



**SIMBA
CEMENT**

Heidelberg Materials

RIGHTS ISSUE PROSPECTUS

**TANGA CEMENT PUBLIC
LIMITED COMPANY (TCCL)**

**Rights Issue of Two (2) New Ordinary Shares
for every One (1) Existing Ordinary Share held at an
Issue Price of TZS 1,600 per New Ordinary Share
Number of New Ordinary Shares 127,342,090
Amount to be raised TZS 203,747,344,000**

11 September 2025

Lead Transaction Advisor
and Sponsoring Broker

iTrust
FINANCE



Tanga Cement Public Company Limited
Rights Issue Prospectus 2025



Cautionary Statements

This Prospectus has been prepared in compliance with the Capital Markets and Securities Act, Cap. 79 of the Laws of United Republic of Tanzania (Act No. 5 of 1994); the Companies Act, Cap. 212 of the Laws of United Republic of Tanzania (Act No. 12 of 2002) and the Capital Markets and Securities (Capitalisation and Rights Issues) Regulations 2000.

A copy of this Prospectus has been delivered to the Capital Markets and Securities Authority (CMSA) for approval and to the Registrar of Companies (BRELA) for registration. Approval of this Prospectus by CMSA is not taken as an indication of the merits of Tanga Cement or its application. The securities offered in this Prospectus have not been approved or disapproved by the CMSA.

Prospective investors should carefully consider the matters set forth under the caption "Risk Factors" under Section 8 of this Prospectus. If you are in doubt about the contents of this Prospectus, you should consult your investment advisor, stockbroker, lawyer, banker, or any other financial consultant.



Important Notices

This Prospectus is issued by Tanga Cement PLC (“the Issuer” or “the Company”) and has been prepared in respect of the issue and subscription of the New Ordinary Shares being issued under Tanga Cement’s capital raising exercise (the “Rights Issue”) and subsequent listing of the New Ordinary Shares on the Main Investment Market Segment of the Dar es Salaam Stock Exchange (“DSE”). This follows approval of the Rights Issue by the Board and Shareholders through resolutions dated 25th July 2025 and 28th July 2025, respectively.

The Application Form required for the subscription of the New Ordinary Shares accompanies this Prospectus. The Rights Issue will open at 9:00 am on 29th September 2025 and close at 4:00 pm on 24th October 2025. The application procedure has been set out in Section 3 of this Prospectus and in the accompanying Application Form.

The New Ordinary Shares applied for pursuant to the Rights Issue will rank pari-passu in all respect with the existing issued ordinary shares of Tanga Cement. The New Ordinary Shares will qualify for any dividend to be declared for the financial year 2025 and onwards.

Consents

iTrust Finance Limited as Lead Transaction Advisor and Sponsoring Broker; CRDB Bank PLC as the Main Receiving Bank; CSD & Registry Company Limited as Registrar; Joachim & Jacobs Attorneys as the Transaction Legal Counsel and; Deloitte & Touche as the Reporting Accountant have consented in writing to act in the capacities stated and to their names being included in this Prospectus and have not withdrawn their consents prior to the publication of this Prospectus.

Deloitte & Touche has given and not withdrawn its written consent to the issue of this Prospectus with the inclusion in it of their reports in the form and context in which they are included. Joachim & Jacobs Attorneys has given and not withdrawn its written consent to the issue of this Prospectus with the inclusion in it of their legal opinion in the form and context in which it is included.

Forward Looking Statements

This Prospectus contains “forward looking statements” relating to the Company’s business. All statements, other than statements of historical fact are, or may be deemed to be forward-looking statements, including, without limitation, those concerning strategy; the economic outlook; investments, market returns, cash, costs, growth prospects and outlook for operations, individually or in the aggregate; and liquidity, capital resources, expenditure and the outcome and consequences of any pending litigation proceedings.

These forward-looking statements are not based on historical facts, but rather reflect current views concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “may”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “would be”, “planned”, “estimated”, “potential” or similar words and expressions. Examples of forward-looking statements include statements regarding the future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, future expansion projects or future capital expenditure levels and exchange rates, sales forecasts and parameters and other economic factors, such as interest rates and inflation.

The Issuer cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity, and the developments within the industry in which the Issuer operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

The prospective investors should keep in mind that any forward-looking statement made in this Prospectus is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Tanga Cement PLC not to develop as expected may emerge from time to time and it is not possible to predict all of them.

The Issuer has no duty to and does not intend to update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law.

Representation of Financial Information

The Issuer’s financial year ends on 31st December of each year. Financial information presented in this Prospectus is derived from the audited financial statements of the Issuer for the years ended 31st December 2022, 2023 and 2024.

The forecasted financial information for the years ending 31st December 2025, 2026 and 2027 set out in the section “Reporting Accountant’s Report” has been prepared to comply with the requirements of the Capital Markets and Securities Authority (“CMSA”), the Dar es Salaam Stock Exchange (“DSE”), and as per the market’s best practices in Tanzania.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain figures may not be an arithmetic aggregation of the figures that preceded them.

Disclaimer Statements

Shareholders outside of Tanzania should read Section 3.10 (Foreign Shareholders) in full.

This Rights Issue is being made for the securities of a Tanzanian company and is subject to the disclosure requirements of Tanzanian law and the rules and regulations of the DSE, which are different from those of the United States. Financial statements included in this document have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of US companies.

It may be difficult for shareholders in the United States to enforce their rights and any claim they may have arising under the US federal securities laws, since the Company is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. Shareholders in the United States may not be able to sue the Company or its officers or directors in a foreign court for violations of the US securities laws. It may be difficult to compel the Company and its affiliates to subject themselves to a US court's judgment.



Corporate Information Of The Issuer

Executive Director

Alfonso Velez
Managing Director

Non-Executive Directors

Hakan Gurdal – Chairman
Raymond Mbilinyi
Christian Mikli
Francesco Brambilla
Gennaro Puppo

Company's Registered Office

Pongwe Factory Area,
Tanga-Korogwe Road,
P.O. Box 5053,
Tanga, Tanzania.

Company Secretary

Quresh Ganijee

Principal Bankers

Standard Chartered Bank Tanzania Limited,
International House,
Garden Avenue,
P.O. Box 9011,
Dar es Salaam, Tanzania.







Independent Auditors

PricewaterhouseCoopers
Pemba House,
369 Toure Drive, Oysterbay,
P.O Box 45,
Dar es Salaam, Tanzania

Tax Advisor

KPMG East Africa
2nd Floor, The Luminary,
Haile Selassie Road,
P.O Box 1160
Dar es Salaam, Tanzania

Transaction Team

Lead Transaction Advisor		iTrust Finance Limited 429 Mahando Street, Block C, Masaki P.O. Box 22636, Dar es Salaam, Tanzania.
Sponsoring Broker		iTrust Finance Limited 429 Mahando Street, Block C, Masaki P.O. Box 22636, Dar es Salaam, Tanzania.
Reporting Accountant		Deloitte & Touche, Aris House, 3rd Floor, Plot 152, Haile Selassie Road, P.O Box 1559, Dar es Salaam, Tanzania.
Transaction Legal Counsel		Joachim & Jacobs Attorneys 37 Ali Hassan Mwinyi Road P.O. Box 3979 Dar es Salaam, Tanzania.
Main Receiving Bank		CRDB Bank PLC Plot No. 25 & 26, Ali Hassan Mwinyi Rd, Postal Address 268, Dar es Salaam, Tanzania.
Registrar		CSD & Registry Company Limited 1st Floor, Exchange Tower, Morocco Square, Ali Hassan Mwinyi & Mwai Kibaki Road,, P.O. Box 70081, Dar es Salaam, Tanzania.



Directors' Declaration

We, the Board of Directors of Tanga Cement, having conducted all reasonable inquiries, accept responsibility for and confirm that this Prospectus contains all information with regard to the Company and the Offer, which is material in the context of this Offer. We confirm that the information presented is true and accurate in all significant aspects, free from any material misleading statements, and that the opinions and intentions expressed are sincerely held. We also affirm that there is no other material facts omitted that could render any statement, whether fact or opinion, false or misleading.

We confirm that the accounting records of the Company are maintained adequately as per the Companies Act 2002. We take full responsibility for the content and integrity of the financial statements and related information included in this Prospectus.

We further acknowledge that we are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable us to meet these responsibilities, we have set standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner.

As Directors of Tanga Cement, we collectively and individually, accept responsibility accordingly.



Hakan Gurdal
Board Chairperson



Quresh Ganijee
Company Secretary

03rd September 2025
Date



Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board, I extend our sincere appreciation for your steadfast support and participation in our Extraordinary General Meeting held on 28th July 2025.

Your approval of the proposed Rights Issue marks a pivotal step in securing the Company's financial stability and fuelling sustainable growth. As we navigate a period of transformation, I encourage each of you to take part in this opportunity to subscribe for 2 New Ordinary Shares for every 1 Existing Ordinary Share held as of the Record Date, 25th September 2025.

The past year tested our adaptability in a volatile economic climate, compounded by existing high interest expenses from USD-denominated debt, which significantly impacted Tanga Cement's financial position. Despite these headwinds, Tanga Cement delivered a 7% revenue growth, a 152.5% surge in operating profit and maintained positive operating cash flow; a testament to our operational discipline.

To secure financial health and enhance competitiveness, we have crafted a robust strategy centred on:

- repaying foreign-denominated debt to reduce interest expenses and forex exposure.
- boosting efficiency in production to increase profitability.
- reinforcing supply chain resilience and optimizing cost structures.
- investing in the optimisation and upgrading of the existing asset base.
- maintaining strict cost control, targeting an increase in operating profit margin to maximize operational effectiveness.

This Rights Issue is more than a capital raise; it is a critical enabler of Tanga Cement's turnaround. The funds will help alleviate financial strain from high-interest debt, strengthen our balance sheet, improve liquidity, mitigate foreign exchange risk and position Tanga Cement for renewed growth. By participating, you are not just supporting the Company's current activities but also securing your stake in its future success.

The Board has approved an Issue Price of TZS 1,600 per New Ordinary Share, reflecting a 19.2% discount on the reference trading price as at 31st July 2025. This valuation balances current market conditions with Tanga Cement's growth potential and ensures fairness to all Shareholders.

The Board stands firmly behind this plan, and we encourage you to review this Prospectus in detail. Together, we can build an even stronger, more resilient company, one that delivers value for all stakeholders.

Thank you for your continued faith in Tanga Cement. We look forward to your participation in this transformative journey.

Yours sincerely,



Hakan Gurdal
Board Chairman



Statement From The Managing Director

Dear Shareholders,

On behalf of the Management of Tanga Cement, I am pleased to present this Prospectus and extend an invitation to participate in Tanga Cement's Rights Issue, following the successful general takeover offer by Scancem launched in July 2025.

This represents a critical turning point for Tanga Cement, as we navigate a challenging financial phase and step into the capital markets for the first time since Tanga Cement's Initial Public Offering in 2002. Since 2017, the Company has experienced challenges resulting in financial losses, but we are now conducting the Rights Issue to raise capital for a comprehensive restructuring of Tanga Cement's capital structure. The proceeds will support a strategic turnaround, aiming to restore profitability and create headroom for financial growth.

Tanga Cement is part of the Heidelberg Materials Group, a global manufacturer of building materials and solutions with leading market positions in aggregates, cement and ready-mixed concrete.

As of December 2024, Tanga Cement's total equity stood at TZS 9.6 billion, down from a high of TZS 191.6 billion in 2015, due to recurring losses mainly caused by high interest expenses and foreign exchange losses over the years. However, the Company reported a loss of TZS 6.5 billion in 2024, down from TZS 99.5 billion in 2023.

Through your support in this Rights Issue, we believe we can change Tanga Cement's narrative back to one of profitability and continued growth trajectory through process optimization, cement and clinker capacity increase, production cost reduction and further market penetration.

This Rights Issue is a bold commitment to restructuring and revitalizing sustainable operations. By focusing on maximizing efficiency, we aim to rebuild a cost-efficient supply chain and increase the production output with the goal to achieve economies of scale.

We will use the funding raised through the Rights Issue to restore profitability, and reaffirm our mission of fostering innovation, enhancing livelihoods, and promoting inclusive industrial development. The support from the capital markets in this Rights Issue reflects confidence in our strategic vision.

We extend our heartfelt appreciation to the regulators, our Shareholders, partners, and employees for their continued trust and support. Together, we look forward to driving a sustainable recovery across Tanzania.

Sincerely,



Managing Director

Alfonso Velez





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1. Glossary of Definitions

The following definitions (in addition to the definitions contained in the body of this Prospectus) shall apply throughout this Prospectus except where the context otherwise requires:

"Application Form"	The application form enclosed with this Prospectus.
"Application Money"	The aggregate Issue Price for all New Ordinary Shares subscribed for by an Eligible Shareholder.
"Board"	The board of directors of Tanga Cement, whose names are set out in Section 7.1 of this Prospectus.
"BOT"	The Bank of Tanzania.
"BRELA"	Business Registration and Licensing Agency.
"CAGR"	Compounded Annual Growth Rate.
"CDS"	Central Depository System.
"Closing Date"	The date of closure of the Rights Issue, being 24th October 2025.
"Capital Market and Securities Authority" or "CMSA"	Means the Capital Markets and Securities Authority established pursuant to the provisions of the Capital Markets and Securities Act (Chapter 79 R.E 2002 of the laws of Tanzania).
"CMS Act"	The Capital Markets and Securities Act [Cap 79 R. E. 2002].
"Collecting Agent"	All licensed dealing members of the DSE.
"Issuer" or "Tanga Cement" or "Company"	Tanga Cement PLC, a company incorporated under the Companies Act "Cap. 212" of the Laws of Tanzania.
"Companies Act"	The Companies Act, Cap 212 as amended.
"CSD"	Central Securities Depository.
"CSDR"	CSD & Registry Company Limited.
"Director" or "Directors"	The directors of Tanga Cement as at the date of this Prospectus.
"DSE"	Dar es Salaam Stock Exchange PLC.
"Eligible Foreign Shareholders"	Eligible Shareholders who are not resident, domiciled or located in Tanzania.
"Eligible Shareholders"	Shareholders of Tanga Cement as at the Record Date who are lawfully and validly able to take up their Rights and subscribe for New Ordinary Shares pursuant to the Rights Issue detailed in this Prospectus.
"Entitlement"	Number of New Ordinary Shares a Shareholder has the right to subscribe for, based on the number of Existing Ordinary Shares they hold and the Entitlement Ratio.

"Entitlement Ratio"	2 New Ordinary Shares for every 1 Existing Ordinary Share held on the Record Date.
"Existing Ordinary Shares"	Fully paid ordinary shares of TZS 20 each in the share capital of Tanga Cement.
"Extraordinary General Meeting"	The extraordinary general meeting of the Shareholders held on Monday, 28 July 2025.
"Lead Transaction Advisor and Sponsoring Broker"	iTrust Finance Limited, a licensed Investment Advisor and Stockbroker, appointed as Lead Transaction Advisor and Sponsoring Broker to this Rights Issue.
"Heidelberg Materials"	Heidelberg Materials AG, a company registered in Germany with its registered office at Berliner Str 6, 69120, Heidelberg, Germany.
"Issue Price"	TZS 1,600 per New Ordinary Share.
"Main Receiving Bank"	CRDB Bank PLC.
"Minority Shareholders"	All Shareholders at the Record Date excluding Scancem International DA.
"MT" or "Mt"	Million Tons.
"New Ordinary Shares"	The New Ordinary Shares of Tanga Cement PLC, which are to be issued pursuant to the Rights Issue detailed in this Prospectus.
"PAO"	Provisional Allotment Offer, being the offer made to Eligible Shareholders in respect of the allotment to them of New Ordinary Shares pursuant to the Rights Issue.
"Prospectus"	This Rights Issue Prospectus and appendices to it.
"Reporting Accountant"	Deloitte & Touche, having their registered office at Aris House, 3rd Floor, Plot 152, Haile Selassie Road, Dar-es-salaam, Tanzania.
"Record Date"	25th September 2025, being the date on which Eligible Shareholders' entitlement to New Ordinary Shares in terms of the Rights Issue will be determined.
"Registry"	A register of the shareholders of Tanga Cement PLC to be submitted to CSDR after allotment.

"Rights"

The right to subscribe for New Ordinary Shares in terms of the Rights Issue detailed in this Prospectus and the PAO.

"Rights Issue" or "Offer"

The fully committed and underwritten non-renounceable offer to Eligible Shareholders on the Record Date to subscribe for 127,342,090 New Ordinary Shares at the Issue Price by way of the Rights Issue as described in this Prospectus.

"Scancem"

Scancem International DA, a company registered in Norway, with its registered office at Lilleakerveien 2A, NO-0216 Oslo the majority Shareholder of Tanga Cement, holding 74.87% of the Ordinary Shares, and a wholly owned subsidiary of Heidelberg Materials.

"Shareholders"

The shareholders of Tanga Cement from time to time.

"Tanzania Shillings or TZS"

The lawful currency of Tanzania.

"TIPS"

Tanzania Instant Payments System.

"TISS"

Tanzania Interbank Settlement System.

"TPCC" or "Twiga Cement"

Tanzania Portland Cement PLC.

"Untaken Rights"

All Rights in respect of New Ordinary Shares not taken by Minority Shareholders in terms of the Rights Issue, which will be taken by the Underwriter.

"Underwriter"

iTrust Finance Limited.

"Underwriting Agreement"

The agreement between Tanga Cement and iTrust Finance for the underwriting of Untaken Rights of Minority Shareholders.





2. EXECUTIVE SUMMARY

2.1. Introduction

This section contains a summary of the offer for New Ordinary Shares through the Rights Issue. This Prospectus should be read in its entirety for a full appreciation of the offer being made through the Rights Issue.

2.2. The Offer

Tanga Cement is offering a total of 127,342,090 New Ordinary Shares at TZS 1,600 per New Ordinary Share, to raise an aggregate amount of TZS 203,747,344,000 (before expenses) in terms of the Rights Issue detailed in this Prospectus, on the basis of the Entitlement Ratio, being 2 New Ordinary Shares being issued for every 1 Existing Ordinary Share held by Eligible Shareholders on the Record Date.

2.3. Rights Issue Statistics

Issue Price	TZS 1,600 per New Ordinary Share
Total Number of New Ordinary Shares offered	127,342,090 New Ordinary Shares, ranking pari passu in all respects with the Existing Ordinary Shares
Total amount to be raised (before expenses)	TZS 203,747,344,000
Entitlement Ratio	2 New Ordinary Shares for every 1 Existing Ordinary Share held on the Record Date
Record Date	25 September 2025

2.4. Target of the Rights Issue

The Rights Issue is being undertaken pursuant to a resolution adopted by the Board on 25 July 2025 and approval from Shareholders obtained at the Extraordinary General Meeting.

The proceeds of the Rights Issue shall be used in;

- Strengthening the balance sheet and improving the liquidity of the Company.
- Raising capital to repay the outstanding foreign denominated debt of the Company.
- Creating headroom to finance growth.
- Reducing the Company's foreign exchange risk.

2.5. Other Key Rights Issue Data

Par Value per Ordinary Share	TZS 20
Total Number of authorised Ordinary Shares of Tanga Cement	200,000,000
Authorized share capital of Tanga Cement	TZS 4,000,000,000
Total number of issued and fully paid-up Ordinary Shares before the Rights Issue	63,671,045
Fully paid-up share capital of Tanga Cement before the Rights Issue (63,671,045 Shares)	TZS 1,273,420,900
Market Capitalization (at a closing price of TZS 1,980 per Share on the DSE on 31st July 2025)	TZS 126,068,669,100
Issue Price per New Ordinary Share	TZS 1,600
Number of New Ordinary Shares on offer under the Rights Issue	127,342,090
Total number of issued and fully paid-up Ordinary Shares after the Rights Issue	191,013,135

2.6. Timetable of Principal Events

Event	Date
Last Trading Day (cum Rights)	22nd September 2025
Record Date	25th September 2025
Distribution of Prospectus and PAOs to Eligible Shareholders	29th September 2025
Opening of Rights Issue	29th September 2025
Closing of Rights Issue	24th October 2025
Allotment	07th November 2025
Approval of Allotment Register by CMSA	14th November 2025
Announcement of Offer Results	17th November 2025
Submission of Register to CSDR	17th November 2025
Listing and Commencement of Trading at the DSE	27th November 2025



3. Description of the Rights Issue

3.1. Basis of the Issue Price

The Directors have set the Issue Price at TZS 1,600 per New Ordinary Share, being a discount of approximately 19.2% on the trading price at the DSE of TZS 1,980 as at 31st July 2025. Eligible Shareholders have been provisionally allotted New Ordinary Shares at a price of TZS 1,600 per New Ordinary Share.

3.2. Underwriting

Tanga Cement has appointed iTrust Finance Limited as the Underwriter to subscribe for New Ordinary Shares at the Issue Price in respect of any Untaken Rights.

3.3. Terms of the Rights Issue

3.3.1. Offer for Subscription

Tanga Cement hereby offers to Eligible Shareholders as of the Record Date the right to subscribe, by way of Rights Issue, a total of 127,342,090 New Ordinary Shares at the Issue Price of TZS 1,600 per New Ordinary Share, payable in full on acceptance on the terms set out below.

1. Persons who are not Eligible Shareholders as of the Record Date will not be entitled to participate in the Rights Issue.
2. The Rights Issue is on the Entitlement Ratio, being 2 New Ordinary Shares for every 1 Existing Ordinary Share held by Eligible Shareholders on the Record Date.
3. The number of New Ordinary Shares that an Eligible Shareholder is entitled to (i.e. entitlement) is shown on the PAO issued to that Eligible Shareholder. The PAO shall be accessible to Eligible Shareholders electronically through their email addresses. Physical copies will also be available at all licensed dealing member's offices.
4. Eligible Shareholders may, at their option, choose not to take any action at all and thereby not accept the offer to subscribe for New Ordinary Shares allocated to them. Any Untaken Rights will be dealt with in accordance with Clause 5 below.
5. Any Untaken Rights by Minority Shareholders will be sold to the Underwriter at the Issue Price of TZS 1,600 per New Ordinary Share subject to the terms of the Underwriting Agreement.

3.3.2. Transfer of Rights

In accordance with the decision of the Board and Shareholder approvals obtained at the Extraordinary General Meeting, the Rights are for Eligible Shareholders only and are not transferable.

3.3.3. Status of the New Ordinary Shares

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive in full all dividends and other distributions declared, made, or paid in respect of the Ordinary Shares, for the financial year ending 31 December 2025 and thereafter.

Eligible Shareholders who comply with the procedures for acceptance as set out in this Prospectus, will receive their New Ordinary Shares in electronic form by way of credit to their respective CDS accounts. It is the responsibility of Eligible Shareholders to ensure that their CDS account details set out in the Application Form are correct.

The New Ordinary Shares will be admitted to listing on the Main Investment Market Segment of the DSE on Thursday, 27th November 2025, with dealings of New Ordinary Shares commencing on the same date.

3.3.4. Opening and Closing Date of the Rights Issue

The Rights Issue will open at 9:00 a.m. on Monday, 29th September 2025 and close at 4:00 p.m. on Friday, 24th October 2025.

3.3.5. Entitlement of the Rights

Eligible Shareholders' entitlement to Rights is shown on the PAO. The number of New Ordinary Shares offered to Eligible Shareholders is based on the Entitlement Ratio. No additional Ordinary Shares will be allotted, in excess of the Entitlement Ratio.

3.4. Options Available to Eligible Shareholders

- i) Full Acceptance: Eligible Shareholders may choose to take up their full quota of the New Ordinary Shares in accordance with the Entitlement Ratio.
- ii) Partial Acceptance: Eligible Shareholders may choose to subscribe for a portion of New Ordinary Shares in accordance with the Entitlement Ratio.
- iii) Do Nothing: Eligible Shareholders may decide to not subscribe for the New Ordinary Shares at all.

3.5. Procedures for Acceptance of the Rights Issue

Eligible Shareholders wishing to take up all or a portion of their Rights are required to observe the following:

- i) Acceptance of the Offer, once given by completing, signing and submitting an Application Form, is irrevocable.
- ii) Eligible Shareholders wishing to take up Rights and apply for their Entitlement must complete and submit the Application Form.
- iii) Except in the case of negligence or wilful default on the part of Tanga Cement, their advisors or any of the authorized agents, neither the Issuer, nor any of the advisors nor any of the authorized agents shall be liable in any manner whatsoever should an Application Form not be received by the Closing Date.
- iv) Acceptances may only be communicated by submitting a duly completed Application Form either online or by delivery of a duly signed hard copy thereof in terms of clause (v) below, either of which must be accompanied by payment of the Application Money for the number of New Ordinary Shares applied for. Once submitted, the Application Form cannot be withdrawn and constitutes a binding application for the number of New Ordinary Shares specified therein.
- v) The Application Form, once duly completed and signed, must be returned to the Main Receiving Bank or through any authorized agent, together with proof of payment of the Application Money for the number of New Ordinary Shares applied for. Payment of the Application Money must be made as specified in Section 3.6 by no later than 4.00 pm on the Closing Date.

- vi) New Ordinary Shares in respect of which a duly completed and signed Application Form, together with the Application Money paid in accordance with the sections above, is not received by Tanga Cement or an authorized agent by the Closing Date, will be deemed to not have been subscribed for and will be sold to the Underwriter in terms of the Underwriting Agreement.
- vii) Eligible Shareholders who wish to take up their full Entitlement are required to duly complete the section entitled "Full Acceptance" (as well as other relevant sections) of the PAO. Eligible Shareholders wishing to accept only a portion of their entitlement are required to duly complete the section entitled "Partial Acceptance" (as well as other relevant sections) of the PAO.
- viii) Only Eligible Shareholders are permitted to apply.

3.6. Application Money

Payment for the subscribed New Ordinary Shares must be made in the form of bank or mobile money transfer (or direct deposit) if the value of the relevant Application Money is below TZS 5,000,000 (five million Tanzanian Shillings) or in the form of TISS/TIPS (or direct deposit) if the values of the relevant Application Money is above TZS 5,000,000 (five million Tanzanian Shillings). Such payments for each PAO must be in Tanzanian Shillings transferred to the Main Receiving Bank account (or any other method approved by the CMSA) detailed in this Prospectus and Application Form.

Eligible Shareholders must note that no interest will be payable by Tanga Cement on money received during the subscription period.

3.7. Rejection Policy

In addition to the procedure for acceptance set under Section 3.5, applications may also be rejected at the discretion of the Board and/or the CMSA for the following reasons:

- a) The PAO is missing.
- b) Missing CDS number in the Application Form.
- c) Missing or illegible name of primary applicant/joint applicant/corporate applicant in the Application Form.
- d) Missing or illegible identification number, including company registration number, in the Application Form.
- e) Missing account number in the Application Form.
- f) Insufficient documentation.
- g) In the case of corporate applications, missing company details in the Application Form.
- h) Missing or inappropriately signed Application Form.

3.8. Refund Policy

No interest will be paid on any Application Monies to any Eligible Shareholder or other person taking the Rights. If Eligible Shareholders pay for more than their entitlement, refunds will be paid into the bank account given in the Application Form, however no interest will be paid in respect of the excess monies received during the subscription period.

3.9. Untaken Rights and Allocation Policy

All Eligible Shareholders who apply and pay for their New Ordinary Shares in full shall receive the full number of New Ordinary Shares indicated in their PAO. All Eligible Shareholders who apply and pay for their New Ordinary Shares in part shall receive the number of New Ordinary Shares which they apply for. Any Untaken Rights will be taken by the Underwriter at the Issue Price.

3.10. Foreign Shareholders

The Prospectus and its accompanying documentation (including the PAO and Application Form) is not an offer of New Ordinary Shares, or an invitation to exercise any of the Rights pursuant to PAOs, in any jurisdiction in which such offer would be unlawful. In several countries, in particular (but not only) the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, United Kingdom, Singapore, Hong Kong, Australia and Japan ("Restricted Territories"), the distribution of this Prospectus, the exercise of Rights pursuant to the PAOs, the offer of the New Ordinary Shares and the sale of the New Ordinary Shares may be subject to restrictions imposed by applicable laws or regulations (such as registration and other requirements). No action has been or will be taken by Tanga Cement or the Underwriter to permit the possession or distribution of this Prospectus (or any PAO or Application Form) in any jurisdiction where such distribution may otherwise lead to a breach of applicable laws or regulations.

The securities mentioned herein have not been, and will not be, registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of securities in the United States. The securities mentioned herein have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Rights Issue or the accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

Eligible Shareholders are reminded they have received this Prospectus on the basis that they are persons into whose possession this Prospectus may lawfully be delivered in accordance with the laws and regulations of the jurisdiction in which such Eligible Shareholder is resident, domiciled or located. Such Eligible Shareholders may not, and are not authorised to, deliver this Prospectus, electronically or otherwise, to any other person.

By applying to subscribe for New Ordinary Shares, Eligible Shareholders will be deemed to have represented and agreed that (i) such Eligible Shareholder is (and any person for whom such Eligible Shareholder is acting is) entitled to receive the Prospectus and take up Rights to subscribe for New Ordinary Shares lawfully and validly; (ii) such Eligible Shareholder has received all necessary information required to make an informed decision; and (iii) if such Eligible Shareholder is located in the United States, that person will only sell or transfer the New Ordinary Shares in accordance with Regulation S under the Securities Act. Should any person who is not an Eligible Shareholder receive this Prospectus, they should not, and will not be entitled to, acquire any New Ordinary Shares pursuant to the Rights Issue or PAO or otherwise act thereon.

The New Ordinary Shares have not been and will not be registered, and no prospectus will be registered in respect of the New Ordinary Shares, under the securities laws and regulations of any jurisdiction (including in particular but not limited to the Restricted Territories) other than Tanzania. The New Ordinary Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within

the Restricted Territories or any jurisdiction where it is unlawful to do so, except pursuant to an applicable exemption.

Eligible Foreign Shareholders who wish to take up their Rights and subscribe for New Shares allocated to them must satisfy themselves as to the full observance of the laws of the relevant jurisdiction in which they are resident, domiciled or located, as applicable.

