

TOL GASES LIMITED

CHAIRMAN'S STATEMENT

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2021

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 2021.

Year 2021 was a very challenging year due to the effects of Covid-19 to all segments of the economy and society at large. During the year it became necessary for the Company to supplement its own produced oxygen with imports to ensure that the Company's customers in the health care sector did not suffer oxygen outages.

I am pleased to report that the objective of keeping the nation supplied with medical oxygen at such a critical point was met, and I commend all those in the Company and our customers for overcoming the logistical and other challenges encountered in ensuring that sufficient medical oxygen was made available to patients at the various health care facilities.

It is not expected that the peak demand for medical oxygen last year will recur in 2022 as Covid-19 infection and hospitalization rates have decreased significantly. However, the pandemic has led to a heightened realisation within the health sector of the importance of medical oxygen therapy in patient care. This in turn has spurred sudden investments in in-house oxygen production by several health facilities across the country. In the immediate time, this development is expected to adversely affect some merchant oxygen manufacturers.

However, in the medium to long term, the increased awareness and investment in the related infrastructure for distributing medical oxygen and administering it to patients is a welcome opportunity for players such our Company with the prerequisite technology in liquid oxygen and other necessary industry knowledge and expertise in providing medical oxygen solutions to the existing and new customers in the country and the region at

large and is expected to spur growth in the medical oxygen product line going forward.

Financial performance

Performance for the financial year 2021 was a commendable improvement on 2020's performance considering the circumstances that prevailed. Revenue for the year grew by 25% from Tshs 19.8Bn recorded in 2020 to Tshs 24.8Bn whereas Profit after tax grew by 41% from 2.3Bn recorded in 2020 to Tshs 3.3Bn in financial year 2021.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year 2021 was Tshs 7.6Bn, 15% higher than 2020's EBITDA of Tshs 6.6Bn. EBITDA margin for 2021 financial year was 31%. Earnings per share for the year is Tshs 57.29 compared to Tshs 40.76 in 2020.

Dividends

The Board is recommending a dividend payment of Tshs 40.00 per share (Tshs 34.78 per share, 2020).

Looking forward

Having successfully installed and commissioned a new air separation plant replacing the aged Aspen 1000 plant, I am pleased to inform you that the Company has already embarked on constructing an additional factory for carbon dioxide (CO₂). The new factory is under construction and will seat alongside the existing plant in Rungwe District.

The additional plant will double the Company's production capacity for CO₂ and is expected to improve financial performance of the Company significantly. In addition, the Company has continued to invest in embedding reliability into operations and has invested significantly into new trucks and tankers to instil confidence in the Company's ability to deliver products to our customers across the region reliably and efficiently.

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 2022 and beyond.

Michael N. Shirima

BOARD CHAIRMAN