

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022



Chairman's statement

Dear Esteemed Stakeholders,

On behalf of the TCC Plc Board of Directors, I am pleased to report that the Company had a very successful fiscal year ending December 31, 2022.

The Company delivered strong top and bottom-line growth, robust operating cashflows and shareholder value for the third consecutive year.

Financial results for the year ended December 31, 2022

Profit before tax (PBT) for the year increased by 23.7% to TShs. 106.8 billion compared to TShs. 86.3 billion in 2021. However, this was tempered by a 40.2% income tax increase driven by prior years income tax adjustments. Profit after tax (PAT) increased by 16.2% in 2022 to TShs. 69.2 billion compared to TShs. 59.6 billion in 2021. Robust volume growth, a stable product mix, operational and cost efficiency drove this increase.

Total sales volume, domestic and export, increased by 17.6%, confirming the effectiveness of our route-to-market strategy. The product mix remained unchanged, indicating a more stable product portfolio. The cost of goods sold (COGS) rose by 6.1% due to increased production to meet customer demand. Operating expenses (OPEX) decreased by 1.5% year-on-year, reflecting our focus on operational efficiency, cost management, and return on marketing investment (ROMI).

Net cash flow from operations increased by 9% to TShs. 64.3 billion in 2022 compared to TShs. 58.8 billion in 2021, reflecting the Company's ability to convert profits into cash to fund capital expenditure, dividend payments to shareholders and inter-company loan repayment.

Dividends

The Board of Directors has proposed a final gross dividend payment of TShs. 370 share for 2022 (2021: TShs. 300 per share), which will be paid on or around May 2023, if approved by shareholders at the Annual General Meeting (AGM) in April 2023.

Together with the interim gross dividend of TShs. 300 per share paid out in November 2022, the total gross dividend paid out to shareholders for the year ended December 31, 2022, is TShs. 670 (2021: TShs. 800 per share including TShs. 250 special dividend).

Prospects for 2023

We are optimistic about 2023. The improvements in the business environment over the past two years, 2021 and 2022, are extremely encouraging. We are confident that the pace and scope of reforms will accelerate in 2023.

In addition, macroeconomic stability should boost mid-term economic growth, which is good for business. The World Bank's Tanzania Economic Update 2022 forecasts a GDP growth of 5.3% in 2023, up from 4.6% in 2022, a single digit inflation rate, and a relatively stable Shilling - US Dollar exchange rate. However, a lack of US Dollar liquidity in the domestic market could affect the price of imported raw materials and production costs.

Furthermore, our transformation strategy continues to deliver results. We will continue to implement our strategy, with a focus on efficient operations, brand building, consumer upgrading and a competitive route-to-market, supported by an agile and competitive team, digital innovation, and sustainability.

Note of appreciation

On behalf of the Board, I thank our key stakeholders - consumers, shareholders, employees, and the public - for their continued support of our business. As always, we value the assistance of our parent company, JTI. We applaud the Management and staff of TCC Plc, who once again delivered an outstanding performance in 2022. We also thank the government and our business organizations for their support. Finally, I thank my fellow Board members for their invaluable advice and assistance.

Paul Makanza

Chairman of the Board of Directors
March 24, 2023

Extracts of the financial statements

Summary Statement of profit or loss and other comprehensive income for the year ended 31 December, 2022

	2022 TZS M	2021 TZS M	Change %
Revenue	340,604	312,855	8.9%
Cost of sales	(149,763)	(140,907)	6.3%
Gross profit	190,841	171,948	11.0%
Operating expenses	(84,078)	(85,613)	-1.8%
Profit before tax	106,763	86,335	23.7%
Income tax expense	(37,558)	(26,780)	40.2%
Profit for the year	69,205	59,555	16.2%
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
- Defined benefit actuarial (loss)/gain	(2,562)	1,873	
- Tax (expense)/credit relating to components of other comprehensive income	769	(562)	
Total comprehensive income, net of income tax	67,412	60,866	10.8%
Earnings per share:			
Basic and diluted (TZS per share)	692	596	

Summary Statement of cash flows for the year ended 31 December 2022

	2022 TZS M	2021 TZS M	Change %
Cash flows from operating activities			
Cash generated by operating activities	104,834	84,297	24%
Defined benefit paid	(219)	(600)	-64%
Interest received	416	954	-56%
Interest paid	(513)	(33)	1455%
Income tax paid	(40,185)	(25,859)	55%
Net cash generated by operating activities	64,333	58,759	9%
Cash flows from investing activities:			
Purchase of property, plant and equipments	(8,297)	(7,493)	11%
Proceeds from disposal of property, plant and equipments	6,596	6,731	-2%
Net cash used in investing activities	(1,701)	(762)	123%
Cash flows from financing activities:			
Dividends paid	(60,000)	(80,000)	-25%
Lease rentals paid	(439)	(446)	-2%
Inter-Company borrowing	19,023	20,763	-8%
Inter-Company repayments	(27,738)	-	
Net cash used in financing activities	(69,154)	(59,683)	16%
Net decrease cash and cash equivalents	(6,522)	(1,686)	287%
Net foreign exchange difference	(169)	342	-150%
Cash and cash equivalents at the beginning of the year	23,795	25,139	-5%
Cash and cash equivalents at the end of the year	17,103	23,795	-28%
Represented by:			
Cash & bank balances	17,103	23,795	

Summary Statement of financial position as at 31 December 2022

	2022 TZS M	2021 TZS M
Assets:		
Non-current assets		
Property, plant and equipment	79,640	85,808
Right-of-use assets	318	727
Total non-current assets	79,958	86,535
Current assets:		
Inventories	119,428	116,658
Trade and other receivables	56,457	42,928
Cash and bank balances	17,103	23,795
Total current assets	192,988	183,381
Non-current asset held for sale	-	257
Total assets	272,946	270,173
Equity and liabilities:		
Capital and reserves:		
Share capital	2,000	2,000
Defined benefit reserves	4,250	6,043
Retained earnings	153,953	144,748
Shareholders equity	160,203	152,791
Non-current liabilities:		
Deferred tax liabilities	1,801	4,419
Defined benefit obligation	17,184	12,536
Lease liability	24	76
Total non-current liabilities	19,009	17,031
Current liabilities:		
Trade and other payables	70,727	68,655
Provisions	9,254	8,083
Lease liability	55	422
Income tax liability	1,650	2,428
Inter-Company borrowing	12,048	20,763
Total current liabilities	93,734	100,351
Total liabilities	112,743	117,382
Total equity and liabilities	272,946	270,173