Before applying for and purchasing New Ordinary Shares, Eligible Foreign Shareholders are advised to consult their own professional advisors as to whether they require any governmental or other approvals or need to observe any applicable legal or regulatory requirements. Eligible Foreign Shareholders are requested to note that Tanga Cement is subject to the provisions of the Capital Markets and Securities Act, Cap 79 of the Laws of Tanzania and the Regulations made thereunder.

3.11. Tax Implications

Eligible Shareholders who wish to participate in the Rights Issue should consult their tax advisors regarding any possible tax implications connected with the Rights Issue. Tanga Cement and the Directors consider it inappropriate to provide detailed advice in respect of taxation consequences in connection with the Rights Issue.

Neither Tanga Cement nor any of the Directors or any Tanga Cement officers or advisors will be liable in any manner whatsoever in respect of any tax implications for Eligible Shareholders in connection with the Rights Issue. The declaration of dividends on all Shares (including the New Ordinary Shares) is subject to withholding tax at the prevailing rate.

3.12. Governing Law

The Rights Issue, this Prospectus, the PAO, the Application Form and any contract resulting from the acceptance of an application to subscribe for New Ordinary Shares shall be governed by and construed in accordance with the Laws of Tanzania.

4. Description Of The Company's Business

4.1. Background

Established in 1973, Tanga Cement is one of the oldest cement manufacturers after Twiga Cement (TPCC). The Company was commissioned and began operations in the 1980s. It currently has a production capacity of 1.4 million tons of cement along with 1.25 million tons production capacity of clinker per annum.

Tanga Cement's core business is the manufacturing, selling and distribution of cement and clinker throughout the African market and its factory entails a limestone mine, two limestone crushing plants, two clinker production plants and two cement mills. The Company's cement and clinker is sold locally and exported to African countries like Rwanda, Burundi, DRC Congo, Kenya and Uganda.

Tanga Cement has all the facilities an ideal cement and clinker manufacturer requires, complimented by its limestone reserves which are substantial enough to last for approximately 80 years and a railway line which enables the Company to transport its cement across several regions.

Heidelberg Materials is the ultimate holding company of Scancem, Tanga Cement's majority shareholder. Heidelberg Materials is one of the world's largest manufacturers of building materials and solutions with leading market positions in aggregates, cement and ready-mixed concrete. Heidelberg Materials has around 53,000 employees across 3,000 locations in over 50 countries delivering long-term financial performance through operational excellence. Heidelberg Materials operates in 11 African countries and is committed in contributing to the economic development of the African continent.

Heidelberg Materials has a long-standing presence in Tanzania through its other subsidiary Twiga Cement which was established in 1966. Heidelberg Materials continues to deploy its global experience and technical expertise as a leading cement manufacturer to grow its operations in Tanzania.

4.2 The Company's Vision

Tanga Cement's vision is to be East Africa's preferred cement manufacturer and distributor.

4.3. The Company's Mission

To develop, produce and distribute consistently high-quality cement and related products and services in a sustainable manner to satisfy customer expectations.

4.4. The Company's Business Activities

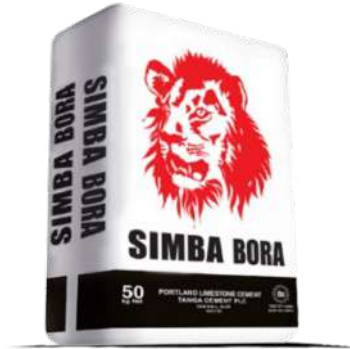
The principal operating/business activities of Tanga Cement are production, distribution and sale of clinker and cement under the brand of "Simba Cement".

a) Production

Tanga Cement's products are manufactured under the Simba brand in accordance with Tanzania cement standard TZS 727-1 which is equivalent to European Norm Standard EN 197-1 and East African Standard EAS 18-1:2001. The products also conform to ISO 9001:2015.

Simba brand cement products are manufactured through a process that is carefully designed and controlled by a team of dedicated professionals. The performance of Tanga Cement's cement products is constantly monitored to maintain the highest standards of quality, consistency and strength.

Tanga Cement manufactures the following cement products which are uniquely developed for different applications:

SIMBA BORA (CEM II/C-M, 42.5N)	DESCRIPTION	BENEFITS
	<p>This is a Portland Composite cement using a limestone extension. It is a high strength class cement specially designed for reinforced concrete applications and ensuring durability in construction with the following applications:</p> <ul style="list-style-type: none"> Structures, structural and non-structural cast construction Reinforced concrete for foundations, columns, beams, slabs, girdles, bearing walls etc Precast elements made of normal and reinforced concrete Special floor screed and mortar, Mining operations and, Concrete used for repairs in civil and industrial works, fillings, coating of reinforced and non-reinforced elements 	<ul style="list-style-type: none"> This is a versatile cement as well as cost-effective because of its workability, strength and durability. Saves time because of its high strength capability The strength of this cement makes it ideal for many specialised applications.



SIMBA IMARA (CEM IV/B, 32.5R)	DESCRIPTION	BENEFITS
	<p>This is a Pozzolan cement. It is an ordinary strength and an all-purpose class cement specially blended with good quality control monitoring systems, particularly useful in marine and hydraulic construction along with the following applications</p> <ul style="list-style-type: none"> • Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc • Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness, • Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity • Reservoirs and • Mortar for filling joints between precast elements and for special flooring 	<ul style="list-style-type: none"> • It allows for a smooth, defect-free finish for concrete, masonry and plaster work. • Maintains strength and stability for years. • Creates durable concrete and is suitable for aggressive conditions • Is perfect for reducing the heat of hydration in mass concrete pouring applications. • Improves concrete's resistance to chemical attacks. • Makes concrete highly resistant to an alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures. • Offers high workability which makes it easy to work with. Consistently produces good results.
SIMBA BARABARA (CEM IV/B, 32.5N)	DESCRIPTION	BENEFITS
	<p>This is a Pozzolan cement for use specifically in road stabilisation, specially formulated to improve the engineering properties of soil. It has been developed and tested to achieve good performance across a broad range of road material types offering consistent strength and durability to road sub-bases, making it ideal for road construction.</p>	<ul style="list-style-type: none"> • Improves the engineering properties of soil by reducing plasticity and enhancing the strength of road-based materials. • Ensures durability, stability and strength • Achieves good stability across a broad range of road materials • Its longer setting times make it ideal for road stabilisation allowing for adequate time to place and compact material • Reduces soil permeability and ensures long term resistance to leaching

In the process of producing the above three brands of cement, the Company has divided its operations into three stages (sub-processes) as detailed below.

i. Raw Material Preparation.

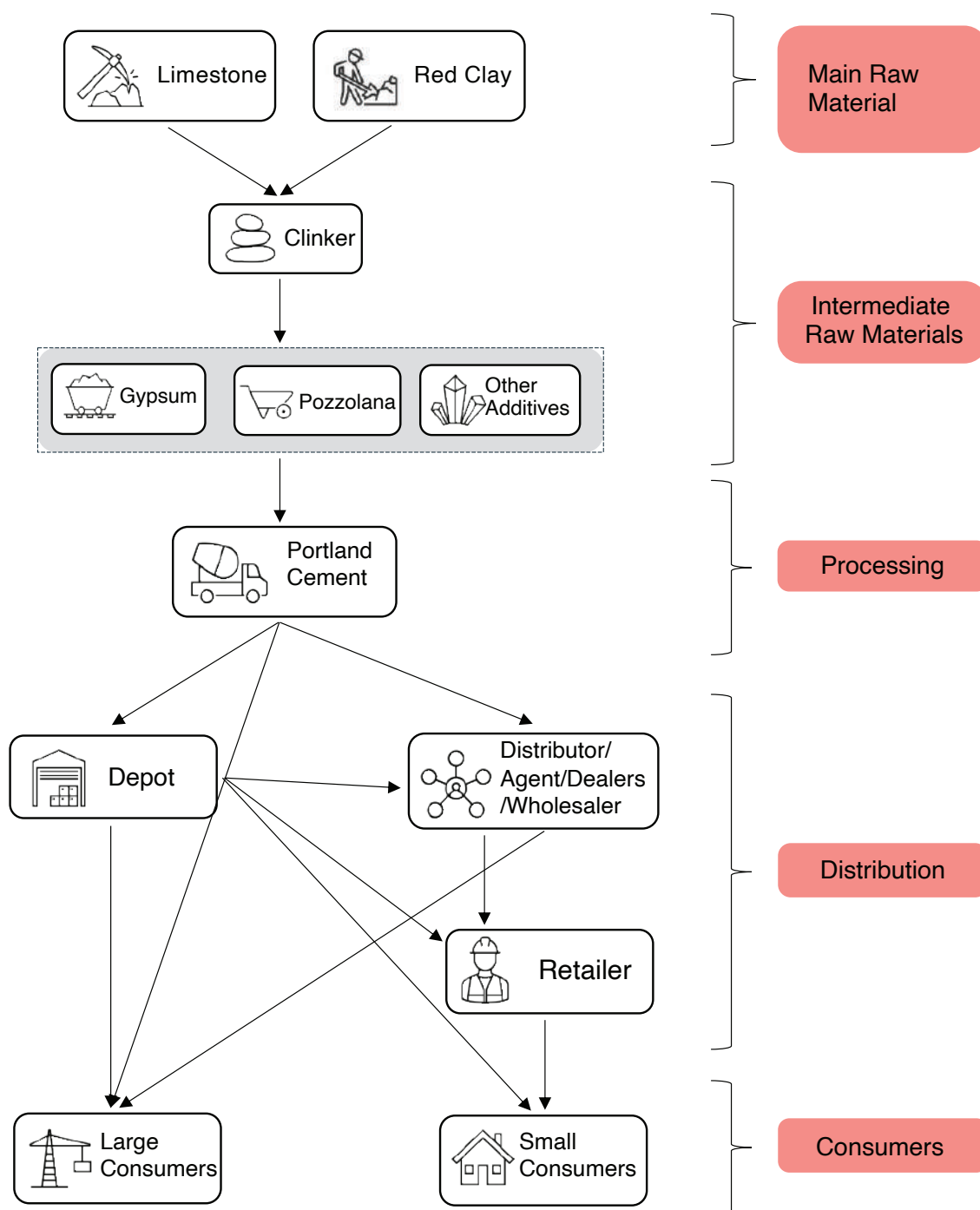
This is where the production process begins. It starts from the quarry where they drill, blast, load, haul and crush to get Limestone aggregates. Red clay (second component of raw materials) is excavated, loaded, screened and stored for consumption in the plant. Crushed limestone and red clay are proportionally mixed and milled to produce raw meal.

ii. Pyrolysis process (Clinker Production)

This is the second process where raw meal undergoes thermal degradation into smaller volatile molecules, without interacting with oxygen or any other oxidants. The raw meal is homogenized and burnt by using thermal energy (Coal) in rotary kilns at 1,200 – 1,400 degrees centigrade to produce clinker which is cooled and stored in silos.

iii. Cement Production

From the storage silos, clinker is delivered into cement mills together with other additives like gypsum and limestone for cement grinding. After the grinding of cement, it is transported to cement storage silos and ready for being packed & distributed to customers.



b) Distribution Network

The distribution process starts from when the customer places an order up to the point where the customer receives the product. Tanga Cement has three automated rotary cement packers with the capacity to pack and dispatch 4,000 tons of cement daily in both 50 Kg bags and 1.5-ton jumbo bags as well as into bulk tanker trailers.

The Company offers three options for customers to select when ordering cement. It is either to collect ex-factory in Tanga, collect from one of the depots Up-country or direct deliver to the customer's premises. To continue serving its customers more efficiently, Tanga Cement has opened three distribution depots (warehouses) in different regional locations across Tanzania. This strategy makes Tanga Cement's products more accessible and affordable to smaller customers and distributors in remote locations relative to the main manufacturing location in Tanga, Tanzania.

The Company's product is distributed by road, railway and sea (to Zanzibar).

The Company has an agreement with the Tanzania Rail Company Ltd (TRC) which gives it access to dedicated wagons for transport of cement along strategic distribution railway lines. This advantage reduces the Company's storage and freight costs by leveraging off more cost-efficient rail transport and distribution in Tanzania.

The Company has a robust sales and marketing support network throughout the six regions/zones of Tanzania where it sells cement (Central, Lake, North, South, Dar es Salaam, and export) comprising 18 trade development representatives in all regions across the market. The Company has a dedicated sales and marketing team that ensures that the values below are delivered to customers:

- Timely delivery of cement and after sales service
- Providing excellent services to meet customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving the customer experience by developing innovative solutions to meet their specific needs
- Providing periodic statements to customers on paid and outstanding liabilities.
- Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications.



5. The Company's Operating Environment

5.1. Macroeconomic Review

Tanga Cement maintains a robust growth outlook, underpinned by growing demand for cement driven by Tanzania's construction sector. The Tanzanian economy has demonstrated resilience, with real GDP growth reaching 5.5% for 2024 compared to 5.3% in 2023 (as published by National Bureau of Statistics), propelled by strong performance in tourism, agriculture and increased private investment. Projections indicate continued economic expansion, supported by public infrastructure investment, improved business environment, growth in tourism and a strengthened consumer base.

The annual headline inflation slightly rose to 3.1% in December 2024, up from 3.0% in December 2023, well within the Bank of Tanzania's targeted 3% to 5% band, reflecting stable macroeconomic conditions. With the Tanzanian government's actions to support the medium-term monetary policy, inflation is projected to be maintained below 4% in 2025, supported by stable commodity prices, ensuring a favourable environment for investment and consumption which will support demand for the Company's products. (Source: National Bureau of Statistics)

Tanzania offers exciting growth potential relating to sales of cement. The population growth underpins the need for increased human settlements and infrastructure, and Tanga Cement is well positioned to meet the rapidly growing demand for cement. Tanzania's population is estimated to reach 140 million by 2050, according to the World Bank.

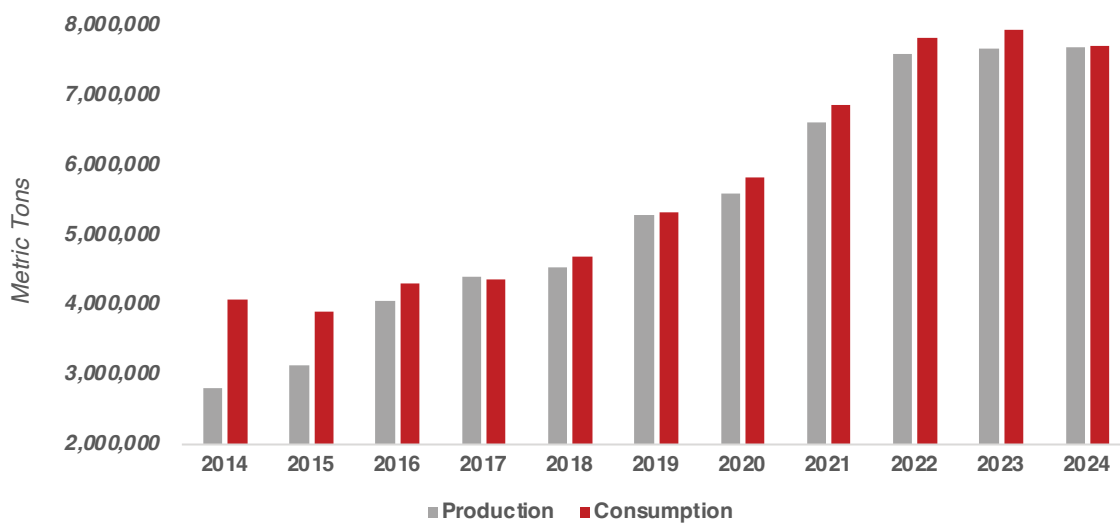
The Company remains optimistic regarding the positive impact of infrastructure development plans under the Tanzanian Government's Development Vision 2025 programme and expects projects to continue gaining momentum in 2025 and beyond. The Company remains committed to its sales, logistics, and cost optimisation initiatives, maintaining a positive outlook for 2025 amidst a competitive landscape and global geopolitical unrest.

5.2. Overview of Tanzania's Construction Industry

According to statistics from the International Monetary Fund and The World Bank, Tanzania, with a population of approximately 72 million people and a GDP of about US\$ 86 billion as of 2025, has seen steady economic growth, with the Bank of Tanzania estimates indicating the GDP growth at 5.8% and 5.5% in the first and second quarters of 2025, respectively. Tanzania's construction sector has been among the largest contributors to the country's economic growth contributing 12.8% to the country's GDP in 2024. The construction industry is forecasted to grow by 7.1% in 2025, driven by increased urbanization, growing infrastructure development and the government's focus on improving the country's transport, energy and housing sectors. Looking ahead, the industry is expected to grow at an average annual rate of 7.7% between 2026 and 2029 driven by large-scale infrastructure initiatives and increase in investment from foreigners. (Source: National Bureau of Statistics and Tanga Cement's 2024 Annual Report)

5.3. Overview of Tanzania's Cement Industry

Between 2014 and 2024, cement production in the country grew at a CAGR of 9.53%, while consumption grew at a CAGR of 5.88%. With 6 integrated plants and 7 grinding plants, Tanzania's cement industry has an installed production capacity of nearly 14 million tons of which consumption stood at 7.7 million tons in 2024. Tanzania is home to 13 cement manufacturers, among which is Tanga Cement, part of Heidelberg Materials' Group. The cement industry is forecasted to continue growing at a CAGR of 6.8% between 2025 and 2029. (Source: Research Markets)



Source: National Bureau of Statistics

5.4. Competitive Landscape and Market Forces

Tanzania has experienced significant growth in the construction industry over recent years. This includes residential and commercial real estate as well as public investments such as roads, railways, bridges, water systems, telecommunications, and air transport networks.

2024 was impacted by the shrinkage of demand for cement directed to the infrastructural projects as well as the impact of heavy rains in the first quarter of the year.

New players in the sector have adopted an aggressive pricing strategy aimed at gaining market share across the country. This has raised concerns amongst players in the sector on the long-term sustainability of aggressive pricing as well as its implications on the market stability and growth. Transport and distribution of cement have been affected by the recent increase in prices of petroleum products on the world oil market. Transporters were obliged to increase freight rates to compensate for the increased fuel prices.

5.5. Capital Markets Overview

Complementing the contribution of the manufacturing sector, the capital markets as regulated by the Capital Markets and Securities Authority (CMSA) serves as an increasingly vital mechanism for diversified financing and investment opportunities, supporting Tanzania's economic growth trajectory. The total market capitalization at the DSE as of 31st July 2025 stood at TZS 20,997.44 billion.

This market capitalization has been propelled by robust performances in counters in the banking and industrial sectors. Further, the introduction of the Capital Markets Tribunal in 2025 has enhanced market integrity by establishing a formal dispute resolution mechanism, thereby bolstering investor confidence and fostering a stable environment for listed shares to engage in active trading.

Historically, Tanga Cement issued shares to the general public for the first time in 2002 at an initial public offer price of TZS 360, allowing the Company to raise capital and transition from being a private company to a publicly listed company. This was a significant event for the Company and the Capital Markets as Tanga Cement became the first cement manufacturer to be listed on the DSE and transitioning to a public listed company.

The market has so far witnessed two rights issuances from 2023, with AFRIPRISE Investment PLC (*formerly TCCIA Investment PLC*) conducting a rights issuance raising over TZS 10.58 billion in November 2023 and DCB Commercial Bank PLC in December 2024 with a rights issuance that successfully raised TZS 10.74 billion, both rights issuances were successful and fully subscribed. The performance of these equity issuances underscores the significant investor appetite for equities in the Tanzanian market.

Furthermore, in 2025 cement companies have performed exceptionally well on the DSE with Twiga Cement (TPCC) earning investors a return of 58% in capital gain year-to-date and declaring a dividend of TZS 600/share for the financial year ended 2024.

In parallel, the DSE's revised 2025 trading rules have aligned the market with international standards, improving liquidity, transparency, and settlement efficiency. These developments, coupled with the growing demand for corporate bonds and increasing unit trust participation, create a robust and supportive framework, positioning it to benefit from competitive pricing, attracting both domestic and international investors within a stable and well-regulated financial environment.

6. Summary Of The Company's Historical Financial Information

The Company's financial information set out below has, unless otherwise indicated, been derived from its audited consolidated financial statements for the years ended 31 December 2022, 2023 and 2024 in each case prepared in accordance with IFRS as issued by the International Accounting Standards Board. Such summary should be read in conjunction with the financial statements and related notes in the Reporting Accountant's Report found in Section 11.

Despite steady revenue growth from TZS 209 billion to TZS 231 billion from 2022–2024, the Company faced persistent net losses peaking at TZS 99.5 billion in 2023 due to soaring interest expenses of TZS 17.6 billion in 2022 to TZS 33.5 billion in 2024, as well as FX volatility. Borrowings surged from TZS 209 billion to TZS 306 billion from 2022–2024, eroding equity to TZS 9.6 billion from TZS 117 billion. While 2024 saw improved operating profits of TZS 29.4 billion, Tanga Cement's heavy debt burden and thin equity signals an urgent need for restructuring and recapitalisation.

Financial Highlights (TZS 000)	2022	2023	2024
Revenue	209,196,629	215,101,805	230,846,220
Total Operating Profit/(Loss)	(7,545,320)	(56,035,876)	29,416,246
FX Gain/(Loss)	5,336,935	(21,060,984)	2,313,501
Interest Expense	(17,618,395)	(23,523,663)	(33,515,513)
Tax Expense	(2,312,138)	(1,466,239)	(4,861,181)
Net Profit/(Loss)	(22,137,728)	(99,501,343)	(6,544,811)
Total Assets	405,706,365	371,036,781	396,430,465
Total Liabilities	290,050,838	354,882,598	386,821,093
Total Equity	115,655,527	16,154,183	9,609,372
Borrowings	208,980,479	272,164,061	306,242,105
Key Ratios	2022	2023	2024
Earnings Per Share	(348)	(1,587)	(106)
Book Value Per Share	1829	254	151
ROAA (%)	-5.5%	-25.6%	-1.7%
ROAE (%)	-17.4%	-150.1%	-50.8%
Net Profit Margin	-10.6%	-46.3%	-2.8%
Gross Profit Margin	8.5%	-10.6%	23.2%
Debt to Equity	2.5	15.9	29.3
Current Ratio	1.41	0.25	0.32

7. Corporate Governance Of The Company

7.1. Structure of the Board

Tanga Cement is committed to the principle of good corporate governance to strengthen and maintain stakeholders' confidence. The Board recognizes and assumes the ultimate role of safeguarding the Company's assets and reputation. The Board is of the opinion that the Company currently complies with principles of good corporate governance.

The Board is composed of six (6) directors. Apart from the Managing Director, no other Directors hold executive positions in the Company.

The Company's Directors are appointed by Shareholders as provided in the Articles of Association of the Company. The Company's Directors as at the date of this Prospectus are as follows:

Name	Gender	Position	Nationality	Age
Mr Hakan Gurdal*	Male	Chairperson	Turkish	57
Mr Alfonso Velez**	Male	Managing Director	Spanish	56
Mr Raymond Mbilinyi*	Male	Director	Tanzanian	60
Mr Christian Mikli*	Male	Director	German	52
Mr Francesco Brambilla*	Male	Director	Italian	54
Mr Gennaro Puppo*	Male	Director	Italian	51

* Non-Executive **Executive

7.2. Board Committees

According to the Company's Board Charter, Board Committees will be formed only when necessary to facilitate efficient decision-making, and such committees, will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. During the 2024 financial year, the Board established the Audit, Risk & Compliance Committee. This committee has a charter which governs its operations.

7.2.1. Audit, Risk and Compliance Committee

This committee provides a forum for effective communication between the Board and Tanga Cement's external and internal auditors. The committee has been established to improve the efficiency of and assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems, control processes and the preparation of accurate financial statements, as well as identifying, considering, and monitoring risks impacting on the Company's business and ensuring compliance with prevailing legislation and statutory requirements. The committee does not perform any management functions or assume any management responsibilities. It performs an oversight role on behalf of the Board and therefore report to the Board.

The Directors who served on the Audit, Risk and Compliance Committee during the year 2024 are:

Name	Position	Nationality
Mr Christian Mikli	Chairperson	German
Mr Alfonso Velez	Managing Director	Spanish
Mr Raymond Mbilinyi	Director	Tanzanian
Mr Hakan Gurdal	Director	Turkish
Mr Francesco Brambilla	Director	Italian
Mr Gennaro Puppo	Director	Italian

7.3. Profiles of Board Members

Hakan Gurdal (57) - Chairman of the Board

BSc. in Mechanical Engineering and MBA International Management

Mr. Gurdal was appointed as non-executive director and Chairman of the Board on 27 November 2023. He has more than 32 years of senior management and directorship experience within the cement manufacturing industry across Europe, Africa, Mediterranean and Western Asia. He has also served as a member of the Managing Board for Heidelberg Materials since 2016.

Alfonso Velez (56) - Managing Director

PhD in Economics and Business Organization, MBA Corporate Finance

Mr. Velez was appointed as the Managing Director for Tanga Cement in July 2024. He has also served as Managing Director of Twiga Cement since August 2016 and the General Manager for Heidelberg Materials East Africa (Tanzania, Mozambique, Democratic Republic of Congo and South Africa).

He also held the position of Managing Director of Heidelberg Materials in Benin from 2013 before joining Twiga Cement. Mr. Velez has a long outstanding experience of over 28 years in the cement manufacturing and related industries from Europe and Africa.

Christian Mikli (52) - Non-Executive Director

B.A

Mr. Mikli was appointed as a non-executive director of the Company on 27 November 2023. He has more than 15 years of senior finance management and finance directorship experience in the cement manufacturing industry in Central Asia and Europe. He has also previously worked at senior management level in the logistics area of Heidelberg Materials.

Raymond Mbilinyi (60) - Independent Non-Executive Director

BSc in Engineering and MBA in Marketing

Mr. Mbilinyi is the former executive secretary of Tanzania National Business Council TNBC and a board chair, as well as member, of various organizations in Tanzania. He has over 20 years of professional experience in Africa.

Francesco Brambilla (54) - Non-Executive Director

BSc. Civil Engineering and MBA

Mr. Brambilla was appointed as a non-executive Director on 27 November 2023. He has more than 22 years of senior management and directorship experience in the cement manufacturing industry in Italy, other parts of Europe, Africa, Mediterranean and Western Asia.

Gennaro Puppo (51) - Non-Executive Director

BSc. Chemical Engineering and MBA

Mr. Puppo was appointed as a non-executive director of Tanga Cement PLC with effect from 1 December 2023. He has 22 years of international experience in the cement manufacturing industry and is directly responsible for manufacturing and engineering for Heidelberg Materials Africa-Mediterranean-Western Asia.

7.4. Directors' Shareholding in the Company

As of the date of this Prospectus, no Directors of the Company hold direct or indirect beneficial interests in Ordinary Shares of Tanga Cement.

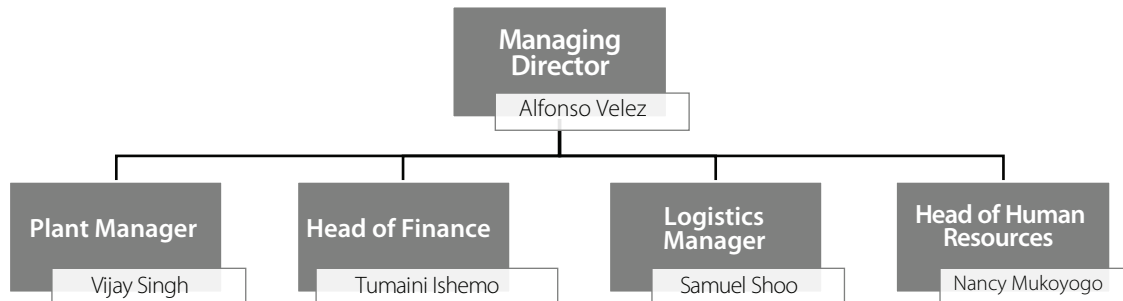
7.5. Executive Management

Management of the Company is under the Managing Director and the key management personnel of the Company are as below:

Name	Position	Nationality	Age
Alfonso Velez	Managing Director	Spanish	56
Tumaini Ishemo	Finance Manager	Tanzanian	52
Vijay Singh	Plant Manager	Indian	51
Samuel Shoo	Logistics Manager	Tanzanian	62
Nancy Mukoyogo	Human Resource Manager	Tanzanian	47



7.6. Tanga Cement Organisation Chart



7.7. Management's Profiles

Alfonso Velez - Managing Director

See paragraph 7.3 above

Tumaini Ishemo - Finance Manager

Mr. Ishemo has vast experience in the field of accounting and auditing, having worked with PwC Tanzania and Zambia for over 10 years. In 2013 he joined Twiga Cement as the head of reporting and was later promoted to the position of Chief Accountant. Mr. Ishemo has served as the Finance Manager for Tanga Cement since 01 May 2024 and has a cumulative experience of over 10 years in the cement manufacturing industry.

Vijay Singh - Plant Manager

BSc. (Hons) with Distinction in Chemistry; Postgraduate Diploma in Cement Technology and NEBOSH International General Certificate in Occupational Health and Safety Mr. Singh was appointed as Plant Manager for Tanga Cement in June 2024. He brings over 28 years of extensive experience in a spread of operation, technical, project, commissioning & maintenance, people development, ESG (Environmental, Social, and Governance) leadership & system establishment.

He began his journey with the Heidelberg Materials group in Tanzania in September 2010 as Production Manager at Twiga Cement. He later held several key management roles, including Deputy Plant Manager (May 2019 – July 2023) and Technical Support & Performance Manager for East Africa (Tanzania, Mozambique, Congo, and South Africa) from August 2023 to May 2024. Throughout his career, Mr Singh has consistently demonstrated a strong track record of improving operational efficiency, enhancing process reliability, and delivering high-quality outcomes across complex industrial environments.

Samuel Shoo - Logistics Manager

Mr. Shoo has immense experience of 33 years in cement manufacturing, process, sales and distribution. Immediately after graduation in 1991, Mr. Shoo joined Tanga Cement as Shift Manager and was later promoted to Process Engineer. He changed career paths from operations to commercial in August 1996 and moved up from Technical Support Officer, Concrete Technologist, and Regional Sales Manager roles to the National Sales Manager in June 2009. Since December 2013, Mr. Shoo spearheads our logistics and distribution Strategy in line with the overall business strategy.

