

TOL GASES PLC
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

TOL GASES PLC

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TOL GASES PLC

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

PRINCIPAL PLACE OF BUSINESS

Plot No.4, Nyerere Road
P. O. Box 911
Dar es Salaam

BANKERS

Diamond Trust Bank Tanzania Limited
Mlimani City Branch
P.O. Box 115
Dar es Salaam Tanzania

CRDB Bank Plc
Vijana Branch
P.O. Box 10876
Dar es Salaam
Tanzania

ABSA Bank Tanzania Limited
P.O. Box 5137
Dar es Salaam
Tanzania

COMPANY AUDITOR

KPMG
The Luminary
Plot No.574, Haile Selassie Road
Msasani Peninsula Area
P.O. Box 1160
Dar es Salaam
TIN 101-269-027 VAT REG No. 10-007190R
NBAA Reg. No. PF 020

COMPANY LAWYERS

Kariwa & Co Advocates
Kiungani Street No.77
Off Lumumba Street
Mkunazini Bldg 1st Floor
P. O. Box 13138
Dar es Salaam
Tanzania

Purity Attorneys & Associates
3rd Floor Maktaba complex
Bibi Titi/ Maktaba Streets
P.O. Box 79569
Dar es Salaam
Tanzania

TOL GASES PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025

1. INTRODUCTION

The Directors present their annual report and the audited financial statements for the financial year ended 31 December 2025 which disclose the state of affairs of TOL Gases Plc as at that date. The financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors as indicated on the statement of financial position.

2. INCORPORATION

TOL Gases Plc is incorporated in Tanzania under the Companies Act, 2002 as a public Company limited by shares.

3. COMPANY'S VISION

To be the preferred supplier of industrial gases in East and Southern Africa.

4. COMPANY'S MISSION

To be the leading, safest and reliable supplier of high-quality gases, complementing accessories and services in Eastern, Central and Southern Africa.

5. PRINCIPAL ACTIVITY

The principal activity of the Company is production and distribution of industrial gases, medical gases, and related accessories.

6. COMPOSITION OF THE BOARD OF DIRECTORS

The Directors who served the Company since 1 January 2025 and up to the date of this report are:

<u>Name</u>	<u>Position</u>	<u>Gender</u>	<u>Age (years)</u>	<u>Company's interest</u>	<u>Appointment/ (Retirement)</u>	<u>Profession</u>
CPA Leonard C. Kitoka	Chairperson	Male	56	200 shares	22 August 2025	Accountant
CPA Hilda E. Bujiku	Vice Chairperson	Female	47	-	22 August 2025	Accountant
Ms. Tunu Kinabo	Director	Female	48	-	25 August 2023	Strategist
Ms. Irene Madeje Mlola	Director	Female	51	-	29 August 2024	Strategist
Mr. Justin Massawe	Director	Male	45	400,100 shares	28 April 2014	Banker
CPA Selestine Some	Director	Male	50	-	1 April 2019	Accountant
Prof Abraham Temu	Director	Male	67	17,818 shares	(22 August 2025)	Engineer

All members of the board were non-executive and of Tanzanian nationality. The Company secretary during the year ended 31 December 2025 was Doreen Machange.

There were eight board meetings held during the year under review.

TOL GASES PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

7. BOARD COMMITTEES

AUDIT, RISK AND GOVERNANCE COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Gender</u>	<u>Age</u>	<u>Nationality</u>
CPA Selestine Some	Chairperson	Male	50	Tanzanian
CPA Hilda E. Bujiku	Member	Female	47	Tanzanian
Ms. Irene Madeje Mlola	Member	Female	51	Tanzanian

There were four audit, risk and governance committee meetings held during the year under review.

CORPORATE RESOURCES COMMITTEE

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Nationality</u>
Mr. Justin Massawe	Chairperson	45	Tanzanian
Ms. Tunu Kinabo	Member	48	Tanzanian
CPA Selestine Some	Member	50	Tanzanian

There were four corporate resources committee meetings held during the year under review.

8. DIRECTORS' REMUNERATION

The directors are each entitled to the director's fees paid annually as follows:

	<u>TZS</u>
Chairperson of the Board	14,117,647
Other directors	11,764,706

The directors are each also entitled to sitting allowance for every meeting of the Board or its committees as follows:

	<u>TZS</u>
Chairperson of the Board	800,000
Other directors	600,000

The directors' transactions with the Company are detailed in Note 27.

TOL GASES PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

9. SHAREHOLDING

The total number of shares issued at the end of the year 2025 was 57,505,963 (2024: 57,505,963).

Shareholder	Number of shares	%
Ernest Saronga Massawe	11,759,702	20.4
M/S Erncon Holding Limited	9,993,293	17.4
Goodison Fourthy Seven Limited	7,868,436	13.7
Treasury Registrar	3,570,457	6.2
Anorld B.S. Kilewo	3,264,144	5.7
Baraka Mark Urassa and Ophishas Obadia Urasa	2,618,030	4.6
Harold Temu	2,507,740	4.4
Christian Charles Shirima	1,680,405	2.9
Public Service Social Security Fund	1,083,333	1.9
Joseph C. N. Machange	1,029,584	1.8
Mary Wanjiku Mboya	865,884	1.5
Gasper Jason Uriyo	760,855	1.3
Others	10,504,100	18.2
TOTAL	57,505,963	100.00

10. CAPITAL STRUCTURE

The Company's capital structure for the year under review is shown below:

Authorised Share Capital

200 million ordinary shares of TZS 100 (Tanzanian Shilling one hundred each).

Called up and fully paid share capital.

57,505,963 ordinary shares of TZS 100 each (2024: 57,505,963 ordinary shares).

11. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

TOL Gases Plc demonstrates a strong commitment to the principles of effective corporate governance. The Board governs itself through a robust Code of Ethics and believes that the company currently complies with best practices in good governance. To further enhance this, the Board has established two specialized committees:

1. Audit, Risk, and Governance Committee:

- Audit: Ensures that the company's financial activities undergo appropriate review.
- Risk Management: Evaluates the company's exposure to various risks and implements strategies to mitigate those risks.
- Governance: Oversees the company's adherence to corporate governance principles, promoting transparency, accountability, and ethical practices.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

11. CORPORATE GOVERNANCE (CONTINUED)

Code of Corporate Practice and Conduct (continued)

2. Corporate Resources Committee:

- Finance: Focuses on maintaining the company's financial health and implementing strategic financial planning.
- Planning: Oversees the development of long-term strategies and ensures efficient allocation of resources.
- Investments: Manages decisions related to the company's investment portfolio and identifies new opportunities for growth.
- Human Resources: Ensures that the company has the right talent and organizational culture to support its goals.

The Board of Directors

The Board of TOL Gases Plc consists of six Directors. None of the Directors hold executive positions in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles.

The Board is chaired by a Director who has no executive functions. The Board is confident that its members have the knowledge, talent and experience to lead the Company. The Non-Executive Directors are independent of management and exercise their independent judgment. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times a year and oversee management of the business. Although the Chief Executive Officer of the Company is designated as Managing Director, he is not a member of the Board of Directors. He reports to the Board and enjoys all executive powers. He is assisted by senior management in the day-to-day operations of the Company. The Managing Director and other Senior Managers are invited to attend Board meetings and meetings of the committees of the Board which facilitate the effective control of all the Company's operational activities, acting as a medium of communication and coordination between the various business units. Senior management meets on a regular basis to review the results, operations, key financial indicators and the business strategy of the Company. Board meetings are held quarterly to deliberate the results of the Company.

Performance evaluation and reward

Details of the remuneration paid to key management are disclosed in Note 27 to the financial statements. The Company benchmarks its reward system with prevailing going rate in the labour market to ensure that it is able to recruit and retain the best available talent. A bonus scheme is in place to ensure collective and individual contribution towards the success of the Company is recognised and rewarded.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

11. CORPORATE GOVERNANCE (CONTINUED)

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding the effectiveness and efficiency of operations in:

Performance evaluation and reward (continued)

- The safeguarding of the Company's assets (including information).
- Compliance with the applicable laws, regulations, and supervisory requirements.
- The reliability of the accounting records.
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviour towards all stakeholders.

The Board assessed the internal control systems throughout the financial year ended 31 December 2025 and is of the opinion that they met acceptable criteria.

Ethical behaviour

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director with day-to-day monitoring delegated to line management with the support of personnel officers. All staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

The Company's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders, and the public. The Directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair commercial competitive practices.

Financial reporting and auditing

The Directors accept final responsibility for the preparation of the annual financial statements which give true and fair view of:

- The financial position of the Company as at the end of the year under review.
- The financial results of operations; and
- The cash flows for that year.

The responsibility for compiling the annual financial statements is vested in the management and the financial audit was carried out independently by an external auditor and the Company complied with the Companies Act, 2002 and other laws of Tanzania.

The external auditor of the Company reports on whether the annual financial statements give a true and fair view. The Directors are satisfied that during the year under review:

- adequate accounting records were maintained.
- an effective system of internal control and risk management, monitored by management, was maintained.
- appropriate accounting policies, supported by reasonable and prudent judgments and estimates, were used consistently; and

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

11. CORPORATE GOVERNANCE (CONTINUED)

Financial reporting and auditing (continued)

- the financial statements were compiled in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002.

The Directors are also satisfied that no material event has occurred between the financial year-end and the date of this report which affects the business or has not been reported.

The Directors are of the opinion that the Company has sufficient resources and commitments at its disposal to operate the business in the foreseeable future. The financial statements have been prepared on a going concern basis.

12. MANAGEMENT

The Management of the Company is led by the Managing Director and is organized in the following functions:

- Finance
- Technical and Production
- Sales, Marketing and Business Development
- Human Resources and Administration

The key management personnel who served the Company during the year ended 31 December 2025 were:

Name	Position
CPA. Daniel Warungu	Managing Director
Eng. John Mbiri	Director of Technical and Production
Mrs. Juliana Mrikaria	Director of Human Resource and Administration
CPA. Evarist Tilafu	Finance Director
Eng. Daudi Mlwale	Commercial Director

13. OPERATING ENVIRONMENT

Macro and micro economic overview

The industrial gas sector in Tanzania remains well-positioned for growth, supported by steady GDP expansion and increasing industrial activity. Growth in the manufacturing sector evidenced by rising exports of manufactured goods, including carbonated beverages has driven demand for industrial gases such as carbon dioxide, oxygen, liquid nitrogen, and other specialized gases. This trend underscores the critical role of industrial gases in supporting key sectors of the economy.

Tanzania's economy continued to demonstrate resilience during the reporting period, underpinned by stable macroeconomic conditions and sustained GDP growth of approximately 5–6%. Continued industrial expansion and export growth provide a positive outlook for both the industrial gas sector and broader economic development.

13. OPERATING ENVIRONMENT (CONTINUED)

Competitive position

The Company continued to advance its customer-centric strategy while accelerating regional expansion through strengthened sales and business development initiatives in key markets, including Zambia, Zimbabwe, and Kenya. A continued focus on product reliability, operational excellence, and consistent service delivery will reinforce customer trust and loyalty, positioning the Company as a dependable supplier in critical industrial value chains

14. RESOURCES REQUIREMENTS

The Company creates value for stakeholders through a combination of different resources such as financial, human, manufactured, social and relationship, natural and other resources. The Company applies a combination of all the resources without disregarding the other to maximize value in the longer term.

Financial resources

Financial resources are deployed to finance the operations of the Company for both working capital and capital expenditure requirements. It includes shareholder equity, retained earnings and external borrowings among others. The shareholder and debt funding give us a strong financial capital base that supports our operations and business growth.

During the year under review, our total equity increased from TZS 27.3 billion to TZS 31.4 billion while the total borrowings have decreased to TZS 11.2 billion (2024: TZS 19.6 billion)

Human resources

Success is delivered through a purpose-driven, Execution and Delivery Culture. Our people are at the centre of our success. TOL Gases Plc will focus on employee development and leadership training to build a long sustainable competitive advantage. This would involve identifying the talents existing within TOL Gases Plc and provide them with the skills and leadership qualities that would enable them to excel in their performance. Focus on this would be a performance driven rewards and compensation plan that would make staff and managers part of the delivery of the business plan.

Social and Relationship resources

Key stakeholders are continuously engaged in striving to create value for our shareholders and meet their expectations. The views of our stakeholders are taken with great attention as they play a significant role in shaping our response to business and societal issues. Be it with our customers, suppliers, government regulatory agencies and the surrounding communities, a holistic approach is taken to sustainable value creation by nurturing our long-standing relationships and building new ones.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

14. RESOURCES REQUIREMENTS (CONTINUED)

Natural resources

The natural resources like carbon dioxide are mined in Mbeya. The right technical know-how is required and the government support to TOL Gases Plc in its efforts to raise the required financing and operate its mining licences without major disruptions from the local community in Mbeya.

Other resource

The Company requires modern and reliable plants to produce its products. It currently operates advanced facilities for both carbon dioxide and Air Separation Unit (ASU) products.

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025

i. Executive Overview

The Company presents these sustainability-related financial disclosures for the year ended 31 December 2025 to enable users of the Company's general-purpose financial reports to understand how sustainability-related risks and opportunities – particularly climate-related matters – could reasonably be expected to affect the Company's cash flows, access to finance and cost of capital over the short, medium and long term.

These disclosures represent the Company's first year of structured reporting aligned to the IFRS® Sustainability Disclosure Standards. Accordingly, the disclosures reflect the Company's current level of data availability, systems maturity and governance development and make use of applicable proportionality and transition reliefs permitted under the Standards.

These sustainability-related financial disclosures should be read together with:

- the Report by Those Charged with Governance (Directors' Report); and
- the Audited Financial Statements for the year ended 31 December 2025.

ii. Basis of Preparation and Reporting Scope

ii.a Reporting entity, period and boundary

These sustainability-related financial disclosures cover TOL Gases Plc for the year ended 31 December 2025 and encompass all operations under the Company's operational control across Dar es Salaam, Mbeya, Mwanza and Arusha. No material operational sites are excluded from the reporting boundary.

Sustainability information is prepared for the same reporting period and reporting entity as the audited financial statements.

ii.b Statement of compliance and first-year application

These sustainability-related financial disclosures have been prepared with the objective of meeting the requirements of:

- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information; and

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

ii.b Statement of compliance and first-year application (Continued)

- IFRS S2 – Climate-related Disclosures, issued by the International Sustainability Standards Board (ISSB).

As this is the Company's first year of applying the IFRS Sustainability Disclosure Standards, the Company has applied relevant transition and proportionality provisions, including:

- reliance on qualitative disclosures where quantitative information is not yet reasonably available without undue cost or effort; and
- phased development of selected metrics and analytical capabilities, particularly in relation to Scope 3 emissions and quantitative climate scenario analysis.

References within this report to Tanzania's phased implementation approach reflect local regulatory adoption timelines and do not replace the Company's responsibility to comply with IFRS S1 and IFRS S2 to the extent applicable.

Certain climate-related metrics are therefore presented on a best-effort basis, reflecting current data availability and systems maturity, consistent with the phased implementation timeline applicable to the country.

