equipment have been pledged as collateral for liabilities.

Net transfer out of property, plant and equipment relates to assets classified as held for sale under Note 17.

17. Right-of-use assets

	2021 TZS M	2020 TZS M
Cost		
At January 1	994	80
Additions	587	914
At December 31	**1,581**	**994**
Accumulated depreciation		
At January 1	417	10
Charge for the year	437	407
At December 31	**854**	**417**
Net book value	727	577

The maturity analysis of lease liabilities is disclosed in Note 28

18. Intangible assets

	2021 TZS M	2020 TZS M
Cost	**2,646**	**2,646**
Amortization		
At January 1	2,646	2,646
Charge for the year	-	-
At December 31	**2,646**	**2,646**
Net book value	**-**	**-**

The intangible assets relate to acquired cigarette trademarks. The estimated useful life from year of acquisition was estimated at 10 (ten) years. There are no intangible assets resulting from internal developments or business combinations.

19. Non-current assets held-for-sale

	2021 TZS M	2020 TZS M
Non-current asset held-for-sale	**257**	**615**

Below is the movement of asset held for sale:

	2021 TZS M	2020 TZS M
At January 1	615	291
Classified during the year (Note 16)	-	324
Disposed during the year	(358)	-
At December 31	257	615

As at reporting date, the Directors had resolved to dispose one building located in Masaki, Dar es Salaam and negotiations with several interested parties were ongoing. The building, which is expected to be sold within 12 months, has been classified as non-current asset held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net asset and accordingly no impairment losses have been recognised on the classification of these assets as held for sale.

20. Inventories

	2021 TZS M	2020 TZS M
Raw materials	79,566	82,670
Work in progress	317	537
Consumable stores	6,044	5,513
Goods in transit	263	1,004
Finished goods	32,372	24,261
	118,562	**113,985**
Allowance for obsolete inventories	(1,904)	(1,284)
	116,658	**112,701**

The cost of inventory recognised as an expense and included in 'cost of sales' in the Company profit or loss and other comprehensive income amounted to TZS 135,995 million (2020: TZS 85,401 million).

No inventory has been pledged as collateral for liabilities.

21. Trade and other receivables

	2021 TZS M	2020 TZS M
Trade receivables	12,275	28,247
Amounts due from related companies (Note 29(ii))	19,841	1,107
Prepayments and other receivables	12,431	6,727
	44,547	**36,081**
Expected credit loss on trade receivables	(1,619)	(585)
	42,928	**35,496**

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

21. Trade and other receivables (Continued)

Trade receivables are non-interest bearing and are generally on terms of 9days domestic sales and 90days for export. For related parties' transaction is disclosed under Note 29(ii).
Movement in the allowance for expected credit losses on trade receivables:

	2021 TZS M	2020 TZS M
At January 1	585	488
Recoveries	(133)	(18)
Increase in allowance	1,175	115
Write off	(8)	-
At December 31	**1,619**	**585**

	2021 TZS M	2020 TZS M
22. Bank balances		
Bank Balances	23,795	25,139
23. Share capital		
Authorized:		
125,000,000 Ordinary shares of TZS 20 each	2,500	2,500
Issued and fully paid:		
100,000,000 Ordinary shares of TZS 20 each	2,000	2,000

There were no movements in the share capital of the Company during the year. The Company has one class of ordinary shares, which carries no fixed right to income. The ownership structure of the Company is as set out below:

	2021 Ordinary Shares Million in %	2020 Ordinary Shares Million in %
Resident shareholders:		
General public	6.0	5.6
Public Service Social Security Fund	4.7	4.7
The United Republic of Tanzania	2.2	2.2
Umoja Unit Trust Scheme	2.2	0.3
TCCIA investment Company Limited	0.3	0.3
Sayed H. Kadri&/or Basharat Kadri&/or Mehboob&/or Khalid &/or Muzammil Kadri	0.2	0.2
Alliance Insurance Corporation Ltd	0.1	0.0
	15.7	**13.3**
Non-resident shareholders:		
JT International Holding B.V*-Holding Company	75	75.0
Kingsway Fund	8.8	10.3
Allan Gray Africa EX-SA Equity Fund Limited	0.3	0.3
Cacvenham Private Equity and Directs	0.0	0.5
Neon Liberty Emerging Markets Fund LP	0.2	0.6
	84.3	**86.7**
Total ordinary shares in issue	**100.0**	**100.0**

24. Deferred tax liability

Deferred taxes are calculated on all temporary differences under the liability method, using the enacted tax rate of 30%.