Nancy Mukoyogo - Human Resource Manager

Ms. Mukoyogo 's career journey extends to over 20 years in multinational companies in Tanzania. She was appointed as the HR Manager in September 2022, coming from HR Business Partner and Organizational Development Specialist since joining Tanga Cement in January 2015. Between 2002 and 2014 Ms. Mukoyogo held several roles in the banking and telecommunication industries in Tanzania. She is passionate about working with people to create an impact in their personal and professional lives; and, volunteers with young adults in offering career guidance and training life skills to prepare them for the real world.

7.8. Environmental, Social and Governance

Tanga Cement, operating in the mining and construction sector, acknowledges the direct environmental impact of its production activities. In response, the Company has developed and implemented robust policies, procedures, and systems aimed at minimizing these impacts. Environmental responsibility is a core priority, reflected in the Company's continued commitment to sustainable practices and regulatory compliance.

Environmental Management System & Regulatory Compliance

Tanga Cement operates under a formal Environmental Management System (EMS) certified to ISO 14001 since 2004. The most recent ISO 14001:2015 surveillance audit was conducted by SGS Tanzania in February 2022, confirming the Company's strong environmental performance. In March 2024, SGS conducted the re-certification audit, which once again recommended continuation of the certification, now valid for another three years.

The Company is also certified under Section 92 (1) of the Environmental Management Act No. 20 of 2004 by the Ministry of State (Vice President's Office – Union and Environment), following a full Environmental Impact Assessment (EIA). Compliance with all applicable Tanzanian environmental regulations remains a top priority.

Air Quality and Emissions Reduction

Tanga Cement has installed advanced bag filters across its production lines to control dust emissions, consistently maintaining levels well below the Tanzania Bureau of Standards (TBS) threshold of 50 mg/Nm³.

In 2024, the Company intensified its carbon reduction strategy by introducing low-carbon cement products to reduce CO₂ emissions per ton of cement. These include:

- CEM IV/B, 32.5R — incorporating pozzolanic materials.
- CEM II/B-M, 42.5N — blended with pozzolana and limestone.

Additionally, the Company has already commenced the use of carbon black as a partial substitute for coal in the kiln process. This initiative supports a broader strategy to reduce reliance on high-carbon fuels and encourage circular economy practices.

In parallel, Tanga Cement is preparing to launch an Alternative Fuels and Raw Materials (AFR) project in 2026. This initiative will further decarbonize the operation by incorporating biomass fuels into the energy mix, contributing significantly to CO₂ reduction and long-term climate resilience.

Resource Efficiency and Waste Management

The Company continues to focus on responsible resource usage and waste minimization, including:

- Reuse and recycling waste wherever feasible
- Progressive quarry rehabilitation in accordance with the Tanzania Mining Act and mining best practices

Afforestation and Biodiversity Conservation

Tanga Cement has advanced its afforestation program as part of its environmental conservation efforts. In 2024, over 13,000 trees were planted, including teak, mango, lemon, and avocado species. Of these, 10,000 teak trees were established in the Pongwe area as part of post-mining revegetation efforts. Furthermore, 2,141 trees were donated to Tanga City Council and local institutions, strengthening community partnerships and supporting Tanzania's national reforestation goals.

These initiatives enhance local biodiversity; help combat climate change and contribute to the country's broader green economy agenda.

Through its certified environmental management system, innovative low-carbon products, and progressive conservation programs, Tanga Cement PLC continues to demonstrate environmental leadership within the cement industry. The Company remains committed to reducing its ecological footprint, improving sustainability performance, and contributing to a cleaner, greener future for Tanzania.

7.9. Corporate Social Responsibility

Tanga Cement recognizes that its long-term success is closely tied to the well-being and development of the communities in which it operates. The Company is committed to contributing to social development through job creation, employee welfare, community engagement, and support for local initiatives. As a major employer in the Tanga region, Tanga Cement provides direct and indirect employment opportunities and invests in skills development, health and safety training, and employee empowerment programs to promote a safe and inclusive workplace.

Beyond the factory gates, Tanga Cement actively supports community development initiatives in education, healthcare, infrastructure, and environmental sustainability. The Company regularly collaborates with local authorities and community leaders to identify and implement impactful projects ranging from school rehabilitations and provision of learning materials to clean water access and support for health centres. In 2024, the Company contributed TZS 49 million towards various corporate social investment initiatives. During the year the Company further showed support to the Kilimanjaro Tigo Marathon conducted in Kilimanjaro. Through these efforts, Tanga Cement demonstrates its ongoing commitment to being a responsible corporate citizen, fostering inclusive growth and social well-being in the communities it serves.



8. Risk Factors

Any investment venture is always associated with risks. Risks are important for investors to understand, especially the Shareholders of Tanga Cement who shall participate in this Rights Issue. Risks can affect the Company's operations and lead to losses, if not carefully identified, monitored, managed, and mitigated. It is emphasized that prices of shares and other securities on a stock exchange, including the DSE, may go up or down and there is no guarantee that previous performance by any or all shares will necessarily repeat itself in the future. Prospective investors should carefully consider the risks described below, along with all the information contained in this Prospectus, before making any investment decision; additional risks and uncertainties not presently known or deemed immaterial could also impair the Company's operations and financial performance.

The Board has overall responsibility for the establishment and oversight of the risk management framework. As part of its governance structure, the Board has established a Board Audit, Risk and Compliance Committee to assist it in identifying, measuring, controlling (setting risk mitigations) and monitoring of risks. The Board accepts ultimate responsibility for the risk management and internal control function of the Company

8.1. Risks Related to the Issuer

The Company by virtue of the nature of its business and operations is exposed to the following risks from its business operations and use of financial instruments. The Company's risk management framework is designed to identify, evaluate, mitigate, and monitor these risks to ensure financial stability, compliance with regulatory requirements, and the safeguarding of shareholder value. The key risks that the Company faces are outlined below:

8.1.1. Financial Risks

Financial risks include liquidity and credit risks. The Company's overall risk management involves identifying these risks early, mitigating their impact and monitoring such risks continuously to ensure that the Company can meet its obligations and achieve its strategic objective. The key financial risks are outlined below:

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations. A failure to maintain adequate liquidity could impair the Company's ability to support ongoing operations and repay debt, potentially leading to operational disruptions and loss of market confidence.

Credit Risk

Credit risk is the risk of financial loss arising from a counterparty's failure to meet its contractual obligations. This risk is inherent in the Company's activities and other financial transactions.

Foreign Exchange Risk

Foreign exchange risk is the risk arising from exchange rate fluctuations. This risk is part of the Company's operations due to its repayment of the existing foreign denominated debt translating to significant FX losses over loan life.

Risk Mitigation

The Company employs a comprehensive risk management framework to mitigate both credit and liquidity risks.

For credit risk, it conducts thorough credit assessments, sets appropriate credit limits, uses guarantees from reputable banks to offset risk and continuously monitors exposures to minimize concentration risk. Liquidity risk is managed through regular reviews of the Company's liquidity position, assessment of future commitments, and active management of available credit facilities. In addition, the Company performs cash flow forecasting to ensure its ability to meet financial obligations even under adverse market conditions. Foreign exchange risk will be mitigated by repaying a significant part of the outstanding foreign denominated debt from the proceeds of the Rights Issue.

8.1.2. Operational Risks

The Company is exposed to operational risks that may arise from inadequate or failed internal processes, people, systems, or external events. This risk includes fraud, cybersecurity threats, and operational disruptions.

Risk Mitigation

Risk management policies and systems are reviewed regularly to ensure all controls remain adequate in minimizing inherent operational risk. Regular training and awareness programs are conducted to ensure that employees understand the operational risk framework and comply with relevant policies and incident management, and business continuity plans in place.

8.1.3. Compliance Risk

This risk exposes the Company to fines, regulatory sanctions, civil money penalties, payment of damages, and the voiding of contracts. It is the current and prospective risk to earnings arising from violations of, or non-compliance with, laws, regulations, internal policies and procedures, or ethical standards.

Risk Mitigation

The Company has set policies governing the detection, prevention, monitoring, and reporting of compliance risk for both regulatory and internal controls. A comprehensive compliance management framework is in place, which includes regular monitoring and review of regulatory changes, staff training programs, and regular compliance audits and risk assessments to identify potential areas of non-compliance and takes corrective action promptly.

8.1.4. Strategic Risk

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital, or viability of the business.

Risk Mitigation

To avert strategic risks, the Board of Directors and senior management carefully formulates strategic and business plans, supportive to corporate governance, in addition to putting in place internal infrastructure appropriate for implementation of the strategic plan.

8.1.5. Reputational Risk

Reputational risk is the potential that negative publicity regarding the Company's business practices, whether true or false, will or may cause loss of customer confidence, decline in its share price, or cause costly litigations. This risk may result from a company's failure to effectively manage any or all the other risk types.

Risk Mitigation

The ultimate accountability for reputational risk management rests with the Board. The Board of Directors explicitly addresses reputational risk as distinct and controllable risk to company's safety and soundness through a versatile risk management framework for reputational risk.

8.1.6. Technological Investment and Innovation Risk

Technological Investment and Innovation risk refers to the potential challenges and uncertainties associated with adopting new technologies or pursuing innovating strategies like investing in alternative fuels to make production more efficient and less costly. This risk could expose the Company to financial losses due to high initial costs or difficulties in integrating the new systems with existing operations.

Risk Mitigation

Tanga Cement acknowledges the risks associated with technological investments and innovation. To mitigate these risks, the Board of Directors and senior management carefully formulate strategies to aid in the success of any investment. The investment in alternative fuels was successfully implemented at TPCC's cement plant and is contributing a portion of the energy required in production for the burning process leading to less carbon emissions. Locally sourced waste is being utilised as alternative fuel. Due to the success at TPCC's plant, alternative fuel system is set to be gradually implemented at the plant in Tanga Cement in phases to avert the risk of financial losses and thereby spread implementation costs.

8.2. Risks Related to the Market

Market risk is the risk of losses arising from movements in market prices, including interest rates, foreign exchange rates, and raw material prices. Market risk affects the Company's revenue, primarily through its trading activities.

8.2.1. Regulatory Risk

Tanga Cement operates within a highly regulated environment and is therefore subject to laws and policies related to taxation, environmental standards, trade, labour and industrial production. Changes in these regulations such as revisions to import duties, carbon emission rules, licensing frameworks, or corporate tax structures could significantly impact the Company's operations, cost base, and overall competitiveness.

Risk Mitigation

Tanga Cement maintains an active compliance and regulatory monitoring framework. The Company regularly engages with relevant government authorities, industry bodies, and legal advisors to stay informed of proposed and emerging regulations. Internal controls are reviewed and updated in line with legal changes, and the Company adapts its operational and strategic plans to align with evolving regulatory requirements. This proactive approach helps ensure continued compliance while minimizing disruptions to business operations.

8.3. Risks Related to the Securities Being Issued

The securities by virtue of their nature, are exposed to certain risks. The market price of the securities may be subject to influences of market conditions, investor sentiment, and macroeconomic developments. The risks associated with the securities being issued are outlined below:

8.3.1. Price Volatility of Shares

The price of shares listed on the stock exchange may fluctuate from time to time due to market conditions, economic factors, or changes in investor sentiment. Past stock performance is no guarantee of future returns.

Risk Mitigation

Shareholders are advised to consult their professional investment advisors before making the decision to invest. Additionally, Shareholders are encouraged to adopt a long-term investment strategy to mitigate the impact of short-term price fluctuations and benefit from potential long-term value appreciation.

8.3.2. Dilution Risk

Shareholders who do not participate in the Rights Issue at all, will experience dilution of their ownership stake in the Company as the number of issued shares will triple hence diluting their current shareholding.

Risk Mitigation

Eligible Shareholders are encouraged to participate in the Rights Issue to avoid being diluted. Shareholders will still maintain their ownership of Tanga Cement even if they choose not to subscribe to their rights issue. Further, non-participating shareholders will still have an option to sell their shares in the market at the existing market price.



9. Statutory and General Information

9.1. Incorporation Details

Tanga Cement was incorporated on 10 November 1973 in Tanzania with incorporation number 5068, under the Companies Ordinance, Cap 212 (later repealed by the Companies Act No 12 of 2002) and is listed on the DSE under the Main Investment Market Segment (MIMS).

The Company's initial public offer was conducted in 2002 where it offered shares to the general public at an offer price of TZS 360 per share and transitioning from a private company to a public listed company at the DSE.

9.2. Registered office of the Company

The registered office of the Company is located in Block number PT9008, Tanga-Korogwe Road, Pongwe Factory Area, Tanga, Tanzania and its postal address is 5053, Tanga, Tanzania.

9.3. Authorized and Issued Share Capital

The authorized share capital of the Company as of 31st December 2024 was TZS 1,273,420,900 divided into 63,671,045 Ordinary Shares with a par value of TZS 20 each. The issued and fully paid-up share capital of the Issuer as of 31st December 2024 was TZS 1,273,420,900 divided into 63,671,045 Ordinary Shares with a par value of TZS 20 each.

Shares	2022 No of shares	2023 No of shares	2024 No of shares
Authorized Shares	63,671,045	63,671,045	63,671,045
Issued and Paid-up Ordinary Shares	63,671,045	63,671,045	63,671,045
Authorized Share Capital	TZS 1,273,420,900	TZS 1,273,420,900	TZS 1,273,420,900

At the Extraordinary General Meeting held at Serena Hotel in Dar es Salaam, Tanzania, on the 28th of July 2025 at 10:00AM, Shareholders unanimously resolved to increase the number of authorized Ordinary Shares of the Company from 63,671,045 shares to 200,000,000 Ordinary Shares.

In terms of the resolution passed at the Extraordinary General Meeting, the share capital structure has been amended as follows:

Shares	2023 No of shares	2024 No of shares	Aug-2025 No of shares
Authorized Shares	63,671,045	63,671,045	200,000,000
Issued and Paid-up Ordinary Shares	63,671,045	63,671,045	63,671,045
Authorized Share Capital	TZS 1,273,420,900	TZS 1,273,420,900	TZS 4,000,000,000

9.4. Dividend Policy

The shareholders are entitled to receive dividends declared from time to time. The declaration of dividends is subject to regulatory requirements and the Directors' recommendation, as well as approval by Shareholders at annual general meeting and the state of the Company's financial position.

9.5. General Takeover Offer

After obtaining the required approval by CMSA, Scancem made a general takeover offer to Minority Shareholders to acquire additional Ordinary Shares, in order to increase its shareholding stake in Tanga Cement from 68.33% to 75.0%.

The general takeover offer opened on 1st July 2025 and closed on 22nd July 2025, with Scancem offering to purchase 4,248,881 Shares for a purchase price of TZS 2,273 per Ordinary Share. Acceptances of the general takeover offer were received in respect of 4,163,779 Ordinary Shares held by the Minority Shareholders.

The shareholding of the Company after the aforesaid general takeover offer is as follows:

Particulars	Number of Shares	% Shareholding	Class of Shares
Scancem International DA	47,668,182	74.87%	Ordinary Shares
Minority Shareholders	16,002,863	25.13%	Ordinary Shares
Total	63,671,045	100.0%	

9.6. Expenses Related to the Rights Issue

Role	Amount (TZS)
Advisors Fees	1,198,987,251
CMSA Prospectus Evaluation Fees	146,873,672
DSE Listing Fees	50,000,000
Placement Fees (0.75%)*	382,074,816
IPO Processing Fee	10,000,000
Underwriting Fee	150,000,000
Total Issuance Expenses	1,937,935,739

NB: These figures are exclusive of VAT (where applicable) and may be subject to change.

*Placement Fee applies to the amount raised from Minority Shareholders

10. Legal Opinion



Our Ref: J&J/TCPLC/394/25

Date: 03rd September 2025

To: The Directors,
Tanga Cement Public Limited Company,
House No. 1, Plot No. 9008,
Block No. PT9008,
Korogwe Road, Korogwe Street, Pongwe,
P.O. Box 5053,
TANGA, Tanzania.

Dear Sirs,

RE: LEGAL OPINION IN RESPECT OF RIGHTS ISSUE OF TANGA CEMENT PUBLIC LIMITED COMPANY.

BACKGROUND AND PURPOSE:

- 1.1 We, **Joachim & Jacobs Attorneys**, a firm of advocates duly registered and practicing law in the United Republic of Tanzania and qualified to provide this legal opinion (hereinafter referred to as the "Firm"), have been engaged as **Legal Advisors** to advise **Tanga Cement Public Limited Company** (hereinafter referred to as "**Tanga Cement**" or "**the Company**") in connection with its proposed rights issue of **127,342,090** ordinary shares at TZS 1,600.00 per share (**the "Rights Issue Offer Shares"**) (hereinafter referred to as the "**Rights Issue**").
- 1.2 The purpose of the Rights Issue is primarily, but not only, to repay the current outstanding loan amount that Tanga Cement has with Heidelberg Materials AG (hereinafter referred to as "**Heidelberg**").
- 1.3 Our engagement as Legal Advisors to the Rights Issue is governed by the terms and conditions as set out in the prospectus to be issued by Tanga Cement on or about September 2025, a final version of which was approved by the Capital Markets and Securities Authority (hereinafter referred to as the "**CMSA**") on 11th September 2025 (hereinafter referred to as the "Prospectus")
- 1.4 Unless otherwise expressly stated or where the context requires a different interpretation, capitalized terms used in this opinion (hereinafter referred to as this "**Opinion**") shall bear the meanings ascribed to them in the Prospectus.

2.0 DOCUMENTS, STATUTES AND RECORDS EXAMINED:

In providing this Opinion, we examined originals or certified copies of the following documents, in respect of the Company, to our satisfaction (hereinafter referred to as the **"Documents"**):-

2.1 Memoranda, Certificates and Approvals:

- (a) A copy of its Memorandum and Articles of Association dated 10th November, 1973 (the **"MemArts"**).
- (b) A copy of its amended MemArts amended by Special Resolution passed on 13th August, 2013 (the **"First Amended MemArts"**).
- (c) A copy of its amended MemArts amended by Special Resolution passed on 28th April, 2025 (the **"Second Amended MemArts"**).
- (d) A copy of its Certificate of Change of Name dated 25th June, 2014 whereby the Company changed its name from Tanga Cement Co. Limited to Tanga Cement Public Limited Company.
- (e) A copy of its Certificate of Registration of a factory dated 29th December, 1981.
- (f) A copy of its Tax Identification Number (TIN) certificate with effect from 01st July, 1999.
- (g) A copy of its Value Added Tax (VAT) certificate dated 29th May, 1998.
- (h) A copy of its Tax Clearance Certificate for the year 2025 issued on 19th May, 2025.
- (i) A copy of its certificate of registration as a data processor dated 15th August, 2024.
- (j) A copy of its National Social Security Fund (**"NSSF"**) contribution list for July, 2025.
- (k) A copy of its Workers Compensation Fund (**"WCF"**) contribution list for the period of July, 2015 to June, 2025.
- (l) A copy of its Audited Financial Accounts for each of the years 2019 to 2024.
- (m) A copy of a letter from the Bank of Tanzania (the **"BOT"**) dated 29th November, 2013 with Reference No. GF.56/237/10/VOL.II titled Registration of a Foreign Loan.
- (n) A copy of a letter from the BOT dated 30th May, 2024 with Reference No. GF. 56/237/02/296 titled Change of foreign loan Servicing Bank – Tanga Cement Plc.

2.2 Business Licences and Certificates:

- (a) A copy of a Business Licence for manufacturing of cement B.L.No: 20000093164 issued on 08th July, 2025 expiring on 06th July, 2026.
- (b) A copy of a Business Licence for manufacture and sale clinker and lime materials B.L.No: 20000093149 issued on 08th July, 2025 expiring on 20th July, 2026.
- (c) A copy of a Business Licence for export of building materials B.L.No: 20000092124 issued on 24th June, 2025.

- (d) A copy of an Occupational Safety and Health Certificate No. 00002118 with effect from 14th July 2021.
- (e) A copy of a Certificate of Registration with WCF Certificate No. 001732 dated 16th May, 2017.
- (f) A copy of a Certificate of Registration with NSSF Certificate No. 73016.
- (g) A copy of an Industrial Licence, Licence No. 0867 dated 27th February, 1986.
- (h) A copy of renewal of Licence to use the mark of the Bureau issued by Tanzania Bureau of Standards ("**TBS**") to Tanga Cement dated 14th May, 2025.
- (i) A copy of Licence Extension Schedule issued by the TBS to Tanga Cement issued on 25th November, 2024.
- (j) A copy of tested product certificate for Portland Composite Cement (SIMBA BORA, CEM II/C-M (P.L) 42.5N & TWIGA PLUS CEM II/C-M (P.L), 42.5N) issued by TBS dated 02nd June, 2025.
- (k) A copy of a Mining Licence issued to Tanga Cement Mining Licence No. ML 682/2022 granted on 21st December, 2022.
- (l) A copy of a Mining Licence issued to Tanga Cement Mining Licence No. ML 681/2022 granted on 21st December, 2022.
- (m) A copy of a Renewal of a Mining Licence issued to Tanga Cement Mining Licence No. ML 72/2000 granted on 17th August, 2021.
- (n) A copy of a Renewal of a Mining Licence issued to Tanga Cement, Mining Licence No. ML 73/2000 granted on 17th August, 2021.
- (o) A copy of a Renewal of a Mining Licence issued to Tanga Cement Mining Licence No. ML 360/2009 granted on 11th June, 2021.
- (p) A copy of a Mining Licence issued to Tanga Cement Mining Licence No. ML 361/2009 granted on 09th June, 2021.
- (q) A copy of Grant of Provisional Discharge Permits, Permit No. 112045 Quarry Pond dated 06th June, 2024.
- (r) A copy of Grant of Provisional Discharge Permits, Permit No. 112047 Washing Bay dated 06th June, 2024.

We note from the search report issued by the Mining Commission (the "**Commission**") to the Firm dated 19th August, 2025 that there are outstanding annual rent to be paid to the Commission by Tanga Cement totalling \$ 8,270 in respect of ML 72/2000 (\$700), ML 73/2000 (\$700), ML 360/2009 (\$4,500) and ML 361/2009 (\$2,370).

2.3 Intellectual Property: Trade and Service Marks:

The Company holds Certificates for Trade and Service Marks issued under section 28(2) and Regulation 50 of the Trade and Service Marks Act, 1986 which are currently in use as shown below:-

- (a) Simba Imara under Class 19 with Registration No. TZ/T/2016/001947 registered on 02nd September 2016 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few.
- (b) Tanga Cement Building Tanzania under Class 19 with Registration No. TZ/T/2016/001946 registered on 02nd September 2016 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few.
- (c) Simba Zenji under Class 19 with Registration No. TZ/T/2016/001943 registered on 02nd September 2016 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few.
- (d) Simba Cement Heidelberg under Class 19 with Registration No. TZ/T/2024/001474 registered on 06th May, 2024 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few.
- (e) Simba Cement under Class 19 with Registration No. TZ/T/2/024377 registered on 27th June, 1996 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few.
- (f) Simba Cement Heidelberg under Class 19 with Registration No. TZ/T/2024/1474 registered on 06th May, 2024 in respect of building materials, nonmetallic, rigid pipes for building, asphalt to mention a few associated with TZ/T0002/024377, TZ/T/2016/001941, TZ/T/2014/000498 and TZ/T/2016/001943.
- (g) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1940 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September 2023.
- (h) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1939 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September 2023.
- (i) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1942 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September, 2023.
- (j) Notice of renewal dated 03rd June, 2024 of Trademark No. TZ/T/2/24377 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 27th June, 2023.
- (k) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1941 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September, 2023.
- (l) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1947 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September, 2023.
- (m) Notice of renewal dated 24th May, 2024 of Trademark No. TZ/T/2016/1946 in Class 19 in the name of Tanga Cement for an additional term of 10 years from expiration of the last registration on 02nd September, 2023.

2.4 Immovable Properties:

- (a) Plot No. Portland Cement, Block "Port Area", C.T. No. 17602, Mtwara Township, measuring 58,020 square feet issued to Tanga Cement for 99 years commencing from 1st April, 1969. There are no encumbrances over this property.
- (b) Plot Number Tanga Cement Factory, C. T. No. 1802, Maweni, Tanga District, measuring 445.02 hectares issued to Tanga Cement for 99 years commencing on 01st January, 1978. A Deed of Variation of a mortgage dated 27th November, 2023 indicating that the property is mortgaged in favour of Heidelberg to secure USD 142,000.00, TZS 30,000,000,000.00 and USD 5,000,000.00 which has been registered at BRELA and is currently being registered at the respective Land Registry.
- (c) Plot Number 1, Block "B" Pongwe, C. T. No. 33155, Pongwe, Tanga City, measuring 208.1 hectares issued to Tanga Cement for 99 years commencing on 01st January, 2007. A Deed of Variation of a mortgage dated 27th November, 2023 indicating that the property is mortgaged in favour of Heidelberg to secure USD 142,000.00, TZS 30,000,000,000.00 and USD 5,000,000.00 which has been registered at BRELA and is currently being registered at the respective Land Registry.
- (d) Plot Number 97, Block "KB.XVI" Raskazone, C. T. No. 33049, Raskazone, Tanga City, measuring 61200 square feet issued to Tanga Cement for 33 years commencing on 01st July 2007 A Deed of Variation of a mortgage dated 27th November, 2023 indicating that the property is mortgaged in favour of Heidelberg to secure USD 142,000.00, TZS 30,000,000,000.00 and USD 5,000,000.00 which has been registered at BRELA and is currently being registered at the respective Land Registry.
- (e) Plot No. 1, Block "A", C.T. No. 51267, KIA Planing Area, Arumeru Distrct, Arusha, issued to Tanga Cement for a term of 33 years commencing from 1st July, 2016. There are no encumbrances over this property.

In accordance with the Memorandum of Agreement between HeidelbergCement AG (now known as Heidelberg Materials AG), the Government Employees Pension Fund (GEPF) (acting through its authorized representative, Public Investment Corporation SOC Limited), Public Investment Corporation SOC Limited (PIC) and Tanga Cement dated 14th December, 2021 (hereinafter referred to as the "HM/PIC MoA" and dealt with more fully below in paragraph 2.7(c) below), Heidelberg acquired the rights and obligations of both GEPF and PIC under the Finance Documents as indicated under clause 4.0 therein.

2.5 Insurance Policies:

Tanga Cement holds insurance covers typically in place for an organization of its size and nature operating in the cement manufacturing industry.

- (a) Insurance Policy No. DSM/MDBI/POL/0373559 dated 03rd January, 2025 issued by Britam Insurance Tanzania Limited covering Assets All Risks valid from 31st December, 2024 to 30th December, 2025.
- (b) Risk Note No. 202502303 issued on 30th June, 2025 issued by Trans Africa Insurance Brokers Limited covering Liability Insurance valid from 01st July, 2025 to 30th June, 2026.
- (c) Risk Note No. 202502302 issued on 30th June, 2025 issued by Trans Africa Insurance Brokers Limited covering Domestic Package valid from 01st July, 2025 to 30th June, 2026.
- (d) Risk Note No. 202502304 issued on 30th June, 2025 issued by Trans Africa Insurance Brokers Limited covering Liability Insurance valid from 01st July, 2025 to 30th June, 2026.

2.6 Tanga Cement's Policies:

(a) A copy of Tanga Cement's Group Anti-Corruption Policy version 7.0

This policy was issued on 21st September, 2023 with the goal of preventing corrupt behavior among employees since corruption and especially conflicts of interest can occur anywhere in the organization. This policy applies to all companies in the Heidelberg Group and all companies which are directly or indirectly controlled by Heidelberg.

Tanga Cement aims at preventing corruption particularly for employees involved in procurement (that is procurement employees as well as engineers who are in charge of determining the types of goods and services to be purchased and their specifications), employees of specialist departments that use external service providers (such as attorneys, accountants, auditors, consultants), employees of departments that are responsible for obtaining governmental permits of all kinds and other approvals, sales employees, employees involved in corporate acquisitions and employees involved in Corporate Citizenship activities.

Failure to comply with the provisions of this policy may subject an employee to disciplinary actions including termination of employment.

(b) A copy of Anti-Money Laundering Policy version 2.0

Tanga Cement adopted this policy with the objective of preventing anti-money laundering activities. This policy applies to all companies in the Heidelberg Group and all companies which are directly or indirectly controlled by Heidelberg.

(c) A copy of Occupational Health and Safety Policy

Tanga Cement adopted this policy with the objective of creating zero harm in the workplace. To provide commitment to Tanga Cement for prevention of injury and ill health and the continual improvement of Tanga Cement systems and performance which provides a framework for setting and reviewing OHS objectives.

(d) A copy of the Framework Personal Data Protection Policy

This policy was adopted by Tanga Cement to maintain high standards to protect the personal data of employees, customers, suppliers and other stakeholders. The policy provides guidelines to demonstrate respect for individual rights and privacy of all individuals from whom Tanga Cement receives and processes Personal Data.

Further, it sets out the mandatory rules for sustainable protection of Personal Data and gives an overview of the data protection rules implemented within Tanga Cement.

The objective of this policy is to ensure that Personal Data is collected, stored, processed and safeguarded in a legally compliant way.

(e) A copy of the Local Content Plan 2024/25

This plan/policy covers the 2024/2025 calendar year, detailing Tanga Cement's succession plan for its expatriate employees, the number of Tanzanian nationals employed and services procured from various providers within Tanzania, including insurance, legal, banking, drilling, logistics, clearing and forwarding, information technology & communication as well as engineering services.

2.7 Material Agreements:

- (a) A copy of a Standstill Agreement between Heidelberg and Tanga Cement dated 24th May, 2024 and a copy of a letter of the extension of Standstill Agreement dated 03rd July, 2025.