Sources of guidance applied

In applying IFRS Sustainability Disclosure Standards in this first year of reporting, the Company has also had regard to the following sources of guidance, to the extent relevant and practicable:

- the IFRS Sustainability Disclosure Standards' illustrative examples and accompanying guidance;
- the Task Force on Climate-related Financial Disclosures (TCFD) framework, where consistent with IFRS S2;
- the SASB Standards applicable to the Industrial Gases sector, to inform identification of industry-specific sustainability risks, metrics and disclosures;
- the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard for emissions measurement; and
- relevant jurisdictional guidance supporting Tanzania's phased adoption of sustainability-reporting requirements.

These sources of guidance were applied in a manner consistent with the principles and requirements of IFRS S1 and IFRS S2 and do not override the Company's primary obligation to comply with those Standards.

ii.c Measurement approaches, key judgements and estimation uncertainty

Greenhouse gas (GHG) emissions are measured using an activity-based approach in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. This involves the collection of operational activity data, including fuel consumption and electricity usage, which is then converted into emissions using appropriate emission factors. Scope 2 emissions are disclosed using the location-based method, reflecting the characteristics of the national electricity grid.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

ii.c Measurement approaches, key judgements and estimation uncertainty (Continued)

In preparing sustainability-related metrics, management applies judgement in areas that require methodological or classification decisions. Key areas of judgement include:

- the selection and application of appropriate measurement methodologies for environmental and climate-related metrics; and
- the determination of reporting boundaries and data treatment where operational data is incomplete or evolving.

Estimation uncertainty arises primarily from limitations in the availability, granularity, and consistency of underlying data, rather than from discretionary assumptions. The main sources of estimation uncertainty include:

- gaps in *site-level historical datasets*, particularly for earlier periods;
- the use of *evolving emission factors and calculation methodologies* as climate-reporting practices continue to develop; and

the *early stage of climate-related modelling and scenario analysis capability*, which currently relies on qualitative rather than quantitative techniques.

These judgements and uncertainties are considered in the preparation and interpretation of disclosures. The Company expects that *measurement precision and consistency will improve over time* as systems, data quality, methodologies, and internal capability continue to mature.

ii.d Materiality judgements

In preparing these sustainability-related financial disclosures, management applies materiality judgements in determining which sustainability-related risks and opportunities are disclosed. Information is considered material if its omission, misstatement or obscuration could reasonably be expected to influence decisions made by primary users of the Company's general-purpose financial reports.

In applying this judgement, management considers, among other factors, the nature and magnitude of potential impacts on operational continuity, cost structures, capital allocation, regulatory compliance, reputation and long-term enterprise value. Matters that are assessed as material based on these considerations are disclosed in this report, while matters not assessed as material are not disclosed in detail, consistent with the requirements of IFRS S1.

ii.e Time horizons

For the purposes of these disclosures, the Company defines:

- Short-term: 2026–2027
- Medium-term: 2028–2030
- Long-term: beyond 2030 to 2050

These time horizons are applied consistently in:

- assessing the expected timing of sustainability- and climate-related risks and opportunities;
- evaluating the resilience of strategy and major investments; and
- setting and monitoring sustainability-related targets, including the Company's 2030 emissions-reduction target and long-term net-zero ambition.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

ii.f First-year transition reliefs and omitted disclosures

As a first-year reporter under the IFRS Sustainability Disclosure Standards, the Company has applied IFRS S1 and IFRS S2 using a proportionate approach consistent with the principles of the Standards, including considerations of data availability, measurement uncertainty and undue cost or effort.

In this context, certain disclosures are not yet provided in full, including:

- Scope 3 greenhouse gas emissions;
- quantitative climate-scenario analysis and related quantified financial effects; and
- a fully detailed climate transition plan.
- disclosure of comparative information

The development of these disclosures is inherently dependent on the availability of value-chain data, measurement methodologies and internal systems, which are still being progressively established. This is particularly relevant for Scope 3 emissions, which require information from sources outside the Company's direct operational control.

The Company is therefore adopting a phased approach to the development of these disclosures, consistent with the progressive implementation expectations associated with the IFRS Sustainability Disclosure Standards, and further supported by the broader regulatory adoption environment within Tanzania.

Notwithstanding the above, the Company has prepared these disclosures with the objective of providing decision-useful information that is aligned, to the extent practicable, with the requirements and principles of IFRS S1 and IFRS S2. The Company will continue to enhance the completeness and depth of disclosures in subsequent reporting periods.

iii. Governance of Sustainability and Climate-related Matters

iii.a Board oversight

The Board of Directors has overall responsibility for oversight of sustainability-related matters. Board oversight is exercised primarily through the **Audit, Risk & Governance Committee (ARGC)** and the **Corporate Resources Committee (CRC)**, which review:

- sustainability and ESG risks;
- safety performance;
- capital allocation and major investments; and
- long-term resource and resilience planning.

During the 2025 financial year, the Board reviewed the outcomes of the sustainability materiality assessment, approved the sustainability strategic direction, and monitored progress on climate-related initiatives.

As this is the Company's first year of applying the IFRS Sustainability Disclosure Standards, governance processes relating specifically to sustainability-related risks and opportunities are at an early stage of development and are progressively formalized.

The responsibilities of the Board and its committees in relation to sustainability-related matters are anchored within their broader mandates and terms of reference, particularly in respect of risk management, internal controls, and strategic oversight.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

iii. Governance of Sustainability and Climate-related Matters (continued)

iii.a Board oversight (Continued)

During the year, members of the Board participated in sustainability-related training and awareness sessions, aimed at building the knowledge and competencies required to oversee sustainability-related risks and opportunities. In addition, the Board reviewed and deliberated initial management proposals and plans relating to the Company's approach to sustainability reporting and compliance with the IFRS Sustainability Disclosure Standards.

Sustainability-related matters were communicated to the Board through management updates and discussions integrated into existing governance and risk-management processes. These interactions reflect the Company's current stage of implementation, with more structured and formalised reporting processes expected to be developed over time.

Please refer to Section 7 (Board Committees) and Section 11 (Corporate Governance) of the Directors' Report for more details of overall board oversight roles and functions.

iii.b Management responsibilities and internal control environment

Management is responsible for the implementation and day-to-day oversight of the Company's sustainability agenda, including the processes and controls supporting the preparation of sustainability-related disclosures.

Oversight of sustainability implementation is exercised through the Sustainability Steering Committee, chaired by the Managing Director, supported by sustainability co-ordinator and directorate-level ESG champions. This governance structure is designed to promote cross-functional ownership of sustainability matters and ensure alignment between operational activities, risk management, and reporting.

During FY2025, management strengthened the internal control environment supporting sustainability reporting, building on the Company's broader governance and control framework. Key actions included:

- enhancing data-governance procedures, including clearer definition of data ownership and accountability across functions;
- standardising documentation and record-keeping practices to support consistency and traceability of sustainability-related information; and
- improving cross-functional validation of sustainability data prior to inclusion in external disclosures.

These measures are intended to support the integrity, consistency and reliability of sustainability-related disclosures, particularly as reporting requirements continue to evolve and expectations for external assurance increase over time.

iii.c Ethics and compliance

- The Company's ethics and compliance framework supports sound governance, responsible business conduct, and the integrity of sustainability-related disclosures.
- The Company maintains a Code of Conduct and a compliance framework aligned with applicable regulatory requirements, including those of OSHA, TMDA, TBS, NEMC, TRA, and the Dar es Salaam Stock Exchange.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

iii. Governance of Sustainability and Climate-related Matters (continued)

iii.c Ethics and compliance (Continued)

- Ethics and compliance awareness activities are conducted across the workforce, and whistleblowing and grievance-reporting mechanisms remain in place and accessible. Matters raised through these channels are monitored and escalated in accordance with established internal procedures, supporting timely management attention and appropriate remediation where necessary.
- These arrangements contribute to a culture of accountability and support the reliability and credibility of information used in governance, risk management, and external reporting.

iv. Strategy: Sustainability-related Risks and Opportunities

iv.a Business model and value creation context

The Company's principal activity is the production, distribution and sale of industrial gases, medical gases and related accessories, serving customers across industrial, healthcare and commercial sectors.

Value is created through an asset-intensive and energy-dependent business model, which involves:

- sourcing and processing raw materials;
- operating production plants and filling facilities;
- managing a specialised logistics fleet and cylinder network; and
- delivering reliable gas supply under strict safety, quality and regulatory requirements.

The Company's ability to create and sustain value depends on the effective management and interaction of several key resources and relationships, including:

- Manufactured assets*, such as production plants, air separation units, CO₂ facilities, cylinder infrastructure and logistics fleet, which require ongoing capital investment, maintenance and operational reliability;
- Human capital and technical expertise*, including skilled engineers, plant operators, drivers and safety personnel, whose competence is critical to safe operations and product quality;
- Financial resources*, supporting capital-intensive investments, working-capital requirements and resilience against cost volatility, particularly in energy and fuel inputs;
- Natural resources*, including electricity, fuel and CO₂ sourced from mining operations in Mbeya, which expose the business to environmental, regulatory and transition-related risks; and
- Social and relationship capital*, including relationships with regulators, customers, suppliers, employees and host communities, which underpin the Company's licence to operate and market position.

Sustainability-related risks and opportunities arise directly from this business model. In particular, energy availability and cost, operational safety, environmental compliance, emissions management, and logistics resilience influence production costs, continuity of supply, capital allocation and long-term enterprise value. These factors are therefore integral to the Company's strategy, risk management and sustainability disclosures set out in the sections that follow.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

iv. Strategy: Sustainability-related Risks and Opportunities

iv.b Stakeholder engagement

The Company engages with a broad range of stakeholders, including regulators, industrial and medical customers, employees, investors, suppliers, communities, and development partners. Stakeholder engagement is undertaken to understand expectations, identify emerging sustainability-related risks and opportunities, and inform management decision-making.

During FY2025, stakeholder engagement reaffirmed key themes relevant to the Company's operations and long-term value creation, including:

- i) *energy availability, cost and efficiency*, given the Company's energy-intensive production processes and exposure to electricity and fuel price volatility;
- ii) *operational reliability, safety and logistics performance*, supporting continuity of supply across industrial and healthcare customers;
- iii) *occupational and process safety*, workforce capability, and skills development, reflecting the importance of a stable and technically competent workforce;
- iv) *emissions transparency and environmental compliance*, in line with evolving regulatory and reporting expectations;
- v) *Community investment and social licence to operate*, particularly in areas where the Company maintains significant operational presence; and
- vi) *reliability and safety of medical oxygen supply*, recognising its critical social importance, reputational sensitivity, and regulatory scrutiny, notwithstanding its smaller contribution to overall revenue.

Stakeholder inputs inform the identification and assessment of sustainability-related risks and opportunities. However, the basis for disclosure in this report remains the potential impact on enterprise value, consistent with the requirements of the IFRS Sustainability Disclosure Standards.

The relative prominence of stakeholder themes in this section does not reflect revenue contribution, but rather their potential influence on operational continuity, regulatory compliance, and enterprise value.

iv.c Material sustainability-related matters

Material sustainability-related matters are identified based on their potential to affect the Company's enterprise value, including impacts on operational continuity, cost structures, capital allocation, regulatory compliance, reputation, and long-term resilience.

Based on the Company's materiality assessment, sustainability-related matters considered material in the context of the Company's business model and operating environment primarily relate to:

- i) *energy dependency and efficiency*, given the Company's energy-intensive production processes and exposure to electricity and fuel price volatility;
- ii) *operational, worker and process safety*, reflecting the safety-critical nature of industrial and medical gas production and distribution;

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

iv. Strategy: Sustainability-related Risks and Opportunities (Continued)

iiiv.c Material sustainability-related matters (Continued)

- iii) *emissions management and environmental compliance*, including transition-related considerations and evolving regulatory expectations;
- iv) *physical climate risks*, particularly those affecting production sites and logistics reliability;
- v) *workforce capability, inclusion and human capital development*, supporting operational reliability and productivity;
- vi) *community investment and social licence to operate*, particularly in areas where the Company maintains significant operational presence; and
- vii) *data governance and reporting integrity*, which underpin the credibility and decision-usefulness of sustainability-related disclosures.

These material sustainability-related matters inform the focus, structure and content of the disclosures presented in the sections that follow, including the Company's strategy, climate-related disclosures, risk management, and metrics and targets.

Sustainability-related matters not identified as material through the Company's materiality assessment are not disclosed in detail in this report, consistent with the materiality requirements of IFRS S1.

iv.d Resilience to sustainability-related risks

The Company's resilience to material sustainability-related risks is primarily supported by the essential-service nature of its products, diversified customer base, and geographically distributed operating footprint. While sustainability-related risks such as energy-cost volatility, environmental compliance obligations and physical climate impacts may affect operating costs and capital allocation, management does not expect these risks to threaten the Company's ability to continue operating over the assessed time horizons.

Resilience is further supported by ongoing investments in operational reliability, safety, energy-efficiency initiatives and governance processes, together with the progressive integration of sustainability-related risks into the Company's ERM framework. Given the Company's current stage of analytical maturity, resilience considerations are assessed qualitatively and will be further enhanced as data availability and scenario-analysis capabilities develop.

v. Climate-related Disclosures (IFRS S2)

v.a Climate-related risks and opportunities

The Company's exposure to climate-related risks and opportunities arises primarily from the energy-intensive, asset-based and logistics-dependent nature of its operations, as well as from evolving regulatory and stakeholder expectations.

In this context, the Company identifies the following climate-related themes as most relevant to its operations and enterprise value:

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

v. Climate-related Disclosures (IFRS S2) (Continued)

vi.a Climate-related risks and opportunities (Continued)

- **Physical risks** relate mainly to flooding and extreme rainfall events, which have the potential to disrupt production activities at operating sites and affect the reliability of regional logistics routes. Such events could impact operational continuity, increase maintenance and adaptation costs, and place temporary pressure on working-capital management.
- **Transition risks** arise from volatility in electricity and diesel prices, given the Company's dependence on grid electricity and fuel-powered logistics. Additional transition pressures include evolving climate-related disclosure expectations and gradual technology shifts, which may influence future capital-investment decisions, operating costs and reporting requirements.
- **Opportunities** are primarily associated with operational efficiency and resilience measures, including energy-efficiency investments, fleet renewal, evaluation of renewable-energy solutions such as solar power where feasible, and circularity initiatives such as extended cylinder lifecycles. These initiatives have the potential to reduce operating costs, improve energy resilience, and support longer-term emissions-reduction objectives.

These climate-related risks and opportunities are assessed further through the Company's qualitative climate-scenario analysis and are considered in evaluating their potential financial effects on operating costs, capital expenditure and working-capital dynamics (as disclosed below).

v.b Climate scenario analysis (first-year approach)

In FY2025, the Company undertook a qualitative climate-scenario assessment using socio-economic pathway one (SSP1) and socio-economic pathway two (SSP2) narratives to assess exposure to:

- flooding and extreme rainfall events;
- energy-price volatility; and
- logistics disruption.

The assessment indicated that physical climate risks and energy-price volatility represent the most relevant climate-related exposures for the Company, given the location of production sites, reliance on regional logistics networks, and dependence on grid electricity and fuel-based transport.

