TANZANIA BREWERIES PUBLIC LIMITED COMPANY

Annual Report And Financial Statements

For The Year Ended 31 December 2021

ABInBev
To a Future With More Cheers

Tanzania Breweries Public Limited Company (TBL Plc), a member of the Anheuser Busch InBev Group of companies, manufactures, sells and distributes clear beer, alcoholic fruit beverages and non-alcoholic beverages in Tanzania.

TBL Plc is listed on the Dar es Salaam Stock Exchange and has a controlling interest in Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited and employs 1,300 people. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya, a distillery in Dar es salaam and eight depots across the country. It sells and distributes products throughout the country and exports to neighboring countries.

TBL Plc's most popular clear beer brands include Safari Lager, Kilimanjaro Premium Lager, Castle Lite, Castle Lager, Balimi Lager, Flying Fish, Safari Double Malt, Redds Premium Cold, Ndovu Special Malt, Bia Bingwa, Eagle Lager and Grand Malt . Other prominent brands associated with the TBL Plc are Konyagi Gin, Valeur Brandy, Zanzi Cream Liqueur and Dodoma and Imagi Wines.

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Chairman's Statement

Continued Momentum;

Tanzania Breweries Public Limited Company and subsidiaries ("TBL Group") is pleased to announce Results for the Financial Year ended 31 December 2021. Our performance in 2021 reinforces confidence that our strong portfolio of brands and renovated commercial strategy can deliver consistent growth and long-term value creation, even in challenging years as the one we faced in 2021.

In light of the above, the Group's delivered revenue growth of +6% driven by significant growth in beer by +5.7% while sprits grew by +3%. The Group continues with a phased execution approach with enhanced brand positioning insights, superior media plans and developing transformational innovations to turn the tide by leveraging our Core+, Core and Affordable portfolio.

Operating profit increased by +10% contributed by volume performance and efficiencies in operating costs. Sales and marketing costs increased by +14% driven by increase in sales and marketing activities aimed at driving growth momentum compared to the same period last year.

TBL Group was able to approve a dividend payment of Tshs 75 billion to our shareholders for the financial year, which translates to TShs 255 per share. This represent an increase of 60% from previous year.

We delivered another year of strong cash flow generation of 44% above last year contributed by strong results.

Maintaining Responsible Corporate Citizenship

In 2021 TBL Plc was recognized largest taxpayers in the country making significant contributions to Government revenue. A total of Tshs 472bn was paid to the Government during the year, compared to Tshs 463bn in prior year.

The Group plays a key role in the agriculture sector, which provides important raw materials for the production of its products. The Group sourced more than 70% of its raw materials locally, inclusive of the agricultural produce.

As a global brewer, we depend on high-quality agricultural crops to brew our beers. We have continued to support the livelihood of farming communities in the country. Through different forums, we support our direct farmers to be skilled, connected and financially empowered, by helping them improve their productivity, their profitability, and their efficient use of natural resources.

We are committed to reaching a set of sustainability goals by 2025, of which smart agriculture is a part. We have committed to ensuring that 100% of the direct farmers in our supply chain are skilled, connected and financially empowered by 2025.

Our renewed purpose represents what we can make possible with our unique global ecosystem. It enables us to unlock and harness our existing infrastructure and assets to deliver more innovation, more sustainability, more occasions and more value for all our stakeholders.

This refreshed purpose represents what our company and our colleagues around the world can make possible when we dream big. We are always looking to serve up new ways to meet life's moments, dream big to move our industry forward and make a meaningful impact in the world.

We are confident that we will make a meaningful impact across our entire value chain, for all our customers, consumers and local communities, and general stakeholders.

We are dreaming big to create a future with more cheers by:

- Advancing sustainability around the world
- Driving category leadership and innovation to meet customer and consumer needs
- Leading the future growth of our industry, reaching more consumers on more occasions with our best-in-class portfolio
- Using data and technology to connect with our customers and consumers
- Connecting our farmers with resources
- Making a positive and lasting impact in our local communities around the globe in the moments that matter
- Empowering our colleagues who are passionate owners and problem-solvers to lead real change This is our path to a more sustainable, inclusive and rewarding future.

In closing, I would like to record my and the Board's appreciation first, to consumers of our products for their loyalty and support and then to management and staff for their commitment in driving the business to the level of performance we have reported this year and for positioning the business for continued growth in future. Finally, I extend my gratitude to all our shareholders and stakeholders for their contribution and effective oversight during the year, for their commitment to their role and for upholding the highest standards of corporate governance.

Last but not least we thank and shall continue to engage with the Government to create and deepen business environment appreciations to Ab InBev for innovations and embracing technological and digital changes which continues supporting overall business growth .

Mr. Leonard Mususa

Chairman of the Board

Taarifa ya Mwenyekiti wa Bodi ya Wakurugenzi ya mwaka 2021

Kasi inaendelea;

Kampuni ya Tanzania Breweries Public Limited Company na kampuni zake tanzu ("TBL Group"), inafuraha kutangaza matokeo ya Mwaka wa Fedha ulioishia tarehe 31 Desemba 2021. Utendaji wetu katika mwaka wa 2021 umetufanya kuamini kwamba chapa zetu bora za vinywaji na mkakati wetu mpya wa kibiashara unaweza kufanikisha kuleta ukuaji thabiti na thamani kwa muda mrefu, hata katika miaka yenye changamoto kama tuliyokabiliana nayo mwaka wa 2021.

Kwa kuzingatia sababu zilizotajwa hapo juu, TBL Group, mapato yake yalikua kwa asilimia 6% ikichangiwa na ongezeko la mauzo ya bia kwa asilimia 5.7% huku mauzo ya Vinywaji vikali yakiongezeka kwa asilimia 3%. Kampuni na kampuni tanzu zinaendelea na utekelezaji wa hatua kwa hatua mkakati wa kutangaza chapa zake kupitia majukwaa mbalimbali ya vyombo vya habari na kuendeleza ubunifu wa kuleta mabadiliko kwa kutumia chapa zetu zinazotawala soko na zile za bei nafuu

Faida ya uendeshaji iliongezeka kwa 10% ikichangiwa na kuongezeka kwa mauzo na ufanisi katika kudhibiti gharama za uendeshaji. Gharama za mauzo na masoko ziliongezeka kwa asilimia 14% kutokana na kuongezeka kwa shughuli za kutafuta masoko zinazolenga kukuza kasi ya ukuaji ikilinganishwa na kipindi kama hicho mwaka jana.