Pursuant to the Memorandum of Agreement (agreement concluded on or about 17th December, 2021 GEPF and Heidelberg and Tanga Cement pursuant to which Heidelberg agreed to take over GEPF's commitment and all its rights and obligations under the Facility Agreement) and Transfer Certificate (the instrument entered into between PIC, GEPF and Heidelberg dated 16th November, 2023 pursuant to which all of GEPF's commitment, rights and obligations under the Facility Agreement have been transferred to Heidelberg), all of the Original Term Facility Lender's commitment, rights, obligations pursuant to the Facility Agreement were transferred to Heidelberg.

Tanga Cement under this Standstill Agreement requested Heidelberg to provide a temporary suspension of the Enforcement Action.

- (b) A copy of a Term Loan Facilities Agreement between Tanga Cement and GEPF represented by PIC executed in 2013.
- (c) A copy of the HM/PIC MoA between Heidelberg, GEPF (acting through its authorized representative, PIC and Tanga Cement dated 14th December, 2021, referenced in paragraph 2.4 above.

In this HM/PIC MoA Heidelberg agreed to take over the rights and obligations of GEPF as the Lender under the Finance Documents and PIC as Agent and Security Trustee under the Finance Documents in which GEPF made three (3) term loan facilities to Tanga Cement.

- (d) A copy of a Facility Letter between Tanga Cement and Standard Chartered Bank Tanzania Limited dated 19th February, 2025.

This Facility Letter provides for (i) a Designated Facility Limits of the Overdraft Facility of USD 10,000,000.00 and (ii) a Short Term Loan Facility of USD 25,000,000.00 (which includes an Import Loan Facility of USD 5,000,000.00 and an Import Letter of Credit Facility (Unsecured) of USD 5,000,000.00) totalling USD 35,000,000.00.

- (e) A copy of:
- a. the signed Mandated Lead Arranger Underwriting Engagement Letter dated 16th July, 2025 between iTrust Finance Limited (hereinafter referred to as "**iTrust**") and Tanga Cement (hereinafter referred to as the "**Underwriting Commitment Letter**") whereby iTrust agrees to act as underwriter to the Rights Issuer shares which are unsubscribed by the Minority Shareholders; and
- b. the full-length underwriting agreement concluded between iTrust and Tanga Cement pursuant to the Underwriting Commitment Letter dated 6/7th August 2025.

2.8 Litigation, arbitration, criminal prosecution and tax matters in which Tanga Cement is a party:

Save for the litigations disclosed herein, there are no material litigations or arbitration, prosecution or other civil or criminal legal actions in which Tanga Cement or its Directors are involved in, which could have a material effect on its business; and or its intended Rights Issue. We have disclosed below the major cases that Tanga Cement is involved in, as of the date hereof, as submitted to us by respective legal counsel representing Tanga Cement in these proceedings: -

(a) Civil Appeal No. 376/2022 between Mohammed Issa Mtalamile & 150 Others (the “Appellants”) vs. Tanga City Council & Tanga Cement (the “Respondents”).

Nature of the Dispute and Sum Involved:

Land Suit and the sum involved is TZS 7,000,000,000.00.

Summary of the Suit:

This is the second appeal following the struck out of former Civil Appeal No. 200 of 2019, in which the Appellants subsequently applied for and were granted extension of time to file notice of appeal and proceeded to file this appeal challenging the Judgment and Decree of the High Court at Tanga in Land Case No. 19/2015. Their main ground of appeal in this appeal is that the trial court denied them right to be heard after it Suo moto framed/raised new issue on ownership of land without according them a hearing. In the original suit Land Case No.19/2015 which led to the institution of the mentioned appeal, the Applicants sued the Respondents and claimed to be paid TZS 7 billion as specific damages as compensation for their land allegedly allocated to Tanga Cement by the Government. The case was dismissed for lack of merit, hence this appeal.

Status of the Suit:

The case is pending at the Court of Appeal. Hearing is by way of notice.

Contingent or Actual liability:

The potential liability of the Respondents in the event they do not win the case is TZS 7,000,000,000.00.

(b) Civil Appeal No. 129 of 2023 between Tanga Cement (the “Appellant”) vs. Yohana Mbazi Chamshana & 16 Others (the “Respondents”).

Nature of the Dispute and Sum Involved:

Labour case and amount claimed is TZS 1,895,785,639.00

Summary of the Suit:

This is an appeal based on an employment dispute filed by the Appellant to challenge the decision of the High Court at Tanga in Labour Revision No. 17 of 2019. In the said application the Respondents herein allegedly the ex- employees of the Appellant were dissatisfied with the CMA Award which dismissed their claims in 2015. At the CMA, they claimed to have been unlawfully terminated and to be reinstated. On 16th March, 2021, judgment was delivered in favor of the Respondents where the Court ordered that they be paid their terminal benefits, but the said benefits were not quantified, hence this appeal. Subsequently, the Respondents have filed an application (Execution No. 18104

Of 2024) to execute TZS 1,895,785,639.00/=. The Appellant has applied for stay of execution pending hearing of appeal at the Court of Appeal. TZS 1,895,785,639.00 which the Respondents are seeking to execute is from their own calculation as they were not awarded by the CMA and High Court.

Status of the Suit:

The appeal has been heard and the Appellant is waiting to be notified of the date of delivery of the judgment by the Registrar. The application for execution is set for necessary orders on 01st September, 2025.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 1,895,785,639.00.

- (c) **Tax Appeal No. 92 of 2023 before the Tax Revenue Appeals Board between Tanga Cement Plc (the "Appellant") vs. the Commissioner General (TRA) (the "Respondent").**

Nature of the Dispute and Sum Involved:

Tax dispute and amount claimed is TZS 5,672,288,930.00

Summary of the Suit:

This is a VAT dispute for 2021 year of income challenging the Respondent's decision to disallow VAT input and impose VAT on export sales. The Respondent also wrongly calculated output VAT on clinker production reconciliation.

Status of the Suit:

The judgement was in favor of the Appellant on the following: Disallowance of input tax on invoices amounting to TZS 89,247,329.00 for the year 2019 to 2021; imposition of output VAT on difference established from clinker production reconciliation and imposition of output VAT on the difference between export sales as per VAT returns and TANCIS. Appeal determined partly in favor of the Appellant. The Appellant has filed notice of appeal to the Court of Appeal.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 5,672,288,930.00.

- (d) **Tax Appeals No. 27 of 2024 before the Tax Revenue Appeals Board between Tanga Cement Plc (the "Appellant") vs. the Commissioner General (TRA) (the "Respondent").**

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 2,392,910,687.00.

Summary of the Suit:

The appeal originates from the decision of the Board in Tax Appeal No. 120 of 2021. The dispute arises from the Respondent's decision to disallow VAT input claimed by the Appellant and impose VAT on the difference export sales as per returns with that obtained from TANCIS. The Appeal also challenges the Respondent's approach to calculating VAT. The years under dispute are 2015 to 2018.

Status of the Suit:

The appeal has been determined in favor of the Respondent. The Appellant has lodged a notice of appeal to the Court of Appeal. Proceedings and Judgment have not been provided.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 2,392,910,687.00.

- (e) **Civil Appeal No. 167 of 2025 Commissioner General (TRA) (the “Appellant”) vs. Tanga Cement Plc (the “Respondent”).**

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 2,271,894,827.47.

Summary of the Suit:

This appeal is against the decision of the Tribunal in Tax Appeal No. 61 of 2022 filed by the Appellant. The Tribunal determined that the Board was wrong to hold that the Respondent is exempted from paying withholding tax for 2016 to 2018 year of income as per the agreement entered between the Respondent and the Government of Tanzania in June, 2013.

Status of the Suit:

The suit is pending hearing.

Contingent or Actual liability:

The potential liability of the Respondent in the event it does not win the case is TZS 2,271,894,827.47.

- (f) **Tax Appeal No. 69 of 2023 Before the Tax Revenue Appeals Tribunal Tanga Cement Plc (the “Appellant”) vs. Commissioner General (TRA) (the “Respondent”).**

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 2,188,639,357.20.

Summary of the Suit:

This appeal arises from the Judgment of the Board from Appeal No. 80 of 2022. Briefly, the appeal challenges the Respondent’s decision to disallow interest and insurance expenses as well as the capital allowance for the year of income 2015.

Status of the Suit:

The appeal was heard and the judgment was delivered on 13th February, 2025 in favor of the Appellant. The Appellant has received a notice of appeal from the Respondent.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 2,188,639,357.20.

(g) Tax Appeal No. 104 of 2024 Before the Tax Revenue Appeals Tribunal, Tanga Cement Plc (the “Appellant”) vs. Commissioner General (TRA) (the “Respondent”).

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 3,647,381,778.00.

Summary of the Suit:

This appeal challenges the Board’s decision in Consolidated Tax Appeal No. 78 & 80 of 2023 which held that the Respondent’s decision was correct to disallow interest expenses, social cost, food beverage, rates and taxes, accommodation and meals, other travel, benefit funds insurance, local air travel, public relationship, standard cost variance for the year of income 2019 and 2020.

Status of the Suit:

The appeal was heard and determined on April, 2025 partly in favor of the Respondent and partly in favor of the Appellant. The Appeal succeeds with regards to the disallowance of expenses relating to work permit, insurance premium and standard cost variance.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case TZS 3,647,381,778.00.

(h) Tax Appeal No. 97 of 2024 Before the Tax Revenue Appeals Tribunal Commissioner General (TRA) (the “Appellant”) vs Tanga Cement Plc (the “Respondent”).

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 3,647,381,778.00.

Summary of the Suit:

This is an appeal by the Appellant challenging the Board’s decision in Consolidated Tax Appeal No. 78 & 80 of 2023 which held that the Appellant was wrong to disallow advertising and marketing, motor vehicle expenses, and production reconciliation expenses for the year of income 2019 and 2020.

Status of the Suit:

The appeal came for hearing on 10th March, 2025 and the arguments were disposed by way of written submissions. The Appellant filed their submissions on 13th March, 2025, the Respondent filed reply on 17th March, 2025 and rejoinder by the Appellant filed on 19th March, 2025. The suit is pending for judgement.

Contingent or Actual liability:

The potential liability of the Respondent in the event it does not win the case is TZS 3,647,381,778.00.

- (i) **Tax Appeal No. 521 Of 2024 Before the Tax Revenue Appeals Board, Tanga Cement Plc (the “Appellant”) vs. Commissioner General (TRA) (the “Respondent”).**

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 1,604,820,007.73

Summary of the Suit:

The Respondent conducted an audit of the Appellant’s tax affairs for the year of income 2022 regarding various taxes, including but not limited to Corporate Income Tax, Value Added Tax, and withholding taxes. On 1st November, 2023, the Respondent issued audit findings, raising several issues. Specifically, on the issues relevant to this appeal, the Respondent contended that the Appellant did not submit evidence to demonstrate that payments in respect of interest on loans paid to non-resident affiliates have been properly subjected to Withholding Tax as per section 82 of the Income Tax Act CAP 332 R.E. 2023.

Status of the Suit:

The suit is pending judgement.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 1,604,820,007.73.

- (j) **Tax Appeal No. 10 of 2024 Before the Tax Revenue Appeals Board, Tanga Cement Plc (the “Appellant”) vs. Commissioner General (TRA) (the “Respondent”).**

Nature of the Dispute and Sum Involved:

Tax dispute and amount involved is TZS 1,041,190,912.29.

Summary of the Suit:

This appeal challenges the Respondent’s decision to charge withholding tax (Bank Interest) on payments made to South African entity and interest payable for the year of income 2021.

Status of the Suit:

The suit is pending judgement.

Contingent or Actual liability:

The potential liability of the Appellant in the event it does not win the case is TZS 1,041,190,912.29.

29 Laws, Regulations and Circulars Reviewed:

- (a) the Companies Act No. 12 of 2002 (the “**Companies Act**”);
- (b) the Bank of Tanzania Act No. 4 of 2006 (the “**BOT Act**”);
- (c) the Banking and Financial Institutions Act No. 5 of 2006 (the “**BFIA**”);
- (d) the Foreign Exchange Use Regulations made under G.N. 198 of 2025 (the “**Foreign Exchange Use Regulations**”);
- (e) the Tax Administration Act CAP 438 R.E. 2023 (the “**TAA**”);
- (f) the Income Tax Act CAP 332 R.E. 2023 (the “**ITA**”);
- (g) the Value Added Tax Act CAP 148 R.E. 2023 (the “**VAT Act**”);
- (h) the Stamp Duty Act CAP 189 R.E. 2023 (the “**SDA**”);
- (i) the Capital Markets and Securities Act CAP 79 R.E. 2023 (the “**CMS Act**”);
- (j) the Capital Markets and Securities (Register of Interest in Securities) Regulations GN. No. 415 of 1996;
- (k) the Capital Markets and Securities (Capitalization and Rights Issue) Regulations G.N. No. 288 of 2000;
- (l) the Capital Markets and Securities (Advertisements) Regulations, G.N. No. 15 of 1997;
- (m) the Capital Markets and Securities (Prospectus Requirements) Regulations G.N. No. 769 of 1997;
- (n) the Mining Act CAP 123 R.E. 2023;
- (o) the Mining (Local Content) Regulations made under G.No. 3 of 2018 (the “**Local Content Regulations**”); and
- (p) The Dar es Salaam Stock Exchange Public Limited Company Rules, 2022 (the “**DSE Rules**”).

2.10 Such other records and documents provided by Tanga Cement as we have considered necessary and appropriate for the purpose of this Opinion.**2.11 Assumptions:**

For the purpose of this Opinion we have assumed the following:-

- (a) All written information supplied to us by Tanga Cement officials is true, accurate and up to date;
- (b) The authenticity of documents submitted as original and the conformity with the original documents of all documents submitted to us as copies;
- (c) The genuineness of all signatures on all documents provided to us;
- (d) All agreements and other relevant documents have been duly authorized, executed and delivered by the parties to those documents; other than the DSE. Admission of the Rights Issue at the DSE is expected after approval by the CMSA;
- (e) All approvals and licenses have been properly procured;
- (f) With respect to matters of fact, we have relied on the representations of Tanga Cement and its officers and advisors;
- (g) That each Shareholder will be entitled to exercise his or her or its Rights in respect of the Rights Issue;
- (h) That the investment opportunities offered in the Rights Issue will not change for Tanga Cement's shareholders; and
- (i) Further that the rights issuance does not change the operations of the Company.

3.0 OPINION:

3.1 Based on the information made available to us by Tanga Cement's officials, as well as the Company's records listed above and taking into account the matters contained in the documents above, and subject to reservations set out below and any matters not disclosed to us, we hereby opine as follows:

- (a) that Tanga Cement is duly registered as a Public Limited Company and is validly existing under the laws of Tanzania pursuant to the provisions of the Companies Act, the CMS Act and the DSE Rules, with powers to execute, deliver and exercise its rights and perform its obligations pursuant to the Rights Issue, and that such execution and performance have been duly and validly authorized by appropriate corporate actions;
- (b) the rights and obligations of Tanga Cement contemplated by the Rights Issue constitute valid and binding rights and obligations enforceable in accordance with their terms;
- (c) the Rights Issue has been duly and validly authorized by the shareholders of Tanga Cement and no other corporate action on the part of Tanga Cement is necessary to authorize it;
- (d) the Rights Issue has been duly and validly authorized by the CMSA in accordance with the approval letter dated 11th September 2025 from the CMSA;
- (e) the Rights Issue Offer Shares have been duly listed and admitted by the CMSA for trading on the stock exchange operated by the DSE;

- (f) the Company has the requisite corporate power and due authority to allot and issue the Rights Issue Offer Shares;
- (g) the Rights Issue shall be subscribed in Tanzania Shillings and thus no part of the Rights Issue contravenes any Foreign Exchange Regulation or any law in Tanzania;
- (h) the execution and consummation of the Rights Issue contemplated by Tanga Cement does not conflict with and does not and shall not result in the breach of applicable law, statute, judgement, order, rule or regulations of any court, arbitrator or governmental or regulatory authority which is applicable to Tanga Cement or any agreement or obligation to which Tanga Cement is party or bound by, which would individually or in the aggregate impair the validity of the Rights Issue or have material adverse effect on the ability of Tanga Cement to perform its obligations after the Rights Issue;
- (i) the Rights Issue is in compliance of the CMS Act and all other laws relevant and enforceable in Tanzania at the time of giving this Opinion; and the transactions contemplated by the Rights Issue and the performance by the Company of its obligations there under will not violate any law of Tanzania;
- (j) Subject to the amendment to the Second Amended MemArts referenced in paragraph 3.2(c) below, the Company's authorized share capital is **Tanzania Shillings One Billion Two Hundred and Seventy-Three Million Four Hundred Twenty Thousand and Nine Hundred (TZS 1,273,420,900) divided into Sixty-Three Million Six Hundred and Seventy-One Forty-Five (63,671,045) ordinary shares of Tanzania Shillings Twenty (TZS 20) each.**
- (k) The shareholders of Tanga Cement as of 03rd September, 2025 is as follows:-

No.	Name	No. of Shares	%Holding
1.	Scancem International DA	47,668,182	74.866%
2.	General Public Tanzania	15,299,711	24.039%
3.	Registered Trustees of Tanga Cement Company Limited (TCCL) Employee Scheme Trust	703,152	1.104%
Total Shares		63,671,045	100

- (l) The Board of Directors of the Tanga Cement as reflected in the BRELA Search Report as of 03rd September, 2025 is as follows:-

No.	Name	Nationality
1.	Raymond Peter Mbilinyi	Tanzanian
2.	Hakan Gurdal	Turkish
3.	Francesco Brambilla	Italian
4.	Christian Mikli	German
5.	Gennaro Puppo	Italian
6.	Alfonso Martinez Velez	Spanish

3.2 Based upon and subject as aforesaid, and without prejudice to the generality of the matters set out in paragraph 3.1 of this Opinion, we confirm that:

- (a) Tanga Cement has full legal capacity, corporate power, and authority under the laws of Tanzania including the capacity to sue and be sued in its own name, to own, lease and operate its properties and to carry on its business as outlined in its MemArts.
- (b) After reviewing the relevant documentation and information availed to us by Tanga Cement's officers, no receiver, liquidator, administrator, judicial manager, or similar person has been appointed in respect of Tanga Cement. Additionally, no resolution or order by a court or regulatory authority or government body or otherwise has been passed, made or presented for winding-up, dissolution or liquidation of Tanga Cement.
- (c) Article 35 of the Second Amended MemArts, authorizes Tanga Cement, by Special Resolution of the shareholders, to increase the share capital by such sums, to be divided into shares of such amount, as the resolution shall prescribe.
- (d) Further Article 36 of the Second Amended MemArts, authorizes Tanga Cement by Ordinary Resolution of shareholders, to direct that the new share, or any of them be offered in the first instance, either at par or at a premium to the then members or to the holders of any class of shares of the class or group held by them respectively or make any other provisions as to be issue of the new shares.
- (e) Pursuant to a BRELA Search Report dated 03rd September, 2025 the Company's authorized share capital is to TZS 4,000,000,000.
- (f) Pursuant to the Resolution of Tanga Cement at an Extraordinary General Meeting held on 28th July, 2025, Tanga Cement authorized the issuance of up to 127,342,090 (one hundred and twenty seven million three hundred forty two thousand and ninety) new ordinary shares of Tanzania Shillings One Thousand Six Hundred (1,600) each, by way of a Rights Issue, to holders of ordinary shares who appear in the Register of Shareholders at the close of business on a date to be determined. The Rights Issue is to be on the basis of two (2) new ordinary shares for every one (1) ordinary share held. The shares offered in this Rights Issue are non-renounceable, meaning that the shareholders are not entitled to take any additional shares in excess of what they are entitled to under the Rights Issue.

It is only the shareholders of Tanga Cement that are entitled to participate in the Rights Issue and the Rights Issue Offer Shares not taken up by the shareholders of the Company will not be renounced in favor of any other party. iTrust's obligation to subscribe for Rights Issue Offer Shares not subscribed for by the shareholders of Tanga Cement except for Scancem International DA is subject to the provisions of the Underwriting Agreement as read together with the Mandated Lead Arranger Underwriting Engagement Letter.

- (g) All authorizations, approvals, consents, licenses, exemptions, filings or registrations of or with any governmental or public bodies or authorities of or in Tanzania required in connection with the business of Tanga Cement including the BOT approvals, CMSA approval and DSE approval have been obtained in proper form and are in full force and effect.

- (h) All authorizations and approvals by BOT, CMSA and DSE required for the Rights Issue under the respective legislation and rules have been obtained.
- (i) Save for the aforementioned approvals and if applicable the Fair Competition Commission approval will be obtained after the date of this Opinion.
- (j) The Prospectus has been prepared in accordance with the applicable requirements of the Companies Act, the regulations of the CMSA and Tanzania law, and the Prospectus has been duly authorized and executed by and on behalf of the directors of Tanga Cement. Tanga Cement has provided the CMSA with all documents and information required under the Tanzanian laws and regulations in connection with the Rights Issue.
- (k) As of the date of this Opinion Tanga Cement has in force four (4) "material" contracts to which Tanga Cement is a party. These include loan agreements entered into for the purpose of carrying out its functions. The list does not include employment contracts and leases. By and large, the agreements reviewed are well crafted and structured as explained under paragraph 2.7 of this Opinion.
- (l) Save as disclosed herein/in the Prospectus, there are no other arrangements concerning the Rights Issue.

3.3 We are further of the opinion that the increase of the authorized share capital of Tanga Cement as contemplated in paragraph 3.2(a) to (c) of this Opinion, has been authorized and issued in conformity with all applicable laws and has received all necessary authorizations.

3.4 Tanga Cement has not issued any instruments convertible into, or exchangeable for, any shares in the issued share capital of Tanga Cement, nor is there any contract, commitment, agreement, understanding or arrangement of any kind to which Tanga Cement is a party (or in respect of which Tanga Cement had accepted a benefit) containing any outstanding rights (including, without limitation, pre-emptive rights), warrants or options to subscribe for any shares in the issued share capital of Tanga Cement or relating to the issuance of any shares in the share capital of Tanga Cement or relating to the issuance of any such convertible or exchangeable securities or any such rights, warrants or options.

3.5 Save for the litigations disclosed herein, there are no material litigations or arbitration, prosecution or other civil or criminal legal actions in which Tanga Cement or its Directors are involved, which could have a material effect on its business; and or its intended Rights Issue.

3.6 Save for the contracts specifically disclosed herein, Tanga Cement has not entered into any material contracts (being contracts entered into outside of the ordinary course of Tanga Cement's business).

3.7 Subject to the assumption that this report remains true and correct as of the date of this Opinion, Tanga Cement holds all material approvals/licenses and consents required to perform its business.

3.8 Tanga Cement is not required by the laws of Tanzania to make any deductions or withholding from any payment under or with respect to the Rights Issue for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Tanzania.

- 3.9 There will be no difference between the Rights Issue Offer Shares and the issued ordinary shares in the share capital of Tanga Cement, and there will be no preference in respect of dividends or amounts payable in the event of a voluntary or involuntary liquidation or dissolution of Tanga Cement. All holders of the Rights Issue Offer Shares will be entitled, on the same basis as holders of such other issued ordinary shares in the share capital of Tanga Cement, to payment of full dividends.
- 3.10 All statements in the Prospectus purporting to describe provisions of the laws of Tanzania or legal conclusions are accurate, complete and fair summaries of such provisions in all material respects.
- 3.11 Subject to the above, there are no other material items not mentioned in herein or in the Prospectus of which we are aware with regard to the legal status of Tanga Cement and the Rights Issue.

4.0 RESERVATIONS:

This letter and the Opinion given are governed by Tanzania laws and relate only to Tanzania laws as applied by Tanzanian courts at the date of this Opinion. We express no opinion in this Opinion on the laws of any other jurisdiction.

5.0 CONSENT:

We hereby consent to the inclusion of this Opinion in the Prospectus to be issued by Tanga Cement, in the form and text in which it is included.

6.0 CONCLUSION:

This Opinion is given to the Directors of Tanga Cement for the purposes of the Rights Issue and not for any other purpose. It contains information as at the date of this Opinion. It may be relied upon only by Tanga Cement and investors but not any other person unless our written consent has been sought and obtained.

Yours Sincerely,



Carolyn Jackob Muro (Partner)
JOACHIM & JACOBS ATTORNEYS

11. Reporting Accountant's Report

TANGA CEMENT PUBLIC LIMITED COMPANY
HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED
31 DECEMBER 2022, 31 DECEMBER 2023 AND 31 DECEMBER 2024

The Board of Directors
Tanga Cement Public Limited Company
Pongwe Factory Area
P. O. Box 5053
Tanga, Tanzania

Dear Sirs,

REPORTING ACCOUNTANT'S REPORT ON COMPILATION OF HISTORICAL FINANCIAL INFORMATION

On the basis of information provided by Directors and the audited financial statements we have compiled, in accordance with the International Standard on Related Services applicable to compilation engagements, the statement of financial position of Tanga Cement Public Limited Company (referred as "the Company" or "TCCL") as at 31 December 2022, 31 December 2023 and 31 December 2024 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended and a summary of material accounting policy information and other explanatory information.

The financial statements for the two years ended 31 December 2022 and 31 December 2023 were audited by Ernst & Young, Certified Public Accountants (Tanzania) and received unqualified audit opinions while financial statements for the year ended 31 December 2024 were audited by PWC, Certified Public Accountants (Tanzania), and received unqualified audit opinion.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Directors in the preparation and presentation of this financial information in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are Directors' responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information Directors provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The historical financial information has been prepared for inclusion in an information memorandum for a proposed rights issue of shares and may, therefore, not be appropriate for another purpose.

Deloitte & Touche
Certified Public Accountants (Tanzania)



Partners: F.J. Kibiki Y.F Kasenge M.R Richard

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Signed by: F.J. Kibiki
NBAA Registration No.: ACPA 3214
Dar es Salaam

03 September 2025

STATEMENT OF ADJUSTMENTS

The following adjustments were made to the audited financial statements for the three years ended 31 December 2022, 31 December 2023 and 31 December 2024 so as to conform to IFRS Accounting Standards as issued by International Accounting Standards Board:

- The financial statements for the year ended 31 December 2023 were restated to correct errors on errors on valuation of stockpile inventories, classification of borrowings and valuation of treasury shares. Consequently, the financial information for the year as included in the financial information were derived from the restated comparative information reported in the financial statements for the year ended 31 December 2024. Details of the restatement have been disclosed under note 44 of the financial statements for the year ended 31 December 2024.
- Changes have been made to the statement of cash flows included in the financial information to correct mathematical errors in the financial statements for the year ended 31 December 2022.
- Note 34 to the financial information on financial risk management was updated to correct mathematical errors on credit risk management table previously reported in the financial statements for the year ended 31 December 2022.
- Additionally, the following modifications were made in the comparative information for the years ended 31 December 2023 and 31 December 2022 to include additional information to align with the presentation adopted in the financial statements for the year ended 31 December 2024:
 - a) Note 6 of the financial information, revenue:
 - i. Sales revenue distribution by product; and
 - ii. Sales revenue distribution in both domestic and export markets for cement and clinker.
 - b) Note 7 of the financial information, cost of sales:
 - i. Depreciation, amortization, and impairment;
 - ii. Provision for obsolete inventories;
 - iii. Write-off of inventory; and
 - iv. Variable costs (i.e. raw materials, fuel and energy and consumables).
 - c) Note 9 of the financial information, Administration expense:
 - i. Personnel expenses (under cost of sales, Selling expenses and administrative expenses);
 - ii. Personnel expenses (wages and salaries and bonuses, statutory obligations, staff benefits, beverages, etc.); and
 - iii. Third party services (i.e. consultancy, security costs, re-organization costs, etc.).
 - d) Note 21 of the financial information, trade and other receivable:
 - i. Trade receivable from third party and related party for financial year 2022.

