

TOL GASES LIMITED

28TH ANNUAL GENERAL MEETING

CHAIRMAN'S STATEMENT

Esteemed Shareholders, Fellow Directors, Distinguished Guests, Ladies and Gentlemen, I am delighted to welcome you to this annual general meeting (AGM) to present to you the Director's Report for the year ended 31st December 2022.

Financial year 2022 saw some marked performance improvement especially on profitability, with operating profit growing by 38% on 2021 performance.

We are looking forward to commissioning the newly installed carbon dioxide (CO₂) plant (Ikama 2) before the end of the year. The factory construction is complete, the plant has largely been installed and commissioning will be taking place in the coming days. Investment in this additional plant will double our production capacity which will in turn enable the Company to pursue a larger market share within Tanzania and neighbouring countries.

Impact of the new CO₂ plant on the Company performance is expected to be registered in the financial year 2024. Meanwhile the Board and Management are focused on investing in additional capabilities for the distribution of the added volumes to ensure that the Company is able to meet customer needs for CO₂ across the local and regional market.

Competition continues to be stiff both from domestic as well as foreign competition. Competition is expected to get even tighter going forward but on the other hand demand for industrial gases is also expected to be growing in the foreseeable future. In such a market, the Company stands to lose market share and ultimately profitability if it does not keep up with demand. It is for this reason that the Board remains engaged and ready to invest in additional production as well as distribution capacity. This is especially the case with CO₂ where preliminary studies have begun on a third 2tons/Hr plant in Kyejo, Busokelo District.

Financial performance

Performance for the financial year 2022 was a commendable improvement on 2021's performance especially at the level of operational profits. Revenue for the year grew by 2.85% from Tshs 24.8Bn recorded in 2021 to Tshs 25.5Bn.

Profit before tax grew by 38% from Tshs 4.48Bn recorded in 2021 to Tshs 6.2Bn whereas profit after tax grew by 5.6% from Tshs 3.29Bn to Tshs 3.48Bn during the year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the year 2022 was Tshs 9.8Bn, 30% higher than 2021's EBITDA of Tshs7.6Bn. EBITDA margin for 2022 financial year was 38% (31% in 2021). Earnings per share for the year is Tshs 60.52 compared to Tshs 57.29 in 2021.

Dividend

The Board is recommending a dividend payment of Tshs 50.00 per share, a growth of Tshs 10 from the Tshs 40 per share dividend declared for the financial year 2021.

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 and confidence in the future of our Company. I look forward to your continued support in the financial year 2023 and beyond.

Thank you all and God bless you.

MR. SIMON MPONJI

AG: BOARD CHAIRMAN