Kampuni iliidhinisha malipo ya gawio la shilingi bilioni 75 kwa wanahisa wetu kwa mwaka huu wa fedha, ambayo ni TShs 255 kwa kila hisa. Hii inamaanisha kuna ongezeko la 60% zaidi ya mwaka uliopita.

Ulikuwa ni mwaka wenye mafanikio kibiashara na Kampuni iliweza kuzalisha fedha kwa kiwango cha asilimia 44% zaidi ya mwaka uliotangulia.

Uwajibikaji kwa jamii

Licha ya changamoto mbalimbali za kibiashara, TBL Group iliendelea kuwa miongoni mwa Kampuni zilizofanya vizuri mwaka 2021 na kutangazwa kuwa kampuni inayoongoza kwa kulipa kodi nchini, kutokana na kuchangia kwa kiasi kikubwa katika mapato ya Serikali kupitia kodi ya mapato, kodi ya ushuru wa bidhaa na kodi ya ongezeko la thamani pamoja na kodi nyinginezo. Jumla ya shilingi bilioni 472 zililipwa kwa Serikali katika mwaka huu, ikilinganishwa na shilingi bilioni 463 zilizolipwa mwaka uliopita.

Kampuni imeendelea kuwa kiungo muhimu katika sekta ya kilimo, ambayo inafanikisha kutoa malighafi muhimu kwa uzalishaji wa bidhaa zake. Kampuni ilinunua zaidi ya asilimia 70% ya malighafi yake ndani ya nchi, ikijumuisha mazao ya kilimo.

Tukiwa kampuni inayotengeneza bia duniani kote, tunategemea mazao ya kilimo yenye ubora wa juu kwa ajili ya kufanikisha uzalishaji wa bia zetu. Tumeendelea kusaidia kuboresha maisha ya jamii za wakulima nchini kwa njia mbalimbali , tunawezesha wakulima wetu tunaoshirikiana nao kwa kuwapatia ujuzi, kuwaunganisha na kuwezeshwa kwenye taarifa za kifedha, kwa kuwasaidia kuongeza uzalishaji wa mavuno yao, kupata faida zaidi na ufanisi wa matumizi ya rasilimali.

Kama sehemu ya kampuni ya kimataifa ya AB-InBev tumedhamiria kufanikisha Malengo Endelevu ifikapo mwaka 2025 ambapo ufanikishaji wa Kilimo chenye tija (Smart Agriculture), ni lengo mojawapo. Kwa upande wetu kuhusu kilimo,tumedhamiria kuhakikisha kuwa asilimia 100% ya wakulima tunaoshirikiana nao katika mnyororo wetu wa kupata malighafi wanapatiwa ujuzi, wanaunganishwa na kuwezeshwa kifedha kufikia mwaka 2025.

Makusudio yetu

Makusudio yetu, mwaka huu ulikuwa na fursa ya kipekee ya kufikiri upya jinsi kampuni ya bia inavyoweza kuendeshwa na njia yetu ya kusonga mbele.

Ndoto yetu kubwa ni kufanya Makubwa Zaidi kwenye shughuli zetu na Kusheherekea Mafanikio.

Kusudio letu jipya linawakilisha kile tunachoweza kufanya kifanikiwe kwa ikolojia yetu ya kipekee ya kimataifa. Inatuwezesha kufungua na kutumia miundombinu na rasilimali zetu kuleta ubunifu zaidi, uendelevu zaidi, matukio zaidi na kuongeza thamani kwa wadau wetu wote.

Kusudio hili jipya linawakilisha kile ambacho Kampuni yetu na wenzetu duniani kote wanaweza kukifanikisha tukiwa na ndoto kubwa. Daima tuna mtazamo wa kutafuta njia mpya za kuishi kueendana na wakati, kuwa na ndoto kubwa ili kuifanya sekta yetu kusonga mbele na kuchangia kuleta maadiliko katika dunia.

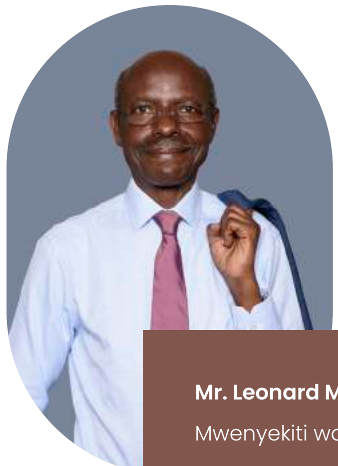
Tuna uhakika kwamba tutafanikisha kuleta matokeo chanya kupitia mnyororo wetu wa thamani, kwa wateja wetu wote, watumiaji wa bidhaa zetu, jamii zetu mbalimbali za ndani tunazoshirikiana nazo na wadau wetu wote kwa ujumla.

Tuna ndoto kubwa ya kutengeneza maisha yajayo yenye furaha zaidi kwa:

- Kuweka zaidi mazingira ya hali ya uendelevu duniani kote.
- Kuimarisha chapa za vinywaji vyetu zinazoongoza kwa kuziongezea ubunifu zaidi ili kukidhi mahitaji ya wateja na watumiaji wa bidhaa zetu.
- Kuongoza katika ukuaji wa siku za usoni kwenye sekta yetu, kufikia watumiaji wengi zaidi katika matukio mbalimbali wakifurahia ubora wa bidhaa zetu wa kiwango cha juu.
- Kutumia data na teknolojia kutuunganisha na wateja na watumiaji wa bidhaa zetu.
- Kuwaunganisha wakulima wetu na rasilimali zao.
- Kuleta matokeo chanya na ya kudumu katika jamii zetu za ndani tunazoshirikiana nazo duniani kote wakati wote.
- Kuwawezesha wenzetu ambao wanajitolea kutafuta suluhisho la changamoto ili kuhakikisha njia yetu kuelekea katika mafanikio inakuwa endelevu, na kuleta mabadiliko ya kweli katika siku za usoni.

Kwa kumalizia, ningependa kutoa shukrani zangu na za Bodi ya Wakurugenzi, kwa watumiaji wa bidhaa zetu kwa kuendelea kutuamini na kutuunga mkono, kisha kwa uongozi na wafanyakazi kwa kujitolea kwao katika kuendesha biashara kufikia kiwango cha mafanikio ambayo tumeripoti mwaka huu sambamba na kuweka biashara katika nafasi nzuri kwa ukuaji wa siku zijazo.