	2021 TZS M	2020 TZS M
The net deferred tax liability is attributable to the following:		
Accelerated capital allowances	11,346	12,299
Provisions	(3,167)	(2,585)
Defined benefit obligation provision	(3,760)	(3,810)
	4,419	**5,904**

The movement on the deferred tax account is as follows:

2021:

	Opening balance TZS M	Recognized in P&L TZS M	Recognized in OCI TZS M	Closing balance TZS M
Deferred tax liabilities/(assets) in relation to:				
- Property, plant and equipment	12,299	(952)	-	11,347
- Provisions and other temporary differences	(2,585)	(582)	-	(3,167)
- Defined benefit obligation	(3,810)	(513)	562	(3,761)
	5,904	**(2,047)**	**562**	**4,419**

2020:

	Opening balance TZS M	Recognized in P&L TZS M	Recognized in OCI TZS M	Closing balance TZS M
Deferred tax liabilities/(assets) in relation to:				
- Property, plant and equipment	12,079	220	-	12,299
- Provisions and other temporary differences	(3,080)	495	-	(2,585)
- Defined benefit obligation	(2,422)	(899)	(489)	(3,810)
	6,577	**(184)**	**(489)**	**5,904**

25. Trade and other payables

	2021 TZS M	2020 TZS M
Trade payables	21,559	8,009
Amounts due to related companies (Note 29(ii))	5,810	7,121
Excise duty and VAT payable	10,753	14,898
Other duties and taxes payable	9,625	10,862
Customer deposits	3,258	9,198
Trade allowance payable	1,991	506
Restructuring liability	931	848
Dividends payable	2,605	2,089
Other liabilities and accruals*	12,123	16,260
	68,655	**69,791**

* Other liabilities and accruals includes advances made by prospective customers of the Company's property held for sale, contributions payable to National Social Security Fund and accruals for goods and services received at year end but not invoiced.

26. Provisions

	TZS M	TZS M
Bonus provision	6,472	4,579
Litigation	1,179	259
Pension one of accrual	-	2,719
Provision for leave pay	432	401
	8,083	7,958

2021:

	Opening balance TZS M	Utilized/ reversed TZS M	Raised TZS M	Closing balance TZS M
Bonus provision	4,579	(4,579)	6,472	6,472
Pension one of accrual	2,719	(2,719)	-	-
Litigation	259	(29)	949	1,179
Provision for leave pay	401	(401)	432	432
	7,958	**(7,728)**	**7,853**	**8,083**

2020:

	Opening balance TZS M	Utilized/ reversed TZS M	Raised TZS M	Closing balance TZS M
Bonus provision	4,482	(4,482)	4,579	4,579
Litigation	703	(672)	228	259
Pension one of accrual	-	-	2,719	2,719
Provision for leave pay	440	(440)	401	401
	5,625	**(5,594)**	**7,927**	**7,958**

Employees are entitled for annual bonuses which are performance based. The company recognises a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre- agreed annual targets. The Company recognised a provision of TZS.6,472 million (2020: TZS 4,579 million). Expected payment is between January to March the following year.

As at December 31, 2021, the Company had appending legal cases whereby the Company were defendants and outstanding disputes for which the directors have considered it probable that the outcome will be unfavorable to the Company and could results into an estimated loss. Based on advice from management, a provision is in place for these cases amounting to TZS.1,179 million (2020: TZS 259 million).

According to the nature of such disputes the timing of settlement is uncertain. Contingent liabilities relating to litigation and other claims have been disclosed in Note 31.

27. Retirement benefits

Statutory retirement benefits

The Company has an obligation to make statutory contributions for retirement benefits of its employees. All eligible employees of the Company are members of the National Social Security Fund (NSSF), which is defined contribution plan. This plan is prescribed by law. All employees must be a member of National Social Security Fund (NSSF). The Company and employees both contribute 10% of the employees' gross salaries to the NSSF. The Company's contributions are charged to the profit or loss when incurred. During the year ended December 31, 2021, the Company's contributions to the funds amounted to TZS 1,713 million (2020: TZS 3,613 million).

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

27. Retirement benefits (continued)

Defined benefit obligation
The Company operates an unfunded defined benefit plan for qualifying employees. Under the plan, the employees are entitled to retirement benefits of one-month salary for every year of continuous service for 1 to 9 years and an additional 10% for every additional year of continuous service beyond 9 years.