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2024 TZS'000	2023 TZS'000	2022 TZS'000
Revenue from contracts with customers	5	230,846,220	215,101,805	209,196,629
Cost of sales	6	(177,261,317)	(237,924,328)	(191,314,634)
Gross profit/(loss)		53,584,903	(22,822,523)	17,881,995
Other income	7(a)	86,447	86,457	631,897
Other expenses	7(b)	(138,517)	(982,382)	(444,354)
Selling expenses	8	(2,329,900)	(4,346,279)	(3,200,846)
Administration expenses	9	(20,990,478)	(27,001,325)	(19,952,875)
Impairment and other charges	10	-	-	(259,374)
Increase in expected credit losses	10	(796,209)	(969,824)	(2,201,763)
Operating profit/(loss)		29,416,246	(56,035,876)	(7,545,320)
Interest expense	11	(33,515,513)	(23,523,663)	(17,618,395)
Finance income	12	102,136	2,585,419	1,190
Finance cost- Net		(33,413,377)	(20,938,244)	(17,617,205)
Foreign exchange and fair value gain/(loss)	13	2,313,501	(21,060,984)	5,336,935
Loss before tax		(1,683,630)	(98,035,104)	(19,825,590)
Income tax charge	14(a)	(4,861,181)	(1,466,239)	(2,312,138)
Loss for the year		(6,544,811)	(99,501,343)	(22,137,728)
Other comprehensive income		-	-	-
Total comprehensive loss for the year:		(6,544,811)	(99,501,343)	(22,137,728)

Statement of Financial Position as at 31 December

	Notes	2024 TZS'000	2023 TZS'000	2022 TZS'000
ASSETS				
Non-current assets				
Property, plant and equipment	15(a)	270,525,479	273,856,496	286,976,855
Right-of-use assets	16	223,140	159,432	4,891,745
Intangible asset	15(b)	507,853	-	-
Investment in subsidiary	17	420,995	420,995	420,995
Financial asset - Interest rate	18	-	6,466,718	7,492,379
		271,677,467	280,903,641	299,781,974
Current assets				
Inventories	20	82,901,861	48,671,522	81,189,517
Trade and other receivables	21	22,502,760	34,217,674	11,272,589
Current income tax recoverable	14(d)	-	2,953,688	8,792,432
Cash and bank balances	22	19,348,377	4,290,256	4,669,853
		124,752,998	90,133,140	105,924,391
TOTAL ASSETS		396,430,465	371,036,781	405,706,365
EQUITY AND LIABILITIES				
Equity				
Issued capital	23	1,273,421	1,273,421	1,273,421
Treasury shares	21	(1,825,920)	(1,825,920)	(1,825,920)
Retained earnings		10,161,871	16,706,682	116,208,026
Equity attributable to owners		9,609,372	16,154,183	115,655,527
Non-current liabilities				
Lease liabilities	24	-	244,495	4,249,513
Provision for site restoration	25	30,328	30,328	30,014
Deferred tax liability	14(b)	950,783	950,783	950,783
		981,111	1,225,606	5,230,310
Current liabilities				
Lease liabilities	24	299,630	35,447	634,985
Trade and other payables	27	71,393,440	76,273,273	48,066,634
Borrowings	26	306,242,105	272,164,061	228,236,445
Current income tax payable	14(d)	616,727	-	-
Contract liabilities	28	7,288,080	5,184,211	7,882,464
		385,839,982	353,656,992	284,820,528
Total liabilities		386,821,093	354,882,598	290,050,838
TOTAL EQUITY AND LIABILITIES		396,430,465	371,036,781	405,706,365

Statement of Changes in Equity

	Issued Capital TZS'000	Treasury Shares TZS'000	Retained Earnings TZS'000	Total TZS'000
Balance at 1 January 2022	1,273,421	-	137,293,299	138,566,720
Loss for the year	-	-	(22,137,728)	(22,137,728)
Other comprehensive income	-	-	-	-
Total comprehensive Income	-	-	(22,137,728)	(22,137,728)
At 31 December 2022	1,273,421	-	115,155,571	116,428,992
Balance at 1 January 2023 as originally presented	1,273,421	-	115,155,572	116,428,993
Correction of prior period error	-	(1,825,920)	1,052,454	(773,466)
Restated total equity at the beginning of the financial year (Restated equity as at 31 December 2022)	1,273,421	(1,825,920)	116,208,026	115,655,527
Loss for the year as originally presented	-	-	(61,826,916)	(61,826,916)
Correction of prior period error*	-	-	(37,674,429)	(37,674,429)
Restated loss for the year	-	-	(99,501,345)	(99,501,345)
Total comprehensive income	-	-	(99,501,345)	(99,501,345)
Restated total equity as at 31 December 2023	1,273,421	(1,825,920)	16,706,682	16,154,183
Balance at 31 December 2023 as originally presented	1,273,421	-	53,328,657	54,602,078
Correction of prior period error*	-	(1,825,920)	36,621,975	34,796,055
Restated total equity as at 31 December 2023	1,273,421	(1,825,920)	16,706,682	16,154,183
Loss for the year	-	-	(6,544,811)	(6,544,811)
Total comprehensive income	-	-	(6,544,811)	(6,544,811)
At 31 December 2024	1,273,421	(1,825,920)	10,161,871	9,609,372

*Restatement has been disclosed in the financial statement for the year ended 31 December 2024.

Statement of Cash Flows

	Notes	2024 TZS'000	2023 TZS'000	2022 TZS'000
OPERATING ACTIVITIES				
Cash generated from operating activities	29	28,404,678	3,914,002	6,623,593
Interest income received	12	102,136	2,585,419	1,190
Income taxes paid	14(d)	(1,557,804)	(976,388)	(4,652,045)
Net cash flows from operating activities		26,949,010	5,523,033	1,972,738
INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		-	352,556	6,415
Purchase of intangible asset	15 (b)	(507,853)	-	-
Purchase of property, plant and equipment	15 (a)	(21,956,989)	(6,906,441)	(6,732,056)
Additions to critical spares	15 (a)	-	(294,388)	-
Net cash flows used in investing activities		(22,464,842)	(6,848,273)	(6,696,580)
FINANCING ACTIVITIES				
Principal repayments - lease liabilities	24	(210,839)	(361,700)	(694,193)
Lease liability interest paid	24	(35,714)	(529,193)	(596,929)
Interest paid - overdrafts	11	(2,463,942)	(1,929,889)	(1,664,822)
Interest paid - term borrowings	26 (b)	(2,716,058)	(2,502,042)	-
Principal repayments - term borrowings	26 (b)	(3,654,000)	(12,673,365)	-
Short-term loan proceeds	26 (b)	43,772,061	-	-
Proceeds from import loans	26 (b)	1,828,844	-	-
Net cash flows used in financing activities		36,520,352	(17,996,189)	(2,955,944)
Net increase/(decrease) in cash and cash equivalents		41,004,520	(19,321,429)	(7,679,786)
Net foreign exchange differences		(104,788)	(558,180)	(130,455)
Cash and cash equivalents at 1 January		(34,465,723)	(14,586,114)	(19,471,196)
Cash and cash equivalents at 31 December	22	6,434,009	(34,465,723)	(14,586,114)

1. GENERAL INFORMATION

The financial information has been prepared from the financial statements of Tanzania Cement Public Limited Company (the "Company") for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 that were approved by the Board of Directors and authorised for issue.

The Company is incorporated in Tanzania under the Companies Act, 2002 as a public limited liability company, and is domiciled in Tanzania. The address of its registered office is Pongwe Factory Area, P.O. Box 5053, Tanga, Tanzania.

The principal activity of the Company is the manufacturing, distribution and sale of cement and clinker.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CEDEL) which is incorporated in Tanzania. These financial information does not include consolidated results of the subsidiary.

2. BASIS OF PREPARATION AND NEW AND REVISED ACCOUNTING STANDARDS

a. Basis of preparation

The financial information have been prepared under the historical cost convention, except for derivative financial instruments and equity instruments, which are measured at fair value. The financial information are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest thousand ('000'), except where otherwise indicated. The financial information cover the years ended 31 December 2022, 31 December 2023 and 31 December 2024.

b. Statement of compliance

The financial statements used in preparation of the financial information have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and comply with the requirements of the Companies Act, 2002 of Tanzania.

c. New IFRS Accounting Standards and Accounting Pronouncements

i. Standards and Interpretations effective in the 3 years period ended 31 December 2024

A number of Interpretations issued by the International Financial Reporting Interpretations Committee and new or amended Standards were effective during the period covered by the financial information. The adoption of these Interpretations has not led to any changes in the Company's accounting policies or significant impact on the financial statements other than additional disclosure requirements. For this reason, no further disclosure of these new standards and interpretations has been made.

ii. Standards and Interpretations in issue not yet adopted

A number of standards and interpretation have been issued but not yet effective as at 31 December 2024. The Company has chosen not to early adopt any of these standards and interpretation. The Company is currently assessing the impact to the financial statements

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

when they become effective. Other than IFRS 18 expected to be effective for the period on or after 1 January 2027, other standards are not expected to have material impact on the financial information.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the financial statements used to prepare the historical financial information are set out below. These policies have been consistently applied to all three years presented, unless otherwise stated.

a) Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting Period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Fair value measurement

The Company measures certain financial instruments, such as derivatives, at fair value through profit or loss. Financial instruments classified at amortised cost are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Other non-financial assets, such as property, plant and equipment and intangible assets, are measured using the cost model in accordance with IAS 16 and IAS 38, respectively.

These assets are carried at historical cost less accumulated depreciation and impairment losses. Fair value information for these assets is not disclosed unless required in the context of impairment testing or business combinations.

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.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

The principal or the most advantageous market must be accessible 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.

b) Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non- recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is determined annually by management after discussion with and approval by the Company's Audit, Risk and Compliance Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. Management decides, after discussions with the Company's external valuers, the valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re- measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are presented under the respective notes.

c) Foreign currency translation

The Company's financial statements are presented in Tanzanian Shillings (TZS), which is also the functional currency. Items included in financial statements of the Company are measured using the functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in profit or loss.

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 transaction. 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.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

d) Revenue from contracts with customers

Revenue represents income arising in the course of Company'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

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

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. The Company applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT) and excise duty.

Revenue is primarily derived from the sale of cement and provision of transport services. Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

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 only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The Company can identify each party's rights regarding the goods or services to be transferred;
- The Company can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract); and
- It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from sale and transportation of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit terms are 30 days upon delivery.

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. 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.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers (continued)

Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Company currently does not have experience of returns that are material to financial statements.

Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances:

i. 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 recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

ii. 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).

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****iii. 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 recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

d) Revenue from contracts with customers (continued)**iv. Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

v. Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

vi. Cost to obtain contract

The Company pays sales commission to its sales force known as Trade Development Representatives based on the volume sold in their respective areas. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of cost of sales).

e) Taxation**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Taxation (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except:

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. If there is any carrying amount remaining relating to the replaced part, the remaining carrying amount is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are:

Asset	Annual rate
Leasehold land	1% - 10%
Buildings, roads and railway siding	3% - 10%
Plant, machinery and equipment	4% - 10%
Motor vehicles and construction vehicles	4% - 20%
Fixtures, fittings and equipment	13% - 20%

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

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress includes accumulated cost of property, plant and equipment which is under construction, or for which cost has been incurred, but which is not yet ready for use by the Company. It also includes cost incurred for assets being constructed by third parties, assets which have not been delivered to, or installed in, the facility and assets which cannot be used until certain other assets are acquired and installed.

Where there is a significant interval between the times at which cost is incurred in connection with the acquisition of an asset and when the asset will be ready for use, the cost is accumulated in capital work in progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category and depreciation starts.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Construction in progress is not depreciated, since by the definition it is not yet ready for use, but it is carried at cost less accumulated impairment.

Refurbished equipment is accounted for in accordance with IAS 16 - Property, Plant and Equipment. Refurbishment refers to significant repairs, upgrades, or replacements undertaken to restore or improve the operational capability of an asset, extend its useful life, or enhance its functionality. Refurbishment costs are capitalized if they meet the criteria for recognition as an asset, i.e., when it is probable that future economic benefits will flow to the entity and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred.

Where refurbishment involves the replacement of a significant part or component of an asset, the carrying amount of the replaced part is derecognized, and the cost of the new component is capitalized. Refurbished assets are depreciated over their revised useful lives from the date they are available for use.

g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all the leases, except for short term leases and low value assets. The Company recognises lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying asset.

Right-of-use- assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight- line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right-of-use asset	Years
Land occupancy rights	53 - 99
Quarry fleet	1 - 4
Residential houses and warehouses	1 - 3
Printers	2 - 5

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Leases (continued)

Company as a lessee (continued)

Right-of-use- assets (continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs, then they are capitalized as cost of those inventories they were incurred to produce.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low value asset

The Company applies the short-term lease recognition exemption to short-term leases i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be of low value, as per IFRS Accounting Standards the value of the asset when new should be \leq €5,000. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. These leases have terms of 6 to 12 months. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in an asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****i) Financial instruments (continued)****Financial assets (continued)**

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy on Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding in addition to the business model of the entity being to hold the financial assets so as to collect the contractual cash flows. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.
- Financial assets at amortised cost (debt instruments) and derivative financial instruments which are measured at FVTPL categories were relevant to the Company for the current year.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) **Financial instruments** (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables, financial asset interest rate cap and bank balances.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares. The Company subsequently measures all investments in equity instruments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI.

The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised (i.e., removed from the Company's separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****i) Financial instruments (continued)****Derecognition (continued)**

When the Company has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12- months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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 in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when all reasonable efforts have been taken to recover the amount.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) **Financial instruments** (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Company will consider certain information as reasonable grounds to deem a financial asset in default (even before 120 days past due for trade receivables) and/or indicators that are used to assess that there is no reasonable expectation of recovery. These include:

- Legal actions against the customer or a financial institution, such as bankruptcy and lawsuits.
- Mergers, acquisitions, or restructuring that may render the customer or financial institution incapable of meeting their financial obligations.
- Global events such as geopolitical tensions, and pandemics,
- Industry dynamics, including shifts in customer preferences, and supply chain issues.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as commitment measurement.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings including term loans and bank overdrafts, and derivative financial instruments.

Subsequent measurement

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****i) Financial instruments (continued)****Financial liabilities (continued)****Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

j) Cash and cash equivalents

Cash on hand, bank balances on demand and time deposit accounts with banks whose original maturities do not exceed three months, less bank overdraft amounts, are classified as cash and cash equivalents in statements of cash flows.

Cash and cash equivalents are carried at amortised cost in statements of financial position.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Spare parts and servicing equipment are classified as Property, Plant, and Equipment rather than inventory when they meet the definition of Property, Plant and Equipment, with a useful life of more than 5 years and a value of more than TZS 140 million. They are measured on cost less depreciation and provision for impairment.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- **Raw materials** - Purchase cost on a first in, first out 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.

A provision is recognized for slow-moving and obsolete inventory, particularly for raw materials, spare parts, and finished goods that have not moved for a significant period or are no longer expected to be utilised.

l) 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 assets recoverable amount. An asset's recoverable amount is the higher of an assets, or cash-generating unit's (CGU), fair value less costs of disposal 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.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

l) Impairment of non-financial assets (continued)

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 of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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 generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following criteria are also applied in assessing the impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicates that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (or group of cash generating units) to which the goodwill relates. When the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

m) Royalties

Royalties payable to the representatives of the Ministry of Energy and Minerals, the Resident Mines Officer and Zonal Mines Officer and, in some instances, local government, are included under cost of sales. Royalties are calculated based on quantities of limestone and red clay crushed/hailed and pozzolana used and are recognised upon consumption of the respective materials.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****n) Provisions****i. General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Site restoration provisions

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are charged to profit or loss. Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

o) Employee benefits***Pension benefits***

All the Company's local employees are members of National Social Security Fund (NSSF), which is a defined contribution plan. This plan is prescribed by law and all private sector employees must be members of the fund. The Company and employees both contribute 10% of the employees' gross salaries to NSSF. The Company's contributions are charged to profit or loss when incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer.

Employee bonus

Employees are entitled to annual bonuses which are performance based; the company recognises a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre-agreed annual targets.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

o) Employee Benefits (continued)

Employee bonus (continued)

The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

p) Cash dividend

The Company recognises dividend liabilities when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Withholding tax is payable on dividends at the rate of 5% of the dividends distributed to shareholders. This tax is not attributable to the Company paying the dividend but is collected by the Company and paid to the tax authority on behalf of the shareholder.

q) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any group-controlled entity purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects and are included in equity attributable to the Company's equity holders. No gain or loss is recognised in profit or loss on the purchase, sale or cancellation of the Company's own equity instruments.

r) Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the 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. Interest income is included in finance income in profit or loss.

s) Uncertain income tax positions

The Company use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assume that the taxation authority will examine amounts reported to it and will

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

have full knowledge of all relevant information when doing so. Where the Company conclude that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Company conclude that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method is based on which method provides better predictions of the resolution of the uncertainty.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have had significant effects on the amounts recognized in financial statements.

Impairment at cash generating unit level

The Company's market capitalization as at year-end was lower than the carrying amount of the Company's net assets. The recoverable amount as estimated by the directors indicates that assets are not impaired, whereby the carrying amount of the net assets of the Company may not be recoverable. The judgements applied in this assessment include that the Company's business fundamentals remain positive as expected, with expected increase in profitability.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in a bundled sale of goods and transportation services

The Company provides transportation services that are bundled together with the sale of goods to a customer. The transportation services are a promise to transfer services in the future and are part of the negotiated exchange between the Company and the customer.

The Company determined that the goods and transportation are not capable of being distinct. The fact that the Company does not sell transportation services separately on a stand-alone basis indicates that the customer cannot benefit from transportation services provided as part of the sale of goods on their own. The Company also determined that the promises to transfer the goods and to provide transportation services are not distinct within the context of the contract. The goods and transportation services are inputs to a combined item in the contract. In addition, the goods and transportation services are highly interdependent or highly interrelated, because for such contracts, the Company would not be able to transfer the goods if the customer declined transportation services and would not be able to provide transportation services in relation to goods sold by other cement manufacturers. Consequently, the Company recognise one performance obligation and not two separate performance obligations.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Revenue from contracts with customers (Continued)

Determining the timing of satisfaction of goods delivered to customers

The Company concluded that revenue for contracts where delivery is done to the customers is to be recognised at point in time because the customer does not simultaneously receive and consume the benefits provided by the Company. The performance obligation is satisfied on delivery of the goods.

Determining the method of estimating variable consideration and assessing the constraint Contracts for the sale of cement and clinker include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of cement and clinker with rights of return, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold.

Company as a lessee

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases with short non-cancellable periods (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on the Company's operations if a replacement asset is not readily available. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)*****Company as a lessee*** (Continued)***Estimating the incremental borrowing rate***

The Company cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires indicative rates from the Company's bankers because no observable rates are available due to the fact that the Company has not entered into similar financing transactions.

Lease identification

Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Company and the counterparty to determine if control of an identified asset has been passed between the parties, if not, the arrangement is a service arrangement. Control exists if the Company obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The judgment impacts the nature and timing of both costs and reported assets and liabilities. A lease results in depreciation and interest being recognised and an asset and a liability being reported; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded, other than trade payables, prepayments and accruals.

Expected credit losses

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Provision for site restoration

The Company's quarry is an open pit quarry with bench heights at 12-15 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material on the mined benches. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau (bench). The Company has re-cultivated the lands of the quarry that will no longer be mined. The Company has prepared a quarry restoration plan.

Contingent liabilities

By their nature, contingent liabilities will only be resolved when one or more future events occur or fail to occur. The assessment of such contingent liabilities inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

Fair value of financial instruments

Where the fair value recorded or disclosed in financial statements cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The Company performs the annual impairment assessment at year-end. The Company considers the relationship between value in use and carrying amount of the asset, among other factors, when reviewing for indicators of impairment.

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less cost of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)*****Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the respective domicile of the Company.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Involvement in subsidiaries

Judgment is required in the assessment of whether the Company has control or significant influence in terms of the variability of returns from the Company's involvement in the investee or structured entity, the ability to use power to affect those returns and the significance of the Company's involvement in the investee or structured entity. The Company classified its investments and structured entities considering this assessment of control or significant influence.

Estimating variable consideration for volume rebates

The Company estimates variable considerations to be included in the transaction price for the sale of cement and clinker with respect to volume rebates. The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to a rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Company's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Type of goods or services			
Cement sales	180,633,306	193,676,493	195,790,722
Clinker sales	40,794,648	9,296,071	13,405,907
Freight income	9,418,266	12,129,241	-
Total revenue from contracts with customers	230,846,220	215,101,805	209,196,629
Sales revenue distribution by product:			
Simba Bora	94,471,199	99,652,150	96,244,020
Simba Imara	83,485,404	91,284,716	87,463,840
Simba Barabara	2,676,703	2,739,627	8,981,898
Clinker	40,794,648	9,296,071	16,506,871
Freight services	9,418,266	12,129,241	-
Total sales	230,846,220	215,101,805	209,196,629
Sales revenue distribution in both domestic and export markets for cement and clinker;			
Domestic sales	214,862,914	190,392,170	199,596,165
Export sales	6,565,040	12,580,394	9,600,464
	221,427,954	202,972,564	209,196,629
Timing of revenue recognition:			
Goods transferred at a point in time	221,427,954	202,972,564	-
Goods transferred over time	9,418,266	12,129,241	-
	230,846,220	215,101,805	209,196,629

- The performance obligation relating to selling cement and the freight services relating to bulk cement sales is satisfied upon delivery of cement and payment is generally due within 30 days from delivery. For ex-gate customers, control of the goods passes to the customer when the delivery truck crosses the Company's weighbridge and for all the other remaining customers, control of the goods and related services passes to the customer when the goods arrive at customer's specified destination.
- The Company recognizes revenue over time for freight services using an input method based on costs incurred relative to total estimated costs and an output method based on the proportion of distance travelled to the total contracted distance. This method best reflects the transfer of control to the customer, as the customer simultaneously receives and consumes the benefits of the service as it is performed. Management applies judgment in selecting this method to ensure it faithfully represents the pattern of service delivery and transfer of control.
- Customers are awarded volume rebates which are accounted for as variable consideration in determining the transaction price.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

6. COST OF SALES

Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution, depreciation charges and other production expenses.

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Distribution costs	9,404,931	17,317,229	27,622,685
Variable costs	128,546,610	112,817,603	87,493,891
Fixed costs	21,499,431	46,852,893	57,626,685
Depreciation, amortisation, and impairment (Note 15)	21,060,279	18,903,244	18,571,373
Provision for obsolete inventories (Note 20)	(3,249,934)	5,076,235	414,539
Write-off of inventory*	-	36,957,124	-
	177,261,317	237,924,328	191,314,634
The below are included in variable costs:			
Raw materials	23,436,042	11,781,073	6,017,830
Fuel and energy	80,812,050	77,581,574	73,400,493
Consumables	24,298,518	23,454,956	8,075,568
	128,546,610	112,817,603	87,493,891
The following are included in cost of sales:			
Royalties			
Limestone	1,155,550	1,067,846	955,956
Red soil	107,504	108,079	115,792
Pozzolana	130,841	15,250	71,449
Total	1,393,895	1,191,175	1,143,197

*Details on the write-off have been disclosed in the financial statements for the year ended 31 December 2024.

Royalties payable to the Ministry of Energy and Minerals during the year are recognised as expenses and are included in the cost of sales line item as part of direct costs of raw materials.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

7. OTHER INCOME/(EXPENSES)

	2024 TZS'000	2023 TZS'000	2022 TZS'000
(a) Other income			
Sundry income*	74,027	86,457	631,897
Gain on sale of property, plant and equipment	12,420	-	-
	86,447	86,457	631,897
*Sundry income includes income from sale of scrap metal, waste oil and charges for use of the Company's property for a telecommunication tower.			
(b) Other expenses			
Loss on sale of property, plant and equipment	(138,517)	(901,296)	-
Loss on derecognition of property, plant and equipment	-	-	(444,354)
Write off - other assets	-	(81,086)	-
	(138,517)	(982,382)	(444,354)

8. SELLING EXPENSE

Other marketing and sales expenses	549,873	930,274	862,844
Personnel expenses	776,907	856,592	911,605
Advertising expenses	1,003,120	2,559,413	1,426,397
	2,329,900	4,346,279	3,200,846

9. ADMINISTRATION EXPENSES

Personnel expenses (a)	7,282,090	13,723,628	12,547,234
Third party services	3,667,521	4,058,169	4,028,254
Other administration expenses	9,860,879	8,750,306	2,830,251
Depreciation, amortisation and impairment (Note 15 & 16)	179,988	469,222	547,136
	20,990,478	27,001,325	19,952,875
(a) Personnel expenses under:			
Cost of sales	12,486,139	11,501,820	13,567,831
Selling expenses	776,907	856,592	911,605
Administrative expenses	7,282,090	13,723,628	12,547,234
	20,545,136	26,082,040	27,026,670

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

10. OPERATING LOSS

Operating loss is arrived at after charging / (crediting):

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Loss on derecognition of property, plant and equipment	-	-	444,354
Loss on sale of property, plant and equipment	138,517	901,296	-
Audit fees			
- Health and safety audit	8,095	16,271	63,656
- Auditors' remuneration and related expenses	190,000	205,257	155,642
Directors' remuneration			
- Directors' emoluments	33,218	100,593	203,896
Staff costs:			
Service costs	17,297,518	25,554,604	24,826,717
Pension costs (Defined contribution plans)	654,476	2,318,581	2,199,953
Lease rental and related expenses*	3,820,225	4,022,294	4,812,718
*The amounts comprise of short-term leases only			
Depreciation:			
- Charge on property, plant and equipment	21,060,279	18,903,244	18,571,373
- Charge on right-of-use assets	179,988	469,222	547,136
	21,240,267	19,372,466	19,118,509
Impairment and other charges			
Impairment of value of investment in subsidiary	-	-	131,569
Write-off- other assets	-	-	127,805
	-	-	259,374
Expected credit losses			
Increase in ECL for trade receivables	797,699	968,345	2,202,019
(Decrease)/increase in ECL on bank balances	(1,490)	1,479	(256)
	796,209	969,824	2,201,763

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

11. INTEREST EXPENSE

Interest expense on bank overdrafts	2,463,942	1,929,889	1,664,822
Interest expense on short term loans	4,216,173	-	-
Interest expense on leases	35,714	617,577	686,467
Interest expense on Group loan	26,799,684	19,545,518	14,339,782
Interest expense on Afrisam facility	-	1,430,679	927,324
Interest expense charged to profit or loss	33,515,513	23,523,663	17,618,395

12. FINANCE INCOME

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Income from Interest Rate Cap	102,136	2,574,645	-
Interest income on bank deposits		10,774	1,190
	102,136	2,585,419	1,190

13. FOREIGN EXCHANGE AND FAIR VALUE (GAIN)/LOSS

Net foreign exchange and fair value(gain)/loss	(2,313,501)	21,060,984	(5,336,935)
This comprises of:			
Fair value (gain)/loss - interest rate cap	(226,090)	1,665,369	(6,463,820)
Foreign exchange (gains)/losses on term loans	(1,921,300)	18,626,813	760,265
Net other foreign exchange losses	(166,111)	768,802	366,620
	(2,313,501)	21,060,984	(5,336,935)

All payments denominated in foreign currencies were paid using foreign currencies purchased from the spot market and collections from cement export sales. The only hedging arrangement was Interest Rate Cap "IRC" disclosed in Note 18.

14. INCOME TAX

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
(a) Income tax charge			
Alternative Minimum Tax - current year	-	1,207,861	1,074,813
Current tax charge - current year	4,861,181	-	-
Current income tax charge - prior years	-	258,378	1,237,325
	4,861,181	1,466,239	2,312,138

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**14. INCOME TAX (CONTINUED)**

In 2024, the Company recognised a current tax charge arising from the application of the tax loss restriction rule, as stipulated under Tanzania Income Tax Act and Finance Act, 2020, and as amended by the Finance Act, 2024, that require entities that incurred tax losses for four consecutive years, in the fifth year, the utilisation of carried-forward tax losses is limited to 60% of the taxable profit. The remaining 40% of the profit becomes taxable, regardless of the total accumulated losses. This rule was applicable to the Company during the current financial year, resulting in a current tax expense.

In 2023 and 2022, the Company did not have any current tax charge as it had accumulated tax losses. However, in accordance with Tanzanian tax regulations, the Company recognised Alternative Minimum Tax (AMT). AMT is levied at 0.5% of total revenue for entities that have reported tax losses for three consecutive years.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

14. INCOME TAX (CONTINUED)

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
(b) Deferred taxes			
Charge to profit or loss - Current year	-	-	-
Charge to profit or loss - Prior year adjustment	-	-	-
	-	-	-
Deferred tax (assets)/liabilities			
Accelerated depreciation	44,986,556	46,737,014	49,203,910
Provision for expected credit losses	(2,332,823)	(2,095,169)	(1,989,024)
Provision for obsolete inventories	(3,863,482)	(4,838,462)	(3,315,591)
Leave pay accrual	(136,797)	(331,973)	(269,706)
Loss on remeasurement of PIC loan	-	-	(1,478,385)
Litigation accruals	(306,059)	(60,654)	(60,654)
Net unrealised foreign exchange losses on PIC loan	-	(9,830,046)	(9,116,996)
Impairment of treasury shares/amount due from Trust	(88,131)	(88,131)	(88,131)
Unrealised foreign exchange losses - other	(10,048,851)	-	(72,410)
Unrealised foreign exchange gains - other	608,734	-	139,754
Unrealised foreign exchange gains on forward exchange contracts	-	-	224,575
Losses on interest rate cap	-	-	1,765,931
Bonus accruals	(360,000)	-	-
Current income tax losses carried forward	(44,687,600)	(51,979,370)	(36,493,677)
Accrual for volume rebates	(776,386)	(413,544)	(160,797)
Provision for excise duty	(383,409)	(688,828)	-
Provision for long-term incentive scheme	(12,900)	(160,284)	-
IFRS 16 adjustments (RoU and Interest on lease liability)	(345,433)	(354,689)	-
Over provision in prior periods	-	-	295,917
Provision for quarry rehabilitation	(9,098)	(9,098)	-
Provision for Kiln Linings - Tk2 Shutdown	(703,383)	(195,000)	-
Provision of withholding tax on PIC loan	(4,860,979)	(3,914,234)	(3,105,140)
	(23,320,041)	(28,222,468)	4,520,424
Deferred tax asset not recognised			
TCCL - Company	24,270,824	29,173,251	5,471,207
	24,270,824	29,173,251	5,471,207
Net deferred tax liability recognised	950,783	950,783	950,783

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

14. INCOME TAX (CONTINUED)

	2024	2023	2022
(c) Tax rate reconciliation			
	%	%	%
Standard rate applicable on tax allowable loss	(30)	(30)	(30)
The standard rate has been affected by:			
- Expenses not deductible for tax purposes*	8.56	0.23	6.31
- Alternative minimum tax	-	1.23	5.42
- Adjustments in respect of prior years current tax	-	-	6.24
- Non-deductible interest expense (thin cap)	586.06	6.93	
- Adjustments in respect of prior years deferred tax	(590.50)	(0.91)	0.36
- Depreciation on non-qualifying assets	0.52	0.02	-
Tax effect of specific provision reclassified to general provision	-	-	-
Movement of insurance spares	(97.28)	-	-
Unreconciled difference in FAR	9.57	(0.41)	-
Rounding figure	-	-	-
Effective tax rate	(113.07)	(22.94)	(11.67)

*The following are some of the items included in expenses not deductible for tax purposes: impairment charge on investment in other entities; certain accrued indirect tax expenses which are not deductible for tax purposes; expenses relating assets that don't qualify for tax allowances; employment related expenses not deductible for tax purposes; donations; public relations and related expenses; among others.