Natoa shukrani zangu kwa wanahisa na wadau wetu wote kwa mchango wao na usimamizi madhubuti katika mwaka huu, kwa kujitolea kwao katika nafasi zao na kwa kuzingatia viwango vya juu zaidi vya usimamizi wa biashara za kampuni.



Mr. Leonard Mususa
Mwenyekiti wa Bodi

Mwisho kabisa tunashukuru na tutaendelea kushirikiana na Serikali ya Tanzania kujenga mazingira mazuri ya biashara, shukrani pia ziende kw ABI-InBEV, kwa ubunifu na kukumbatia mabadiliko ya kiteknolojia na kidijitali ambayo yanaendelea kusaidia ukuaji wa biashara zetu.

Managing Director Statement

Overview

Tanzania Breweries Public Limited Company ("TBL Plc") is pleased to release its results for the financial year ended 31 December 2021.

Performance Overview

The Company's revenue increased by 6% with growth in both beer and in spirits with significant contribution from core segment of the business. Operating profit increased to 10% contributed by volume performance and efficiencies in operating costs. Sales and marketing costs increased by 14% driven by increase in sales and marketing activities in the market to drive the growth compared to the same period last year. The decline of employee costs and other savings from operating and administration costs contributed to improvement in operating margin by 1% to 18% compared to 17% last year.

The Group continues with phased execution approach with enhanced brand positioning insights, superior media plans and develop transformational innovations to turn the tide by leveraging our Core plus, Core and Affordable portfolio.

Beer business volumes grew by +5% versus prior period driven by encouraging results within our Premium Category and Core Plus Category, driven by volume growth of Castle Lite and Kilimanjaro Lager. Wines and Spirits remained flat versus prior year driven by strong performance on both export and with some challenges in local market after price increase due to changes in excise in spirits. The business demonstrated resilience and delivered encouraging performance within the Core Plus Category.

Commercial Strategy

We are executing on proven and scalable levers to drive category expansion and deliver consistent, balanced and profitable top-line growth. In FY21, the beer category grew in almost all regions.

Lead and grow the beer category

- *Inclusive Category*: We are making the beer category more accessible for all consumers through focusing on inclusive pack and product innovation
- *Core Superiority*: Our core plus and mainstream portfolio delivered double-digit revenue growth and outperformed the industry across most of our main markets. We have rolled out new brands Flying Fish, Safari Double Malt and Kilimanjaro Light.

Digitize and monetize our ecosystem

- *Digitizing our relationships with our customers and consumers countrywide*: We have rolled-out "BEES" to create and build vibrant ecosystem with our customers and consumers. "BEES" our company's jump into the digital world, tool that enable our customers to easily place orders and buy our products anytime, anywhere to help them make smarter decisions and grow their business. "BEES" will empower us to better serve, simplify and improve the lives of our customers.
- *Optimize our business*: To maximize value creation, we are focused on three areas: disciplined resource allocation, robust risk management and an efficient capital structure. As a result of our business performance and strong cash flow generation.

Future Prospects

We continued with our strategy that holds the consumer at the centre of our organisation and everything we do; our plans will ensure we meet the needs of our consumers and customers both today and into the future. We will continue to build on the success of our portfolio, drive brand love for our iconic core brands and build value propositions to bring people into the beer category, while continuing to offer differentiation through our Wine and Spirit portfolio. At the same time, we continue to deploy global best practices in our workplace to create a safe working environment for all and ensure we deliver products of the finest quality every time.

Our business cannot exist without farmers, clean water, healthy communities, strong suppliers and a thriving, diverse and inclusive workforce. Our focus for next year will be to strengthen our partnerships and keep building a better and stronger Tanzanian business.

We have the right people, processes, tools, technology, brands and strategies in place to succeed on our journey forward. Our people will always be our greatest strength and I wish to assure our stakeholders that we will continue to work hard to seize strategic opportunities and mitigate the risks that this dynamic environment creates by effectively managing our short-term performance and setting a firm foundation for the long-term growth of our business in order to continue creating value for our shareholders. I want to congratulate my team, who worked tirelessly and with energy and enthusiasm for our shareholders to deliver this solid performance through a year of unprecedented uncertainties.

Jose D Moran
Managing Director

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We have the right people, processes, tools, technology, brands and strategies in place to succeed on our journey forward.

Taarifa ya mkurugenzi mtendaji

Muhtasari

Kampuni ya Tanzania Breweries Public Limited Company na kampuni zake tanzu ("TBL Group Plc."), inayofuraha kutangaza matokeo yake ya utendaji kwa mwaka wa fedha ulioishia tarehe 31 Desemba 2021.

Mapato ya Kampuni na kampuni tanzu yaliongezeka kwa asilimia

▲6%

Faida ya uendeshaji iliongezeka hadi asilimia

▲10%

Gharama za mauzo na masoko

▲14%

Biashara ya mauzo ya bia yaliongezeka kwa asilimia

+5%

Muhtasari wa Utendaji kwa ujumla

Mapato ya Kampuni na kampuni tanzu yaliongezeka kwa asilimia 6% ikiwemo kuongezeka kwa mauzo katika vinywaji vya bia na ongezeko kidogo kwa vinywaji vikali kulikochangiwa na chapa zetu kwenda vizuri katika masoko. Faida ya uendeshaji iliongezeka hadi asilimia 10% ikichangiwa na ongezeko la mauzo na ufanisi katika gharama za uendeshaji. Gharama za Mauzo na Masoko ziliongezeka kwa asilimia 14% kutokana na kuongezeka kwa shughuli za ukuzaji wa masoko ikilinganishwa na kipindi kama hicho mwaka jana. Kupungua kwa gharama za wafanyakazi na gharama nyingine katika uendeshaji na usimamizi kulichangia kuboresha kiwango cha faida baada ya gharama za uendeshaji kwa asilimia 1% hadi asilimia 18% ikilinganishwa na asilimia 17% kama ilivyokuwa mwaka jana.

Kampuni iliendelea kutekeleza mkakati wa kutangaza chapa za vinywaji vyake kwa wateja kutumia jukwaa la vyombo vya habari vya aina mbalimbali na kuendeleza ubunifu wa kuleta mabadiliko kwa kutumia chapa zetu zinazotamba kwenye masoko na kuhakikisha zinapatikana kwa gharama nafuu ambayo wateja wetu wanaweza kuzimudu kuzitumia.