At this stage, quantitative modelling is not feasible due to limitations in site-level historical datasets and climate-modelling capability. The Company therefore applies a phased and proportionate approach to scenario analysis and intends to progressively enhance the depth and quantification of climate-scenario analysis as data quality, systems and internal capacity continue to improve.

Insights from the qualitative scenario assessment are used to inform the prioritisation of resilience and efficiency initiatives and to support management's evaluation of climate-related risks within the ERM process.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

v. Climate-related Disclosures (IFRS S2) (Continued)

v.b Climate scenario analysis (first-year approach) (Continued)

Climate-resilience considerations

The qualitative climate-scenario assessment performed in FY2025 indicates that physical climate risks (particularly flooding and extreme rainfall) and energy-price volatility represent the most relevant climate-related exposures for the Company. Based on this assessment, management considers that the Company's strategy and operating model demonstrate an adequate level of resilience under the scenarios considered, supported by site-level operational management, logistics flexibility, and the critical nature of the Company's products.

However, the Company recognises that its current climate-resilience assessment is limited to qualitative analysis. The Company therefore intends to progressively strengthen climate-resilience assessment over time, including enhanced use of data, scenario modelling and integration into capital-investment decision-making, as systems maturity and analytical capability improve.

v.c Financial effects of climate-related risks and opportunities

This section describes how climate-related risks and opportunities could reasonably be expected to affect the Company's financial performance and position, consistent with the requirements of IFRS S2. The analysis focuses on the most relevant channels through which climate considerations may influence operating results, capital allocation, and liquidity.

Climate-related risks and opportunities may affect the Company's financial performance through:

- *Operating costs*, particularly electricity costs, generator fuel consumption, and transport-related expenses, which are sensitive to energy-price volatility and operational efficiency;
- *Capital expenditure*, including investments in plant, fleet renewal, energy-efficiency upgrades, and resilience measures intended to mitigate physical climate risks; and
- *Working-capital pressures*, arising from operational disruption, logistics delays, or increased inventory and maintenance requirements following climate-related events.

Financial statement connectivity

The financial effects described above are reflected in the Company's financial statements through existing line items and accounting treatments. In particular:

- energy and transport-related costs are reflected within cost of sales (see Note 8 to the financial statements); and
- capital investments and associated financing are reflected within property, plant and equipment and borrowings (see Notes 13 and 20 to the financial statements).

These references are intended to illustrate where climate-related financial effects are currently captured within the financial statements, rather than to quantify the standalone impact of climate-related risks and opportunities.

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vi. Risk Management

The Company applies a structured approach to the identification, assessment and management of sustainability- and climate-related risks, integrated within its broader Enterprise Risk Management (ERM) framework.

Sustainability-related risks are identified through a combination of:

- *ESG risk workshops* involving relevant operational and functional teams;
- *routine health, safety and environmental (HSE) inspections* and environmental audits;
- *regulatory-compliance reviews*, reflecting evolving legal and reporting requirements; and
- *climate-impact assessments*, including consideration of physical and transition-related risks.

Identified risks are assessed using the Company's standard risk-assessment methodology, which considers both likelihood and potential impact on operations, financial performance, regulatory compliance and reputation. This enables management to prioritise risks that could reasonably be expected to affect operational continuity, cost structures, capital allocation and long-term enterprise value.

Material sustainability- and climate-related risks are in the process of being progressively integrated into the Company's Enterprise Risk Management (ERM) framework and are monitored through existing risk-management and governance processes. These risks are reviewed by management and reported to the Audit, Risk and Governance Committee (ARGC) through quarterly risk reports, including updates on risk status and progress against mitigation actions.

This integrated approach ensures that sustainability-related risks are considered alongside other strategic and operational risks, and that they inform governance oversight, management decision-making and the sustainability disclosures presented in this report.

vii. Metrics and Targets

This section sets out the key environmental metrics and transition targets used by the Company to monitor and manage sustainability-related risks and opportunities, with particular focus on climate-related matters. The metrics disclosed are intended to provide users of the report with decision-useful information on the Company's emissions profile, energy use, and progress against medium- and long-term transition objectives, consistent with the requirements of the IFRS Sustainability Disclosure Standards, and in particular IFRS S2.

The Company recognises that, as a first-year reporter under the IFRS Sustainability Disclosure Standards, certain metrics are still under development. Accordingly, disclosures in this section reflect the current level of data availability and measurement maturity, with progressive enhancement planned over time.

vii.a GHG emissions and energy

Greenhouse gas (GHG) emissions and energy consumption are key indicators of the Company's exposure to transition risks, including energy-price volatility, regulatory developments, and evolving stakeholder expectations. These metrics also inform the Company's operational efficiency initiatives and longer-term decarbonisation strategy.

GHG emissions are measured in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Scope 2 emissions are reported using the location-based method, reflecting the characteristics of the national electricity grid. Energy consumption data covers electricity and fuel used across operations under the Company's operational control.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vii. Metrics and Targets (Continued)

vii.a GHG emissions and energy (Continued)

Scope 1 GHG emissions represent direct emissions from sources owned or controlled by the Company. These include fuel combustion from Company-owned or Company-controlled vehicles (excluding employees' personal vehicles) and fuel used in stationary combustion equipment such as diesel generators.

The Company uses the GHG toolkit as its source for the emission factors for the stationary and mobile combustion for the sources directly owned or controlled by them.

Fuel Type	Emission factor	Comments
Diesel (Stationary & Mobile combustion)	2.288 kg CO ₂ /litre	GHG Toolkit, emission factors
Petrol (Stationary & Mobile combustion)	2.910 kg CO ₂ /litre	GHG Toolkit, emission factors

Scope 2 GHG emissions represent indirect emissions associated with the generation of purchased electricity consumed by the Company. Scope 2 emissions are calculated using the location-based method, which applies the average emission factor of the national electricity grid supplying the Company's operations. As the Company sources electricity from the national grid, the applicable country-specific grid emissions factor from the UNFCCC IFI 2021 Harmonized Grid Emission Factor dataset is used for Scope 2 calculations and is presented below.

Location	Emission factor	Comments
Tanzania	0.3360 (GEF Factors Kg CO ₂)	Country-based Grid Emission Factor

Baseline year and performance

During FY2025, which is also the baseline year for Scopes 1 and 2 emissions, the Company continued to strengthen data collection processes for emissions and energy metrics. Available performance indicators for the year include:

Emissions outcomes

- Scope 1 emissions: 2,600 tCO₂e
- Scope 2 emissions (location-based): 5,300 tCO₂e

Energy and fuel consumption

- Energy consumption: 7,405,699 KWh
- Fuel consumption: 1,987,398 litres

Electricity and fuel consumption patterns reflect both operational demand and the early impacts of efficiency initiatives implemented during the year.

These baseline figures provide the reference point against which future performance and emissions-reduction progress will be assessed.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vii. Metrics and Targets (Continued)

vii.b Targets and transition pathway (Continued)

The Company has established a set of medium-term environmental targets to guide its transition efforts and support long-term resilience. These targets are aligned with the Company's operational context, current measurement capability, and Tanzania's phased implementation of sustainability-reporting requirements.

Key targets include:

- 15% reduction in Scope 1 and Scope 2 emissions by 2030, measured from the FY2025 baseline;
- 25% improvement in energy efficiency, driven by equipment upgrades, process optimisation, and improved energy management;
- 30% extension of cylinder lifecycle, supporting circularity, reduced material demand, and lower lifecycle emissions; and
- a long-term ambition to achieve net-zero operational emissions by 2050, subject to technological, regulatory, and market developments.

At this stage, the Company has not developed a formal, detailed transition plan. The targets and actions disclosed therefore represent a phased and proportionate approach, aligned with the Company's current operational scale, data availability and measurement maturity.

Progress against these targets will be monitored annually and disclosed as measurement capability, data quality and analytical maturity continue to improve. The Company expects to progressively enhance the robustness and granularity of the metrics reported in this section over the medium term, as systems, methodologies and internal capacity continue to develop.

Climate-related cross-industry metrics (IFRS S2.29)

In accordance with IFRS S2, the Company has considered the cross-industry metric categories relating to climate-related transition risks, physical risks, opportunities, capital deployment, internal carbon pricing and remuneration.

As this is the Company's first year of applying the IFRS Sustainability Disclosure Standards, the identification, measurement and tracking of these metrics are still under development.

Due to current limitations in data availability and analytical capability, management has performed quantitative assessment and provides the following disclosures for these categories:

- **Climate-related transition risks:** Operations are exposed primarily through electricity and fuel cost volatility, which affect cost of production and logistics.
- **Climate-related physical risks:** Production sites and logistics networks are exposed to flooding and extreme weather events, which may disrupt operations.
- **Climate-related opportunities:** Opportunities arise from energy-efficiency improvements, fleet optimisation and potential adoption of renewable energy solutions.
- **Capital deployment:** Capital expenditure during the year included investments in plant and fleet improvements, some of which contribute to operational efficiency and emissions reduction.
- **Internal carbon pricing:** The Company does not currently apply internal carbon pricing mechanisms.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vii. Metrics and Targets (Continued)

vii.b Targets and transition pathway (Continued)

- **Remuneration:** Sustainability-related considerations are not yet formally embedded in management remuneration structures, but are expected to be progressively incorporated as the Company's sustainability governance matures.

The Company intends to progressively enhance the measurement and disclosure of these metrics as data availability, systems and internal capacity continue to develop.

vii.c Social and community metrics

The Company's social performance metrics are intended to provide users with decision-useful information on the workforce factors that support operational continuity, safety performance, human capital development, and the Company's social licence to operate. In FY2025, the Company prioritised occupational health and safety (OHS), workforce capability development, inclusion, and targeted community support initiatives.

a) Occupational health and safety (OHS)

Safety performance is monitored using both outcome indicators (e.g., fatalities) and broader incident metrics. During FY2025, the Company recorded zero fatalities and strengthened incident-reporting systems as part of its ongoing safety management practices.

To support a comprehensive view of safety performance, the Company's Total Recordable Incident Rate (TRIR) methodology includes contractor hours, consistent with good practice for industrial operations where contractors form part of the operational workforce exposure. The Company will disclose TRIR for FY2025, together with the FY2024 comparative, once finalised and validated.

b) Workforce capability and training

Capability building is tracked through average learning and development hours. During FY2025, employees recorded an average of 15 training hours per employee, reflecting continued investment in workforce competence and operational readiness.

c) Inclusion and diversity

Workforce inclusion is monitored through representation metrics at different levels of the organisation. During FY2025, female representation was 24.2% of the workforce and 50% at Board level. These indicators are intended to track progress toward a more inclusive workforce and leadership profile over time.

For consistency with statutory governance reporting, workforce gender composition is also disclosed in the Directors' Report (Male: 91; Female: 29 for 2025), which provides an additional reference point for readers.

d) Community investment and social licence to operate

The Company's community initiatives are designed to align with national and local development priorities and to support the Company's social licence to operate in the communities where it conducts business.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vii. Metrics and Targets (Continued)

vii.c Social and community metrics (Continued)

d) Community investment and social licence to operate (Continued)

During FY2025, the Company invested approximately TZS 180 million in community-focused initiatives. These interventions were targeted toward education and healthcare infrastructure, and included:

- disability-inclusive education facilities;
- support for primary healthcare infrastructure in Ikama;
- classroom construction at Ipagika Primary School (Busokelo District Council); and
- support for a disability-accessible hostel at Lupata Primary School (Busokelo District Council).

These initiatives reflect the Company's community-engagement principles – transparency, inclusiveness, and alignment with local development priorities – and are intended to deliver practical, locally relevant outcomes while strengthening long-term relationships with host communities.

The table below summarises selected social performance indicators for FY2025, reflecting the Company's focus on workforce safety, capability development, inclusion, and responsible labour practices.

Indicator	FY2025 result	Notes / scope
Fatalities	Zero	Applies to employees and contractors
Average training hours	15 hours per employee	Formal training only
Workforce gender representation	24.2% female	Total workforce
Board gender representation	50% female	Directors
Total Recordable Incident Rate (TRIR)	7	Includes contractor hours; FY2024 comparative to be provided

e) Alignment with industry-specific disclosure guidance (SASB)

For the Chemicals and industrial gases sector, the SASB Standards highlight key sustainability topics such as greenhouse gas emissions, energy management, environmental impacts (including air emissions and waste), and workforce health and safety.

These areas are already reflected in the Company's current disclosures – for example through its reporting on emissions, energy efficiency initiatives, safety performance, and operational improvements such as cylinder lifecycle management.

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

vii. Metrics and Targets (Continued)

vii.c Social and community metrics (Continued)

e) Alignment with industry-specific disclosure guidance (SASB) (Continued)

While the Company has not yet fully mapped its disclosures to all detailed SASB metrics, it has considered the relevant industry guidance in determining the scope and focus of its reporting, and will continue to enhance alignment as data, systems and measurement capability further develop.

viii. Data Governance and Assurance Readiness

During FY2025, the Company strengthened sustainability-data governance, documentation and internal review processes. External sustainability assurance is not yet mandatory in Tanzania; however, the Company is building readiness for future assurance expectations as national and international standards evolve.

ix. Sustainability priorities and future direction

The Company's sustainability priorities over the short, medium and long term reflect its current stage of maturity, the nature of its operations, and the evolving regulatory and stakeholder landscape. As a first-year reporter under the IFRS Sustainability Disclosure Standards, the Company's focus is on progressively strengthening the foundations of sustainability governance, measurement and integration into business decision-making.

Short term (2026–2027)

In the short term, the Company will focus on strengthening sustainable operational practices across its core activities, with particular emphasis on workplace safety, energy efficiency, environmental compliance, and workforce capability. These priorities reflect the Company's asset-intensive and energy-dependent operating model and its commitment to reliable, safe and responsible operations.

Alongside these operational priorities, the Company will continue to strengthen the foundations of sustainability reporting, including improving data quality and consistency across sites, further embedding IFRS Sustainability Disclosure Standards reporting processes, and enhancing internal capability in sustainability-related measurement and analysis.

Climate-risk analysis will remain primarily qualitative, reflecting current data availability and modelling maturity, while governance and internal control processes supporting sustainability disclosures are progressively refined.

Medium term (2028–2030)

Over the medium term, the Company expects to build on these foundations by progressively advancing emissions-reduction and efficiency initiatives, in line with its established targets. Where operationally and economically feasible, renewable-energy solutions will be evaluated and integrated into operations. During this period, the Company also intends to enhance readiness for Scope 3 emissions reporting, supported by improved data availability, supplier engagement and methodological development.

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15. SUSTAINABILITY- RELATED FINANCIAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

ix. Sustainability priorities and future direction

Long term (beyond 2030)

Over the longer term, the Company's sustainability direction is informed by its ambition to reduce the environmental footprint of its operations while maintaining operational reliability and financial resilience. Progression toward net-zero operational emissions by 2050 and enhanced lifecycle transparency will depend on continued improvements in technology, data quality, regulatory clarity and market conditions. As these capabilities mature, sustainability considerations are expected to become increasingly integrated into strategic planning and capital-allocation decisions.

16. PRINCIPAL RISKS AND UNCERTAINTIES

The Company is committed to deliver stakeholders' expectations by mitigating risks which affect the Company's operations through a well-established risk management framework. Management believes the following risks may significantly impact the Company.