	2024 TZS'000	2023 TZS'000	2022 TZS'000
(d) Income tax recoverable/(payable)			
At 1 January	(2,953,688)	(8,792,432)	(6,383,224)
Payment made during the year	(1,528,987)	(905,932)	(4,652,045)
Withholding credit - tax deducted at source	(28,817)	(70,456)	(69,301)
Current income tax expense - prior year adjustment	-	258,378	-
Income tax expense - current year	4,861,181	1,207,861	2,312,138
Reclassification to other receivables*	267,038	5,348,893	-
At 31 December	616,727	(2,953,688)	(8,792,432)

*The reclassification to other receivables pertains to one-third objection payments made in relation to tax disputes arising from TRA audits covering the years 2014 to 2022. These payments relate to non-CIT tax matters, including PAYE, WHT, VAT, and SDL. Further details are provided in Note 44 of the consolidated and separate financial statements for the year ended 31 December 2024

HISTORICAL FINANCIAL INFORMATION

Notes to the historical financial information



NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

15. (a) PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and machinery	Motor vehicles	Capital items in stock	Furniture, fittings and equipment	Capital work in progress (CWIP)	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Year ended 31 December 2024							
Cost							
At 1 January 2024	32,573,136	416,890,745	1,263,778	-	1,885,365	6,964,357	459,577,381
Additions	-	-	-	-	-	21,956,989	21,956,989
Transfer from Capital Work in Progress (CWIP)	-	6,080,831	220,063	-	-	(6,300,894)	-
Standby spares utilised	-	(5,592,009)	-	1,502,799	-	-	(4,089,210)
Disposals	-	(1,312,253)	-	-	-	-	(1,312,253)
At 31 December 2024	32,573,136	416,067,315	1,483,841	1,502,799	1,885,365	22,620,452	476,132,907
Depreciation							
At 1 January 2024	11,347,749	171,466,075	1,094,838	-	1,812,223	-	185,720,885
Charge for the year	880,808	18,423,881	252,791	1,502,799	-	-	21,060,279
Disposals	-	(1,173,736)	-	-	-	-	(1,173,736)
At 31 December 2024	12,228,557	188,716,220	1,347,629	1,502,799	1,812,223	-	205,607,428
Net carrying amount							
At 31 December 2024	20,344,579	227,351,095	136,212	-	73,142	22,620,452	270,525,479

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

15. (a) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Plant and machinery	Motor vehicles	Capital items in stock	Furniture, fittings and equipment	Capital work in progress (CWIP)	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Year ended 31 December 2023							
Cost							
At 1 January 2023	32,082,851	414,338,643	2,672,896	-	1,885,365	7,975,501	458,955,256
Additions	-	-	-	-	-	6,906,441	6,906,441
Additions to standby spares	-	467,369	-	-	-	-	467,369
Transfer from CWIP	490,285	7,427,300	-	-	-	(7,917,585)	-
Standby spares utilised	-	(337,073)	-	-	-	-	(337,073)
Disposals	-	(5,005,494)	(1,409,118)	-	-	-	(6,414,612)
At 31 December 2023	32,573,136	416,890,745	1,263,778	-	1,885,365	6,964,357	459,577,381
Depreciation							
At 1 January 2023	10,448,770	156,352,039	2,331,974	-	1,784,578	-	170,917,361
Charge for the year	898,979	18,923,185	114,475	-	27,645	-	19,964,284
Disposals	-	(3,809,149)	(1,351,611)	-	-	-	(5,160,760)
At 31 December 2023	11,347,749	171,466,075	1,094,838	-	1,812,223	-	185,720,885
Net carrying amount							
At 31 December 2023	21,225,387	245,424,670	168,940	-	73,142	6,964,357	273,856,496

HISTORICAL FINANCIAL INFORMATION

Notes to the historical financial information



NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

15. (a) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Year ended 31 December 2022	Land and buildings TZS' 000'	Plant and machinery TZS' 000'	Motor vehicles TZS' 000'	Capital items in stock TZS' 000'	Furniture, fittings and equipment TZS' 000'	Capital work in progress (CWIP) TZS' 000'	Total TZS' 000'
Cost							
At 1 January 2022	31,911,927	411,189,947	2,672,896	-	1,838,069	6,346,464	453,959,303
Additions	170,924	229,047	-	-	47,296	5,865,141	6,312,408
Additions to standby spares	-	419,648	-	-	-	-	419,648
Transfer from CWIP	-	4,236,104	-	-	-	(4,236,104)	-
Standby spares utilised	-	(461,508)	-	-	-	-	(461,508)
Disposals	-	2,335,635	-	-	-	-	(2,335,635)
At 31 December 2022	32,082,851	413,277,603	2,672,896	-	1,885,365	7,975,501	457,894,216
Depreciation							
At 1 January 2022	9,559,037	140,685,881	2,156,500	-	1,747,519	-	154,148,937
Charge for the year	889,733	17,469,106	175,474	-	37,059	-	18,571,372
Disposals	-	(1,802,948)	-	-	-	-	(1,802,948)
At 31 December 2022	10,448,770	156,352,039	2,331,974	-	1,784,578	-	170,917,361
Net carrying amount							
At 31 December 2022	21,634,081	256,925,564	340,922	-	100,787	7,975,501	286,976,855

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

15. (b) INTANGIBLE ASSETS

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Cost			
At 1 January	239,050	239,050	239,050
Additions	507,853	-	-
At 31 December	746,903	239,050	239,050
Depreciation			
At 1 January	(239,050)	(239,050)	(239,050)
Charge for the year	-	-	-
At 31 December	(239,050)	(239,050)	(239,050)
Net carrying amount			
At 31 December	507,853	-	-

16. RIGHT-OF-USE ASSETS

The Company has lease contracts for office space, printers, warehouses and residential houses with lease terms of between 1 and 4 years. The Company also has land occupancy certificates with terms of 99 years. These lease arrangements have been accounted for in accordance with IFRS 16. The Company's obligations under the leases are secured by the lessors' title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets except for the land occupancy rights. The lease contracts include extension and termination options as discussed further below.

The Company also has certain leases with lease terms of 12 months or less and some with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the year:

	Leased Space	Land Occupancy Rights	Printers	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Year ended 31 December 2024				
Cost				
At 1 January 2024	881,604	84,642	417,671	1,383,917
Additions (Note 24)	142,456	-	101,240	243,696
At 31 December 2024	1,024,060	84,642	518,911	1,627,613
Depreciation				
At 1 January 2024	(878,632)	(2,978)	(342,876)	(1,224,486)
Depreciation charge	(69,025)	(1,456)	(109,506)	(179,987)
At 31 December 2024	(947,657)	(4,434)	(452,382)	(1,404,473)
Net carrying amount				
At 31 December 2024	76,403	80,208	66,529	223,140

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

16. RIGHT-OF-USE ASSETS (CONTINUED)

	Leased Space TZS' 000'	Land Occupancy Rights TZS' 000'	Printers TZS' 000'	Total TZS' 000'
Year ended 31 December 2023				
Cost				
At 1 January 2023	1,709,148	4,420,021	417,671	6,546,840
Additions (Note 24)	-	50,664	-	50,664
Derecognition	(827,544)	(4,386,044)	-	(5,213,588)
At 31 December 2023	881,604	84,641	417,671	1,383,916
Depreciation				
At 1 January 2023	(1,170,652)	(261,003)	(223,440)	(1,655,095)
Depreciation charge	(290,054)	(59,732)	(119,436)	(469,222)
Derecognition	582,074	317,759	-	899,833
At 31 December 2023	(878,632)	(2,976)	(342,876)	(1,224,484)
Net carrying amount				
At 31 December 2023	2,972	81,665	74,795	159,432
Year ended 31 December 2022				
Cost				
At 1 January 2022	980,809	4,420,021	417,671	5,818,501
Additions (Note 24)	728,339	-	-	728,339
Derecognition	-	-	-	-
At 31 December 2022	1,709,148	4,420,021	417,671	6,546,840
Depreciation				
At 1 January 2022	(809,069)	(194,886)	(104,004)	(1,107,959)
Depreciation charge	(361,583)	(66,117)	(119,436)	(547,136)
Derecognition				
At 31 December 2022	(1,170,652)	(261,003)	(223,440)	(1,655,095)
Net carrying amount				
At 31 December 2022	538,496	4,159,018	194,231	4,891,745

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

16. RIGHT-OF-USE ASSETS (CONTINUED)

The following are the amounts recognised in profit or loss:

		Company		
		2024	2023	2022
		TZS'000	TZS'000	TZS'000
Depreciation expense of right-of-use assets		(179,988)	(469,222)	(547,136)
Interest expense on lease liabilities	24	(35,714)	(617,577)	(686,468)
Expense relating to short-term and low value leases (included in cost of sales)		(3,820,225)	(4,022,294)	(4,812,718)
Total amount recognised in profit or loss		(4,035,927)	(5,109,093)	(6,046,322)
Cash outflows on lease arrangements				
Payments relating to the recognised lease liabilities	24	(246,553)	(890,893)	(1,291,122)
Payments for short-term leases		(3,820,225)	(4,022,294)	(4,812,718)
		(4,066,778)	(4,913,187)	(6,103,840)

The Company does not have lease contracts that contain variable payments or leases that had not yet commenced.

The Company has contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

The Company's directors and management have assessed that the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms used in determining the lease liabilities recognised cannot be reasonably estimated without undue cost and effort as they are subject to significant uncertainty in the longer term. The significant uncertainty arises from factors such as business strategy, mergers and acquisitions in the sector and competitive actions which could affect the leased-assets portfolio.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

14. INVESTMENTS

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
(a) Investment in subsidiary			
Cost			
At 1 January	11,596,812	11,596,812	11,596,812
Additional investment	-	-	-
At 31 December	11,596,812	11,596,812	11,596,812
Impairment			
At 1 January	(11,175,817)	(11,044,248)	(11,044,248)
Impairment charge for the year	-	(131,569)	(131,569)
At 31 December	(11,175,817)	(11,175,817)	(11,175,817)
Net carrying amount	420,995	420,995	420,995

The Company has 100% interest in Cement Distributors (EA) Limited whose principal activity was distribution of cement produced by the Company. However, in 2019 the Company made a decision to change its distribution model due to changes in the market conditions whereby the Company started selling directly to third party customers without using the subsidiary as the major distributor. Furthermore, following on from this, the subsidiary's subsidiary, CDEAL Rwanda and CDEAL Burundi ceased operations, and they have been struck off from the register of companies from respective countries. Going forward, the subsidiary's business is of leasing its investment property, and providing strategic sales support to Tanga Cement PLC. This restructuring of the subsidiary's business was assessed as an impairment indicator as at year-end.

The impairment testing was done at the subsidiary level as one cash generating unit, consistent with the impairment testing done in prior periods. The recoverable amount was determined as the value-in-use. The most recent forecasts were used in determining the value-in-use. The forecasts used reflect past experience as adjusted to reflect subsequent changes in the business model of CDEAL and take into consideration relevant external and business environment factors like inflation, changes in the competitive landscape and the impact of changes in foreign exchange rates. The forecasts cover a period of 4 years. The discount rate used was 19.6 % and a projected long-term growth rate of 6% (based on long term projected inflation rate of 6%) was used to determine the terminal value. The results of the impairment test indicated that the recoverable amount of the subsidiary's cash-generating unit exceeded its carrying amount. Therefore, no additional impairment loss was recognized in the current period.

In 2024, the Company did not recognize any impairment loss on its investment in the subsidiary. The total cumulative impairment remained at TZS 11.2 billion, while the cost of the investment was TZS 11.6 billion. As a result, the net carrying amount of the investment at year-end was TZS 421 million.

(b) Other disclosures on interests in other entities

The main risk associated with the interest in the consolidated structured entity is exposure to credit risk for the amount advanced to the entity.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

17. FINANCIAL ASSET - INTEREST RATE CAP

The Company entered into an Interest Rate Cap (IRC) contract with Standard Chartered Bank Limited to mitigate the volatility of the interest rate on the borrowing facility of USD 45,000,000 which was held initially with Afrisam Mauritius before being transferred to Heidelberg Materials AG as per Note 26. The contract had a term of 12 years but was terminated in the early 2024. The effective date of commencement of the IRC was 27 June 2014. The premium paid was USD 6,690,000 with a floating rate of 6 months USD SOFR capped at 2%. Hedge accounting has not been adopted for the IRC instrument as the hedging arrangements did not meet the criteria for hedge accounting stipulated in IFRS.

	2024 TZS'000	2023 TZS'000	2022 TZS'000
At 1 January	6,466,718	7,492,379	1,023,611
Fair value (loss)/gain	226,090	(1,665,369)	6,463,820
Foreign exchange gain	-	639,708	4,948
Disposal	(6,692,808)	-	-
At 31 December	-	6,466,718	7,492,379
Net gain on the interest rate cap	226,090	(1,025,661)	6,468,768

The gain on the interest rate cap that are recognised in profit or loss under Note 18.

The fair value measurement of the IRC is indicated below:

	Date	USD	TZS '000
At 31 December 2024			
Valuation	01-Jan-24	2,580,461	6,466,718
Loss on fair value		96,663	226,090
Balance after fair value adjustment	28-Feb-24	2,677,124	6,692,808
Disposal	28-Feb-24	(2,677,124)	(6,692,808)
Exchange gain/(loss) on valuation	31-Dec-24	-	-
At 31 December 2023			
Valuation	01-Jan-23	3,245,005	7,492,379
Gain on fair value		(664,544)	(1,665,369)
Balance after fair value adjustment	31-Dec-23	2,580,461	5,827,010
Foreign currency valuation at year end	31-Dec-23	2,580,461	6,466,718
Exchange loss on valuation		-	639,708
At 31 December 2022			
Valuation	01-Jan-22	445,473	1,023,611
Gain on fair value		2,799,532	6,463,820
Balance after fair value adjustment	31-Dec-22	3,245,005	7,487,431
Foreign currency valuation at year end	31-Dec-22	3,245,005	7,492,369
Exchange rate loss on valuation		-	4,938

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

18. TREASURY SHARES

	2024 TZS'000	2023 TZS'000	2022 TZS'000
At 31 December	1,825,920	1,825,920	1,825,920

The amount was advanced to the Trust established by the Company's employees under Chapter 375 of the laws of Tanzania to purchase shares of the Company for the benefit of the Company's employees. From the Company's perspective, the Trust is a consolidated structured entity. The Trust was set up in order to facilitate the delivery of shares to the Company's employees. The Trust holds shares that may be allocated to employees in the future. The 703,152 (2023: 703,152) shares held by the Trust are accounted for as treasury shares in the Company financial statements. The Trust Deed requires the Company to finance the expenses incurred by the Trust until when the Trust is wound up. The Trustees resolved to close this scheme and wind up the Trust once the necessary legal and regulatory procedures are completed.

19. INVENTORIES

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Raw materials (at cost)	4,961,657	2,782,598	33,115,483
Semi-finished and finished products (at cost)	39,214,311	11,598,260	11,894,914
Fuels (at cost)	11,398,255	12,460,774	10,362,852
Parts and consumables (at cost)	40,205,911	37,952,134	36,868,240
Goods in transit	-	5,963	-
Total cost	95,780,134	64,799,729	92,241,489
Provision for obsolete inventories	(12,878,273)	(16,128,207)	(11,051,972)
Total inventory at the lower of cost and net realisable value	82,901,861	48,671,522	81,189,517

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

20. INVENTORIES (CONTINUED)

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Movement in the provision for obsolete inventory:			
At 1 January	16,128,207	11,051,972	10,637,433
(Decrease)/Increase for the year -	-	-	414,539
Slow moving items	(3,249,934)	5,076,235	-
At 31 December	12,878,273	16,128,207	11,051,972

Calculation for the provision for obsolete inventory as at 31 December 2024:

Company	Amount TZS '000'	% Provision	Provision TZS '000'
Inventory with no movement in less than two years	77,115,225	0	-
Inventory with no movement between 2 - 3 years	3,820,818	(20%)	(764,164)
Inventory with no movement between 3 - 4 years	1,494,488	(40%)	(597,795)
Inventory with no movement between 4 - 5 years	1,389,574	(60%)	(833,744)
Inventory with no movement between 5 - 6 years	1,020,288	(80%)	(816,230)
Inventory with no movement for the past 6+ years	10,734,014	(90%)	(9,660,613)
Obsolete Inventory written off	205,727	(100%)	(205,727)
	95,780,134		(12,878,273)

Calculation for the provision for obsolete inventory as at 31 December 2023:

Company	Amount TZS '000'	% Provision	Provision TZS '000'
Inventory with no movement in less than two years	42,123,494	0	-
Inventory with no movement for the past 1 - 2 years	6,634,851	(30%)	(1,990,455)
Inventory with no movement for the past 3 - 5 years	3,863,730	(60%)	(2,318,239)
Inventory with no movement for the past 6 - 10 years	3,581,407	(90%)	(3,223,267)
Inventory with no movement for the past 10+ years	8,596,246	(100%)	(8,596,246)
	64,799,728		(16,128,207)

Calculation for the provision for obsolete inventory as at 31 December 2022:

	Amount TZS '000'	% Provision	Provision TZS'000
Inventory with no movement for the past 1 year	2,538,451	(30%)	(761,535)
Inventory with no movement for the past 2 years	2,663,963	(50%)	(1,331,982)
Inventory with no movement for the past 3+ years	11,198,069	(80%)	(8,958,455)
	16,400,483		(11,051,972)

The provisioning rates are based on management's estimates of the rate at which spare parts are written off based on experience. During 2024, no expense was recognised for inventory carried at net realisable value (2023: Nil, 2022: Nil). The unrealised profit for the year relating to inventory held by the subsidiary was nil (2023: Nil, 2022: Nil).

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

21. TRADE AND OTHER RECEIVABLES

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Trade receivables from third party	17,514,652	9,610,665	9,594,266
Trade receivables from related parties	1,191,060	798,274	794,774
Allowance for expected credit losses (ECLs)	(7,772,470)	(6,981,780)	(6,013,435)
	10,933,242	3,427,159	4,375,605
Prepaid expenses	4 545 385	1 597 860	3,003,280
Other receivables	7 024 133	29 192 655	3,893,804
	11 569 518	30 790 515	6,896,984
Net trade and other receivables	<u>22 502 760</u>	<u>34 217 674</u>	<u>11,272,589</u>
Movement in the gross trade receivables amount:			
At 1 January	10,408,939	8,055,132	8,055,132
Invoices raised during the year	230,846,220	215,101,805	209,196,629
Payments received during the year	(222,549,447)	(212,747,998)	(206,861,433)
At 31 December	18,705,712	10,408,939	10,389,040
Movement in ECL			
At 1 January	6,981,780	6,013,435	3,811,417
Increase in ECLs (Note 10)	797,699	968,345	2,202,018
Written off	(7,009)	-	-
At 31 December	7,772,470	6,981,780	6,013,435
The allowance for ECL is made up as follows:			
Trade receivables	7,768,862	6,981,780	6,013,435
Other receivables	3,608	-	-
	7,772,470	6,981,780	6,013,435

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables was as follows:

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Current	4,494,208	1,375,713	2,419,360
Up to 30 days	4,177,700	1,209,654	1,155,405
31 - 60 days	1,242,840	920,199	786,030
61 - 120 days	1,511,886	553,255	798,140
121-180 days	299,228	397,622	5,230,105
Over 180 days	6,665,212	5,952,496	-
At 31 December	18,391,074	10,408,939	10,389,040

The ECLs are based on the Company's provisioning matrix. The matrix considers the historical default rate by analysing monthly aging analysis for the past three years and taking into consideration strongly correlated forward looking macro-economic factors like GDP growth rate and inflation rate. Default is defined as debtors past due by more than 120 days. Trade receivables are non-interest bearing and are generally on terms of 7 days, 14 days and 30days. The increase in trade receivables is due to increased sales during the year.

21. CASH AND BANK BALANCES

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Cash on hand	14,074	17,936	25,402
Bank balances	19,337,912	4,274,439	4,645,090
Gross cash and bank balances	19,351,986	4,292,375	4,670,492
Expected credit losses:			
At 1 January	(2,119)	(640)	(896)
(Increase)/Decrease for the year (Note 10)	(1,490)	(1,479)	256
At 31 December	(3,609)	(2,119)	(640)
Net carrying amount	19,348,377	4,290,256	4,669,852

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

22. CASH AND BANK BALANCES (CONTINUED)

The cash and cash equivalents position for the purpose of statements of cash flows was as follows:

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Cash and cash equivalents	19,348,377	4,290,256	4,669,852
Bank overdrafts	(12,914,368)	(38,755,979)	(19,255,966)
Net cash and cash equivalents	6,434,009	(34,465,723)	(14,586,114)

The expected credit losses are calculated as the product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The EAD is the amortized cost value of the respective deposit. Recent ratings for the counterparties and historical S&P recovery rates were used to determine the LGD and loss rates. The bank balances are low credit risk assets (Stage 1) as there is no history of default and the banks are regulated by Bank of Tanzania which monitors the financial performance and standing of the banks. The carrying amounts disclosed above reasonably approximate fair values at the reporting date.

23. SHARE CAPITAL

(a) Authorised

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421
(b) Issued and fully paid			
63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421
The ownership structure is as set out as below:			
	%	%	%
Heidelberg Materials A.G	68.33	68.33	68.33
The Registered Trustees of the TCCL Employees' Share Trust	1.1	1.1	1.1
General public	30.57	30.57	30.57
	100	100	100

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

24. LEASE LIABILITY

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
At 1 January	279,943	4,884,498	4,760,813
Additions (Note 16)	243,696	50,664	728,339
Derecognition	(13,170)	(4,381,904)	-
Interest expense on lease liabilities	35,714	617,577	686,468
Payments - interest	(35,714)	(529,193)	(596,929)
Payments - principal	(210,839)	(361,700)	(694,193)
At 31 December	299,630	279,942	4,884,498

Maturity analysis of the lease liabilities:

Current	299 630	35 447	634 985
Non-current	-	244 495	4 249 513
	299 630	279 942	4 884 498

Relating to recognised liabilities

Present value of minimum lease commitments	299,630	279,943	4,884,497
Future finance costs	-	121,807	38,546,395
Minimum lease commitments	299,630	401,750	43,430,892

Maturity analysis of lease commitments:

- Within one year	299,630	204,013	1,164,691
- Within two to five years	-	56,876	3,333,322
- After five years	-	140,861	38,932,879
	299,630	401,750	43,430,892

Further details on the maturity analysis of the lease liabilities are disclosed in Note 34.

The Company has no significant leasing arrangements with restrictions or purchase options (2023: Nil, 2022: Nil). The leases have no escalation clauses.

In accordance with IFRS 16, the Company applies the incremental borrowing rate (IBR) to discount lease liabilities where the interest rate implicit in the lease is not readily determined. The IBR represents the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment. The IBR is determined through consultation with our banking partners who estimate the rate-using government securities yield as benchmarks.

The minimum lease payments were discounted using the following incremental borrowing rates:

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

24. LEASE LIABILITY (CONTINUED)

	Maturity	Company	2024, 2023 and 2022 CDEAL Tanzania
Warehouses	July 2024	12%	-
Office space	October 2024	12%	-
Land	June 2026	15%	-
Printers	October 2024	13% and 14%	-

The minimum lease payments were discounted using the following incremental borrowing rates:

	Maturity	Rate
Warehouses	July 2024	12%
Office space	October 2024	12%
Land	June 2026	15%
Printers	October 2024	13% and 14%

25. PROVISION FOR SITE RESTORATION

	2024 TZS'000	2023 TZS'000	2022 TZS'000
At 1 January	30,328	30,014	29,637
Additional provision during the year	-	314	377
At 31 December	30,328	30,328	30,014

The provision for site restoration is calculated at every reporting date basing on the costing estimates prepared by the environmental specialist. The provision is assessed annually by management and new cost estimates are prepared by the environmental specialist every two years. The increase in the provision is recognised in profit or loss under cost of sales while decreases are recognised under other income

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 50 years, and the provision is made based on the discounted expected cost of closure at the end of this period.
- The discount rate used was 15.95% (2023: 14.42%, 2022: 20.19%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 3.2% (2023: 3.0%, 2022: 4.9%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 5.1 billion (2023: TZS 7.28 billion, 2022: TZS 7.1 billion).

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

26. INTEREST - BEARING BORROWINGS

a) Term Borrowing - Heidelberg Materials AG

Heidelberg Materials AG Loan A & B

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
At 1 January	233,408,082	196,354,297	181,254,250
Interest accrued	26,799,684	19,545,518	14,339,782
Reclassification of WHT to other payable	(8,310,388)		
Foreign exchange differences	(1,921,300)	17,508,267	760,265
At 31 December	249,976,078	233,408,082	196,354,297
 AfriSam Term Loan Facility			
Principal received	-	12,626,182	11,632,654
Interest accrued	-	1,430,679	927,324
Loan repayment	-	(12,673,365)	-
Interest paid	-	(2,502,042)	-
Foreign exchange differences	-	1,118,546	66,204
At 31 December	-	-	12,626,182
 Total	249,976,078	233,408,082	208,980,479
Less: Current portion **	249,976,078	233,408,082	208,980,479
Non-current portion	-	-	-

In the prior year ended 31 December 2023, the Company classified an intercompany loan from Heidelberg Materials AG amounting to TZS 250 million as a non-current liability, based on the Group's financial support arrangements and the expectation that repayment would not be required within 12 months from the reporting date.

During the year ended 31 December 2024, the loan remained outstanding. However, at the reporting date, the supporting arrangements included a standstill agreement valid for eight (8) months post year-end and a letter of financial support providing assistance for eleven (11) months after the reporting date. As neither arrangement provided an unconditional right to defer repayment beyond 12 months from the reporting date, and no formal refinancing or extension agreement was in place at year-end, the loan has been reclassified from non-current to current liability in accordance with IAS 1.69.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

26. INTEREST - BEARING BORROWINGS (CONTINUED)

a) Term Borrowing - Heidelberg Materials AG (Continued)

The reclassification reflects a change in the assessment of the timing of the repayment obligation, rather than any deterioration in the Company's relationship with the lender or financial condition. Management continues to engage with the related party regarding possible extension or rollover of the facility in the ordinary course of business.

Availed facilities	USD	Repayment/Settlements terms	Interest rate
Term Loan (Facility A)	60,000,000	By September 2027	6m SOFR+5.03%
Term Loan (Facility B)	52,000,000	By April 2027	6m SOFR +5.2%
	112,000,000		

The purpose of the term loan was to fund the construction of a new production line with a kiln for the production of 750,000 tons of clinker per annum. The specific terms and conditions are as follows:

- (i) All two facilities had a three-year grace period for repayments, during which only interest will be paid.
- (ii) All two facilities are repayable in equal six-monthly instalments after the initial grace period except as agreed between the Company and lender
- (iii) The borrower may, with the agreement of the lender and on 30 days' notice, make early repayments with a minimum value of USD 2,500,000.
- (iv) Amounts repaid early are not available for re-borrowing.
- (v) Penalty interest charge of 2% shall be accrued on the unpaid sum from the default date up to the date upon which the waiver for the Debt to EBITDA ratio covenant lapses.

Security pledged

- (vi) Secured by fixed and floating assets
- (vii) Legal Mortgage over Title No. 1802 registered in the name of Tanga Cement Factory, Maweni.
- (viii) Legal Mortgage over Title No. 33155 registered in the name of Tanga Cement Factory, Pongwe.
- (ix) Legal Mortgage over Title No. 33049 registered in the name of Tanga Cement Factory, Raskazone.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

26. INTEREST - BEARING BORROWINGS (CONTINUED)

a) Standard Chartered loan

The company had entered into agreement with Standard Chartered Bank for the provision of facility relating to working capital requirements of the business. The facility is of short-term loan, 6 months SOFR + 2.5% per annum and matures in December 2025.

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Facility USD 25 million Short Term loan facility 2024: USD 17,508,824 (2023: Nil, 2022: Nil)	43,772,061	-	-
Fx revaluation at year end	(95,361)	-	-
Total principal amount	43,676,700	-	-
Interest accrued	4,216,173	-	-
Loan repayment	(3,654,000)	-	-
Interest paid	(2,716,058)	-	-
Reclassification from other payables	1,828,844	-	-
Total amount outstanding	43,351,659	-	-

b) Bank overdraft facilities

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Standard Chartered Bank Tanzania Limited	12,914,368	38,755,979	9,245,730
National Bank of Commerce Limited (NBC)	-	-	10,010,236
	12,914,368	38,755,979	19,255,966

Details		Repayment/Settlements terms	Interest rates
Overdraft facility	USD 1,000,000	On demand	USD: 6 months SOFR + 6% per annum
	TZS 14,184,774,626	On demand	

Security held by the bank

i) Secured by fixed and floating assets

ii) Legal Mortgage over Titles No 1802, 33155, 33049 registered in the name of Tanga Cement factory

Interest rate

The overdraft bears a rate of interest of 6 months SOFR rate plus 6% per annum (2023: 6 months SOFR rate plus 6% per annum, 2022: 6 months LIBOR rate plus 2.75% per annum) for amounts drawn down in USD and interest rate at the 182 days treasury bill rate plus 2.75% per annum (2023 and 2022: 182 days treasury bill rate plus 2.75% per annum) for amounts drawn down in TZS, charged every month on the daily outstanding amounts drawn down in TZS. It is agreed that the bank is entitled to vary the rate of interest provided that due notice shall be given to the Company.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

27. TRADE AND OTHER PAYABLES

	2024 TZS'000	2023 TZS'000	2022 TZS'000
a. Trade Payables and Other Payables			
Trade accounts payable to third parties	17,226,267	27,469,254	25,187,621
Trade accounts payable to related parties	725,117	215,704	-
Freight and duty clearing	2,991,836	1,329,990	1,776,688
Dividend payable	857,195	857,195	875,280
Accrued expenses	10,330,075	-	16,772,080
Other payables	39,262,950	46,401,130	3,454,965
	71,393,440	76,273,273	48,066,634
b. General Provisions			
At 01 January	16,990,869	16,772,080	17,253,941
Additional provision during the year	-	-	(481,861)
Payments made during the year	(7,292,442)	218,789	-
At 31 December	9,698,427	16,990,869	16,772,080

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 15.1 billion (2023: TZS 22.9 billion, 2022: TZS 3.1 billion). The remaining balance includes provisions for excise duty tax, accruals for cement transportation, provision for leave pay and other general provisions.

The accrued expense balance comprises entirely of provisions for services enjoyed by the Company but not yet invoiced, as well as provisions for litigations amounting to TZS 1 billion with probable chances of losing.

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.
- Advances from customers are non-interest bearing and have an average term of 30 days. (Refer to Note 28).
- Other payables are non-interest bearing and have an average term of three to six months.
- For terms and conditions relating to related parties, refer to Note 31.