Biashara ya mauzo ya bia yaliongezeka kwa asilimia +5% ikilinganishwa na kipindi kama hiki mwaka uliopita na hali hii ilitokana na ongezeko la mauzo ya chapa zetu pendwa zikiongozwa na Castle Lite na Kilimanjaro Lager. Mvinyo na Vinywaji vikali mauzo yake yalikuwa kama ilivyokuwa mwaka uliopita kutokana na kufanya vizuri katika masoko ya nje wakati huo kukiwepo na baadhi ya changamoto katika soko la ndani. Biashara ilionyesha kuwa thabiti na kuweza kupata matokeo mazuri kutokana na mkakati wetu wa ndani wa kutumia chapa zetu pendwa kuteka zaidi masoko.

Tunatumia mkakati thabiti kwa lengo la kufanikisha ukuaji wetu na kupata faida kwendana na ukuaji. Katika kipindi cha Mwaka wa Fedha wa 2021, mauzo ya bia yaliongezeka karibu katika mikoa yote ya kibiashara.Mikakati iliyotumika kuongezeka mauzo ya bidhaa zetu

Mikakati iliyotumika kuongezeka mauzo ya bidhaa zetu

- *Upatikanaji wa urahisi*: Tumehakikisha bia zetu zinapatikana kwa urahisi kwa wateja wetu wote zikiwa kwenye vifungashio rafiki vilivyofanyiwa ubunifu mkubwa.

Mikakati ya Kibiashara

- *Ubora wa chapa za vinywaji vyetu*: Chapa zetu ukiongeza chapa zinazotawala katika soko ziliweza kuongeza mapato mara mbili na kuzidi kutamba katika soko la vileo. Tuliweza pia kuzindua chapa mpya za bia zinazojulikana kama Flying Fish, Safari Double Malt na Kilimanjaro Light.

Kuboresha mfumo wetu wa uendeshaji kuwa wa kidigitali kuongeza ufanisi

- *Mfumo wa kidigitali wa kutuweka karibu na wateja na watumiaji wa bidhaa zetu nchi nzima*: Tulizindua mfumo unaojulikana kama "BEES" ambao unafanikisha kutuweka karibu na wateja na watumiaji wa bidhaa zetu. Mfumo wa "BEES" umefanikisha kampuni yetu kuingia katika ulimwengu wa kidigitali unaorahisisha wateja wetu kuagiza na kununua bidhaa zetu wakati wowote mahali popote ili kuwasaidia kufanya maamuzi bora zaidi na kukuza biashara zao. "BEES" itatuwezesha kutoa huduma bora zaidi, kurahisisha na kuboresha maisha ya wateja wetu. .

- *Kuboresha zaidi biashara yetu*: Ili kuongeza thamani, tumejikita kutekeleza masuala matatu ya msingi ambayo ni : matumizi mazuri ya rasilimali zetu, kuwa makini na masuala yanayoweza kusababisha hasara katika uendeshaji wa shughuli zetu na kulinda mtaji wetu kwa umakini mkubwa, biashara yetu kuendelea vizuri na kuwa na mzunguko mzuri wa kifedha.

Matarajio ya Baadaye

Tuliendeleza mkakati wetu ambao unamweka mteja katikati ya kampuni yetu na kila kitu tunachofanya; mipango yetu itahakikisha kuwa tunakidhi mahitaji ya wateja na watumiaji wa bidhaa zetu wakati wote kwa sasa na siku zijazo. Tunaendelea kuweka mikakati kuhakikisha chapa zetu pendwa za vinywaji vya bia zinaendelea kutawala katika masoko sambamba na vinywaji vikali na mvinyo. Wakati huohuo, tunaendelea kuweka mbinu bora za kimataifa mahali petu pa kazi ili kuweka mazingira salama ya kufanyia kazi kwa wote na kuhakikisha tunazalisha bidhaa za ubora wa hali ya juu kila wakati.

Biashara yetu haiwezi kustawi bila kuwepo wakulima, maji safi, jamii zenye afya njema, wasambazaji wazuri na timu thabiti ya wafanyakazi.Lengo letu kwa mwaka ujao litakuwa kuimarisha ushirikiano wetu na kuendelea kujenga biashara bora na imara za Kitanzania.

Bado tuna watu sahihi, mifumo, zana, teknolojia, chapa na mikakati na inatuwezesha kupata mafanikio katika safari yetu ya kusonga mbele. Wafanyakazi wetu wataendelea kuwa nguvu yetu kubwa daima na ninapenda kuwahakikishia wadau wetu kwamba tutaendelea kufanya kazi kwa bidii ili kuchangamkia fursa za kimkakati na kua makini na mazingira yanayoweza kuleta changamoto kwenye biashara, kwa kusimamia ipasavyo utendaji wetu wa muda mfupi na kuweka msingi wa ukuaji wa muda mrefu wa biashara yetu ili kuendelea kutengeneza thamani kwa wanahisa wetu.

Ninataka kupongeza timu yangu, ambayo ilifanya kazi bila kuchoka wakiwa na ari na nia ya kupata mafanikio na kwa wanahisa wetu waliochangia kufanikisha kupatikana mafanikio haya katika kipindi chote cha mwaka huu ambacho hakikuwa na mazingira yaliyokuwa na changamoto za uendeshaji wa biashara.

Jose D Moran
Mkurugenzi Mtendaji

Corporate Affairs

Farmers Field Day

TBL Plc has committed to reaching a set of Sustainability Goals by 2025, of which Smart Agriculture is a part,

Ensuring that 100% of the direct farmers in our supply chain are skilled, connected and financially empowered by 2025.

TBL Plc, service providers, bankers, insurers and scientists participated in the events that involve the development of agricultural techniques and new seed stock. TBL believes, smallholder farmers are an essential part of TBL Plc's supply chain, in developing robust, sustainable and inclusive value chains.

TBL Plc has committed to reaching a set of Sustainability Goals by 2025, of which Smart Agriculture is a part, ensuring that 100% of the direct farmers in our supply chain are skilled, connected and financially empowered by 2025.

Farmers' Field Day provide an opportunity to forge valuable connections, impart skills and expert lessons, and gain a deeper understanding of the challenges and opportunities at play in the lives of Tanzanian farmers.