Principal Risk	Context	Opportunities and Mitigations
Political & Economic	✓ Tanzania has sustained relatively strong economic growth during the year, supported by increased private consumption and improved export performance. GDP growth is projected at approximately 6% in 2026, reflecting the country's continued economic resilience. ✓ While there is no doubt about Government's commitment to macroeconomic stability, this may be sliding. ✓ There is no history of high incidence of natural disasters such as earthquakes, flooding, etc. in the country, which might have a significant impact on our key network elements. ✓ Mining Licenses infringement by the local community and leaders	✓ Continuously keep in touch with Government to monitor the situation. ✓ TOL Gases Plc will ensure it complies with all licences requirements and regularly report that to the Board of Directors. ✓ Carry out Corporate Social Investment in the Local Community to improve relationship and obtain buy in.
Currency	✓ The Tanzanian shilling is very vulnerable to any renewed dollar strength. This impact on medium term inflation differentials. ✓ Significant element of TOL Gases Plc revenue is in TZS while suppliers of capital goods and raw materials demand payment in foreign currency.	✓ Foreign currency accounts are maintained. ✓ Borrow in TZS to cover operations and recapitalization.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
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16. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Principal Risk	Context	Opportunities and Mitigations
Regulatory & Legal	✓ Refers to current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards, as well as from the possibility of incorrect interpretation of effective laws or regulations.	The Company intends to appoint a Marketing Manager who will also assume the role of Government Liaison Officer, enhancing engagement with key stakeholders while supporting the Company's marketing and regulatory interface function.
Market competition	✓ The industrial and medical gases continue to face competition from other players, including some customers like government hospitals constructing their own medical oxygen plants.	The Company plans to invest in new ASU and CO ₂ plants, along with additional fleet capacity, to further enhance product reliability and reinforce its position as a preferred and dependable supplier in the market.

Further discussion on risks and mitigation programs are presented in Note 28 to these financial statements.

17. COMPANY'S KEY STRENGTHS

In pursuit of our objectives, the key strengths, and resources (both intangible and tangible) available to the Company are:

Competent Management and Personnel

The most important single resource of the Company is its human capital. Competent and qualified management team that drives the day-to-day activities to achieve the Company's objectives and manages the Company's operations. Committed and skilled employees who are well experienced in cryogenic technology and industry support the management team. The Company employs qualified and competent personnel and invests in their training.

Strong Brand and Quality Products

TOL Gases Plc is a well-known producer of atmospheric gases in the market and synonymous with high quality. The brand and quality of the Company's products give the Company competitive advantage in the market.

Strong Distribution Network

With a well-defined, diversified distribution network and a fleet of trucks owned by the Company, our products reach customers conveniently. The Company also exports its products to various countries in the Central and Eastern Africa Sub-Region.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

18. STAKEHOLDER RELATIONSHIP

The Company maintains good business and cordial relationships through consistent engagement with key stakeholders who are central to the business sustainability, both in terms of understanding the key stakeholders' needs and interests in delivering the Company's objectives and respond to concerns through decisions, actions, and performance as well as ongoing communication with our stakeholders. Set out below are the key stakeholders with whom the Company engages on a regular basis and the means of engagement.

Stakeholders	Management of stakeholder's relationship
Employees	Good relationship with Employees is always maintained. Employee engagement activities like staff meetings and departmental meetings have continued to be conducted as a move to ensure that employees are abreast with Company's direction. Development of leadership and skilled work force that is self-motivated and adequately compensated to support the business plan.
Customers	Developing and managing the customers channel and relationship to ensure customers' loyalty and maintain acceptable customers switching rate (Churn rate). Selective marketing program directed to selected market segments that TOL Gases Plc has chosen to obtain organic growth and values. Ensuring product quality, availability, and reliability.
Suppliers	Proper management of supply' chain and relationship to ensure we obtain goods and services at the most competitive prices and where practical, maximise credit opportunity. Competitive procurement of goods and services is always exercised, and fairness is of utmost importance while awarding supply contract to selected service providers.
Trade unions	Continuous engagement with the relevant employee unions (TUICO) and industrial labour organizations to ensure that ongoing constructive relationships with these stakeholders are maintained.
Shareholders/ Investors	Keep the dividend pay-out at a level that allows recapitalisation of profits in the business for the future growth of the Company. Annual General Meeting (AGM) is held on a yearly basis. The annual report is presented at the AGM to shareholders.
Regulatory authorities	Regular communication with the Capital Markets and Securities Authority, Dar es Salaam Stock Exchange (DSE), Mining Commission and interaction with Tanzania Revenue Authority in respect of TOL's tax commitments, as appropriate and other agencies.
Government	Regular interactions through Government Treasury Register.
Community	Collaboration with related entities concerning CSR to foster responsible initiatives and disseminate best practices.

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

19. FUTURE DEVELOPMENT PLANS

The Company plans to invest in a new carbon dioxide (CO₂) plant by 2027 and a new Air Separation Unit (ASU) in 2026, to be donated by Unitaid under the East Africa Program on Oxygen Access (EAPOA), a strategic initiative aimed at improving access to medical oxygen.

These initiatives are aligned with the Company's Strategic Plan (2025–2029), which focuses on leveraging opportunities arising from growing demand across key sectors, including the beverage industry, manufacturing, infrastructure, and healthcare. By enhancing its production capacity, the Company aims to effectively meet increasing market needs while strengthening its competitive position and supporting long-term growth.

In addition, the Company plans to replace its ageing fleet with new units to improve distribution efficiency and ensure timely and reliable delivery to customers.

Outlook

The Company's future outlook remains positive, underpinned by strategic investments in production capacity, infrastructure, and distribution capabilities. In addition, the planned modernization of the distribution fleet is expected to enhance logistics efficiency, ensuring timely and reliable delivery of products. Collectively, these initiatives are expected to reinforce the Company's market leadership, strengthen its competitiveness, and support sustainable long-term growth, thereby creating strong value for its shareholders.

20. REVIEW OF THE BUSINESS

Directors use the key performance indicators both financial and non-financial, in assessing the Company's progress towards its objectives. These indicators are financial budgets, production targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and the corporate social investment programmes. These key performance indicators are commercially sensitive and consequently have not been reproduced here.

Financial results

Sales Revenue: The Company achieved a 3% growth in sales revenue, increasing from TZS 30.2 billion in 2024 to TZS 31.15 billion in 2025. The growth was mainly attributable to higher sales volumes of industrial gases, with strong performance in export markets.

EBITDA: The Company's EBITDA grew by 28%, increasing from TZS 10.5 billion in 2024 to TZS 13.4 billion in 2025. This significant increase reflects the positive impact of the new plant and the economies of scale it brought.

Profit Before Tax (PBT): The Company's profit before tax increased by 70%, from TZS 3,984 million in 2024 to TZS 6,775 million in 2025. This jump is consistent with the improvements in revenue and EBITDA, indicating the company has been able to translate higher sales and operating efficiency into better profitability.

TOL GASES PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20. REVIEW OF THE BUSINESS (CONTINUED)

Financial results (Continued)

The Company's net cash generated from operating activities increased by 95% from TZS 5.7 billion recorded in 2024 to TZS 11.1 billion in 2025. The net cash flows from operations, and the EBITDA performance, are testament to the Company's operational business fundamentals and outlook continue to be positive. The Company continues to be committed to its sales and operational efficiency as it seeks to continue enhancing value for its stakeholders.

Revenue for the year was 14% below the approved annual budget, primarily due to production challenges, including delays in receiving technical support from the original plant manufacturer. As a result, profit before tax (PBT) was also 12% below budget, reflecting the impact of lower-than-expected revenue performance.

Financial position

Non-current assets decreased by 3%, from TZS 45.5 billion to TZS 44.3 billion, primarily due to depreciation charges recognized during the year. The reduction in intangible assets is attributed to amortization expenses recorded over the same period.

Current assets decreased to TZS 11 billion in 2025, compared to TZS 14 billion in the prior year. This decline is primarily attributable to the collection of trade receivables and the utilization of these funds to settle outstanding borrowings. In addition, inventory levels decreased as medical equipment was utilized in the completion of the MSD project.

Total current liabilities decreased by 11% during the year, primarily due to the repayment of borrowings.

Cash flows

The Company's primary source of cash flows during the year was generated from operating activities, largely driven by improved collection of receivables. A portion of the cash generated in 2025 was utilised to repay borrowings amounting to TZS 8.8 billion, while the balance was primarily invested in the acquisition of non-current assets totalling TZS 4 billion, compared to TZS 8.4 billion in 2024.

21. DIVIDEND

The Directors do not recommend dividend payment for 2025 (2024: Nil) to shareholders as final dividend. In making this recommendation, the Directors have carefully considered the Company's future investment needs and the importance of retaining earnings to support long-term growth and strategic initiatives.

22. SOLVENCY

As at 31 December 2025, the Company's current liabilities exceeded its current assets by TZS 5.4 billion. This position is primarily attributable to the DTB long-term loan facility, which had an outstanding balance of TZS 6.2 billion at the reporting date. As the facility is contractually due for repayment within 12 months, it has been appropriately classified as a current liability.

22. SOLVENCY (CONTINUED)

Between 2021 and 2025 the Company obtained loan financing of approximately TZS 24 billion to support capital expansion. Since then, the Company has reduced that indebtedness significantly, with the outstanding balance at 31 December 2025 being TZS 7.7 billion after making repayments of TZS 8.8 billion during the year.

Despite the net current liability, the Directors have concluded that the Company remains a going concern. This conclusion is based on improving trading performance and a range of measures expected to strengthen liquidity and operational capacity, including the planned 2026 expansion of the Air Separation Unit (ASU) under the CHAI project and ongoing optimisation of existing facilities.

After the reporting date the Company secured customer advances of TZS 3.6 billion and continues to utilise an overdraft facility of TZS 4.2 billion that matures in October 2026. The Directors expect the overdraft facility to remain available for its contractual term and do not anticipate any requirement for early repayment and the Company expects to renew this facility.

The Directors believe that these measures, along with ongoing operational improvements, will support the Company's ability to meet its short-term obligations and continue as a going concern.

Accordingly, the financial statements have been prepared on a going concern basis which presumes that the Company will continue in operational existence for a foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

23. ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern. The Company's accounting policies are subject to an annual review to ensure continuing compliance with IFRS Accounting Standards.

24. INVESTMENTS

The Company made investments in property, plant, and equipment to the value of TZS 4 billion during the year ended 31 December 2025 (2024: TZS 8.4 billion).

25. EMPLOYEES' WELFARE

Management and Employees' Relationship

A healthy relationship continues to exist between management and employees. There were no unresolved complaints received by Management from the employees during the year. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position, free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion or disability.

25. EMPLOYEES' WELFARE (CONTINUED)

Training Facilities

The Company sponsors its employees for both short- and long-term courses within and outside the country in various disciplines depending on the corporate needs and financial resources available.

Medical Assistance

The Company has medical insurance cover for all the employees with their families.

Health and Safety

The Company has a strong health and safety awareness which ensures that a culture of hygiene and safety always prevails. All employees and contractors are provided with appropriate personal protective equipment, all of which meets the safety requirements laid down under Occupational Health and Safety Act 2003 and other legislation concerning industrial safety, health and hygiene. The Company also organises regular health check-ups for its employees who conform to the applicable statutes and regulations in Tanzania.

Persons with Disabilities

It remains the Company's policy to accept disabled persons for employment for those vacancies that they can fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the organisation and all necessary assistance is given along with initial training. Where an employee becomes disabled during his or her employment, the Company provides suitable alternate employment and necessary training thereof. The Company's policy is not discriminatory against people with regard to race, gender, religion, or disability.

Financial Assistance to Staff

Loans are available to all permanent employees who are members of Savings and Credit Co-Operative Society (SACCOS). The Company supports the staff's SACCOS by managing the recoverability of the loan through payroll deductions.

Retirement Benefits

The Company contributes to a statutory defined contribution retirement benefits scheme, namely the National Social Security Fund (NSSF). The Company's obligation is limited to contributions of 10% of employees' gross salaries, with employees contributing an equal 10%.

The Company's employment terms are regularly reviewed to ensure they continue to meet statutory compliance and market conditions. The Company communicates with its employees through regular management and staff meetings and through circulars. The Company has continued to maintain a conducive working environment in terms of providing suitable workplace, offices, washrooms and canteen facilities.

TOL GASES PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

26. GENDER PARITY

The Company is an equal opportunity employer, committed to fair and inclusive employment practices. It ensures that all employment decisions are based on merit, qualifications, and business needs, free from discrimination of any kind. Recruitment, promotion, and other employment-related decisions are made without regard to gender, marital status, tribe, religion, or disability, provided such disability does not affect the individual's ability to perform the duties required. As at 31 December 2025, the Company's workforce was comprised as follows:

Gender	2025	2024
Male	91	88
Female	29	28
Total	120	116

27. RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in Note 27 to these financial statements.

28. POLITICAL DONATIONS

The Company did not make political donations during the year.

29. ENVIRONMENTAL CONTROL PROGRAMME

The Company has an environmental policy and takes appropriate pollution control measures to comply with various environmental and pollution related statutes in Tanzania.

30. QUALITY

The Company has a formal quality assurance accreditation program, with all operations being monitored closely and the products are tested in the Company Laboratory, Airborne Labs International USA as well as the Tanzania Bureau of Standards (TBS). The Company has been certified with ISO 22000 and ISO 9001:2015, 14001:2015& 45001:2018.

31. CORPORATE SOCIAL INVESTMENT

During the year, TOL Gases Plc continued to support Tanzanian communities through its Corporate Social Investment (CSI) programme. The Company contributed to the construction of classrooms at Ipagika Primary School in Busokelo District Council and supported the development of a hostel at Lupata Primary School in the same district, specifically designed to accommodate pupils with disabilities.

32. STATEMENT OF COMPLIANCE

The Directors confirm that the directors' report has been prepared in full compliance with Tanzania Financial Reporting Standard No. 1 *the Report by Those Charged with Governance* and the Company complied with all relevant statutory legislation.

TOL GASES PLC

**REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

33. AUDITOR

The auditor, KPMG, has expressed their willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of KPMG as auditor of the Company for the year 2026 will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



CPA Leonard C. Kitoka
Chairperson

26 June 2026
Date

TOL GASES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2025

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view of TOL Gases Plc ("the Company"), comprising the statement of financial position as at 31 December 2025, 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 material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies Act, 2002.

The Directors are also responsible 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, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have assessed the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern at least for the next twelve months from the date of approval of these financial statements. Refer to note 2 (b) of the financial statements for detailed analysis.

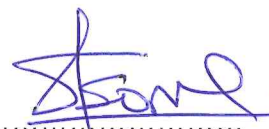
The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies Act, 2002.

Approval of financial statements

The financial statements of TOL Gases Plc, as identified in the first paragraph, were approved and authorised for issue by the Directors on ...26 June... 2026.



CPA Leonard C. Kitoka
Chairperson



CPA Selestine Some
Director

TOL GASES PLC

DECLARATION OF THE HEAD OF FINANCE FOR THE YEAR ENDED 31 DECEMBER 2025

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 Statement of 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 position of the entity in accordance with international accounting standards and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under Directors' Responsibilities' statement on an earlier page.