The Company provides for retirement benefit cost based on assessments made by independent actuaries. The most recent actuarial valuation was carried out at December 31, 2021 by Towers Watson, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2021 Percentage	2020 Percentage
Discount rate	11.7	11.5
Salary inflation	6.5	7.2
Cost of living increase	3.5	4.2

Amount recognized in statement of profit or loss and other comprehensive income in respect of this defined benefit obligation:

	2021 TZS M	2020 TZS M
- Current service cost	805	554
- Past service cost	-	1,788
- Interest cost	1,504	1,448
- Actuarial (gain)/loss recognized in other comprehensive income	(1,873)	1,629
Net charge for the year	436	5,419

The movement in the Company retirement benefit obligation was as follows: -

	2021 TZS M	2020 TZS M
Opening defined benefit obligation	12,700	8,076
Current service cost	805	554
Past service cost	-	1,788
Interest cost	1,504	1,448
Actuarial (gain)/loss recognized	(1,873)	1,629
Benefits paid	(600)	(795)
Closing defined benefit obligation	12,536	12,700

Sensitivities

Salary rate sensitivity

	Central Scenario 6.50% TZS M	0.5% Increase 7.00% TZS M	0.5% Decrease 6.00% TZS M
Defined benefit obligation	12,533	13,142	11,985
Gross service costs excluding interest	774	828	728
Expense / net interest cost	1,531	1,609	1,461
% change in defined benefit obligation		4.86%	-4.37%
% change in gross service costs		7.01%	-5.94%
% change in expense / net interest cost		5.07%	-4.54%

27. Retirement benefits (continued)

Sensitivities (continued)

	Central Scenario 11.70% TZS M	0.5% Increase 12.20% TZS M	0.5% Decrease 11.20% TZS M
Defined benefit obligation	12,533	12,002	13,132
Gross service costs excluding interest	774	729	828
Expense / net interest cost	1,531	1,526	1,539
% change in defined benefit obligation		-4.24%	4.78%
% change in gross service costs		-5.75%	6.93%
% change in expense / net interest cost		-0.31%	0.50%

28. Lease liability

Liabilities arising from a lease are initially measured on a present value basis of contractual payments associated with lease contract. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	2021 TZS M	2020 TZS M
Maturity analysis:		
Due within 1 year	423	171
Due in more than 1 year and no later than 2 years	58	158
Due in more than 2 years	28	32
	509	361
Less: Discount (unearned interest)	(11)	(16)
	498	**345**
Movement analysis:		
Balance as at 1 January	345	35
Additions	587	914
Interest expense	12	22
Lease rentals paid	(446)	(626)
At 31 December	**498**	**345**

	2021 TZS M	2020 TZS M
Classification:		
Current	422	170
Non-current	76	175
Additions	**498**	**345**

29. Related party transactions and balances

Related companies

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company transacts with the ultimate holding Company and other companies related to it by virtue of common shareholding.

During the year, the following transactions were entered into with related parties:

Contracts with related parties

The Company has agreements with JT International SA and JT International Holding B.V. for provision of managerial, technical and administrative services since January 1, 2008. Amounts payable under these agreements are included under purchase of goods and services below. The charge for the year is TZS 17,635 million (2020: TZS 13,865 million).

Other transactions with related parties

i. Purchase and sales of goods and services

	2021 TZS M	2020 TZS M
Purchases from related parties		
JTI Leaf Services Limited*	3,899	18,754
JT International Holding B.V.**	13,031	10,009
JT International SA*	15,424	20,343
JT International Germany GmbH*	-	1,136
JTI Tutun Urunleri Sanayi A.S. *	39	46
PJSC "JT International Ukraine"*	295	371
JTI Services Switzerland SA*	3,687	4,572
JT International South Africa (Pty) Limited*	6,222	6,169
JT International Business Services*	-	715
JTI Polska Sp. z o.o.*	0.003	4
JTI GBS Poland Sp. z o.o.*	133	-
JTI Cigarette *	-	(278)
JTI Leaf Zambia Limited*	9	208
	42,739	62,049
Sales to related parties		
JT International SA*	2,659	2,788
JTI Habanera Limited*	-	26
JTI Cigarette*	25	-
Etoile Du Congo SAU*	18,956	-
JTI Leaf Zambia Limited*	-	(8)
	21,640	2,806