FARMER'S FIELD DAY EVENT

An opportunity to forge valuable connections, impart skills and expert lessons, and gain a deeper understanding of the challenges and opportunities at play in the lives of tanzanian farmers.

WFP Sorghum Project

Tanzania Breweries Public Limited Company (TBL Plc) extended its partnership with WFP for the 2021 sorghum season.

4,000
Farmers

10,000
Tonnes Of Sorghum

6,600
Acres of Land

The project involved 4,000 who were expected to produce 10,000 tonnes of sorghum on 6,600 acres of land. TBL Plc agreed to buy the produced sorghum at a gate price of Tzs. 550 per kilo. Farmers will be pre-financed by NMB Bank and insured by Jubilee Insurance where they will be credited high yielding seed, fertilizer and other farm inputs which will be recovered at the end of the harvest season.

This project ensures food security for farmers and promotes financial inclusion, increasing the bankability of these farmers.

Grape Farmers Day

Grape farmers are an important component of TBL subsidiary Tanzania Distilleries Limited (TDL's) supply chain.

TDL has relationships with over 700 farmers who produce the grapes that are processed into its range of wines.

The theme of the 12 November grape Farmers' Field Day was 'Contract Farming'. TDL launched a contract-farming pilot project for grape farmers in 2021 which is intended to become a scalable model that can be reproduced across Tanzania.

The contract farmers benefit from market-related offtake agreements, linkage with financial institutions, chemical and fertilizer supply, and training in good agriculture practices (GAP) from South African experts.

National Road Safety Week

TBL in partnership with UNITAR launched The Management Practices for Safer Roads Toolkit Mobile App.

The launch of the app is part of UNITAR's Road Safety Global Training (SDG) initiative which is aligned with the Global Plan of the Decade of Action for Road Safety 2021-2030, which supports countries to achieve the Global Road Safety performance targets and aims to contribute to the advancement of SDG targets for health and well-being, sustainable cities and communities and global partnerships for sustainable development.

The three-day training of 15 traffic police officers addressed the main issues, trends, and challenges in road safety worldwide. The Group and Company are very committed to improving road safety in Tanzania all year round.

The officers who were trained were very excited at the training opportunities provided by this partnership, and we view it as a step in the right direction to providing necessary measures, structures, and policies to ensure that the partnership achieves its set objectives.

Corporate Affairs

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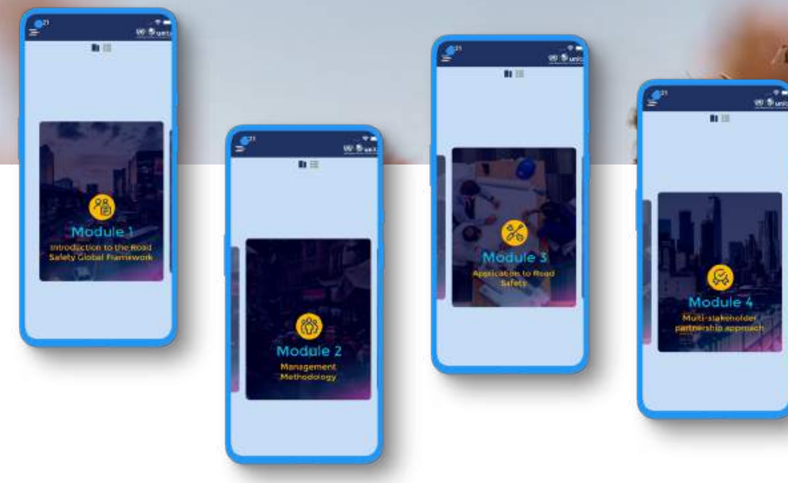
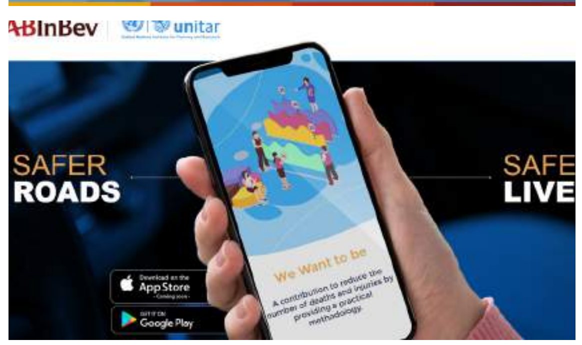




Corporate Social Responsibility

Sorghum Farming

We extended our partnership with WFP for the 2021 sorghum season. The project aimed to equip the sorghum farmers with Good Agricultural Practices (GAP), improve the yield and quality of sorghum, as well as provide them with a guaranteed market for their produce.

This project ensures food security for farmers and promotes financial inclusion, increasing the bankability of these farmers.

Barley Farming

Skilled, Connected and Financially Empowered

The event coincides with the barley harvest season, and involved key stakeholders including barley farmers, TBL representatives, service providers, bankers, insurers and scientists involved in the development of agricultural techniques and new seed stock.

The farmers in attendance learnt agricultural practices that will boost productivity and yields and were able to network with industry stakeholders. We participated in this event to have opportunity to forge valuable connections, impart skills and expert lessons, and gain a deeper understanding of the challenges and opportunities at play in the lives of Tanzanian farmers.

COVID-19 Vaccination

We kicked off a company-wide Covid-19 vaccination drive dubbed #TUNAIMUDU. The vaccination drive was open to all employees, their families, and residents of neighbouring communities.

Seed to Sip Campaign

Skilled, Connected and Financially Empowered

We launched a Seed to Sip campaign. The campaign focuses on five stages of the beer-production value chain: Seed & Agriculture; Watershed; Brewery & Packaging; Logistics & Marketing; and Sip, which refers to the consumer's responsible enjoyment of TBL's products.

At every stage, the partnerships that make value creation possible – with farmers, government, suppliers, scientists, not-profit organizations, and consumers – are highlighted and celebrated.

This campaign recognizes that we must all come together to move society in a positive direction toward responsible drinking, environmental stewardship, and community engagement. The campaign celebrates the partnerships, processes, commitments, and innovative ideas that together bring us all closer to a better world.