I, **Evarist Tilafu**, being the Head of Finance of TOL Gases Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2025 have been prepared in compliance with the applicable accounting standards and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Signed by: Evarist M. Tilafu

Position: Head of Finance

NBAA Membership No: ACPA 5795

Date: 26 June 2026



KPMG
Certified Public Accountants
2nd Floor, The Luminary
Haile Selassie Road, Masaki
P.O. Box 1160
Dar es Salaam, Tanzania

Telephone +255 22 2600330
Email info@kpmg.co.tz
Internet www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOL GASES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TOL Gases PLC ("the Company") set out on pages 41 to 88, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Tanzania. We have also 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.

Key audit matter

Key audit matters are those matters that, in our professional judgement, 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TOL GASES PLC (CONTINUED)**

Report on the audit of the financial statements (Continued)

Key audit matter (Continued)

Revenue recognition	
The disclosure associated with revenue recognition is set out in the financial statements in the following notes: • Note 4 (a)-Judgements, assumptions and estimation uncertainties (Revenue recognition). • Note 5 (a)-Revenue recognition. • Note 7-Revenue from contracts with customers	
Key audit matter	How the matter was addressed in our audit
The Company earns its revenue from three main categories i.e. industrial and medical gases, related accessories, and installation and maintenance services—totaling TZS 31,153 million for the year ended 31 December 2025. Sales volumes handled during the year are generally high and revenue is recognized once a proof of delivery to customer and other relevant documentation such as weighbridge documents have been submitted and accepted by the Company; The Company has sales contracts which contain multiple performance obligations. Some transactions are individually material and require significant judgement to identify whether separate performance obligations exist within a single contract. Additionally, a typical sale contract for some transactions includes multiple performance obligations that are fulfilled at different times. This requires significant judgement by management in determining the point in time at which each of the performance obligations have been satisfied (i.e., when control passes to the customer) which trigger and directly impacts the amount of revenue recognised for:	Our audit procedures in this area included: • Performed an understanding of the revenue process performed to understand the POs and the allocation of contract prices. • Performed a test on the design and implementation of control over revenue recognition • Selected a sample of transactions from the revenue sub-ledger for all the three revenue categories and performed the following procedures: • evaluated whether recognized revenue agreed to the signed/stamped customer delivery notes; and • assessed whether the performance obligations (POs) were properly identified and evaluated by management, as having been satisfied or met, prior to recognising revenue. • Performed a reconciliation of cash received to revenue by agreeing total cash received during the year to all revenue recognised after adjusting for items such value added tax, opening and closing trade receivables and advances from customers.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TOL GASES PLC (CONTINUED)**

Report on the audit of the financial statements (Continued)

Key audit matter (Continued)

Revenue recognition	
The disclosure associated with revenue recognition is set out in the financial statements in the following notes: • Note 4(a)-Judgements, assumptions and estimation uncertainties (Revenue recognition) • Note 5 (a)-Revenue recognition • Note 7-Revenue from contracts with customers	
Key audit matter	How the matter was addressed in our audit
(a) industrial and medical gases - control passes at a point in time; (b) related accessories - control passes at a point in time; and (c) installation and maintenance services - control passes at a point in time and over a period of time as and when the installation and maintenance services are offered respectively. We have determined revenue recognition to be a key audit matter because of multiple performance obligations in some sale contracts which require judgements to be made by management in allocating the transaction price to the different performance obligations and the large volume of revenue transactions which required a significant audit effort.	• Evaluated the appropriateness of management's judgment on the identification of performance obligations and allocation of the contract price to the POs. This included assessing the standalone selling prices and proportionate allocation of the contract price to the POs based on number of manifolds completed. • Assessing the completeness of revenue recognized by inspecting a sample of credit notes raised on all revenue categories as well as evaluating sales made near the period end and after period end to assess whether revenue was recognized in the correct accounting period. • Evaluated the completeness and adequacy of disclosures in the financial statements, particularly the revenue recognition policy and key judgements applied for compliance with the requirements of IFRS 15, <i>Revenue from Contracts with Customers</i>.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*TOL Gases PLC Annual Report and Audited Financial Statements for the year ended 31 December 2025*", but does not include the financial statements and our auditor's report thereon.

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TOL GASES PLC (CONTINUED)

Report on the audit of the financial statements (Continued)

Directors responsibilities for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Companies Act, 2002, 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.

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 judgement and maintain professional scepticism throughout the audit. We also:

- 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.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TOL GASES PLC (CONTINUED)**

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

- In our opinion, proper accounting records have been kept by Company;
- The individual accounts are in agreement with the accounting records of the Company;
- We obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit;
- Directors' report is consistent with the financial statements; and
- Information specified by the law regarding directors emoluments and other transactions with the Company is disclosed.

KPMG
Certified Public Accountants (T)

Signed by Engagement Partner: CPA Alexander Njombe (ACPA 2714)
Dar es Salaam

Date: 26-06-2026

TOL GASES PLC

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 TZS '000	2024 TZS '000
Revenue	7	31,153,063	30,200,703
Cost of sales	8	<u>(18,416,797)</u>	<u>(19,048,821)</u>
Gross profit		12,736,266	11,151,882
Net other income	9	1,338,351	138,131
Operating expenses	10	<u>(5,113,007)</u>	<u>(4,963,741)</u>
Trade receivables impairment release / (loss)	17	<u>58,400</u>	<u>(29,130)</u>
Operating profit		9,020,010	6,297,142
Net finance costs	11	<u>(2,244,826)</u>	<u>(2,312,954)</u>
Profit before tax		6,775,184	3,984,188
Income tax expense	21(a)	<u>(2,799,940)</u>	<u>(1,919,684)</u>
Profit for the year		3,975,244	2,064,504
Other comprehensive income		-	-
Total comprehensive income		<u>3,975,244</u>	<u>2,064,504</u>
Earnings per share (TZS)			
– Basic	25	69.13	35.90
– Diluted		<u>69.13</u>	<u>35.90</u>

The notes on pages 45 to 88 are an integral part of these financial statements.

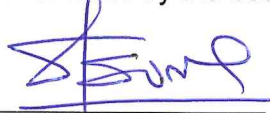
Report of the auditor – pages 36 to 40.

TOL GASES PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		2025 TZS '000	2024 TZS '000
ASSETS	Notes		
Non-current Assets			
Property, plant and equipment	13	43,951,796	45,078,030
Right-of-use assets	14(b)	312,607	317,761
Intangible asset	15	45,148	81,617
		44,309,551	45,477,408
Current assets			
Inventories	16	3,526,514	2,589,357
Trade and other receivables	17	5,828,052	9,179,450
Advances to suppliers	33	727,239	764,454
Cash and bank	18	1,000,735	1,455,718
		11,082,540	13,988,979
TOTAL ASSETS		55,392,091	59,466,387
EQUITY AND LIABILITIES			
Equity			
Share capital	19(a)	5,750,596	5,750,596
Share premium	19(b)	6,762,049	6,762,049
Retained earnings		18,812,026	14,836,782
		31,324,671	27,349,427
Non-current liabilities			
Long term borrowings	20	1,006,207	7,693,972
Lease liabilities	14(a)	57,442	58,388
Deferred tax liability	21 (c)	6,504,173	5,925,866
		7,567,822	13,678,226
Current liabilities			
Bank overdraft	23	3,518,322	3,050,437
Current portion of borrowings	20	6,691,537	8,887,671
Tax payable	21(b)	593,417	139,279
Trade and other payables	22	5,153,879	5,828,889
Lease liabilities	14(a)	12,978	11,386
Cylinder deposits	24	529,465	521,072
		16,499,598	18,438,734
Total liabilities		24,067,420	32,116,960
TOTAL EQUITY AND LIABILITIES		55,392,091	59,466,387

The financial statements on pages 41 to 88 were approved and authorised for issue by the board of directors on 26 June 2026 and signed by:


CPA Leonard C. Kitoka
Chairperson


CPA Selestine Some
Director

The notes on pages 45 to 88 are an integral part of these financial statements.

Report of the auditor – pages 36 to 40.

TOL GASES PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital TZS '000	Share premium TZS '000	Retained earnings TZS '000	Total TZS '000
1 January 2024	5,750,596	6,762,049	12,772,278	25,284,923
Profit for the year	-	-	2,064,504	2,064,504
At 31 December 2024	<u>5,750,596</u>	<u>6,762,049</u>	<u>14,836,782</u>	<u>27,349,427</u>
1 January 2025	5,750,596	6,762,049	14,836,782	27,349,427
Profit for the year	-	-	-	-
	-	-	3,975,244	3,975,244
At 31 December 2025	<u>5,750,596</u>	<u>6,762,049</u>	<u>18,812,026</u>	<u>31,324,671</u>

The notes on pages 45 to 88 are an integral part of these financial statements.

Report of the auditor – pages 36 to 40.

TOL GASES PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

		2025	2024
	Notes	TZS '000	TZS '000
OPERATING ACTIVITIES:			
Profit for the year		3,975,244	2,064,504
Adjustment for non-cash items:			
Depreciation	13	4,276,444	4,160,295
Depreciation of right-of-use assets	14(b)	5,154	5,154
Amortisation of intangibles	15	78,245	75,459
Impairment expense on plant and machinery	13	-	602,230
Interest expense on bank loan and overdraft	11	2,196,781	2,258,286
Interest expense on lease liability	11	11,055	11,098
Impairment (release) / loss in trade receivables		(58,400)	29,130
Gain on disposal of fixed assets		(1,338,351)	(137,211)
Unrealised foreign exchange loss/(gain) on cash		5,112	(285,104)
Tax expense		2,799,940	1,919,684
		11,951,224	10,703,525
Changes in working capital			
Inventories		(937,157)	3,316,016
Trade and other receivables		4,763,529	(3,113,320)
Cylinder deposits		8,393	(1,161)
Advances to suppliers		37,215	(331,607)
Trade and other payables		(675,010)	(1,158,449)
Cash generated from operating activities		15,148,194	9,415,004
Corporate tax paid	21(b)	(1,665,239)	(1,332,859)
Withholding tax utilised	21(b)	(102,256)	(163,331)
Interest paid – loan and bank overdraft		(2,253,031)	(2,202,035)
Interest paid – lease liability		(10,409)	(11,098)
Net cash flows generated from operating activities		11,117,259	5,705,681
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	13	(3,991,745)	(8,377,746)
Proceeds from sale of property, plant and equipment		-	173,538
Proceeds from insurance claims		826,155	-
Purchase of intangible assets		(41,776)	(6,890)
Net cash flows used in investing activities		(3,207,366)	(8,211,098)
FINANCING ACTIVITIES:			
Proceeds from borrowings	20	-	3,911,933
Repayment of borrowings	20	(8,827,649)	(59,281)
Payment of principal portion of lease liabilities	14(d)	-	(288)
Net cash flows used in financing activities		(8,827,649)	3,852,364
Net (decrease) / increase in cash and cash equivalents		(917,756)	1,346,947
Cash and cash equivalents at 1 January		(1,594,719)	(3,226,471)
Effects of movements in exchange rates on cash held		(5,112)	284,805
Cash and cash equivalents at 31 December	18	(2,517,587)	(1,594,719)

The notes on pages 45 to 88 are an integral part of these financial statements.

Report of the auditor – pages 36 to 40.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. CORPORATE INFORMATION

The Company is incorporated in Tanzania under the Companies Act Cap. 212 (Now Companies Act, No. 12 of 2002). The Company is listed on Dar es Salaam Stock Exchange.

The principal activity of the Company is production and distribution of industrial gases, medical gases and related accessories. The registered address is P.O. Box 911, plot number 4, Nyerere Road, Dar es Salaam.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies Act, 2002.

The financial statements have been prepared on a historical cost basis, except where fair value measurements have been applied.

The financial statements are presented in Tanzanian Shillings (TZS) which is also the Company's functional currency. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These financial statements are presented in Tanzanian shillings, which is the Company's functional and presentation currency rounded to the nearest Tanzanian million shillings, unless otherwise indicated.

b) Going concern

As at 31 December 2025, the Company's current liabilities exceeded its current assets by TZS 5.4 billion. This position is primarily attributable to the DTB long-term loan facility, which had an outstanding balance of TZS 6.2 billion at the reporting date. As the facility is contractually due for repayment within 12 months, it has been appropriately classified as a current liability.

Between 2021 and 2025 the Company obtained loan financing of approximately TZS 24 billion to support capital expansion. Since then, the Company has reduced that indebtedness significantly, with the outstanding balance at 31 December 2025 being TZS 7.7 billion after making repayments of TZS 8.8 billion during the year.

Despite the net current liability, the Directors have concluded that the Company remains a going concern. This conclusion is based on improving trading performance and a range of measures expected to strengthen liquidity and operational capacity, including the planned 2026 expansion of the Air Separation Unit (ASU) under the CHAI project and ongoing optimisation of existing facilities.

After the reporting date the Company secured customer advances of TZS 3.6 billion and continues to utilise an overdraft facility of TZS 4.2 billion that matures in October 2026. The Directors expect the overdraft facility to remain available for its contractual term and do not anticipate any requirement for early repayment and the Company expects to renew this facility.

The Directors believe that these measures, along with ongoing operational improvements, will support the Company's ability to meet its short-term obligations and continue as a going concern.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2. BASIS OF PREPARATION

b) Going concern (Continued)

Accordingly, the financial statements have been prepared on a going concern basis which presumes that the Company will continue in operational existence for a foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of business.

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

New standards, amendments, requirements and interpretations effective and adopted during the year ended 31 December 2025.

Changes resulted from the new or revised standards, interpretations, amendments to the existing standards, interpretations, and improvements to the IFRS Accounting Standards that became effective during the year did not have a material impact on the accounting policies, financial position, or performance of TOL Gases Plc.

New currently effective standards/amendments/requirements	Effective date
- Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgements, assumptions and estimation uncertainties

Information about judgements made in applying accounting policies including estimates and assumptions that have the most significant effects on the amounts recognized in the financial statements and significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Taxes

Significant assumptions are required in determining the Company's overall income tax provision. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due. When the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the period in which the determination is made.

Asset useful lives and residual values

The useful lives and residual values of items of property, plant and equipment as disclosed in Note 5 (c) of these financial statements are estimated annually and are in line with the rate at which they are depreciated.

Revenue recognition

Identification of separate performance obligations in determining whether performance obligations embedded in the sales contracts have been met and allocation of the transaction price to the different performance obligations.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Going concern

Whether there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern as disclosed in Note 2 (b) of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

a) Judgements, assumptions and estimation uncertainties (continued)

Measurement of ECL allowance for trade receivables

The Company estimates expected credit loss by assessing the loss that will be incurred given customer default based on past payment experience and by assessing the probability of default taking into account information specific to the customer as well as pertaining to the country and economic environment in which the customer operates. The estimate also incorporates forward looking data.

Lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Company, the Company evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Company to exercise the option.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Company's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

b) Determination and measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Further information about the assumptions made in determining fair values are disclosed in the notes specific to that asset or liability.

The Company has an established control framework with respect to the measurement of fair value. This includes a management team that monitors need for fair valuation and sources for experts that will perform the valuation.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observed for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

4. USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

b) Determination and measurement of fair values (continued)

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs)

If the input used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Fair value disclosure is made in Note 30 to the financial statements.