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

29. Related party transactions and balances (continued)

Other transactions with related parties (continued)

ii. Related party balances

	2021 TZS M	2020 TZS M
Payables to related parties (Note 25)		
JTI Leaf Services Ltd*	4	455
JT International South Africa (Pty) Limited*	405	959
JT International S.A*	726	3,681
JTI Tutun Urunleri Sanayi A.S. *	21	-
PJSC "JT International Ukraine" *	-	15
JTI Services Switzerland SA*	283	358
JTI Leaf Zambia Limited*	-	50
JTI GBS Poland Sp. z o.o.*	57	-
JT International Holding B.V.**	4,314	1,603
	5,810	7,121
Receivable from related parties (Note 21)		
JT International S.A*	(100)	498
Etoile Du Congo SAU*	19,004	-
JTI Habanera Limited*	-	217
TI Cigarette / 13311 Khartoum North*	332	--
JT International AD Senta*	-	50
JTI Leaf Services Limited*	554	342
LLC Petro (1177)*	9	-
JTI (Jordan) Manufacturing Ltd. Co.*	42	-
	19,841	1,107

*Sister companies
** Holding companies

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the year for bad and doubtful debts in respect of the amounts owed by related parties.

iii. Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all Directors.

The Company does not have the following schemes for its key management personnel.

- Post-employment benefits
- Other longer-term benefits
- Termination benefits

The remuneration of Directors and other key members of management during the year were as follows:

	2021 TZS M	2020 TZS M
Key management remuneration	4,416	2,422
Non-executive Director's emoluments	41	19
	4,457	2,441

30. Commitments

i. Capital commitments

	2021 TZS M	2020 TZS M
Authorized but not contracted for	714	8,988
Authorized and contracted for	5,849	8,969
	6,563	17,957

The capital commitments relate to purchase of properties, plant and equipment to enhance safety, production capacity, operational efficiency and product quality as well as improvement of the distribution fleet and employee welfare.

ii. Other commitments

As at December 31, 2021, the Company had a commitment for purchase of leaf tobacco totaling TZS 3,829 million (2020: TZS 6,477 million).

31. Contingent liabilities

The Company operates in an environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Company is involved in various litigations and proceedings, in Tanzania jurisdictions in the ordinary course of its business.

At year end, the Company had several unresolved legal claims of which provision is in place as shown in note 26. For other litigations and claims were considered possible, but not probable that the action will succeed, accordingly, no provision for any liability has been made in these financial statements.

32. Bank overdraft, Inter-company borrowing and other facilities

On October 04, 2021 the Company received an inter-company loan of TZS.20,763 million with JT International Holding B.V with an interest rate of LIBOR+3.5% payable within one year. The Loan is for general corporate and working capital requirement activities, including capital expenditures. The loan is subjected to Withholding taxes on interest, payable to Tanzania Revenue Authority Subject to the loan limit, Draw Downs under this Agreement can be made in installments with no minimum or maximum amount applying. Interest payment shall be made in the currency of the corresponding Draw down and should be paid on the earlier of the maturity date or on the termination date.

The Company has also an overdraft facility with Standard Chartered Bank (Tanzania) Limited up to a limit of TZS 3,000 million in order to meet its working capital requirements. The facility is secured by a guarantee from the ultimate parent company Japan Tobacco Inc. The effective interest rate for the facility is the 91 Days Treasury Bills plus 2.7% p.a. and is charged on daily overdrawn amount and repayable monthly (minimum price floor of 6.2%). As at December 31, 2021 and during the year, there were no drawdowns made by the Company on this facility (2020: NIL).

The Company also operates a Manufacture Under Bond (MUB) facility under which export goods are produced. The facility enables the Company to import raw materials for export manufacture duty free. The facility is guaranteed by Japan Tobacco International S.A. through Standard Chartered Bank Tanzania Limited. The bond is limited to TZS 29,600 million with commission on bank guarantee charged at 0.8% p.a.

	2021 TZS M	2020 TZS M
Inter-Company borrowing	20,763	-

33. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The Company, through its training, standards and procedures management, aims to maintain a disciplined and constructive control environment, in which all employees and stakeholders understand their roles and obligations.

33. Financial risk management objectives and policies (continued)

The most important types of risks are credit risk, liquidity risk and market risk which is mainly due to foreign exchange risk and interest rate risk. A description of the significant risk factors is given below together with the risk management policies applicable.