Awards

We continued using technology to deliver the highest quality products through our world class operating facilities and won different accolades;

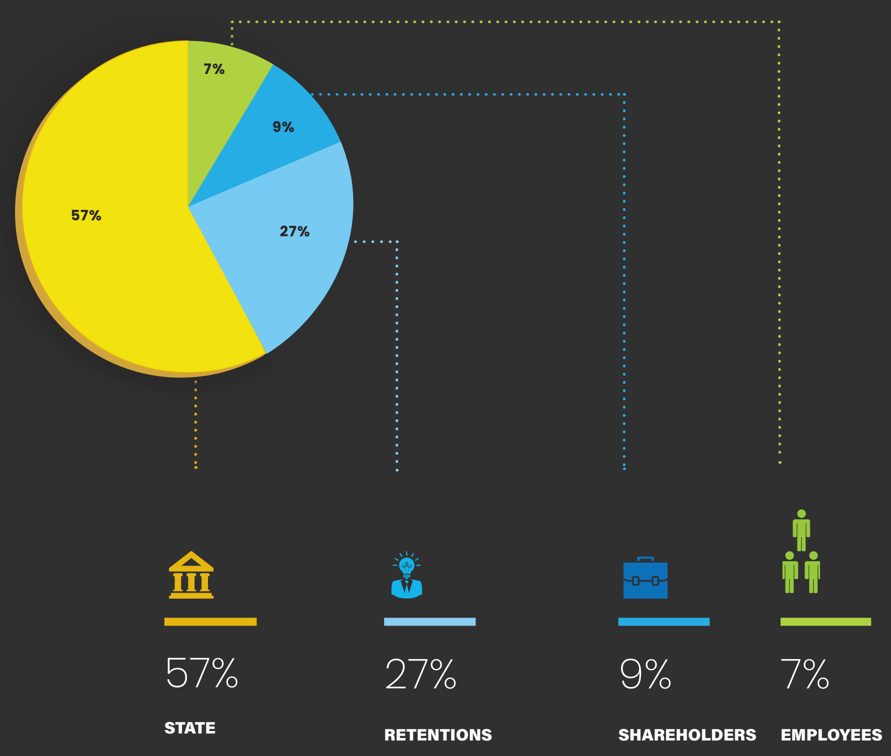
Our brewery in Mbeya was named Brewery of the Year across the Ab InBev Africa Zone in 2021, participated in Global assessment. Arusha Brewery as the second runner up and Mwanza achieved World class maturity and recognized as a first runner up for Africa's Best Brewery.

Won 2021 President's Manufacturer of the year (PMAYA), recognized for the contribution to the Tanzanian economy and manufacturing sector.

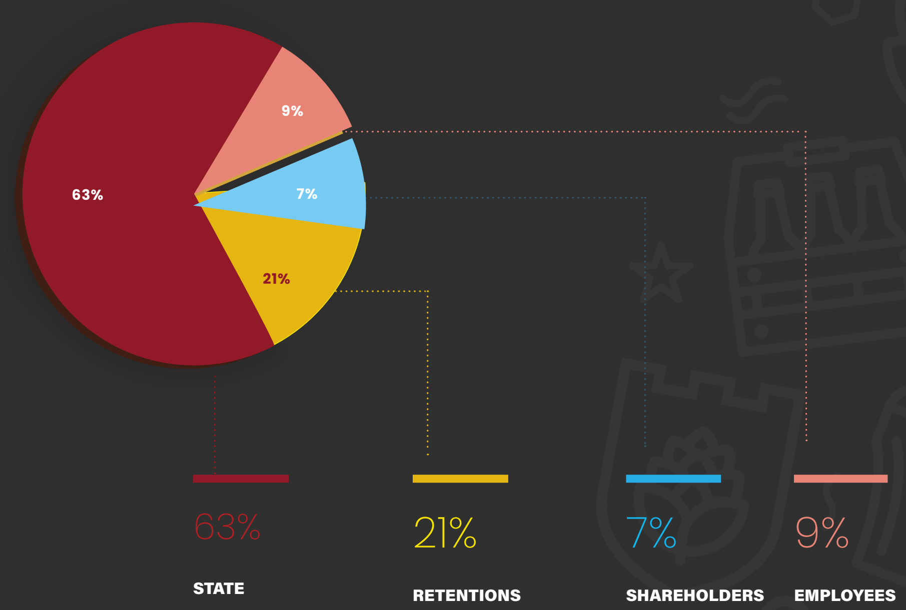
Cash value statement

	31-Dec-21		31-Dec-20	
	Tshs' M	%	Tshs' M	%
Cash Generated				
Cash derived from sales	1,184,079		1,171,323	
Other income				
Cash value generated	1,184,079		1,171,323	
Cash paid to suppliers	(355,215)		(439,016)	
Cash value added	828,865		732,307	
Cash utilised to				
Remunerate employees for their services	**(56,373)**	6.80	(62,721)	8.56
Pay direct taxes to Government	**(78,274)**	9.44	(82,116)	11.21
Pay excise duty and Value Added Tax	**(393,986)**	47.53	(378,579)	51.70
Provide shareholders with cash dividends	**(75,596)**	9.12	(52,966)	7.23
Cash disbursed among stakeholders	(604,230)	72.90	(576,382)	78.71
Cash retained to fund replacement of assets and facilitate further growth	224,635	(27.10)	155,925	(21.29)

Group Cash Outflow Composition 2021



Group Cash Outflow Composition 2020



The report by those charged with governance

The Directors submit their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Tanzania Breweries Public Limited Company (the "Company", TBL Plc) and its subsidiaries, Tanzania Distilleries Limited (TDL), Darbrew Limited and Kibo Breweries Limited, (together the "Group").

1. Incorporation

TBL Plc was incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company. The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The address of its registered office and the principal place of business is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block "AA",
PO Box 9013,
Dar es Salaam, Tanzania.

2. Principal Activities

The Company's principal activities are the production, distribution and sale of malt beer, non-alcoholic malt beverages and alcoholic fruit beverages (AFB's) in Tanzania. It operates breweries in Dar es Salaam, Arusha, Mwanza and Mbeya and six depots (6) throughout the country. It distributes their products throughout the country and exports to neighboring countries.. It has a malting plant in Moshi which is not operational. The Company has a controlling interest in Tanzania Distilleries Limited, a spirituous liquor company that is situated in Dar es Salaam and Darbrew Limited, an opaque beer company (not in operation) located in Dar es Salaam. It also fully owns Kibo Breweries Limited, a Property management company domiciled in Moshi.