The carrying amounts of the above trade and other payables approximate to their fair values due to the short-term nature of the financial liabilities.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

28. CONTRACT LIABILITIES

Contract liabilities comprise advance payments received from customers for services and goods not delivered by year-end and volume rebates payable to customers upon meeting the set purchase targets. The contract liabilities are made up as follows:

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Volume rebates	4,063,525	1,378,481	535,990
Advance payments from customers	3,224,555	3,805,730	7,346,474
	7,288,080	5,184,211	7,882,464
Movement in contract liabilities:			
<u>Volume rebates</u>			
At 1 January	1,378,481	535,990	17,724
Rebates awarded during the year	31,821,684	13,642,192	4,532,570
Rebates paid during the year	(29,136,640)	(12,799,701)	(4,014,304)
At 31 December	4,063,525	1,378,481	535,990
<u>Advances payments from customers</u>			
At 1 January	3,805,730	7,346,474	7,201,298
Advances received during the year	43,549,915	223,230,269	93,112,865
Advances amortised to revenue	(44,131,090)	(226,771,013)	(92,967,689)
At 31 December	3,224,555	3,805,730	7,346,474

The carrying amount of the advance payments from customers represents the aggregate amount of the transaction price for the performance obligations not satisfied at year-end. These performance obligations are expected to be satisfied during the following year.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

29. CASH GENERATED FROM OPERATING ACTIVITIES

	Notes	2024 TZS'000	2023 TZS'000	2022 TZS'000
Loss before tax		(1,683,630)	(98,035,104)	(19,825,590)
Adjusted for non-cash items:				
Depreciation charge	15	19,737,468	19,372,466	19,118,509
Depreciation charge for Capital items in stock		1,502,799	-	-
Standby spares utilised/Capital items in stock	15	5,592,009	-	-
Unrealised forex loss	13	(1,921,300)	18,626,813	1,126,885
Impairment charge on inventories	20	205,727	-	-
Increase/(decrease) in ECL on bank balances	10	1,490	1,479	(256)
Increase in ECL on trade receivables	10	797,699	968,345	2,202,019
Interest income	12	(102,136)	(2,585,419)	(1,190)
Increase in provision for leave pay	29	(650,586)	207,558	142,102
Interest expense	11	33,515,513	23,523,663	17,618,395
Revaluation (gain)/loss	13	(226,090)	1,665,369	(6,463,820)
Loss on de-recognition and disposal of PPE	7(b)	138,517	901,296	444,354
Gain on de-recognition of Right of Use of Assets	16	-	(68,149)	-
Write off other assets	7 (b)	-	81,086	-
Increase in provision for obsolete inventories	20	(3,249,934)	5,076,235	414,539
Increase in site restoration provision	25		314	377
Operating profit before working capital changes		53,657,545	(30,264,048)	14,736,472
Increase in inventories - less provisions*		(28,695,812)	27,441,761	(17,886,774)
(Increase)/decrease in trade and other receivables - gross		5,568,323	(18,564,538)	2,222,071
Increase in trade and other payables		(4,229,246)	27,999,080	6,588,653
(Decrease)/increase in contract liabilities		2,103,869	(2,698,253)	663,945
Cash generated from operating activities		28,404,678	3,914,002	6,623,593
* Depreciation charge includes:				
- Charge on property, plant, and equipment (Note 15)		21,060,279	18,903,244	18,571,373
- Charge on right-of-use assets (Note 16)		179,988	469,222	547,136
- Charge on investment property	17	-	-	-
		21,240,267	19,372,466	19,118,509

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

30. DIVIDENDS

No dividend was proposed, approved or paid during the year 2024, 2023 and 2022.

Previously, any dividends not claimed after seven years were rescinded. In 2018, the 2010 unclaimed dividends amounting to TZS 41.3 million were rescinded. The policy was rescinded in 2019 following the Capital Market Security Authority published guidance. As such, no dividends were rescinded during the year.

31. RELATED PARTY DISCLOSURES

Refer to Note 36 for the disclosures on the ultimate holding company.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

		2024 TZS'000	2023 TZS'000	2022 TZS'000
(a) Sales to related parties	Relationship			
Tanzania Portland Cement Company	Fellow subsidiary	33,952,892	-	-
(a) Purchases from related parties				
CDEAL - Rental Income	Subsidiary	-	95,396	124,388
CDEAL - Management service fees	Subsidiary	425,592	441,057	460,665
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Fellow subsidiary	-	7,824,732	6,385,639
Heidelberg Materials AG (2023:PIC (SAGEPF)) - interest expense	Parent (2023: Shareholder)	26,799,684	19,545,518	14,339,782
AfriSam Facility - interest expense	Shareholder	-	1,430,679	993,528
Afrisam Facility - principal loan and interest payment	Shareholder	-	(15,175,407)	-

After purchasing 68.3% of Tanga Cement shares from Afrisam on November 2023, Heidelberg Materials AG became the immediate holding company which owns the majority of the shares in the Company. The transactions disclosed above for HMAG relate to the interest expense for the acquired term loans. After the purchase of majority shares by Heidelberg Materials from Afrisam, Afrisam South Africa (Pty) Ltd ceased to be a related party to Tanga Cement PLC.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

31. RELATED PARTY DISCLOSURES (CONTUNUED)

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Compensation for key management personnel			
Short-term employee benefits (salary)	1,078,272	3,380,584	3,863,909
Post-employee benefits (Defined contribution plans)	115,280	369,735	349,813
	1,193,552	3,750,319	4,213,722
Directors' emoluments			
Non-executive Chairman	-	36,428	50,088
Non-executive Directors	33,218	64,165	153,808
	33,218	100,593	203,896

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2024, there was no outstanding amount with key management personnel (2023 and 2022: Nil).

(c) Amounts due to/from related parties

	2024	2023	2022
	TZS'000	TZS'000	TZS'000
Due from related parties			
Tanzania Portland Cement Company	23 78,148	-	-
Due from the Trust	-	-	773,466
Cement Distributors (EA) Limited	23 1,112,912	798,274	794,774
Total	1,191,060	798,274	1,568,240
Due to related companies			
Heidelberg Materials AG - term loan	28 249,976,078	233,408,082	196,354,297
Heidelberg Materials AG	29 718,067	-	-
Heidelberg Materials Suez CE	29 7,050	-	-
Cement Distributors (EA) Limited	-	215,704	234,346
Cement Distributors (EA) Rwanda Limited	-	-	360,445
AfriSam (Mauritius) Investment Holdings Limited – term loan	-	-	12,626,182
AfriSam South Africa (Pty) Limited	-	-	6,385,639
Total	250,701,195	233,623,786	215,960,909

The amount due from CDEAL relates to various services provided to the Company.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

31. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amounts due to/from related parties (Continued)

Except for the Heidelberg Materials term loan (2023: PIC loan), the outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The terms and conditions for the Heidelberg Materials term loan (2023: PIC loan) are disclosed in Note 26(a). The ECL assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

32. COMMITMENTS

As at the reporting date, the Company had the following capital commitments:

	2024 TZS'000	2023 TZS'000	2022 TZS'000
Capital commitments			
Approved and contracted for Capital projects	2,816,295	1,591,689	549,771

Long Term Incentive Scheme

This scheme replaced the previous share trust scheme starting in October 2017. The Board is responsible for the operation and administration of the scheme. The scheme will last for seven years. The employees can start to exercise one third of the allocation after three years subject to the appreciation of the units. Only permanent employees are eligible to participate in the scheme and are entitled to receive cash. The units are allocated according to the salary grade of the employee. No upfront payments, loan advances or dividend payments for repayment of the units are provided for in the scheme.

The liability is calculated based on appreciation of the unit value, as the excess above TZS 1,360 per unit of the Company's share price as published on the Dar es Salaam Stock Exchange (DSE).

As such, a liability of TZS 43 million has been recognised in 2024 as the appreciation value was above the allocation value (2023: TZS 534 million, 2022: Nil).

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

33. CAPITAL MANAGEMENT

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 manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 2024, 31 December 2023 and 31 December 2022.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt bank overdrafts, interest-bearing borrowings, lease liabilities, trade and other payables less cash and bank balances. Capital includes issued and fully paid share capital (including any treasury shares), retained earnings and other reserves.

		2024 TZS'000	2023 TZS'000	2022 TZS'000
Lease liabilities	24	299,630	279,943	4,884,498
Bank overdrafts	26(b)	12,914,368	38,755,979	19,255,966
Term borrowings	26(a)	293,327,737	233,408,082	208,980,479
Trade and other payables		-	-	48,066,634
Less: Cash and bank balances	22	(19,348,377)	(4,290,256)	(4,669,852)
Net debt		287,193,358	268,153,748	276,517,725
Total capital		9,609,372	16,154,183	115,655,527
Capital and net debt		296,802,730	284,307,931	392,173,252
Gearing Ratio		97%	94%	71%

The Company's policy is to maintain a gearing ratio of below 80%.

Net Debt Reconciliation: Net debt comprises lease liabilities and borrowings. Changes in these financing liabilities, in line with the requirements of IAS 7, are disclosed in the respective notes and reflect both cash and non-cash movements during the year. Detailed reconciliations of the movements in lease liabilities and borrowings are provided in Notes 24 and 26, respectively.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT

The Company's financial assets are categorised as debt instruments at amortised cost ("at amortised cost") except for the interest rate cap classified as at fair value through profit or loss ("FVTPL") on initial recognition. All the Company's financial liabilities are classified as financial liabilities measured at amortised cost ("at amortised cost") except for the forward currency contracts derivatives which are classified as at fair value through profit or loss (FVTPL) on initial recognition. The carrying amounts of these financial instruments are presented below:

At 31 December 2024

	Amortized cost TZS'000	FVTPL TZS'000	Total TZS'000
Financial assets			
Trade and other receivables	10,933,242	-	10,933,242
Cash and bank balances	19,348,377	-	19,348,377
	30,281,619	-	30,281,619
Financial liabilities			
Lease liabilities	299,630	-	299,630
Term borrowings	293,327,737	-	293,327,737
Trade and other payables	59,045,499	-	59,045,499
Bank overdrafts	12,914,368	-	12,914,368
	365,587,234	-	365,587,234

At 31 December 2023

Financial assets			
Financial asset - Interest rate cap	-	6,466,718	6,466,718
Trade and other receivables other receivables	3,427,159	-	3,427,159
Cash and bank balances	4,290,256	-	4,290,256
	7,717,415	6,466,718	14,184,133
Financial liabilities			
Lease liabilities	279,943	-	279,943
Term borrowings	233,408,082	-	233,408,082
Trade and other payables	70,542,318	-	70,542,318
Bank overdrafts	38,755,979	-	38,755,979
	342,986,322	-	342,986,322

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2022

	Amortized cost TZS'000	FVTPL TZS'000	Total TZS'000
Financial assets			
Financial asset - Interest rate cap	-	7,492,379	7,492,379
Trade and other receivables	8,269,409	-	8,269,409
Cash and bank balances	4,669,852	-	4,669,852
	12,939,261	7,492,379	20,431,640
Financial liabilities			
Lease liabilities	4,885,013	-	4,885,013
Term borrowings	208,980,479	-	208,980,479
Trade and other payables	47,453,373	-	47,453,373
Bank overdrafts	19,255,966	-	19,255,966
	280,574,831	-	280,574,831

Financial risk management policies

The Company does enter into derivative transactions for trading purposes. The main purpose of the Company's financial liabilities is to raise finance for the Company's operations except for the derivative financial liabilities (forward currency contracts) which are hedging instruments against foreign exchange rate fluctuations on the SAGEPF (PIC) loan repayments. The Company's financial assets arise directly from operations except for the derivative financial asset (interest rate cap) which is a hedging instrument against interest rate fluctuations on the SAGEPF (PIC) loan. The main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company do not have significant exposure to price risk since no price sensitive financial instruments are held.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**34. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Policies are reviewed and agreed upon at the Company level in order to manage the financial risks as summarised below:

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks relevant to The Company comprise of two types of risks: interest rate risk and foreign currency risk. The sensitivity analysis in the following sections relate to the positions as at 31 December in 2024, 31 December 2023 and 31 December 2022. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis is done for financial instruments.

The following assumption has been made in calculating the sensitivity analysis: - The sensitivity of the relevant profit or loss item is the effect of the assumed changes in the respective market risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt and overdraft facilities with floating interest rates.

To manage the interest rate risk on the long-term loan, the Company entered into an interest rate cap arrangement with Standard Chartered Bank which caps the floating USD 6 months SOFR at 2%. The interest rate cap agreement with the bank is for a period of 12 years and covers the first USD 45 million of the total principal amount owing of USD 73.1 million resulting in an unhedged debt amount of USD 35.6 million, which was 61.53% of the principal term loan debt as at year-end. The premium paid upfront for the interest rate cap was USD 6.7 million.

The Company has used a sensitivity analysis technique that measures the estimated change in profit before tax of an instantaneous increase and decrease of 100 basis points (1%) in market interest rates on variable interest rate bearing financial instruments with all other variables remaining constant. The calculations are determined with reference to the total unhedged outstanding term loan balances for the year. This represents no change in the method and assumptions used in the prior year. This analysis is for illustrative purposes only and represents management's best estimate of a reasonably possible change in market interest rates in the medium term. Although market indicators are that interest rates are more likely to increase, both a 1% increase and a 1% decrease have been used for purposes of comparative sensitivity analysis.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

	Effect on loss before tax		Effect on equity	
	1% increase	1% increase	1% increase	1% increase
2024				
Variable interest-bearing financial instruments	TZS'000	TZS'000	TZS'000	TZS'000
Term borrowings	(2,933,277)	2,933,277	(2,053,294)	2,053,294
Bank overdraft	(129,144)	129,144	(90,401)	90,401
	<u>(3,062,421)</u>	<u>3,062,421</u>	<u>(2,143,695)</u>	<u>2,143,695</u>
2023				
Term borrowings	(1,206,366)	1,206,366	(844,456)	844,456
Bank overdraft	(387,560)	387,560	(271,292)	271,292
	<u>(1,593,926)</u>	<u>1,593,926</u>	<u>(1,115,748)</u>	<u>1,115,748</u>
2022				
Term borrowings	(2,247,633)	2,247,633	(1,573,343)	1,573,343
Bank overdraft	(192,560)	192,560	(134,792)	134,792
	<u>(2,440,193)</u>	<u>2,440,193</u>	<u>(1,708,135)</u>	<u>1,708,135</u>

The Company's investments in interest bearing bank deposits are mainly on negotiated fixed interest rates.

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 currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when expenses are denominated in a different currency from the Company's functional currency.

Foreign currency risk is managed at an operational level and monitored by the Chief Financial Officer. Exposure to losses from foreign currency liabilities is managed through prompt payment of outstanding liabilities and matching of receipts with payments in the same currencies.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling (TZS) and foreign currencies (mainly US dollar, exposures in other currencies are considered to be immaterial), with all other variables held constant, of the Company's equity (due to changes in the fair value of monetary assets and liabilities).

	2024	
	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000
Company		
Net effect based on statement of financial position	10%	28,048,789
Net effect based on statement of financial position	(10%)	<u>(28,048,789)</u>
	2023	
	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000
Company		
Net effect based on statement of financial position	10%	22,565,655
Net effect based on statement of financial position	(10%)	<u>(22,565,655)</u>
	2022	
	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000
Company		
Net effect based on statement of financial position	10%	(19,734,544)
Net effect based on statement of financial position	(10%)	<u>19,734,544</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

The Company's sensitivity analysis has been determined based on net transaction exposure as at year- end. A change of 10% is used when the net foreign currency transaction risk is reported internally to key management personnel to assess a reasonably possible change in foreign exchange rates.

The various currencies to which The Company were exposed as 31 December 2024, 31 December 2023 and 31 December 2022 are summarised in the table below (All amounts expressed in TZS '000).

	At 31 December 2024			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Trade and other receivables	614,998	-	-	614,998
Cash and bank balances	13,847,018	1,573,730	209,591	15,630,339
	14,462,016	1,573,730	209,591	16,245,337
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	293,327,727	-	-	293,327,727
Trade and other payables	1,622,183	1,792,393	252,191	3,666,767
	294,949,910	1,792,393	252,191	296,994,494
Net exposure	(280,487,894)	(218,663)	(42,600)	(280,749,157)

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

31 December 2023				
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	6,466,718	-	-	6,466,718
Trade and other receivables	8,847	-	-	8,847
Cash and bank balances	3,361,344	173,397	3,357	3,538,098
	9,836,909	173,397	3,357	10,013,663
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	233,408,082	-	-	233,408,082
Trade and other payables	2,126,494	2,571,701	7,846,955	12,545,150
	235,534,576	2,571,701	7,846,955	245,953,232
Net exposure	(225,697,667)	(2,398,304)	(7,843,598)	(235,939,569)
At 31 December 2022				
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial Assets				
Financial asset - Interest rate cap	7,492,379	-	-	7,492,379
Trade and other receivables	386,552	-	5,940	392,492
Cash and bank balances	4,240,644	108,929	78,796	4,428,369
	12,119,575	108,929	84,736	12,313,240

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

	At 31 December 2022				
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency	
Financial liabilities					
Lease liabilities	161,167	-	-	161,167	
Term borrowings	208,980,479	-	-	208,980,479	
Trade and other payables	393,640	1,317,360	6,470,504	8,181,504	
	209,535	1,317,360	6,470,504	217,323,150	
Net exposure	(209,535,286)	(1,208,431)	(6,385,768)	(205,009,910)	
Applicable exchange rates:			USD	Euro	ZAR
Average for the year ended 31 December 2024			2,655	2,812	145
At 31 December 2024			2,500	2,502	129
Average for the year ended 31 December 2023			2,383	2,576	129
At 31 December 2023			2,506	2,507	2,508
Average for the year ended 31 December 2022			2,303	2,422	142
At 31 December 2022			2,309	2,457	135

(b) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. By the nature of the Company's business, there are no contract assets. Customer credit risk is managed subject to the Company's established policies, procedures and controls relating to customer credit risk management. The Company aim to deal with creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, The Company does not offer credit terms without the approval of the directors. For all export transactions, full upfront payment is demanded. The Company has no significant concentration of credit risk that has not been adequately provided for.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk management (continued)

The Company do hold collateral in form of bank guarantees for certain customers as security. The Company's bank balances are held in regulated commercial banks and this mitigates credit risk related to these balances.

The maximum exposure to credit risk at the reporting date comprises the carrying amounts of the following financial assets.

	Notes	2024 TZS'000	2023 TZS'000	2022 TZS'000
Trade and other receivables (excluding prepayments & advances to suppliers)	21	10,933,242	3,427,159	4,375,698
Bank balances	22	19,337,912	4,274,439	4,645,090
		30,271,154	7,701,598	9,020,788

Trade receivables

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located all over the country and in different industries. The Company had the following concentration of credit risk with respect to trade and other receivables:

	2024		2023		2022	
	TZS'000	%	TZS'000	%	TZS'000	%
Trade receivables - third parties	9,742,182	89%	2,628,885	77%	3,580,831	82%
Due from related parties	1,191,060	11%	798,274	23%	794,774	18%
	10,933,242	100%	3,427,159	100%	4,375,605	100%

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk management (Continued)

The concentration of credit risk with respect to trade receivables is further analysed as follows:

	2024		2023		2022	
	Number of customers	% of total receivables	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	128	88%	152	95%	158	94%
Owed more than TZS 200 million	17	12%	8	5%	9	6%
	145		160		167	

Outstanding trade receivables are regularly monitored and supplies to some customers are covered by bank guarantees obtained from reputable banks. The bank guarantees are considered to be an integral part of trade receivables and have been considered in the calculation of expected credit losses. The Company had the following credit enhancements:

	2024		2023		2022	
	Total amount held	% of total receivables	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	9,300,000	51%	1,823,201	24%	2,435,597	8%

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk management (Continued)

An impairment analysis is performed at each reporting date using a provisioning matrix to measure expected credit losses. The provisioning rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions such as inflation and GDP rates.

Set out below is the information about credit risk exposure on trade receivables using a provision matrix:

	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
At 31 December 2024							
Gross carrying amount (TZS'000)	4,808,845	4,177,700	1,242,840	1,511,886	299,228	6,665,213	18,705,712
Expected credit loss rate (%)	0%	2%	10%	40%	100%	100%	-
Expected credit loss (TZS'000)	-	83,554	124,284	604,754	299,228	6,665,213	7,774,470
At 31 December 2023							
Gross carrying amount (TZS'000)	1,375,713	1,879,023	569,959	339,726	6,244,518	-	10,408,939
Expected credit loss rate (%)	10%	12%	33%	54%	100%	-	-
Expected credit loss (TZS'000)	137,571	225,483	188,086	183,452	6,244,518	-	6,979,111
At 31 December 2022							
Gross carrying amount (TZS'000)	1,637,727	1,089,689	642,521	694,674	5,178,240	-	8,585,738
Expected credit loss rate (%)	5%	18%	31%	52%	100%	-	-
Expected credit loss (TZS'000)	81,866	196,144	199,182	361,230	5,178,240	-	6,016,682

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk management (Continued)

Due to the nature of the Company's operations, credit limits may sometimes be exceeded on a temporary basis with appropriate approvals. Management does not expect significant losses, which have not been provided for, from non-performance by such customers.

Generally, trade receivables are written off if past due and are not subject to enforcement activity. Refer to Note 21 for further disclosures on trade and other receivables.

*Gross carrying amount excludes fully collateralized receivables of TZS 9,300 million (2023: TZS 1,823.2 million and 2022: TZS 2,435.6 million)

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties. The amounts to be invested are reviewed and approved by the Company's Chief Finance Officer who also serves in the Company's board of directors. The amounts are set in a manner that minimizes the concentration of idle cash but yet ensuring there is enough free cash to meet the day- to-day business operations.

The Company invests only on short term fixed deposits which have a very low credit risk. The interest earned by the Company from its investments are recognized through profit or loss.

The Company's maximum exposure to credit risk from balances with banks and financial institutions at December 2024, 2023, and 2022 is the carrying amounts as illustrated in Note 22.

As required by IFRS 9, the Company used the simplified approach in calculating ECL for bank balances. The Company applied the practical expedient to calculate ECL using a provision matrix as illustrated below:

Bank Name	Global S&P Ratings	2024 TZS'000	2023 TZS'000	2022 TZS'000
Stanbic Bank	BB-	(47)	(55)	(28)
Standard Chartered	A+	(26)	(27)	(36)
Exim Bank	B	-	(122)	(106)
NBC Bank	B	-	(251)	(48)
CRDB Bank Plc	B	(2,368)	(966)	(300)
NMB Bank Plc	BB-	(128)	-	(117)
M-Pesa Account	B	-	(695)	(4)
		(2,569)	(2,116)	(639)

For the bank balances, the Company defines default when either of the following events occur:

- When the bank or financial institution is placed under receivership by the Bank of Tanzania
- When the bank or financial institution declares or is declared bankrupt.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk management (Continued)

The Company determines there has been a significant increase in credit risk by monitoring and considering the following indicators:

- Credit rate changes
- Financial health of the bank as reported by the Bank of Tanzania and other reliable sources
- Regulatory issues against the bank
- The bank's liquidity condition.

c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available and thus the Company being unable to fulfil its existing and future cash flow obligations.

The Company monitors its liquidity risk by using cash flow projections. The Company's objective is to maintain a balance between continuity of funding through the use of overdrafts, creditors and term borrowings. The table below summarises the maturity profile of the Company's financial liabilities at year-end based on contractual undiscounted payments. The ageing of the interest-bearing term loans is determined based on the contractual repayment obligations, that is, six-monthly equal instalments after the three-year grace period.

	On demand TZS'000	Less than 1 year TZS'000	>1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
At 31 December 2024					
Lease liabilities	-	299,630	-	-	299,630
Term borrowings	-	293,327,737	-	-	293,327,737
Trade and other payables	59,045,499	-	-	-	59,045,499
Bank overdrafts	12,914,368	-	-	-	12,914,368
	71,959,867	293,627,367	-	-	365,587,234

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Credit risk management (Continued)

	On demand TZS'000	Less than 1 year TZS'000	>1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
At 31 December 2023					
Lease liabilities	48,427	155,586	75,930	-	279,943
Term borrowings	-	233,408,082	-	-	233,408,082
Trade and other payables	70,542,318	-	-	-	70,542,318
Bank overdrafts	38,755,979	-	-	-	38,755,979
	109,346,724	233,563,668	75,930	-	342,986,322
At 31 December 2022					
Lease liabilities	-	1,164,691	3,333,322	38,932,879	43,430,892
Term borrowings	-	-	229,295,077	99,368,393	328,663,470
Trade and other payables	-	48,066,634	-	-	48,066,634
Bank overdrafts	19,255,966	-	-	-	19,255,966
	19,255,966	49,231,325	232,628,399	138,301,272	439,416,962

35. CONTINGENT LIABILITIES

a) Litigation

There are court cases instituted against the Company by some of its ex-employees whose services ceased as part of a specific redundancy exercise and others due to termination of employment or retirement. The total claims amount to approximately TZS 4.6 billion. Based on legal advice and management's assessment, a provision of TZS 1.0 billion has been recognised and disclosed under Note 27 Trade and Other Payables, with the remaining balance of TZS 3.6 billion as a contingent liability in accordance with IAS 37. As at 31 December 2024, there was an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company. The directors, based on the advice of external legal counsel, expect the above cases will not result into material liabilities. Furthermore, the chances that they will result to outflow of benefits are remote.

b) Taxation

The Company is regularly subject to audits and examination by the tax authority of its direct and indirect tax filings. The consequence of such reviews is that in some instances, disputes can arise with the tax authority over the interpretation or application of certain tax rules where these tax laws are ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Company's business sustainability. The major tax positions taken are thus subject to review by executive management and reported to the Board. The Company has support from external advisors supporting the positions taken in respect of the significant tax matters which support the application and interpretation of the tax legislation.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

35. CONTINGENT LIABILITIES (CONTINUED)

b) Taxation (Continued)

The Company has considered all matters in dispute with the tax authority and has accounted for any exposure identified, if required.

As at 31 December 2024, the Company had unresolved tax assessments (CIT, VAT, WHT, and PAYE& SDL). The tax exposure as at 31st December 2024 amounting to TZS 37 billion, with a provision made amounting to TZS 8.8 billion.

36. ULTIMATE HOLDING COMPANY

The ultimate holding company of the Group is Heidelberg Materials AG incorporated in Germany.

37. FAIR VALUE MEASUREMENTS

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices, interest and yield curves) or indirectly (that is, derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs to valuation techniques).

The fair values of the financial instruments measured at fair value in the financial statements, that is, the derivative asset resulting from the interest rate cap and the derivative financial liabilities arising from the forward currency contracts, are based on inputs independently sourced from the vendor and spot foreign exchange rates from bankers, respectively. The fair values are based on quoted values as provided by the vendor or banker at the reporting date being the values that the vendor sold similar instruments in an active market.

As such, the interest rate cap financial asset and forward currency contract derivative liabilities are categorised under Level 2 for the purpose of fair value measurement.

Except for the Company's interest cap, the fair values of the Company's other financial assets and liabilities reasonably approximate the carrying amounts.

- Trade and other receivables and payables, bank balances and bank overdrafts: Due to the short-term nature of the financial instruments.
- Term borrowings: The interest rates charged on the borrowings are in line with the market interest rates charged for similar loans.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

37. FAIR VALUE MEASUREMENTS (CONTINUED)

Description of valuation techniques used and key inputs to valuation of the interest rate cap financial asset:

Valuation technique	Significant observable inputs	Range (weighted average)		
		2024	2023	2022
Market approach	6 months SOFR interest rates	-	-	-
	6 months SOFR rate	5.47%	5.47%	5.4%
TZS: USD foreign exchange rates		2,494 - 2,519	2,494 - 2,519	2,297 - 2,320

Description of valuation techniques used and key inputs to valuation of the forward currency contracts:

Market approach	TZS: USD foreign exchange rates	2,494 - 2,519	2,494 - 2,519	2,297 - 2,320
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Fair value measurement hierarchy for assets:

Assets measured at fair value:	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
		TZS'000	TZS'000	TZS'000
31 December 2024 Interest rate cap	31-Dec-24	-	-	-
31 December 2023 Interest rate cap	31-Dec-23	-	6,466,718	-
31 December 2022 Interest rate cap	31-Dec-22	-	7,492,379	-

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

38. GOING CONCERN

These financials have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and will be able to meet its obligation as they fall due.

As at 31 December 2024, the Company incurred net losses of TZS 6,545 million respectively (2023: net losses of TZS 99,501 million, 2022: net losses of TZS 22,138 million). Furthermore, the Company also had a net current liability position of TZS 261,087 million (2023: net liability position of TZS 263,524 million, 2022: net liability position of TZS) In addition, the Company had significant borrowing from Heidelberg Materials AG amounting to TZS 293,327 million. The Company was not in a position to repay the principal and interest to Heidelberg Materials AG. These factors give rise to a material uncertainty that may cast doubt on the Company's ability to continue as a going concern.

The management and the directors are taking operational and financing actions to restore the Company to profitability and positive liquidity ensuring the Company will be able to continue to operate and meet its obligations as and when they fall due in the normal course of business. In evaluating the appropriateness of the going concern assumption, management has considered the following mitigating plans and support measures:

- The directors and majority shareholder have a common understanding that the loss and liquidity constraints are caused by the impact of the Heidelberg Materials AG loan on the Company's financial results and position, and that otherwise, the Company are solvent with positive net cash flows from operations, and that this is expected to continue for the foreseeable future. The directors expect that the positive business fundamentals will support the Group's and the Company's turnaround strategy in terms of operations and reviewing of the financing structure with the objective of mitigating the impact of the loan on the Company's financial results and liquidity positions.

Heidelberg Materials AG, the majority shareholder of Scancem International DA, has reaffirmed its ongoing commitment to the Company through a signed letter of financial support dated 27 June 2025. The letter confirms Heidelberg's intention to provide financial assistance as needed to enable the Company to meet their operational and financial obligations for a minimum period of 18 months from the date of the letter. It further states that Heidelberg does not intend to demand immediate repayment of the term loan's principal and accrued interest. This support was reinforced by an amendment dated 3 July 2025, which extended the termination date of the existing Standstill and Amendment Agreement from 30 August 2025 to 31 December 2026, with all original provisions remaining in effect. As a result, the Company continues to benefit from waived covenant compliance, enforcement restrictions, and a moratorium on repayment obligations throughout the revised Standstill Period.