Credit risk management

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, and trade and other receivables. Trade receivables comprise a large and widespread customer base and the Company performs ongoing credit evaluations on the financial condition of its customers. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the credit loss assessment model developed base on past experience and the current economic environment. The carrying amount of financial assets represents the maximum credit exposure.

The amount that best represents the Company's maximum exposure to credit risk as at December 31, 2021 without taking account of the value of any collateral obtained was:

	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount TZS M	Loss allowance TZS M	Net carrying amount TZS M
Trade receivables	N/A	Performing	Lifetime ECL	12,275	(1,619)	10,656
Amounts due from related companies	N/A	Performing	Lifetime ECL	19,841	-	19,841
Bank balances	Fitch	Performing	Lifetime ECL	23,795	-	23,795
Total credit exposure				55,911	(1,619)	54,292

The amount that best represents the Company's maximum exposure to credit risk as at December 31, 2020 without taking account of the value of any collateral obtained was:

	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount TZS M	Loss allowance TZS M	Net carrying amount TZS M
Trade receivables	N/A	Performing	Lifetime ECL	28,247	(585)	27,662
Amounts due from related companies	N/A	Performing	Lifetime ECL	1,107	-	1,107
Bank balances	Fitch	Performing	Lifetime ECL	25,139	-	25,139
Total credit exposure				54,493	(585)	53,908

The Company has applied the simplified approach in IFRS 9 on receivables to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss and future economic conditions.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts already recognized in the books.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The Directors may from time to time at their discretion raise or borrow monies for the Company as they deem fit. There are no borrowing limits in the articles of association of the Company.

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

33. Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Maturity analysis for financial liabilities as at December 31, 2021 showing the remaining contractual maturities:

	<1 month TZS M	1 - 5 months TZS M	5 -12 months TZS M	> 1 year TZS M	Total TZS M
Trade payables	21,559	-	-	-	21,559
Amounts due to related companies	5,810	-	-	-	5,810
	27,369	-	-	-	27,369

Maturity analysis for financial liabilities as at December 31, 2020 showing the remaining contractual maturities:

	<1 month TZS M	1 - 5 months TZS M	5 -12 months TZS M	> 1 year TZS M	Total TZS M
Trade payables	8,009	-	-	-	8,009
Amounts due to related companies	7,121	-	-	-	7,121
	15,130	-	-	-	15,130

Maturity analysis for financial assets as at December 31, 2021 showing the remaining contractual maturities:

	<1 month TZS M	1 - 5 months TZS M	5 -12 months TZS M	> 1 year TZS M	Total TZS M
Trade receivables (net)	12,275	-	-	-	12,275
Amount due from related companies	19,841	-	-	-	19,841
Cash and bank balances	23,795	-	-	-	23,795
Total	**55,911**	**-**	**-**	**-**	**55,911**

Maturity analysis for financial assets as at December 31, 2020 showing the remaining contractual maturities:

	<1 month TZS M	1 - 5 months TZS M	5 -12 months TZS M	> 1 year TZS M	Total TZS M
Trade receivables (net)	27,662	-	-	-	27,662
Amount due from related companies	1,107	-	-	-	1,107
Cash and bank balances	25,139	-	-	-	25,139
Total	**53,908**	**-**	**-**	**-**	**53,908**

Market risk management

(i) Interest rate risk

The Company is not exposed to interest rate risk because it does not have floating interest borrowing. During the year, the Company received interest income amounting to TZS 764 million (2020: TZS 1,122 million) from its short-term bank deposits.

(ii) Foreign exchange risk

Foreign exchange risk arises on financial instrument that are denominated in a currency other than Tanzania Shillings (TZS). The Company's costs and expenses are principally incurred in Tanzanian Shillings (TZS) and US Dollars (USD). The Company did not enter into formal hedging transactions in respect of these transactions. Volatility in the exchange rate of USD against TZS would make the Company's costs and results less predictable than when exchange rates are stable.

33. Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

At December 31, 2021, if the TZS had strengthened or weakened by 5% against the USD with all the other variables held constant, the impact on the pre-tax profit for the year would have been lower or higher by TZS 354 million (2020: TZS 483 million). The carrying amounts of the Company's material foreign currency denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, as at December 31, 2021 are as follows:

	2021 TZS M	2020 TZS M
Cash and bank balances in USD	10,898	3,577
Trade and other receivables in USD	23,832	16,386
Trade and other payables in USD	(41,808)	(10,296)
Open position	**7,078**	**9,667**

As at December 31, 2021	Financial assets carried at amortized costs TZS M	Financial liabilities carried at amortized costs TZS M	Non financial liabilities or assets or equity TZS M	Total
Assets				
Non-current assets				
Property, plant and equipment	-	-	85,808	85,808
Right-of-use assets	-	-	727	727
	-	-	86,535	86,535
Current assets				
Inventories	-	-	116,658	116,658
Income tax receivable	-	-	-	-
Trade and other receivables	30,497	-	12,431	42,928
Non-current asset held -for-sale	-	-	257	257
Bank balances	23,795	-	-	23,795
Total assets	**54,292**	**-**	**215,881**	**270,173**
Equity and liabilities				
Capital and reserves				
Share capital	-	-	2,000	2,000
Retained earnings	-	-	144,748	144,748
Defined benefit reserve	-	-	6,043	6,043
	-	-	152,791	152,791
Non-current liabilities				
Deferred tax liability	-	-	4,419	4,419
Defined benefit obligation	-	-	12,536	12,536
Lease liabilities	-	-	76	76
	-	-	17,031	17,031
Current liabilities				
Trade and other payables	-	27,369	41,286	68,655
Provisions	-	-	8,083	8,083
Lease liabilities	-	-	422	422
Inter-Company borrowing	-		422	20,763
Income tax liability	-	-	2,428	2,428
	-	48,132	52,219	100,351
	-	**48,132**	**222,041**	**270,173**

Notes to the **Financial Statements** for the year ended December 31, 2021 **(Continued)**

33. Financial risk management objectives and policies (continued)
Liquidity risk management (continued)

As at December 31, 2020	carried at amortized costs	carried at amortized costs TZS M	liabilities or assets or equity TZS M	Total TZS M
Assets				
Non-current assets				
Property, plant and equipment	-	-	93,555	93,555
Right-of-use assets	-	-	577	577
	-	-	94,132	94,132
Current assets				
Inventories	-	-	112,701	112,701
Income tax receivable	-	-	540	540
Trade and other receivables	28,769	-	6,725	35,494
Non-current asset held -for-sale	-	-	615	615
Bank balances	25,139	-	-	25,139
Total assets	**53,908**	**-**	**214,713**	**268,621**
Equity and liabilities				
Capital and reserves				
Share capital	-	-	2,000	2,000
Retained earnings	-	-	165,193	165,193
Defined benefit reserve	-	-	4,732	4,732
	-	-	171,925	171,925
Non-current liabilities				
Deferred tax liability	-	-	5,904	5,904
Defined benefit obligation	-	-	12,700	12,700
Lease liabilities	-	-	175	175
	-	-	18,779	18,779
Current liabilities				
Trade and other payables	-	15,130	57,638	72,768
Provisions	-	-	4,979	4,979
Lease liabilities	-	-	170	170
Income tax liability	-	-	-	-
	-	15,130	62,787	77,917
	-	**15,130**	**253,491**	**268,621**

34. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Company analyses and assesses the gearing ratio to determine the level and its optimality, through balancing its overall capital structure in payment of dividends and issue of new debt or the redemption of existing debt.

34. Capital risk management (continued)

The Company's overall strategy remains unchanged from 2021.

The constitution of capital managed by the Company is as shown below:

	2021 TZS M	2020 TZS M
Share capital	2,000	2,000
Defined benefit actuarial gains	6,043	4,732
Retained earnings	144,748	165,193
Equity	**152,791**	**171,925**

As at December 31, 2021 the Company was financed by inter-company debt of TZS.20,763 million (2020: NIL).

35. Fair value measurement

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

(a) Fair value of the Company financial assets and financial liabilities that are measured at fair on recurring basis.

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis at December 31, 2021 (2020: none).

(b) Fair value of the Company financial assets and financial liabilities that are not measured at fair on recurring basis.

The Company's financial assets and liabilities are measured at amortised cost; their carrying amounts are reasonable approximation of their fair value.

37. Functional and presentation currency

The Company's functional and presentation currency is Tanzanian Shillings (TZS).

38. Comparative figures

Where necessary comparative figures have been changed to confirm with current year presentation.

39. Events subsequent to the year end

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.



TANZANIA CIGARETTE PUBLIC LIMITED COMPANY

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