The Group owns some of Tanzania's most popular beer and liquor brands, notably:

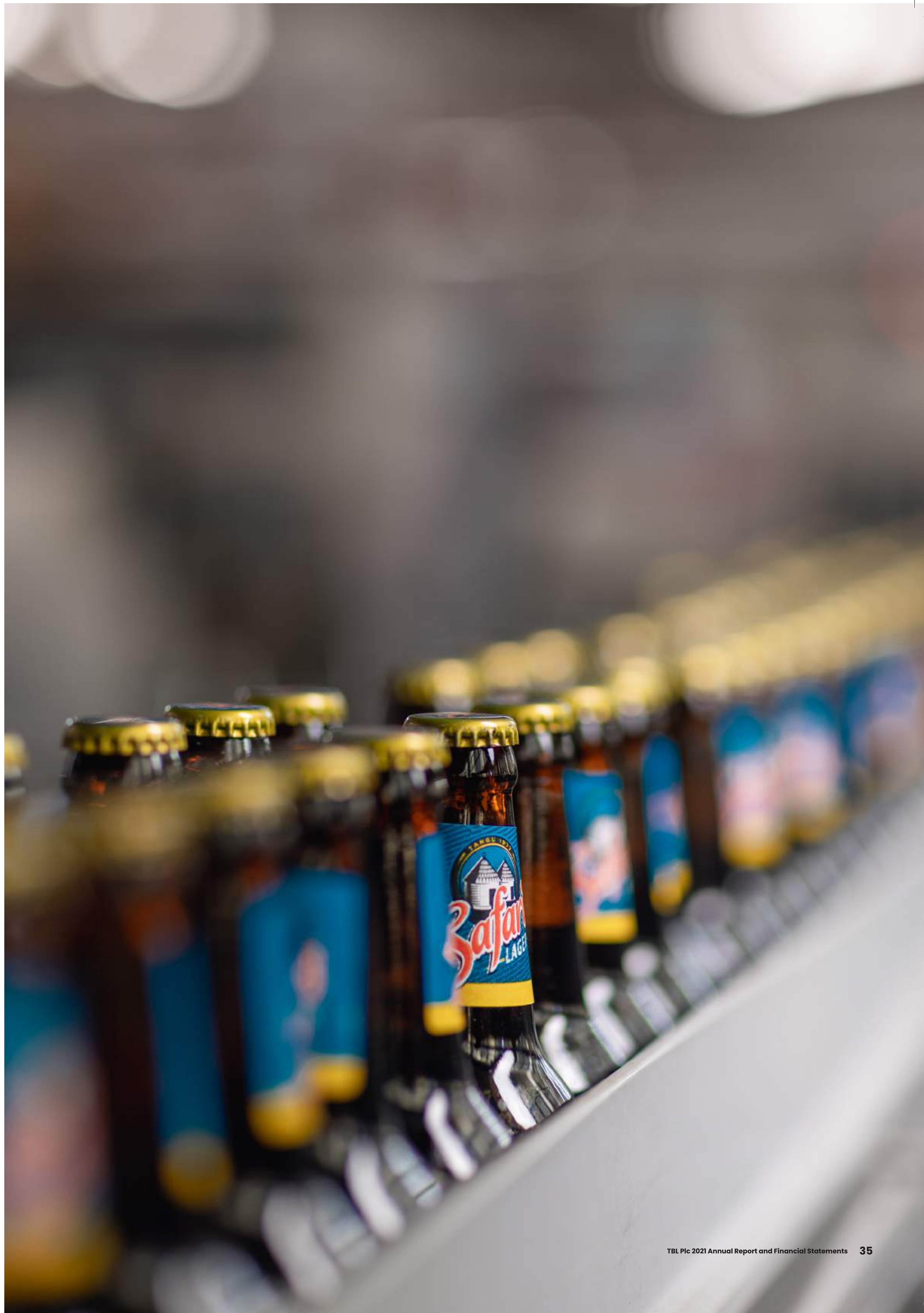
Safari Lager;
Kilimanjaro Premium Lager;
Ndovu Special Malt; and
Konyagi.

The Company also produces and distributes Castle Lager, Castle Milk Stout, Castle Lite, and Redds Premium Cold under licence from AB InBev International BV.

In addition, it distributes AB InBev beer brands Budweiser and Corona.

3. Dream

Our Dream is to create the ideal company in Africa, one which grows a lot, is super-efficient, which everyone loves to work for and, very importantly, makes a real difference in society.



4. Operating And Financial Review

The nature of the entity's operation

The Group and the Company dominate the beer industry in all regions, with four breweries in Tanzania. The concentration of other Companies is not significant to the overall market share of the beer industry. The wine and spirit business has a significant concentration of participants that affect the Subsidiary market share.

The Group and Company have continued to improve production efficiencies in all breweries, with 3 of the breweries scooping different awards in the Africa Zone and one brewery nominated Globally for the best breweries. Further, the Group and Company have invested and plan to continue investing in price, sales and marketing and distribution network. A capital investment plan is in place to ensure the optimal operation of all breweries and distilling plant.

The Group and Company have set plans to ensure production, sales and market share are increased, maintained and sustained in the near future.

Principal Risks And Uncertainties

The Group and the Company are subjected to different internal and external risks. Through the Risk department assessment is made to analyse severity of the risks and impact on the operations. Reviews are done quarterly by the Board Audit and Risk Committee.

The Group and the Company have significant tax matters with Tax Revenue Authority (TRA) ranging from over 7 years to recent years. These include both direct and indirect tax issues relating to capital deductions, excise duty, value added tax (VAT) and capital gain tax. The Group and Company have engaged external legal advisors to support the resolution of these issues, working with the authorities. All matters are still in discussion and the respective details are included in Note 34 to the financial statements.

Changes in the availability or price of raw materials and commodities, including as a result of unexpected increases in tariffs, and logistics in respect of such raw materials and commodities, could have an adverse effect on results of operations. The Group and Company ensure that sufficient stocks are available to meet production demands and plan procurement to align with delivery lead times.

Market overview

After several years of stagnated growth, the beer industry in Tanzania is poised for good growth opportunities. With Covid-19 restrictions and lockdown being eased across the Country in 2021, the beer industry had slightly improved. The economic activities improved, with increased government spending contributing to availability of disposable incomes, which benefitted the industry. There was balanced spending between mainstream products and more affordable brands and packs. The market share has not significantly changed.