5. MATERIAL ACCOUNTING POLICIES

The principal policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the year of operation.

a) Revenue recognition

Revenues from operations consist of revenue from sale of goods and services. Revenue represents income arising in the course of an entity's ordinary activities, which leads to an increase of economic benefits during the accounting period.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Upon delivery of goods or services to the respective customers, weighbridge documents and a delivery note is signed by both parties which serves as evidence of satisfaction of performance obligation. The Company applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT).

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer as follows:

- Identify the contract with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligation in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Refer to Note 7 to the financial statements for revenue recognition policy of each stream of revenue of the Company.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

a) Revenue recognition (continued)

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

b) Interest and similar income and expenses

Interest income and expense

For all financial instruments measured at amortized cost, interest income or expense is recorded at the effective interest rate (EIR), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded in profit or loss as part of interest income or interest expense.

Gain or loss on disposal of property, plant and equipment

Gains or losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are recognized within other operating (losses)/income in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or for rental to others and which are expected to be used for more than one year.

Recognition and measurement

Items of equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised as incurred.

Subsequent cost

Expenditure incurred subsequently for major services, additions to, major renovations or replacements of parts of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably and are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

All other repairs and maintenance expenditure and day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each part of an item of equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

<u>Description</u>	<u>Rate (%)</u>
Buildings	2
Plant and Machinery	5 – 10
Cylinders	4
Office Equipment	10 – 33
Motor Vehicles	20 – 25

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

c) Property, plant and equipment (continued)

Capital Work in progress

Work in progress is initially recorded at historical cost at the date of a report which includes expenditure that is directly attributable to the construction of the Property and equipment. These are not depreciated until they become available for use/ ready for use.

The Land is recognised as property, plant and equipment where the entity controls the asset and expects to derive future economic benefits, including in instances where formal title has not yet been transferred but enforceable rights exist. Land is not depreciated as it has an unlimited useful life.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the asset is derecognised.

d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to prepare for its intended use (qualifying assets) are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

e) Intangible assets

Recognition and measurement

Intangible assets comprise the cost of acquired computer software and programmes. Expenditure on acquired computer software and programmes is capitalised and measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Intangible assets (continued)

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Current intangible assets which comprise computer software is amortised over 5 years. The amortisation method, useful lives, and residual values are reviewed at least at each financial year-end, and any changes are accounted for prospectively.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials:

Cost is determined by weighted average cost basis.

Finished goods and work in progress:

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

At every reporting date, the Company assesses potential provision for which obsolete items mainly relate to materials or spares which have no further use due to obsolescence, technological changes or other factors. Whenever there are indicators for obsolescence, the Company reflects the respective adjustments in profit and loss.

g) Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Employees' benefits (continued)

Defined contribution plan

All of the Company's employees are members of the National Social Security Fund (NSSF), a statutory defined contribution plan. Both the Company and its employees contribute 10% each of the employees' basic salaries for permanent and pensionable staff to the scheme. The contribution is charged to the profit or loss account when incurred.

Terminal benefits

Terminal benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange of these benefits. The Company recognizes terminal benefits when it is constructive obliged to either terminate the employment formal plan without possibility of withdrawal or to provide terminal benefits because of an offer made to encourage voluntary redundancy.

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash on hand and short-term deposits with a maturity of three months or less with an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

i) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the profit and loss account in those expense categories consistent with the function of the impaired asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account.

j) Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The current rate of corporate tax is 30%.

Current tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Taxes (continued)

Deferred tax (continued)

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Value added tax

Revenues, expenses and assets are recognized at amounts net of value added tax except where the value added tax is incurred on a purchase of an asset or service is not recoverable from the taxation authority in which case the value added tax is recognized as part of the cost of acquisition of the asset or part of the expense item as applicable.

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of the receivables or payables in the balance sheet.

Capital gain taxes

Capital gain taxes arising as result of a change in control at the ultimate Parent Company level are recognized as tax liabilities in Company's books as other payables to revenue Authorities and other receivable from the parent Company.

Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments

i. Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue (for an item not recognised at fair value through profit or loss (FVTPL)). A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (FVOCI - debt investment; FVOCI - equity investment); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets - Business model assessment (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (continued)

ii. *Classification and subsequent measurement (continued)*

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. *Impairment of financial assets and contract assets*

An 'expected credit loss' (ECL) model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive.

Loss allowances for trade receivables is measured at an amount equal to lifetime ECLs (simplified approach). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The 90 days past due criterion for default reflects regulatory definitions of default and is consistent with the Company's internal credit risk management and historical recovery data indicating that exposures beyond this point are unlikely to be fully recovered.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days for credit customers. The Company considers reasonable and supportable forward-looking information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment. Example of micro economic factors considered include changes in inflation rate, Gross Domestic Product (GDP) rate and interest rates. In calculation of ECL using simplified approach, the Company uses historical loss rate adjusted with forward-looking information where relevant.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (continued)

iii. Impairment of financial assets and contract assets (continued)

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised accordance with the requirement of IFRS 9. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets..

iv. Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred;
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

l) Cylinder deposits

Compressed gases must be contained in the Company's cylinders which are specifically made to accommodate the required pressure of 200 bars depending on the different types of gases. Cylinders are treated as non-current assets which are given to customers with the product who in turn pay a refundable deposit equivalent to the prevailing market value of each cylinder. Amount paid by a customer as security deposit for the cylinders is refundable upon return of the cylinder.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the spot rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the spot rate of exchange ruling at the reporting date.

All differences arising from settlement and translation of monetary items are recognised in other income in profit or loss.

Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign exchange gains and losses

Gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are recognised in profit or loss in the period in which they arise.

n) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Leases in which the Company is a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right of use asset and lease liability at the lease commencement date. The right of use of asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right of use asset reflects that the Company will exercise a purchase option.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) Leases (continued)

Leases in which the Company is a lessee (continued)

In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of the property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period of the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the
- Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable, under a residual guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for leases of low value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Share capital and equity

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

p) Provisions

Provisions are recognized when: The Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

q) Dividend distribution

It is the Company's policy to pay dividends to its shareholders based on the assessment of the directors on the company's financial situation, its future needs for investment and subject to declaration by the directors and approval. Final dividend distribution to the Company's shareholders is recognized as a liability in the Company's balance sheet in the period in which the dividends are approved by the shareholders.

Dividends are subject to a withholding tax of 5%. The directors do not recommend payment of dividend for 2025 (2024: Nil). Dividend paid is classified under financing activities in the statement of cash flows.

r) Basic and Diluted earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after deducting interest on the convertible non-cumulative redeemable preferences shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

6. SEGMENT REPORTING

The Managing Director is the Company's chief operating decision-maker. The Managing Director considers the business from a geographic and product perspective. The performance of operations is considered in aggregate due to the centralized nature of the Company's business. Therefore, the Company does not have reportable segments. All Company's business activities and operations have not been disaggregated into different segments as such all operating activities, financial results, forecasts, or plans are not tracked or assessed as different components since the Company operates from one strategic location. Based on this, there is no separate segmental reporting.

	2025	2024
	TZS '000	TZS '000
7. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Major products		
Industrial and medical gases	28,485,387	26,412,663
Related accessories	142,676	236,728
Installation and maintenance services	2,525,000	3,551,312
	<u>31,153,063</u>	<u>30,200,703</u>
Geographic distribution		
Local sales	17,939,928	21,245,354
Export sales	13,213,135	8,955,349
	<u>31,153,063</u>	<u>30,200,703</u>
	2025	2024
	TZS '000	TZS '000
Contract balances		
Trade receivables – Note 17	4,119,404	8,768,463
Advances from customers – Note 22	340,267	1,514,511

The amount of TZS 1.5 billion included in advances from customers at 31 December 2024 has been recognised as revenue in 2025 (2024: TZS 1.1 billion).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

7. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance obligation and revenue recognition policies of major items of revenue

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Industrial and medical gases	Customers obtain control of industrial gases when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30 days.	Revenue is recognised when the industrial and medical gases are delivered and have been accepted by customers at their premises.
Related Accessories	Customers obtain control of accessories when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable on demand and for some customers, within 30 days.	Revenue is recognised when the accessories are delivered and have been accepted by customers at their premises.
Installation	The Company installs manifold systems in public and private hospitals based on their designs and is installed on their premises. Each project commences on receipt of advance payment from a customer and its length depends on the complexity of the design. However, projects usually do not extend beyond twelve months.	Revenue is recognised after the completion of installation of a manifold unit system at a hospital.
Maintenance services	The Company provides maintenance services to the installed manifold systems in public and private hospitals. Invoices are issued monthly and are usually payable within 30 days.	Revenue is recognised over time as the services are provided. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

8. COST OF SALES

	2025	2024
Direct Cost	TZS '000	TZS '000
Raw material	1,297,043	2,770,570
Direct labour (Note 12)	2,219,691	1,902,885
Transport costs	6,551,926	5,935,123
Depreciation of assets involved in production	4,078,367	3,935,667
Other cost of sales*	2,204,442	2,113,772
Impairment for asset previously held for sale	-	602,230
Electricity and generator	2,065,328	1,788,574
	18,416,797	19,048,821

The makeup of the direct cost consists of TZS 4,078 million (2024: TZS 3,936 million) which is part of the total depreciation cost of TZS 4,276 million (2024: TZS 4,160 million) as disclosed in Note 13. This depreciation is directly associated with the production.

*Other cost of sales consists of mining compliance costs (licences, inspection and levies), utilities, plant repairs and maintenance, security, and manufacturing input costs such as acetylene, carbon dioxide and ASU clearing accounts.

9. NET OTHER INCOME

Recovery from the insurance claim*	2,179,886	-
Carrying value of damaged assets	(841,535)	-
Gain on sale of fixed assets	-	137,211
Other income	-	920
	1,338,351	138,131

The insurance claim recovery represents compensation received/receivable by the Company as at the year-end in accordance with the terms of the insurance policy.

	2025	2024
	TZS '000	TZS '000

10 OPERATING EXPENSES

External audit fees*	80,000	65,000
Legal and professional fees	278,317	383,657
Depreciation of property, plant and equipment**	198,077	224,628
Depreciation of Right of use asset	5,154	5,154
Amortisation of intangible assets	78,245	75,459
Staff cost (Note 12)	2,867,763	2,861,642
Bank charges	83,864	71,099
Administration costs	1,521,587	1,277,102
	5,113,007	4,963,741

*External audit fees represent amount receivable by the Company's auditor in respect of audit of these financial statements. No other services were provided by the external auditor.

**The depreciation cost of TZS 198 million (2024: TZS 225 million) is part of the total depreciation cost of TZS 4,276 million (2024: TZS 4,160 million) disclosed in Note 13.

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

	2025	2024
	TZS '000	TZS '000
11. NET FINANCE COSTS		
Interest expense on lease liabilities (Note 14(c))	11,055	11,098
Interest expense on borrowings (Note 20)	1,767,480	1,871,003
Interest expense on bank overdraft	429,301	387,283
Fees and commissions expense	31,878	26,513
Net foreign exchange loss	5,112	17,057
	<u>2,244,826</u>	<u>2,312,954</u>

Interest expense on bank loan and overdraft presented in the cash flow statement is TZS 2,196,781,000 (2024: TZS 2,258,286,000).

	2025	2024
	TZS '000	TZS '000
12. STAFF COST		
Salaries and wages	3,307,935	3,030,621
Statutory deductions	132,302	124,386
Defined benefit contribution expense – NSSF	350,451	368,331
Medical expenses	304,079	294,235
Gratuity and severance payments	286,951	231,025
Other staff costs*	705,736	715,929
	<u>5,087,454</u>	<u>4,764,527</u>
Direct labour	2,219,691	1,902,885
Operating expenses	2,867,763	2,861,642
	<u>5,087,454</u>	<u>4,764,527</u>

*Other staff costs consist of costs such as transportation, uniforms, trainings, and food that are provided to all staff without discrimination.

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Plant & machinery</u>	<u>Cylinders</u>	<u>Motor vehicles</u>	<u>Office equipment</u>	<u>Work in progress</u>	<u>Total</u>
	<u>'TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>	<u>TZS'000</u>
<u>Cost</u>								
At 1 January 2024	448,963	6,394,726	31,784,909	6,354,487	12,719,022	1,431,033	1,106,434	60,239,574
Additions	-	38,054	828,232	3,720	406,500	80,865	7,020,375	8,377,746
Transfer	-	-	3,962,309	-	4,122,552	-	(8,084,861)	-
Disposal	-	-	-	-	(678,355)	-	-	(678,355)
Reclass from Held for sale	-	-	8,351,416	-	-	-	-	8,351,416
At 31 December 2024	448,963	6,432,780	44,926,866	6,358,207	16,569,719	1,511,898	41,948	76,290,381
At 1 January 2025	448,963	6,432,780	44,926,866	6,358,207	16,569,719	1,511,898	41,948	76,290,381
Additions	-	-	575,303	205,651	729,623	67,875	2,413,293	3,991,745
Disposal	-	(124,264)	(1,244,466)	-	(249,582)	-	-	(1,618,312)
At 31 December 2025	448,963	6,308,516	44,257,703	6,563,858	17,049,760	1,579,773	2,455,241	78,663,814
<u>Accumulated depreciation</u>								
At 1 January 2024	-	766,345	8,729,205	2,230,478	8,456,612	1,232,373	-	21,415,013
Charge for the year	-	126,491	2,255,485	243,255	1,436,314	98,750	-	4,160,295
Disposal	-	-	-	-	(642,028)	-	-	(642,028)
Impairment	-	-	602,230	-	-	-	-	602,230
Reclass from Held for sale	-	-	5,676,841	-	-	-	-	5,676,841
At 31 December 2024	-	892,836	17,263,761	2,473,733	9,250,898	1,331,123	-	31,212,351
At 1 January 2025	-	892,836	17,263,761	2,473,733	9,250,898	1,331,123	-	31,212,351
Charge for the year	-	126,900	1,741,552	231,688	2,104,514	71,790	-	4,276,444
Disposal	-	(29,409)	(497,787)	-	(249,581)	-	-	(776,777)
At 31 December 2025	-	990,327	18,507,526	2,705,421	11,105,831	1,402,913	-	34,712,018
<u>Carrying value</u>								
At 31 December 2025	448,963	5,318,189	25,750,177	3,858,437	5,943,929	176,860	2,455,241	43,951,796
At 31 December 2024	448,963	5,539,944	27,663,105	3,884,474	7,318,821	180,775	41,948	45,078,030

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

There are assets included within Property, plant and equipment which serve as securities for the loans acquired by the Company. Refer Note 20.