- Management is in the process of implementing a capital restructuring initiative aimed at strengthening the Company's capital base in order to reduce debt to a more sustainable level. Engagements with shareholders, regulatory bodies and financial advisors are ongoing and management expect to finalise this process as soon as possible.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)

38. GOING CONCERN (CONTINUED)

- The Company continue to implement strategic measures that are being pursued to get the Company back to profitability and improve the liquidity position. Due to cost optimization measures, the Company was able to reduce the loss position significantly in 2024 as compared to 2023.
- Improving the company's performance and continued generation of sufficient cash flows from operations is dependent on the Company implementing the three-year business plan (2025 - 2027) and strategies that were approved by the directors and majority shareholder. The plan projects a gradual recovery of profitability and positive cash flows, driven by but not limited to cost optimisation initiatives, increased production capacity, improved machines and equipment availability, improved pricing, efficiency gains and market recovery. Based on this plan, management expects to generate sufficient internal funds to finance operations and service financial obligations in the medium term.

Further, the Company's business growth will also continue to be anchored on the growth of the Tanzania construction industry. Robust infrastructure investment and strengthening the consumer base remain drivers of business growth supported by low inflation levels. With two integrated production lines, the Group has capacity to defend and grow its share of the cement demand in the country. The Group also remains committed to production of quality cement products which are demanded by the big construction projects that are in progress and in the pipeline.

The Company's plans and controls to mitigate future adverse conditions or events include: improving business performance by increasing revenue and minimising the cost of production which will contribute to increase in gross and EBITDA margins; additional resources and measures to improve cash collections from trade debtors which will support payments to lenders and creditors as they fall due; continue to enforce strict policies and procedures for extending credit to customers to minimise the default rate; negotiate and formalise extended credit terms with suppliers; continue strong relationship building with the long-debt provider and with the commercial bank providing overdraft facilities; and implementation of new innovative strategic projects to further improve sales growth and margin improvement.

39. CLIMATE CHANGE

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation.

The items and considerations that are most directly impacted by climate-related matters are:

NOTES TO THE HISTORICAL FINANCIAL INFORMATION (CONTINUED)**39. GOING CONCERN (CONTINUED)**

- Useful life of property, plant and equipment

When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.

- Impairment of non-financial assets.
The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Company's products. The Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.
- Provision for site restoration.
The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of restoration of one of the Company's manufacturing facilities.

40. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment to or disclosure in the financial information.

**TANGA CEMENT PUBLIC LIMITED COMPANY
PROJECTED FINANCIAL INFORMATION**

FOR THE YEARS ENDING 31 DECEMBER 2025,
31 DECEMBER 2026 AND 31 DECEMBER 2027



Deloitte & Touche
Certified Public Accountants
Registered Auditors
ARIS House
3rd Floor,
Haile Selassie Road, Oysterbay
PO Box 1559
Dar es Salaam
Tanzania

Tel: +255 (22) 216 9000
Fax: 255 (22) 211 6379
Email: deloitte@deloitte.co.tz

Board of Directors
Tanga Cement Public Limited Company
Pongwe Factory Area
Korogwe Road
P.O. Box 5053
Tanga, Tanzania

Dear Sirs,

REPORT ON EXAMINATION OF PROJECTED FINANCIAL INFORMATION FOR TANGA CEMENT PUBLIC LIMITED COMPANY FOR THE YEARS ENDING 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027.

We have examined the accompanying projected financial information of Tanga Cement Public Limited Company ("the Company" or "TCCL" or "Tanga Cement") which comprises projected statement of profit or loss and other comprehensive income for the years ending 31 December 2025, 31 December 2026 and 31 December 2027, projected statement of financial position as at 31 December 2025, 31 December 2026 and 31 December 2027, projected statement of changes in equity for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 and projected statement of cash flows for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information - ISAE 3400.

Management is responsible for the preparation and fair presentation of the projected financial information including the accuracy of the assumptions on which they are based. Our responsibility is to issue a report on the financial projections based on our review.

This projection has been prepared for inclusion in the information memorandum for the rights issue of shares of the Company in the Dar es Salaam Stock Exchange. Consequently, readers are cautioned that this projection may not be appropriate for purposes other than that described above.



Partners: F.J. Kibiki Y.F. Kasenge M.R. Richard
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



**REPORTING ACCOUNTANTS' REPORT ON EXAMINATION OF PROJECTED FINANCIAL INFORMATION
(CONTINUED)**

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the financial projections. Further, in our opinion, the accompanying projections are properly prepared and presented in accordance with the accounting policies normally used by Tanga Cement Public Limited Company.

Even if the events anticipated under the hypothetical assumptions described above occur, actual results are likely to be different from the financial projections since anticipated events frequently do not occur as expected and the variation may be material.

Deloitte & Touche
Certified Public Accountants (Tanzania)



Signed by: F.J. Kibiki
NBAA Registration No. ACPA 3214
Dar es Salaam

03 September 2025

**PROJECTED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDING 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027**

	31 December 2027	31 December 2026	31 December 2025	30 June 2025	31 December 2024
	TZS'000 Projected	TZS'000 Projected	TZS'000 Projected	TZS'000 Actual (unaudited)	TZS'000 Actual (audited)
Revenue from contracts with customers	301,549,253	290,752,444	279,691,261	135,342,277	230,846,220
Cost of sales	(217,042,373)	(213,387,671)	(213,108,189)	(101,486,476)	(177,261,317)
Gross profit	84,506,880	77,364,773	66,583,072	33,855,801	53,584,903
Other income	8,000	8,000	8,000	301,278	86,447
Other expenses	(7,325,377)	(7,325,377)	(7,325,377)	(2,486,563)	(138,517)
Selling expenses	(2,845,615)	(2,789,819)	(2,735,117)	(844,037)	(2,329,900)
Administration expenses	(14,077,203)	(13,801,180)	(13,530,568)	(7,699,611)	(20,990,478)
(Decrease)/increase in expected credit losses	-	-	-	999,729	(796,209)
Operating profit	60,266,685	53,456,397	43,000,010	24,126,597	29,416,246
Interest expense	(2,395,332)	(9,821,621)	(25,430,535)	(16,011,308)	(33,515,513)
Finance income	100,000	100,000	131,536	-	102,136
Finance cost - Net	(2,295,332)	(9,721,621)	(25,298,999)	(16,011,308)	(33,413,377)
Foreign exchange and fair value gain/(loss)	(1,579,287)	(2,191,458)	(31,308,030)	(20,790,487)	2,313,501
Profit/(loss) before tax	56,392,066	41,543,318	(13,607,019)	(12,675,198)	(1,683,630)
Income tax charge	(7,435,082)	(5,705,997)	(459,281)	(1,299,339)	(4,861,181)
Profit/(loss) for the year	48,956,984	35,837,321	(14,066,300)	(13,974,537)	(6,544,811)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the year	48,956,984	35,837,321	(14,066,300)	(13,974,537)	(6,544,811)

PROJECTED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027

	31 December 2027	31 December 2026	31 December 2025	30 June 2025	31 December 2024
	TZS'000 Projected	TZS'000 Projected	TZS'000 Projected	TZS'000 Actual (unaudited)	TZS'000 Actual (audited)
ASSETS					
Non-current assets					
Property, plant and equipment	272,337,906	275,051,850	276,069,483	267,693,894	270,525,479
Right-of-use assets	223,147	223,147	223,147	223,147	223,140
Intangible asset	507,853	507,853	507,853	457,068	507,853
Investment in subsidiary	963,486	963,486	963,486	420,995	420,995
	<u>274,032,392</u>	<u>276,746,336</u>	<u>277,763,969</u>	<u>268,795,104</u>	<u>271,677,467</u>
Current assets					
Inventories	74,354,610	75,675,294	84,290,517	99,032,370	82,901,861
Trade and other receivables	23,545,627	23,100,879	24,520,878	48,222,748	22,502,760
Other assets	10,121,532	10,178,527	10,214,241	-	-
Cash and bank balances	5,283,992	5,000,000	5,000,000	10,510,918	19,348,377
	<u>113,305,761</u>	<u>113,954,700</u>	<u>124,025,636</u>	<u>157,766,036</u>	<u>124,752,998</u>
TOTAL ASSETS	<u>387,338,153</u>	<u>390,701,036</u>	<u>401,789,605</u>	<u>426,561,140</u>	<u>396,430,465</u>

PROJECTED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31 December 2027 TZS'000 Projected	31 December 2026 TZS'000 Projected	31 December 2025 TZS'000 Projected	30 June 2025 TZS'000 Actual (unaudited)	31 December 2024 TZS'000 Actual (audited)
EQUITY AND LIABILITIES					
Equity					
Issued capital	202,983,292	202,983,292	202,983,292	1,273,421	1,273,421
Treasury shares	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)
Retained earnings	80,889,876	31,932,892	(3,904,429)	(3,812,666)	10,161,871
Equity attributable to owners	282,047,248	233,090,264	197,252,943	(4,365,165)	9,609,372
Non-current liabilities					
Lease liabilities	-	-	-	170,918	-
Borrowings	-	10,682,124	58,637,560	297,076,612	-
Provision for site restoration	30,328	30,328	30,328	30,328	30,328
Deferred tax liability	950,783	950,783	950,783	950,783	950,783
	981,111	11,663,235	59,618,671	298,228,641	981,111
Current liabilities					
Lease liabilities	299,630	299,630	299,630	-	299,630
Trade and other payables	77,269,400	75,200,861	75,296,636	83,906,797	71,393,440
Borrowings	19,311,669	63,017,951	61,892,630	45,608,238	306,242,105
Current income tax payable	141,015	141,015	141,015	-	616,727
Contract liabilities	7,288,080	7,288,080	7,288,080	3,182,629	7,288,080
	104,309,794	145,947,537	144,917,991	132,697,664	385,839,982
Total liabilities	105,290,905	157,610,772	204,536,662	430,926,305	386,821,093
TOTAL EQUITY AND LIABILITIES	387,338,153	390,701,036	401,789,605	426,561,140	396,430,465

HISTORICAL FINANCIAL INFORMATION

Notes to the historical financial information



PROJECTED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDING 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027

	Issued Capital TZS'000	Treasury Shares TZS'000	Retained Earnings TZS'000	Total TZS'000
Year ended 31 December 2024 - Actual (audited)				
At 1 January 2024	1,273,421	(1,825,920)	16,706,682	16,154,183
Loss for the year	-	-	(6,544,811)	(6,544,811)
At 31 December 2024	1,273,421	(1,825,920)	10,161,871	9,609,372
6-month period ended 30 June 2025 - Actual (unaudited)				
At 1 January 2025	1,273,421	(1,825,920)	10,161,871	9,609,372
Loss for the period	-	-	(13,974,537)	(13,974,537)
At 30 June 2025	1,273,421	(1,825,920)	(3,812,666)	(4,365,165)
Year ending 31 December 2025 - Projected				
At 1 January 2025	1,273,421	(1,825,920)	10,161,871	9,609,372
Issue of share capital	201,709,871	-	-	201,709,871
Loss for the year	-	-	(14,066,300)	(14,066,300)
At 31 December 2025	202,983,292	(1,825,920)	(3,904,429)	197,252,943
Year ending 31 December 2026 - Projected				
At 1 January 2026	202,983,292	(1,825,920)	(3,904,429)	197,252,943
Profit for the year	-	-	35,837,321	35,837,321
At 31 December 2026	202,983,292	(1,825,920)	31,932,892	233,090,264
Year ending 31 December 2027 - Projected				
At 1 January 2027	202,983,292	(1,825,920)	31,932,892	233,090,264
Profit for the year	-	-	48,956,984	48,956,984
At 31 December 2027	202,983,292	(1,825,920)	80,889,876	282,047,248

**PROJECTED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDING 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027**

	31 December 2027	31 December 2026	31 December 2025	30 June 2025	31 December 2024
	TZS'000 Projected	TZS'000 Projected	TZS'000 Projected	TZS'000 Actual (unaudited)	TZS'000 Actual (audited)
OPERATING ACTIVITIES					
Cash generated from operating activities	84,018,056	84,766,149	65,351,424	14,475,840	28,404,680
Interest income received	100,000	100,000	131,536	-	102,136
Income taxes paid	(7,435,082)	(5,705,997)	(459,281)	(1,600,000)	(1,557,804)
Net cash flows from operating activities	76,682,974	79,160,152	65,023,679	12,875,840	26,949,012
INVESTING ACTIVITIES					
Purchase of intangible asset	-	-	-	(457,068)	(507,853)
Purchase of property, plant and equipment	(18,092,955)	(20,352,671)	(27,711,936)	(8,820,139)	(21,956,989)
Net cash flows used in investing activities	(18,092,955)	(20,352,671)	(27,711,936)	(9,277,207)	(22,464,842)
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	-	-	-	(62,221)	(210,839)
Lease liability interest paid	-	-	-	-	(35,714)
Interest paid - overdrafts	(1,415,159)	(4,617,955)	(4,535,492)	(880,365)	(2,463,942)
Interest paid - term borrowings	(944,458)	(5,167,952)	-	(2,614,435)	(2,716,058)
Principal repayments - term borrowings	(56,251,685)	(49,021,574)	(236,062,904)	(41,718,796)	(3,654,000)
Short-term loan proceeds	-	-	-	33,127,705	43,772,061
Proceeds from import loans	-	-	-	-	1,828,844
Proceed from issue of shares	-	-	201,709,871	-	-
Net cash flows used in financing activities	(58,611,302)	(58,807,481)	(38,888,525)	(12,148,112)	36,520,352
Net increase/(decrease) in cash and cash equivalents	(21,283)	-	(1,576,782)	(8,549,479)	41,004,522
Net foreign exchange differences	305,275	-	142,773	147,896	(104,790)
Cash and cash equivalents at 1 January	5,000,000	5,000,000	6,434,009	6,434,009	(34,465,723)
Cash and cash equivalents at 31 December	5,283,992	5,000,000	5,000,000	(1,967,574)	6,434,009

PROJECTED STATEMENT OF CASH FLOWS (CONTINUED)

Cash and cash equivalents comprises of:

	31 December 2027 TZS'000 Projected	31 December 2026 TZS'000 Projected	31 December 2025 TZS'000 Projected	30 June 2025 TZS'000 Actual (unaudited)	31 December 2024 TZS'000 Actual (audited)
Cash and cash equivalents	5,283,992	5,000,000	5,000,000	10,510,918	19,348,377
Bank overdrafts	-	-	-	(12,478,492)	(12,914,368)
Net cash and cash equivalents	5,283,992	5,000,000	5,000,000	(1,967,574)	6,434,009

KEY ASSUMPTIONS USED IN THE PROJECTED FINANCIAL INFORMATION FOR THE YEARS ENDING 31 DECEMBER 2025, 31 DECEMBER 2026 AND 31 DECEMBER 2027

The key assumptions used by Management in the projected financial information for the years ending 31 December 2025, 31 December 2026 and 31 December 2027 are set out below:

1. MACRO FACTORS ASSUMPTIONS

- a) The Government is expected to improve tax collections to finance government expenditure in key infrastructure projects that require cement.
- b) Tanzania's economic growth forecasted at 6.1% in 2025 and 5.9% in 2026, reflecting second-round effects on commodity prices after US tariff announcements. Economic growth is expected to remain stable beyond 2026.
- c) Fixed investment will drive economic growth, with real construction industry output expected to increase by 10.1% in 2025, backed by transport infrastructure projects and a rising domestic grid infrastructure following the completion of the Julius Nyerere Hydropower Plant.
- d) Elevated gold prices and stricter foreign currency regulations will help slow the depreciation of the Tanzanian shilling, with the pace expected to ease as the currency returns to its 10-year average in real effective exchange rate terms. Foreign exchange rate for the year ending 31 December 2025 expected to be around TZS 2,750 per USD. The exchange rate is forecasted to depreciate at a rate between 1.5% to 2% for 2026 and 2027.
- e) Tanzania will face an effective tariff rate of 9.8%, slightly above the Sub-Saharan African average, but US demand shock will have limited impact on exports due to the US accounting for only 1.3% of Tanzania's exports; elevated gold prices and lower oil prices will bolster economic activity.
- f) Secured Overnight Financing Rate (SOFR) of the loans assumed stable.

2. INDUSTRY SPECIFIC ASSUMPTIONS

- a) Conducive regulatory environment in the sector that the Company operates in.
- b) The cement market demand is expected to increase from 8 million tons per annum in 2024 to 8.5 million tons per annum in 2025. Market growth is expected to continue in the same trajectory in the coming years.
- c) Tanzania's construction industry is forecast to expand 5.2% in 2025 supported by heightened government initiatives to position Tanzania as a regional transport hub, substantial investments in large-scale infrastructure and a robust project pipeline supporting short-to-medium term growth.
- d) Tanzania's construction growth will average 6.6% year on year between 2025 and 2029.
- e) Tanzania's transport infrastructure sector is set to be the primary catalyst for construction industry growth over the next decade, fueled by the government's initiatives to position the market as a regional trade hub.

KEY ASSUMPTIONS USED IN THE PROJECTED FINANCIAL INFORMATION (CONTINUED)

3. COMPANY SPECIFIC ASSUMPTIONS

- a) Revenue is expected to grow at 21% in 2025 due to market recovery post-acquisition of the Company by Scancem International DA, commercial optimization and higher clinker sales. The Company's revenue in 2024 started from weak pre acquisition position hence capitalising in process optimisation involving efficient production, market development and commercial strategy. Going forward, revenue is expected to grow at 4% to meet demand driven by expanding middle class, rising urbanization and growing population resulting in an increase in the underlying demand for cement consumption (residential, commercial, infrastructure). Tanga Cement will continue efforts to grow sales in its core markets.
- b) Cost of sales is expected to increase at a declining rate relative to revenue growth. The Company expects cost of sales to increase by 20% in 2025, 0.13% in 2026 and 2% in 2027 due to higher production volumes and cost measures under 3(c), 3(d), and 3(e) below.
- c) Fixed cost reduction from 36% of sales in 2023 to 22% in 2024 due to reduced maintenance and other costs. Further improvement expected at 15% of sales in 2026.
- d) Variable cost improvement driven by renegotiation of contracts and optimization of production process and improvement in the cement recipe.
- e) Reduction of electricity consumption following optimization of cement production process.
- f) In 2024, the Company optimized its labor force hence it is expected that administrative expenses will decline in 2025.
- g) Implementation of long-term strategy focusing on capacity optimization, cost control and customer centricity.
- h) Reduced credit risk due to a moderate increase in credit granted to customers on a secured basis.
- i) Proceeds from the rights issue to be mainly used to repay financial debt hence reducing interest expense and currency risk.
- j) Corporate tax rate expected to remain 30% and tax laws are expected to remain reasonably consistent over the period.
- k) The Company will optimize net working capital level through implementation of better inventory management and planning.
- l) There will be an average capital expenditure of around TZS 23 billion per annum over the 2025 to 2027, pertaining to standard maintenance activities of the property, plant and equipment.
- m) The directors may declare dividends in the future and propose to shareholders for approval

RISKS THAT MAY IMPACT PROJECTED FINANCIAL INFORMATION

Below are possible events that may affect projected financial information:

- a) The shortage in foreign currency liquidity in the market and the devaluation of the Tanzania Shilling may adversely impact the profitability of the business.
- b) An increasing interest rate environment without a corresponding increase in affordability in the market may adversely impact margins; and
- c) Unpredictable tax administration that may be caused by differences in interpretation of tax laws.
- d) Additional new capacities in the market may intensify competition further, which may in turn impact pricing.

12. DSE LICENSED DEALING MEMBERS

1. iTrust Finance Limited	2. CRDB BANK PLC
Block C, 429 Mahando Street, Masaki	26 Ali Hassan Mwinyi Rd, Plot No 25
P.O. Box 22636, Dar es Salaam	P.O. Box 268, Dar es Salaam
Tel: +255 659 071777	Tel: +255 22 129412
Email: customerservice@itrust.co.tz	Email: capitalmarkets@crdbbank.co.tz
Website: www.itrust.co.tz	Website: www.crdbbank.co.tz
3. Solomon Stockbrokers Limited	4. Zan Securities Limited
Ground Floor-PPF House, Samora Avenue	1st floor, VIVA Towers, Ali Hassan Mwinyi Road
P.O. Box 77049, Dar es Salaam	P.O. Box 5366, Dar es salaam
Mob: +255 714 269090, +255 764 269090	Tel: +255 22 2103433
Email: info@solomon.co.tz	Email: info.dsm@zansec.co.tz
Website: www.solomon.co.tz	Website: zansec.co.tz
5. TIB Rasilimali Limited	6. Tanzania Securities Limited
Building No 3, Mlimani City Park	Alfa Plaza, 2nd Floor, 201
P.O. Box 9154, Dar es Salaam	P.O. Box 9821, Dar es Salaam
Mob: +255 754 232 035	Mob: +255 718 799 997
Email: invest@rasilimali.tib.co.tz	Email: info@tanzaniasecurities.co.tz
Website: www.tib.co.tz	Website: tanzaniasecurities.co.tz
7. Vertex International Securities Ltd	8. E.A. Capital Limited.
Annex Building – Zambia High Commission, Sokoine Drive/Ohio Street	3rd Floor, Acacia Estates 84 Kinondoni Rd
P.O. Box 13412, Dar es Salaam	P.O. Box 20650, Dar Es Salaam.
Tel: 255 22 2116382 Fax: 255 22 2110387	Tel: +255 769 257511
Email: vertex@vertex.co.tz,	Email: ck@eacapital-tz.com
9. Core Securities Ltd	10. Orbit Securities Company Limited
Mezzanine Floor, Diplomat House	4th Floor, Golden Jubilee Towers, Ohio Street
P.O. Box 76800, Dar es Salaam.	P.O. Box 70254, Dar es Salaam
Mobile: +255 22 2123103, Fax: +255 22 2122562	Tel: 255 22 2111758, Fax: 255 22 2113067
Email: info@coresecurities.co.tz	Email: orbit@orbit.co.tz
Website: http://www.coresecurities.co.tz	Website: orbit.co.tz

11. Victory Financial Services Limited	12. Exodus Advisory Services Limited
ATC HOUSE, Ohio Street/Garden Avenue, Dar es Salaam	10th Floor, Mwanga Tower, New Bagamoyo Road
Phone: +255 22 2138607	P.O. Box 80056, Dar es Salaam.
Email: info@vfsl.co.tz	Tel: +255 222923810/ 733 701 514
Website: vfsl.co.tz	Email: info@exodusadvisory.co.tz
13. FIMCO LTD	14. Global Alpha Capital Ltd
Alfa Plaza, 2nd Floor, Ali Hassan Mwinyi Road	PSSSF Millenium Tower 1, Ali Hassan Mwinyi Road
P.O. Box 70468, Dar es Salaam.	P.O. Box 70166, Dar es Salaam
Tel: +255 22 292 6227	Tel: +255 762 367 347
Email: info@fimco.co.tz	Email: info@alphacapital.co.tz
Website: fimco.co.tz	Website: www.alphacapital.co.tz
15. Yusra Sukuk Company Ltd	16. Lase Securities Limited
RITA TOWER, 23rd Floor, Plot No.727/11 Makunganya Street	Samora Avenue, Plot No. 582, Block 9
P.O. Box 4681, Dar es Salaam	P.O. Box 19630, Dar es Salaam
Tel: +255 762 715 311/ 713 956 803	Tel: +255 715 484 560
17. Optima Corporate Finance Limited	18. Smart Stockbrokers Limited
Kinondoni Road, 1st Floor, Togo Tower	1st Floor, Samora Avenue
P.O. Box 4441, Dar es Salaam	P.O. Box 105678, Dar es Salaam
Tel: +255 22 266 6031	Phone: +255 22 2138607
Website: www.optimacorporate.co.tz	Email: info@smartstockbrokers.co.tz
19. Kadoo Securities	20. Wealth Capital Fund Limited
University Road, 9th Floor, Sky City Mall	Plot No. 20 & 21, 9 th Floor, Garden Avenue Tower & Parking Arcade, Ohio Street
P.O Box 54618, Dar es Salaam	P.O. Box 22337, Dar es Salaam
Tel: +255 763 889 000	Tel: +255 717 442 155
Email: info@kadoosecurities.co.tz	Email: info@wealthcapitalfund.co.tz
Website: www.kadoosecurities.co.tz	Website: www.wealthcapitalfund.co.tz



APPLICATION FORM

Lead Transaction Advisor And Sponsoring Broker



Rights issue of Two (2) New Ordinary Shares for every One (1) Existing Ordinary Share at an
Issue Price of **TZS 1600** per share.

Number of New Ordinary Shares **127,342,090** | Amount to be raised **TZS 203,747,344,000**

TANGA CEMENT RIGHTS ISSUE APPLICATION FORM

A copy of the Prospectus to which this application is attached was registered in terms of Section 35 of the Companies Act, Cap 212 and Section 131 of the Capital Markets and Securities Act Cap 79 (as amended).

This Application Form is for 127,342,090 New Ordinary Shares of Tanga Cement by way of a Rights Issue to Eligible Shareholders at TZS 1,600 per share payable in full upon application.

Only Eligible shareholders of Tanga Cement at the Record Date can apply. This Application Form does not apply to the Underwriter and therefore will not be exercising any Rights but will, instead, take up the New Ordinary Shares not subscribed for by Minority Shareholders.

APPLICATION FORM INSTRUCTIONS

Please refer to these instructions before completing the form. This form when completed before the Closing Date, should be submitted to the Lead Transaction Advisor, any DSE licensed dealing member, or the Main Receiving Bank's branches not later than 16:00 hours (4:00PM) on Friday, 24th October 2025.

Each Application Form submitted must match the name in the CSDR record. The Directors of Tanga Cement reserve the right to accept or reject any subscription in whole or in part if the instructions set out in this Prospectus are not properly complied with in full.

All successful applicants will receive a statement of holding as proof of their shareholding in Tanga Cement. All refunds (if any) will be made to the eligible shareholders' Bank Account or Mobile Money Number in the form and from which the subscription funds were received.

PLEASE READ APPLICATION GUIDELINES BEFORE COMPLETING THIS FORM

PROVISIONAL ALLOTMENT OFFER	
Shareholder Name(s)/Corporate Name :	
Ordinary Shares at Record Date :	
NIDA /Passport Number (Individuals) :	

SHAREHOLDER ELIGIBILITY	
CSD Account Number :	
Share Entitlement :	
Registration Number (Corporates) :	



TANGA CEMENT RIGHTS ISSUE APPLICATION FORM

DETAILS OF ELIGIBLE SHAREHOLDER			
Shareholders Address:		Email :	
Mobile Number:		Tel No:	
Bank Account Name:		Bank Account Number:	
Bank Name:		Branch Name:	

A. ENTITLEMENT & ACCEPTANCE

FULL ACCEPTANCE	AMOUNT PAYABLE
I/We hereby accept in full, subject to the terms of the Tanga Cement Prospectus dated 11th September 2025 and the Memorandum and Articles of Association of Tanga Cement PLC.	

PARTIAL ACCEPTANCE	PARTIAL ACCEPTANCE	AMOUNT PAYABLE
I/We hereby accept partial; subject to the terms of the Tanga Cement Prospectus dated 11th September 2025, this PAO and the Memorandum and Articles of Association of Tanga Cement PLC.		

B. PAYMENT METHODS

Please ensure you use your CDS Number as reference on any payment transfer made by TISS / direct deposit or mobile money transfers.

1: BANK TRANSFERS RECEIVING BANK (TISS TRANSFER OR DIRECT DEPOSIT)

Bank Name: **CRDB BANK PLC**

Account Name: **TANGA CEMENT RIGHTS ISSUE COLLECTIONS ACCOUNT**

Account Number: **01D1013219700**

Swift Code: **CORUTZTZ**

2: MOBILE MONEY For Shareholders paying below TZS 5,000,000, transfer from mobile money to bank using the account details given in 1 above.

Note: In case of refunds, it will be sent to the bank account or the mobile number from which the funds were received.



TANGA CEMENT RIGHTS ISSUE APPLICATION FORM

C. TO THE DIRECTORS OF TANGA CEMENT PLC

I/We, the undersigned, represent and confirm that I am/we are an Eligible Shareholder of Tanga Cement and are lawfully and validly permitted to apply for and receive New Ordinary Shares in terms of the Rights Issue and (ii) I/We have received all necessary information required to make an informed investment decision in relation to the Rights Issue.

I/We, the undersigned, confirm that having read this Prospectus and being an Eligible Shareholder of Tanga Cement, hereby irrevocably apply for and request to accept the Rights pursuant to the Rights Issue and to subscribe for New Ordinary Shares as set out in this Application Form at the Issue Price of TZS 1,600 per share on the terms given in the Prospectus, subject to the articles of association of Tanga Cement PLC.

I/We enclose proof of payment as per Section B of this form in favour of Tanga Cement Rights Issue for the appropriate amount as per the terms of this Application.

NAME OF APPLICANT	SIGNATURE/CORPORATE STAMP OF APPLICANT

LEAD TRANSACTION ADVISOR AND SPONSORING BROKER



Stockbrokers | Fund Managers | Investment Advisors

Email : tangarightsissue@itrust.co.tz
Block C, Plot No. 429, Mahando Street
Po. Box 22636, Masaki Dar es Salaam, Tanzania



Pongwe Factory Area,
Tanga-Korogwe Road,
P.O. Box 5053, Tanga,

**Lead Transaction Advisor
&
Sponsoring Stockbroker**



iTrust Finance Limited
Block C, Plot No. 429, Mahando Street
P.O. Box 22636, Masaki
Dar es Salaam, Tanzania

Stockbrokers | Fund Managers | Investment Advisor





SIMBA
CEMENT

Heidelberg Materials

TANGA CEMENT PUBLIC LIMITED COMPANY

Registered office

Pongwe Factory Area, P.O. Box 5053 Tanga, Tanzania

Tel: +255 27 2644500/1/2, Mob: +255 746 293 330

Fax: +255 2646148/425

Website: www.simbacement.co.tz | **Email:** info@simbacement.co.tz