UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

TCC

Chairman's statement

Dear Shareholders,

On behalf of the Board of Directors of Tanzania Cigarette Public Limited Company (TCC Plc), I am pleased to report the unaudited results for the six months ended June 30, 2022.

A solid first half 2022 compared to first half 2021

Revenue grew 10.8% to TZS 168.2 billion, driven by strong domestic and export volume performance. Overall volume increased 14.2% compared to a similar period in 2021.

Gross profit was TZS 96.6 billion, up 14.4%, reflecting the strong volume performance and production cost efficiency. Cost of sales increased 6.4%, broadly in line with inflation for imported raw materials.

Profit before tax (PBT) increased 23.5% to TZS 52.6 billion due to strong volume performance and operating cost efficiencies. Operating expenses were marginally up 5%, reflecting our continued focus on managing costs. Profit after tax (PAT) was TZS 31.4 billion or 31.5% up on the prior period, and earnings per share were up by the same margin to TZS 314.

Operating cash flow was TZS 44.3 billion compared to TZS 30.3 billion in a similar prior period. This strong operating cash flow was used for capital expenditure, intercompany loan repayment, and a final dividend payment for 2021 to shareholders.

Dividend to shareholders

Given the strong results to June 30, 2022, short to medium-term operational and investment needs to sustain top-line growth, the Board of Directors of TCC Plc have recommended an interim ordinary gross dividend of TZS 300 per share (June 30, 2021: TZS 250 per share). Payment, less 5% withholding tax, will be on or about October 11, 2022. Shares will trade cum-dividend until September 12, 2022.

Prospects to December 31, 2022

The Directors expect the solid first-half volume momentum will continue in the second half of 2022. Management is on track to deliver on its full-year commitments, aided by a more conducive business environment, a robust strategy, and a committed team.

Note of thanks

On behalf of the Board of Directors, I wish to thank stakeholders – employees, customers, shareholders, and society - for their continued support of our business. I look forward to updating you with our full-year 2022 results in early 2023.

Paul Makanza

Chairman of the Board, TCC Plc

Extracts of the financial statements

Statement of comprehensive income for the six months ended June 30, 2022 (Unaudited)

	30 June 2022 TZS M	30 June 2021 TZS M	%
Revenue	**168,152**	**151,727**	**10.8%**
Cost of sales	(71,595)	(67,295)	6.4%
Gross profit	**96,557**	**84,432**	**14.4%**
Expenses			
Marketing, selling and distribution expenses	(23,980)	(26,454)	-9.4%
Administration expenses	(16,018)	(16,251)	-1.4%
Other expenses	(4,402)	(2,801)	57.2%
Other gains	312	3,207	-90.3%
Interest income	169	479	-64.7%
Interest expense	(27)	(17)	58.8%
Total Expenses	**(43,946)**	**(41,837)**	**5.0%**
Profit before tax	**52,611**	**42,595**	**23.5%**
Income tax expense	**(21,189)**	**(18,708)**	**13.3%**
Profit after tax	**31,422**	**23,887**	**31.5%**
Earning per share			
Basic and diluted (TZS per share)	**314**	**239**	**31.5%**

Statement of cash flows for the six months ended June 30, 2022 (Unaudited)

	30 June 2022 TZS M	30 June 2021 TZS M
Cash flow from Operating Activities		
Profit before taxation	52,611	42,595
Adjustments for:		
Depreciation and amortization	7,272	6,793
Depreciation Right use-of-asset	191	220
Defined benefit expense	1,152	1,155
Net foreign exchange differences	45	(171)
IInterest expense	27	17
Interest income	(169)	(479)
(Gain)/loss on disposal of property, plant and equipment	(127)	(3,022)
Operating Cash Flows Before Movement In Working Capital	**61,002**	**47,108**
Working capital changes:		
Increase in inventories	7,784	(4,635)
Increase in trade and other receivables	(5,427)	673
Increase in trade and other payables	5,318	1,552
Decrease in provisions	(3,809)	(1,691)
Cash flows from operating activities	**64,868**	**43,007**
Defined benefit paid	(219)	(498)
Net interest received	169	479
Interest paid	(27)	(17)
Income tax paid	(20,526)	(12,678)
Net cash generated from operating activities	**44,265**	**30,293**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,865)	(1,453)
Proceeds from disposal of property, plant and equipment	152	4,875
Net cash used in investing activities	**(4,713)**	**3,422**
Cash flows from financing activities:		
Dividends paid to owners of the company	(30,000)	(30,000)
Lease rentals paid	(153)	(178)
Inter-Company Borrowing	(13,649)	-
Net cash used in financing activities	**(43,802)**	**(30,178)**
Net increase in cash and cash equivalents	(4,250)	3,537)
Net foreign exchange difference	(45)	171
Cash and cash equivalents at the beginning of the year	23,795	25,139
Cash and cash equivalents at the end of the year	**19,500**	**28,847**
Represented by:		
Cash and bank balances	**19,500**	**28,847**

Statement of financial position as at June 30, 2022 (Unaudited)

	June 30 2022 TZS M	December 31 2021 TZS M
Assets		
Non-current assets		
Property, plant and equipment	83,367	85,808
Right-of-use assets	548	727
	83,915	**86,535**
Current Assets		
Inventories	108,874	116,658
Trade and other receivables	48,355	42,928
Cash and bank balances	19,500	23,795
Total Current Assets	**176,729**	**183,381**
Non-Current asset held -for-sale	257	257
Total assets	**260,901**	**270,173**
Equity and Liabilities		
Equity		
Share capital	2,000	2,000
Defined benefit reserves	6,043	6,043
Retained earnings	146,170	144,748
Total Equity	**154,213**	**152,791**
Liabilities		
Non-current liabilities		
Deferred tax liability	4,236	4,419
Defined benefit obligation	13,469	12,536
Lease LT Liability	72	76
Total non-current liabilities	**17,777**	**17,031**
Current liabilities		
Trade and other payables	73,973	68,655
Provisions	4,274	8,083
Lease ST Liability	276	422
Income tax payable	3,274	2,428
Inter-Company borrowing	7,114	20,763
Total current liabilities	**88,911**	**100,351**
Total liabilities	**106,688**	**117,382**
Total Equity and Liabilities	**260,901**	**270,173**

Statement of changes in equity for the six months ended June 30, 2022 (Unaudited)

	Share capital TZS M	Defined benefit reserves TZS M	Retained earnings TZS M	Total TZS M
At January 1, 2021	2,000	4,732	165,193	171,925 1
Profit for the period	-	-	59,555	59,555
Other comprehensive income	-	1,311	-	1,311
Total	**2,000**	**6,043**	**224,748**	**232,791**
Dividend paid	-	-	(80,000)	(80,000)
Balance as at December 31, 2021	**2,000**	**6,043**	**144,748**	**152,791**
At January 1, 2022	2,000	6,043	144,748	152,791
Profit for the period	-	-	31,422	31,422
Total	**2,000**	**6,043**	**176,170**	**184,213**
Final dividend paid for 2021	-	-	(30,000)	(30,000)
Balance as at June 30, 2022	**2,000**	**6,043**	**146,170**	**154,213**