14. LEASES

The company as a lessee

The Company's leases relate to land. Further information about leases for which the Company is a lessee is presented below.

a) Lease liabilities

	2025	2024
	TZS '000	TZS '000
Lease liability movement		
Balance at 1 January	69,774	70,062
Interest expense	11,055	11,098
Repayments	(10,409)	(11,386)
	70,420	69,774
Lease liability classification		
Current portion	12,978	11,386
Non-current portion	57,442	58,388
At 31 December	70,420	69,774

b) Right-of-use assets

	2025	2024
	TZS '000	TZS '000
Cost		
Balance at 1 January	425,762	425,762
Additions	-	-
At 31 December	425,762	425,762
Depreciation		
At 1 January	(108,001)	(102,847)
Charge for the year	(5,154)	(5,154)
At 31 December	(113,155)	(108,001)
Net carrying amount	312,607	317,761

c) Amounts recognised in profit or loss

	2025	2024
	TZS '000	TZS '000
Interest on lease liabilities	11,055	11,098
Depreciation of right of use assets	5,154	5,154

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

14. LEASES (CONTINUED)

The company as a lessee (continued)

d) Amounts recognised in statement of cash flows

	2025	2024
	TZS '000	TZS '000
Within operating cash flows (interest on lease liabilities)	10,409	11,098
Within financing cash flows (payment of principal lease liabilities)	-	288
	<u>10,409</u>	<u>11,386</u>

15. INTANGIBLE ASSETS

	2025	2024
	TZS' 000	TZS' 000
Cost		
At 1 January	554,052	547,162
Additions	41,776	6,890
31 December	<u>595,828</u>	<u>554,052</u>
Accumulated amortization		
At 1 January	472,435	396,976
Charge for the year	78,245	75,459
31 December	<u>550,680</u>	<u>472,435</u>
Net carrying amount	<u>45,148</u>	<u>81,617</u>

The intangible asset consists of computer software. The amortisation of intangible asset has been disclosed under operating expenses (Note 10).

16. INVENTORIES

	2025	2024
	TZS '000	TZS '000
Raw materials	938,089	899,149
Finished goods	68,654	40,769
Welding and medical machinery and equipment	2,551,989	1,681,657
Less: Inventory provision	(32,218)	(32,218)
	<u>3,526,514</u>	<u>2,589,357</u>

In 2025, inventories of TZS 1,297 million (2024: TZS 2,770 million) were recognised as an expense during the year and included in cost of sales.

Inventories are not pledged as security.

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

16. INVENTORIES (CONTINUED)

Movement on the provision for impairment of inventories is as follows:

	2025	2024
	TZS '000	TZS '000
At 1 January	32,218	32,218
Charge for the year	-	-
At 31 December	32,218	32,218

17. TRADE AND OTHER RECEIVABLES

	2025	2024
	TZS' 000	TZS' 000
Trade receivables	4,119,404	8,768,463
Expected credit loss (Note 28)	(409,665)	(468,065)
Total trade receivables	3,709,739	8,300,398
Staff and other receivables	66,685	103,278
Insurance claim	1,353,731	-
Prepayments	697,897	775,774
Total trade and other receivables	5,828,052	9,179,450

Trade receivables are non-interest bearing and are generally on 30-90 days terms. As at 31 December 2025 impairment provisions of TZS 409.6 million (2024: TZS 468.1 million) were recognized on the trade receivable balances. The impairment provision for staff and other receivables was assessed to be immaterial to the financial statement (2024: nil).

For the purpose of cash flows, the gross movement of trade and other receivables excludes insurance claim receivable.

Movement on the provision for expected credit loss:

	2025	2024
	TZS' 000	TZS' 000
At 1 January	468,065	438,935
(Release) / charge for the year	(58,400)	29,130
At 31 December	409,665	468,065

Trade and other receivables comprise the following amounts denominated in foreign currency (USD):

	2025	2024
	TZS' 000	TZS' 000
Amount is in TZS	562,851	695,601
	562,851	695,601

18. CASH AND BANK

	2025	2024
	TZS' 000	TZS' 000
Cash in hand	24,472	22,409
Cash at bank	976,263	1,433,309
	1,000,735	1,455,718

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

18. CASH AND BANK (CONTINUED)

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December:

	2025 TZS' 000	2024 TZS' 000
Cash at banks and in hand	1,000,735	1,455,718
Bank overdraft	(3,518,322)	(3,050,437)
	<u>(2,517,587)</u>	<u>(1,594,719)</u>

Cash and cash equivalents comprise the following amounts denominated in foreign currency:

	2025 TZS' 000	2024 TZS' 000
(EURO):		
Amount is in TZS	<u>330</u>	<u>356</u>
(USD):		
Amount is in TZS	<u>177,247</u>	<u>1,238,636</u>

19. SHARE CAPITAL AND RESERVES

	2025 TZS '000	2024 TZS '000
a) Share Capital		
Authorized		
200 million Ordinary Shares of TZS 100 each	<u>20,000,000</u>	<u>6,000,000</u>
Issued and fully paid		
57,505,963 (2024: 57,505,963) Ordinary Shares of TZS 100 each	<u>5,750,596</u>	<u>5,750,596</u>

During the year ended 31 December 2025, the authorized share capital of the Company was increased from TZS 6,000,000,000 (60 million ordinary shares of TZS 100 each) to TZS 20,000,000,000 (200 million ordinary shares of TZS 100 each).

The increase was approved by shareholders at the Annual General Meeting held on 22 August 2025 and the Company's constitutional documents were amended accordingly.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regarding the Company's residual assets.

	2025 TZS '000	2024 TZS '000
b) Share Premium		
57,505,963 (2024: 57,505,963) Ordinary shares	<u>6,762,049</u>	<u>6,762,049</u>

The share premium of TZS 6.762 million was realised in the initial public offering made in 1998 and right issues made up to 2014. There were no changes in the share premium during the year.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20. LOANS AND BORROWINGS

	2025	2024
	TZS '000	TZS '000
At 1 January	16,581,643	12,672,740
Received during the year	-	3,911,933
Interest	1,767,480	1,871,003
Repayment of interest	(1,823,730)	(1,814,752)
Repayment of principal	(8,827,649)	(59,281)
As at 31 December	7,697,744	16,581,643
Long term portion	1,006,207	7,693,972
Current portion	6,691,537	8,887,671
Total loan	7,697,744	16,581,643

The balance as at 31st December 2025 comprises loans and borrowings from Diamond Trust Bank Tanzania Limited and Scania Credit Solutions (T) Limited.

DTB loan facility

The Company obtained a term loan facility amounting to TZS 14.475 billion from Diamond Trust Bank for paying off the Absa Bank Tanzania Limited and CRDB Bank PLC loan facility amounting to TZS 7.5 billion at a time of repayment. The remaining balance of TZS 6.975 billion was used to finance acquisition of a new carbon dioxide plant and improve the distribution fleet for CO2. The loan was secured on 11 August 2021 and is to be repaid in sixty (60) equal monthly instalments. Interest rate is 12.75%, accrues daily and is paid monthly in arrears with a grace period of one year.

	2025	2024
	TZS '000	TZS '000
At 1 January	12,672,740	12,672,740
Interest	1,410,646	1,791,150
Repayment of interest	(1,410,646)	(1,791,150)
Repayment of principal	(6,446,145)	-
As at 31 December	6,226,595	12,672,740
Long term portion	-	6,226,596
Current portion	6,226,595	6,446,144
Total loan	6,226,595	12,672,740

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

20. LOANS AND BORROWINGS (CONTINUED)

DTB loan facility (continued)

The Securities for the loans include:

- (i) First legal and continuous mortgage charge over the property with Title no. 186068/25, L.O No. 28248, Plot No.4, Pugu industrial Area in the name of TOL Gases Plc.
- (ii) First legal and continuous mortgage charge over the property with Title no. 937 MZLR L.O. No.67760, Plot No.41, Nyakato industrial Area, Mwanza and Title no. 8883, L.O.No.135720 Plot No.43, Industrial Area, Nyakato, Mwanza in the same name of TOL Gases Plc.
- (iii) First legal and continuous mortgage charge over the property with Title No. 3064 L.O.No.137662 Plot No.1, Kyejo Busokelo Division, Rungwe in the name of TOL Gases Plc.
- (iv) First legal and continuous mortgage charge over the property with Title No. 1432 MB YLR, L.O No.174895, Farm No.1124, Ilenge Village, Rungwe District in name of TOL Gases Plc.
- (v) Specific Debenture of the Plant and Machinery on properties on Plot No.4, Pugu Industrial Area in the name of TOL Gases Plc Plot No.4 and 43, industrial Area, Nyakato Mwanza in the name of TOL Gases Plc.
- (vi) Specific Debenture for new Plant for (CO2) to be part financed by the bank in the name of TOL Gases Plc (To be charged for TZS 17,675,000,000/- plus Interest and Other Charges).
- (vii) Fixed and Floating Debenture over all current and future assets of TOL Gases Plc (To be charged for TZS 17,675,000,000/- plus Interest and Other charges).

Scania asset financing facility

The Company acquired 6 units of brand-new trucks through asset financing arrangement with Scania Credit Solutions (T) Limited. The facility was secured on 18 September 2024 and is to be repaid in forty-eight (48) equal monthly instalments. Interest rate is 182-day T-Bill rate plus 9.43 % per annum

	2025 TZS '000	2024 TZS '000
At 1 January	1,852,653	-
Received during the year	-	1,911,934
Interest	300,099	23,603
Repayment of interest	(300,099)	(23,603)
Repayment of principal	(381,504)	(59,281)
As at 31 December	<u>1,471,149</u>	<u>1,852,653</u>
Long term portion	1,006,207	1,467,376
Current portion	464,942	385,277
Total loan	<u>1,471,149</u>	<u>1,852,653</u>

Erncon Holdings Limited financing

On 1st July 2024 the Company issued 2,000,000,000 15% fixed rate unsecured debt notes at issue price of TZS 1.00 each to Erncon Holdings Limited. The final maturity date is 1st July 2025. The notes bear interest on their outstanding principal amount from (and including) the issue date at a rate of 15% p.a, payable quarterly, on 1st October 2024, 2nd January 2025, 1st April 2025 and 1st July 2025. The debt notes were issued to finance purchase of new trucks.

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

20. LOANS AND BORROWINGS (CONTINUED)

Erncon Holdings Limited financing (continued)

	2025	2024
	TZS '000	TZS '000
At 1 January	2,056,250	-
Received during the year	-	2,000,000
Interest	56,735	56,250
Repayment of interest	(112,985)	-
Repayment of principal	(2,000,000)	-
As at 31 December	-	2,056,250
Current portion	-	2,056,250
Total loan	-	2,056,250

21. TAXATION

a) Income tax expense

	2025	2024
	TZS '000	TZS '000
Current tax – current year	1,841,633	265,346
Current tax – prior years	380,000	413,175
Deferred tax – current year	591,622	1,241,164
Deferred tax – prior year	(13,315)	(1)
Income tax reported in the statement of profit or loss	2,799,940	1,919,684

A reconciliation between tax expense and accounting profit multiplied by Tanzania Corporate tax for the year ended 31 December 2025 and 2024 as follows:

	2025	2024
	TZS '000	TZS '000
Accounting profit before income tax	6,775,184	3,984,188
At Tanzania's statutory income tax rate 30% (2024: 30%)	2,032,555	1,195,256
Tax effect of disallowed expenses	400,700	311,254
Under provision of prior years' current taxes	380,000	413,175
Over provision of prior year deferred taxes	(13,315)	(1)
	2,799,940	1,919,684

A reconciliation of the applicable tax rate to effective tax rates for the year ended 31 December 2025 and 2024 as follows*:

	2025	2024
	%	%
Tanzania's statutory income tax rate	30.00	30.00
Disallowed expenses	5.92	7.81
Prior year adjustments	5.41	10.37
	41.33	48.18

**This reconciliation between the applicable tax rate and the effective tax rate has been enhanced in the current year to improve transparency and compliance.*

TOL GASES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

21. TAXATION (CONTINUED)

b) Tax payable

	2025	2024
	TZS '000	TZS '000
Balance at 1 January	139,279	956,948
Tax charge for the year	1,841,633	265,346
Current tax – prior years	380,000	413,175
Withholding tax utilised	(102,256)	(163,331)
Payment made	<u>(1,665,239)</u>	<u>(1,332,859)</u>
	<u>593,417</u>	<u>139,279</u>

Tax assessments have been made up to 2023. The Tax authority has up to five (5) years to make final assessment.

c) Deferred Tax

31 December 2025	At 31 Dec 2024	Recognised in profit or loss	At 31 Dec 2025
	TZS '000	TZS '000	TZS '000
Accelerated depreciation for tax purposes	6,070,397	649,853	6,720,250
Unrealised exchanges gain	73,688	5,118	78,806
Unrealised exchanges losses	-	(6,652)	(6,652)
Inventory provision	(9,665)	-	(9,665)
Gratuity and Terminal Benefit provision	(63,354)	(86,085)	(149,439)
Provision for expected credit loss	(140,420)	17,520	(122,900)
IFRS 16 Adjustments	<u>(4,780)</u>	<u>(1,447)</u>	<u>(6,227)</u>
	<u>5,925,866</u>	<u>578,307</u>	<u>6,504,173</u>

31 December 2024	At 31 Dec 2023	Recognised in profit or loss	At 31 Dec 2024
	TZS '000	TZS '000	TZS '000
Accelerated depreciation for tax purposes	4,750,563	1,319,834	6,070,397
Unrealised exchanges gain	78,805	(5,117)	73,688
Inventory provision	(9,665)	-	(9,665)
Gratuity and Terminal Benefit provision	-	(63,354)	(63,354)
Provision for expected credit loss	(131,681)	(8,739)	(140,420)
IFRS 16 Adjustments	<u>(3,320)</u>	<u>(1,460)</u>	<u>(4,780)</u>
	<u>4,684,702</u>	<u>1,241,164</u>	<u>5,925,866</u>

Final tax assessments

The normal procedure for agreeing the final income tax liability in Tanzania involves the Company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing its own review of the Company's submissions and issuing a notice of final income tax assessment to the Company.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

21. TAXATION (CONTINUED)

c) Deferred Tax (continued)

Final tax assessments (continued)

The final income tax assessment as determined by TRA after its review and possible site visits may differ from the assessments determined by the Company. The tax laws stipulate procedures for the Company to object and appeal against TRA assessments. It is common that the timeframe from the Company's own submission of final annual tax returns and TRA tax assessments may take several months or years.

During the year ended 31 December 2025, there were no TRA assessments issued to the Company.

22. TRADE AND OTHER PAYABLES

	2025 TZS '000	2024 TZS '000
Trade payables	2,614,975	2,296,843
Advances from customers	340,267	1,514,511
Other payables	1,092,353	1,018,919
Accrual expenses	783,929	783,102
VAT Payable	168,184	24,633
Withholding tax payable	21,194	13,728
Statutory deductions (PAYE, SDL, WCF & NSSF)	132,977	177,153
	<u>5,153,879</u>	<u>5,828,889</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice. Other payables are non-interest bearing and have an average term of six months. The outstanding trade and other payable balances comprise balances denominated in TZS, USD and GBP. Refer to Note 28 (foreign currency risk) for the value of trade and other payable balances denominated in GBP and USD.

23. BANK OVERDRAFT

The Company had secured an overdraft facility with DTB Bank of TZS 4.2 billion at an interest rate of 14.75% per annum accruing daily on an outstanding balance and is charged monthly. The overdraft is a revolving facility which is automatically renewable each year.

