

TOL GASES LIMITED

CHAIRMAN'S STATEMENT

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2020

My fellow Shareholders, fellow Directors, Distinguished Guests, Ladies and Gentlemen, I am delighted to welcome you to the annual general meeting (AGM) of our Company to present to you the Directors Reports for the year ending 31st December 2020.

We began the year unsure of the effects and severity of disruptions from the then newly announced Covid-19 pandemic on our Country, our customers both within and outside Tanzania, our employees and ultimately our Company. However, we ended the year more certain than ever of the essential and life-saving nature of our products, and more specifically medical oxygen in treating covid-19 patients in the country, cementing our Company's importance in the society.

Year 2020 presented a handful of challenges and opportunities too, not only to our Company but globally, Our Company has proved resilient and adaptive has continued to be responsive to the needs of its market environment. I thank our employees for adapting accordingly and delivering uninterrupted supplies of unprecedented demand for medical as well as industrial gases to our customers across our regional market when they need us most.

Performance for the financial year 2020 improved marginally compared to that of 2019. Revenue for the year grew by 15% from Tshs 17.2Bn recorded in 2019 to Tshs 19.8Bn. Profit before tax grew by 24% from Tshs 3.0Bn in 2019 to Tshs 3.8Bn in 2020. Profit after tax grew by 4% from 2.2Bn recorded in 2019 to Tshs 2.3Bn in financial year 2020.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year 2020 was Tshs 6.6Bn, 6% higher than 2019's EBITDA of Tshs 6.2 Bn. EBITDA margin for 2020 financial year was 33%.

Even as the country and the region at large gears for vaccinating their citizens, it should be comforting to our customers and other stakeholders that our Company is ready to support medical oxygen requirements in the country. Our just concluded installation of the new air separation plant capable of supplying the country with the necessary medical as well as industrial oxygen and nitrogen is testament to this readiness.

The new plant is expected to increase the overall profitability of the Company moving forward considering that the plant is replacing the perennial loss maker that is Aspen 1000.

On another development, buoyed by the positive development of the carbon dioxide market both locally and SADC countries of Zimbabwe, Zambia and DRC, the Board has embarked on building a new additional factory in Rungwe District to add production capacity. Alongside the new carbon dioxide factory, the Board has committed to invest in additional fleet commensurate with the new production capacity. This is welcome development to our shareholders but more importantly to our esteemed customers seeking TOL's commitment to supplying their carbon dioxide requirements reliably.

With the investment in both new air separation plant for the production of liquid oxygen and nitrogen as well as the additional carbon dioxide factory, TOL will become a solidly reliable manufacturer and distributor of medical and industrial gases in Tanzania as well as SADC, and for our shareholders a valid expectation of significantly increased profitability going forward.

The Board remains committed to maintaining a consistency of expectations from our shareholders when it comes to dividends. It is for this reason that the Board recommends a dividend payment of Tshs 34.78 per share doubling the Tshs 17.37 per share pay out last year.

Vote of thanks

I would like to take this opportunity to once again sincerely thank our staff members for their commitment and dedication to our Company, Board of Directors, and Management and to our valued customers and all stakeholders for their support in what was extraordinarily challenging year.

I look forward to your continued support in the financial year 2021 and beyond.

Thank you all and God bless you

Michael N. Shirima

BOARD CHAIRMAN