	2025 TZS '000	2024 TZS '000
Outstanding balance as at 31 December	3,518,322	3,050,437

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

24. CYLINDER DEPOSIT

Cylinder deposits are made up of payments made by customers for use of cylinders to store gas. The deposit is refundable to customers upon return of the cylinders.

The movements of cylinder deposit accounts during the year was as follows:

	2025 TZS '000	2024 TZS '000
Balance as at January	521,072	522,233
Deposits made during the year	-	-
Reallocation	8,393	(920)
Refunds made during the year	-	(241)
	<u>529,465</u>	<u>521,072</u>

25. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year. There were no transactions leading to dilutive effect.

	2025 TZS '000	2024 TZS '000
Net profit attributable to shareholders	3,975,244	2,064,504
Weighted average number of ordinary shares	<u>57,506</u>	<u>57,506</u>
Basic earnings per share (TZS)	<u>69.13</u>	<u>35.90</u>
Basic and diluted earnings per share (TZS)	<u>69.13</u>	<u>35.90</u>

The earnings per share above is based on weighted average number of ordinary shares amounting to 57,505,963 during the year (2024: 57,505,963 shares).

26. EMPLOYEES PENSION

The Company operates a defined contribution plan through a pension scheme to which both the employer and employee contribute. Employees are members of the National Social Security Fund (NSSF). The employer and each local employee, each contribute 10% to NSSF each month.

During the year, the Company's contribution amounted to:

	2025 TZS '000	2024 TZS '000
Total contributions during the year	<u>350,451</u>	<u>368,331</u>

27. RELATED PARTY TRANSACTIONS

The following are the transactions between the Company and its related parties.

Transactions with shareholders

The shareholder debt notes payable was unsecured and carried interest at a fixed rate of 15%. Interest was repayable monthly and the capital balance was repaid in full during the current year.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with shareholders (continued)

Debt notes payable balance to the shareholder:

	2025	2024
	TZS '000	TZS '000
Erncon Holdings Limited	-	(2,056,250)

Transactions with key management personnel

Key management personnel are described as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, comprising senior management.

Compensation to key management personnel:

	2025	2024
	TZS '000	TZS '000
Short term benefits	1,440,678	1,661,658

Directors' remuneration

The directors are each entitled to the directors' fees paid annually as follows:

	2025
	TZS'000
The Chairperson of the Board	14,118
Other directors	11,765

The directors are each also entitled to sitting allowance for every meeting of the Board or its committees as follows:

	2025
	TZS'000
The Chairperson of the Board	800
Other directors	600

The total remuneration to individual directors, which comprised directors' fees and sitting allowances was as follows:

	2025	2024
	TZS'000	TZS'000
Directors		
Mr. Harry Kitilya	-	22,118
Ms. Irene Madeje	19,877	8,662
CPA Selestine Some	42,802	50,265
Prof. Abraham Temu	13,643	20,765
Mr. Justin Massawe	22,165	22,565
CPA Leonard C. Kitoka	22,918	21,765
Ms. Tunu Kinabo	20,365	23,165
CPA Hilda E. Bujiku	6,322	
Eng. Joseph Machange	-	7,843
	148,092	177,148

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Directors' interest in the shares of the Company

Directors representing shareholders have an interest in issued and fully paid-up shares of the Company as shown below:

<u>Name</u>	<u>Shares</u> 2025	<u>Shares</u> 2024
1 CPA Leonard C. Kitoka	200	200
2 Joseph C. N. Machange	1,029,584	1,029,584
3 Justin Massawe	400,100	400,100
4 Prof. Abraham K. Temu	17,818	17,818

Payables to related parties

	2025 <u>TZS'000</u>	2024 <u>TZS'000</u>
Short-term benefits payable to key management personnel	(450,994)	(342,754)
Directors' fees payable	(72,941)	(101,176)
Debt notes payable balance to the shareholder (Erncon Holdings Limited) (Note 20)	-	(2,056,250)
	<u>(523,935)</u>	<u>(2,500,180)</u>

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade payables, overdrafts, and borrowings. The Company does not enter derivative transactions for trading or other purposes. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks; foreign currency, credit and liquidity risks. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the management on behalf of the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency mostly US dollars, British Pounds, and EURO).

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The Company manages its foreign exchange risk by forecasting the amount of foreign currencies they require and hold an equivalent amount in foreign currencies (US dollar, British Pounds and EURO). As at 31 December 2025 and 31 December 2024, the balances denominated in foreign currencies were as shown on the table below:

Balances denominated in foreign currencies

	2025			2024		
	TZS '000 USD	TZS '000 EUR	TZS '000 GBP	TZS '000 USD	TZS '000 EUR	TZS '000 GBP
Cash and bank balances	177,247	330	-	1,238,636	356	-
Trade and other receivables	562,851	-	-	695,601	-	-
Trade and other payables	(194,437)	(590,515)	(71,222)	(347,353)	-	-
Net exposure	545,661	(590,185)	(71,222)	1,586,884	356	-

The following significant exchange rates applied during the year and were used in calculating sensitivities*:

	Forecast rate**		Reporting date spot rate	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	TZS	TZS	TZS	TZS
USD	2,598.00	2,654.88	2,470.00	2,450.00
EUR	3,023.99	3,120.61	2,912.87	2,596.00
GBP	3,557.16	3,635.19	3,343.38	3,118.00

*The disclosure of significant exchange rates applied has been included in the current year to enhance comparability and transparency.

**The forecast rates represent an average of the foreign currency rates forecast by the major banks that the Company transacts with regularly. These rates are not necessarily management's expectations of currency movements.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, British Pounds and Euro exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and monetary liabilities).

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The Company's exposure to foreign currency changes for all other currencies is not material*.

	Effect on profit and loss		Effect on equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
	TZS '000	TZS '000	TZS '000	TZS '000
2025				
USD (10% movement)	54,566	(54,566)	38,196	(38,196)
EUR (10% movement)	(59,019)	59,019	(41,313)	41,313
GBP (10% movement)	(7,122)	7,122	(4,985)	4,985
2024				
USD (10% movement)	158,688	(158,688)	111,081	(111,081)
EUR (10% movement)	36	(36)	25	(25)
GBP (10% movement)	-	-	-	-

* This disclosure has been enhanced in the current year to separately present the effects of strengthening and weakening movements in exchange rates.

Interest rate risk

In broad terms the interest rate risk is the risk that concerns the sensitivity of the Company's financial performance to changes in the interest rates. The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the Company's business strategies to minimise interest risk.

A reasonably possible change of 5% in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	5% increase		5% decrease	
	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
	TZS '000	TZS '000	TZS '000	TZS '000
Effect on profit and loss	90,475	92,633	(90,475)	(92,633)
Effect on equity (net of tax)	63,332	64,843	(63,332)	(64,843)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The Company aims at maintaining flexibility in funding and aggressive collection efforts in respect of trade debtors' balances.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Management monitors rolling forecasts of the Company's liquidity i.e. cash at bank and in hand (Note 18) on the basis of expected cash flows.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their fair values as the impact of discounting is not significant. Borrowing's interest rates approximates the market rate.

	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	More than 1 year
	TZS '000	TZS '000	TZS '000	TZS '000
31 December 2025				
Lease liabilities*	70,420	507,921	12,366	495,555
Trade and other payables**	4,491,257	4,491,257	4,491,257	-
Cylinder deposits	529,465	529,465	529,465	-
Bank overdrafts	3,518,322	3,518,322	3,518,322	-
Borrowings	7,697,744	8,484,988	7,329,733	1,155,255
	16,307,208	17,531,953	15,881,143	1,650,810
31 December 2024				
Lease liabilities	69,774	518,275	12,330	505,945
Trade and other payables**	4,098,864	4,098,864	4,098,864	-
Cylinder deposits	521,072	521,072	521,072	-
Bank overdrafts	3,050,437	3,050,437	3,050,437	-
Borrowings	16,581,643	19,117,984	10,693,063	8,424,921
	24,321,790	27,306,632	18,375,766	8,930,866

* Included under lease liabilities are leasehold land with lease terms ending between 2028 and 2106 whose carrying amounts varies significantly from the undiscounted cashflows presented herewith.

** Excludes advances from customers, VAT payable, withholding tax payable and statutory deductions.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's extension of credit to its customers. For risk management reporting purposes, the Company considers all elements of credit risk exposure such as individual obligator default risk, nature of customer and sector risk.

The carrying amount of financial assets represents the maximum credit exposure. The table below summaries the maximum credit exposure as at the reporting date.

TOL GASES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

	2025	2024
	TZS '000	TZS '000
Trade receivables (Note 17)	3,709,739	8,300,398
Insurance claim	1,353,731	-
Staff and other receivables (Note 17)	66,685	103,278
Cash at bank (Note 18)	1,000,735	1,433,309
At 31 December	6,130,890	9,836,985

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 7.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days for credit customers. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security. The expected credit loss on Cash at bank and staff and other receivables is immaterial. The Company considers the exposure on Cash at bank to be limited as the cash have been deposited on reputable Banks and for staff and other receivables, these are short-term in nature, with no significant past due balances or historical credit losses and thus the Management is confident that the exposure to losses for the amount held with the bank is immaterial.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2025	2024
	TZS '000	TZS '000
Opening balance	468,065	438,935
Net re-measurement of loss allowance	(58,400)	29,130
Closing balance	409,665	468,065

As at 31 December 2025, trade receivables of TZS 366 million (2024: TZS 366 million) were individually (specifically) impaired and provided for. The individually impaired receivables mainly relate to customers with disputes since 2011.

In the year 2025 the Company has assessed risk clusters based on type of customer and their associated probability of default as detailed below;

Risk cluster	2025				2024			
	Gross Impairment		Net	Loss rate	Gross Impairment		Net	Loss rate
	TZS '000	TZS '000	TZS '000	%	TZS '000	TZS '000	TZS '000	%
CO2 Customers	2,633,993	(26,198)	2,607,795	1.0%	3,426,699	(34,267)	3,392,432	1.0%
Government								
Hospitals	970,911	(9,709)	961,202	0.8%	4,283,114	(32,832)	4,250,282	0.8%
Other Customers	148,149	(7,407)	140,742	5.0%	692,299	(34,615)	657,684	5.0%
Specific impairment	366,351	(366,351)	-	100%	366,351	(366,351)	-	100%
Total	4,119,404	(409,665)	3,709,739	5.3%	8,768,463	(468,065)	8,300,398	5.3%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

In the year 2025 the Company has assessed risk clusters based on their credit risk grades and their associated probability of default as detailed below*;

Risk cluster	2025				2024			
	Gross	Impairment	Net	Loss rate	Gross	Impairment	Net	Loss rate
	TZS '000	TZS '000	TZS '000	%	TZS '000	TZS '000	TZS '000	%
0-30 days past due	1,777,587	(9,421)	1,768,166	1%	3,783,728	(19,297)	3,764,431	1%
31-60 days past due	442,534	(3,861)	438,673	1%	941,967	(8,949)	933,018	1%
61-90 days past due	222,512	(2,830)	219,682	1%	473,634	(7,105)	466,529	2%
91-120 days past due	168,804	(3,244)	165,560	2%	359,312	(8,623)	350,689	2%
More than 121 days past due	1,507,967	(390,307)	1,117,658	26%	3,209,822	(424,091)	2,785,731	13%
Total	4,119,404	(409,665)	3,709,739		8,768,463	(468,065)	8,300,398	

**The disclosure of risk clusters, represented by credit risk grades based on ageing categories, together with the associated loss rates, has been included in the current year to enhance transparency.*

Strategic, Commercial, operational, and financial risks

Through its risk management system, the Company identified strategic, commercial, operational and financial risks that faces the Company and implement strategies to mitigate the impact of the identified risks. These risks are mitigated by either establishing controls, meeting and discussing issues with customers, improving service delivery, investing and training of staff. These risks are well mitigated and have no significant impact to the financial performance of the Company.

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS Accounting Standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of cylinder deposits, trade and other payables, and trade and other receivables approximate or equal to the fair values of assets and liabilities as these are short term in nature.

Both fixed and floating interest rates relating to interest-bearing loans and bank overdraft approximate market rates and thus their carrying amount approximates fair value.

In the current year the inflation averaged 3.1% (2024: 3.1%). There is no significant change in interest rate for the loans with similar terms and maturities. Therefore, the carrying amount is the best estimate of the fair value.

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

30. CAPITAL MANAGEMENT DISCLOSURES AND ANALYSIS OF CHANGES IN NET DEBT

The Company defines capital as the total equity of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company is not subject to any externally imposed capital requirements. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company aims to maintain capital discipline in relation to investing activities and may adjust the dividend

payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies, or processes during the years ended 31 December 2025 and 31 December 2024.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company includes within net debt, interest bearing loans and borrowings. All components of equity are included in the denominator of the calculation. Please see the table below.

At 31 December 2025, the net debt ratio was 26% (2024: 42%).

	2025	2024
	TZS'000	TZS'000
Gross debt		
Interest bearing loans and borrowings	7,697,743	16,581,643
Bank overdraft	3,518,322	3,050,437
Net debt	11,216,065	19,632,080
Equity	31,324,671	27,349,727
Total debt and capital	42,540,736	46,981,807
Debt ratio	26%	42%

31. CONTINGENT LIABILITIES

There were no material contingent liabilities as at 31 December 2025, which may possibly result in a loss or gain to the Company or in commitments which it cannot meet, and for which no provision is considered necessary or only partial provision has been made.

32. EVENTS AFTER REPORTING PERIOD

Significant escalation in geopolitical tensions in the Middle East have contributed to heightened global market volatility. The situation remains fluid and the potential impact of these evolving circumstances including the possibility of higher fuel and logistics related cost pressures, increased inflation uncertainty impacting rates, and periods of foreign exchange and market volatility associated with shifts in global risk sentiment, will be monitored and assessed into the year ahead. While the impacts to the Company have yet to materialise, these developments arose after year-end and are considered non adjusting events under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements for the reporting period ended 31 December 2025.

The directors are not aware of any other events (as defined per IAS 10 Events after the Reporting Period) after the reporting date of 31 December 2025 and the date of authorisation of these annual financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

33. ADVANCES TO SUPPLIERS

Advances to suppliers comprises of amounts paid to suppliers for the goods and services that are yet to be received or enjoyed by the Company. When such payments are made with respect to supplying non-current assets, the advance to suppliers are classified as non-current assets.

Below is the summary of advances to suppliers as at the year-end:

	2025 TZS '000	2024 TZS '000
Advances to suppliers: current portions	727,239	764,454
Advances to suppliers: non-current portion	-	-
	<u>727,239</u>	<u>764,454</u>

34. FORTHCOMING STANDARDS

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2025 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory. The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements with the exception of IFRS 18.

Forthcoming standards/amendments	Effective date
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.	1 January 2026
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.	1 January 2026
- Annual Improvements to IFRS Accounting Standards – Amendments to: - IFRS 1 First-time Adoption of International Financial Reporting Standards; - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; - IFRS 9 Financial Instruments; - IFRS 10 Consolidated Financial Statements; and - IAS 7 Statement of Cash Flows	1 January 2026
- IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i> .	1 January 2027
- IFRS 18 <i>Presentation and Disclosure in Financial Statements</i> *.	1 January 2027

* Management is still assessing the impact of IFRS 18.