Financial Review

The Group performance revenue increased by 6% resulting from volume performance. The market showed recoveries in all regions with North East continuing to set the pace. The Group continues to drive the strategy on engaging and investing in marketing, more affordable brands and packs, and innovation. In this regard, we launched Safari Double Malt and Flying Fish to cater for the needs of an increasingly diverse customer base. The Group continues to invest in prices and brands to ensure it reaches most, if not all, parts of the country.

The Group's operating profit increased by 10% mostly driven by volume and efficiencies in cost management.

A total of TZS 53,729 million was invested in capital expenditure during the year compared to TZS 41,189 million invested during the year ended 31 December 2020.

The Group's reported cash generated from operations was TZS 272,469 million during the year versus TZS 253,451 million generated during the year ended 31 December 2020. Of this amount, TZS 62,844 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure and dividends to shareholders with TZS 68,710 million being retained in the business.

Segment financial review analysis and presentation are covered in Note 5 to the financial statements.

Liquidity review

The Group and Company operations are financed from cash generated from operations. There was no short- or long-term debt outstanding, other than amounts payable from normal operating activities of the Group.

The Group cash and bank balance increased by 44% to TZS 224,635 million contributed by the increase in revenue during the year and improvement in cash flow management. This balance is held in current accounts with different banks and other short term cash investments with less than three months maturity.

Net current assets significant improved by 73% resulted from the increase in cash and bank balance and increase in inventories to ensure that sufficient stocks are in place to mitigate the risks of out-of-stock and disruption of supply chain.

Treasury are responsible for managing the liquidity of the Company and its subsidiaries to ensure that commitments are managed and honored on maturity.

Liquidity risk assessment is summarised in Note 4.1 to the financial statements.

Future development:

The Group experienced a strong finish of the year and will continue with its expansion and facility upgrade program. The Directors believe that the future prospects of the Company and the Group are promising.

10%

OPERATING PROFIT INCREASE

TZS 53,729

MILLION WAS INVESTED IN CAPITAL EXPENDITURE

TZS 272,469

MILLION GENEREATED IN 2021

The Group experienced a strong finish of the year and will continue with its expansion and facility upgrade program.

The Directors believe that the future prospects of the Company and the Group are promising.

5. Dividend

The Board of Directors approved the payment of a dividend of TZS 255 per share amounting to TZS 75,239 million during the year ended December 2021 (2020: TZS 160 per share amounting to TZS 47,209 million).

The total dividend paid out in the year amounted to TZS 75,596 million (2020: TZS 52,966 million) as per breakdown below;

Total dividend paid out in the year ended 31 December 2021;

	2021	2020
	TZS millions	TZS millions
Opening balances	357	5,757
During the year	75,239	47,209
TOTAL	**75,596**	**52,966**

6. Composition Of The Board Of Directors

The Directors of the Company at the date of this report, all of whom have served since 1 January 2021, unless otherwise stated, are:

Mr. L. Mususa

Tanzania 68

Chairman, A Certified Public Accountant and Private Management Consultant. He was appointed on 25 November 2021. He is an appointee of AB InBev Africa BV. He was serving as the Chairman of the Audit and Risk Committee.

Hon. C.D. Msuya

Tanzania 90

Former Chairman. Retired Vice President and Prime Minister of United Republic of Tanzania. He was appointed to the Board on 18 August 2005 and retired on 25 November 2021. For the period under review, he was an appointee of AB InBev Africa BV.

Mr. Philip Redman

British 43

Former Managing Director, Tanzania Breweries PLC. He was appointed to the Board in February 2019 and resigned on 25 November 2021. He was representing AB InBev Africa BV.

Mr. Jose Moran

Ecuadorian 41

Managing Director, Tanzania Breweries PLC. He was appointed to the Board in 25 November 2021. He is representing AB InBev Africa BV.

Ambassador A.R. Mpungwe

Tanzania 71

Businessman, appointed by AB Inbev Africa BV "formerly" SABMiller Africa BV, in October 2001. Chairman of the Board, Audit and Risk Committee.

Mr. Maharage Chande

Tanzania 47

Managing Director of Tanzania Electricity Supply Company (TANESCO). He was appointed on 4 August 2021, representing Minority shareholders.

Mr. A. B. S. Kilewo

Tanzania 84

Former Executive Managing Director of Tanzania Breweries PLC. He was appointed in September 1999. He is an appointee of AB InBev Africa BV.

Mr. P. J. I. Lasway

Tanzania 75

Business Consultant. He was appointed on 18 February 2010. He is an appointee of AB InBev Africa BV.

Ms. L. Swartz

South African 65

Vice President, People Africa Zone AB InBev Africa. She was appointed to the Board on 15 December 2015. She is an appointee of AB InBev Africa BV.

Ms. Violet Mordichai

Tanzania 46

Managing Director of Assemble Insurance. She was appointed on 4 August 2021, representing Minority shareholders.

Mr Richard Rivett-Carnac

South African 46

Vice President, Finance Africa Zone AB InBev Africa BV. He was appointed on 10th November 2020. He is an appointee of AB InBev Africa BV.

In accordance with the Company's Articles of Association, the directors are not required to retire by rotation. The Board met four times during the year.

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7. Composition Of The Operating Board

Mr. Jose Moran
Ecuadorian

Managing Director – Appointed in October 2021

Mr. Philip Redman
British

Former Managing Director – Appointed in February 2019 resigned July 2021

Mr. Jacques Els
South African

Procurement Director - Appointed in October 2020

Mr. Avito Swai
Tanzanian

Finance Director – Appointed October 2021

Ms. Timea Chogo
Tanzanian

Regional Director (TDL) – Appointed April 2021

Ms Lize Kruger
South African

Logistics Director – Appointed in September 2019

Ms. Messiya Mwangoka
Tanzanian

Legal & Corporate Affairs Director – Appointed February 2021

Ms. Eva Kuvise
Tanzanian

Solution Director – Appointed March 2021

Ms. Doreen Tumureebire
Ugandan

Route to Market Director – Appointed October 2020

Ms. Rabina Masanja
Tanzanian

Human Resources Director – Appointed April 2021

Ms. Mary Nasali
Ugandan

Revenue Management Director – Appointed in July 2019 and resigned in December 2021

Mr. Yannick Bomans
Belgian

Business Development Director - Appointed in March 2020 and resigned in August 2021

Ms. Fabiana Pereirra
Mozambican

Marketing Director – Appointed May 2021

Mr. Richmond Raymond
Tanzanian

Technical Director – Appointed in March 2020

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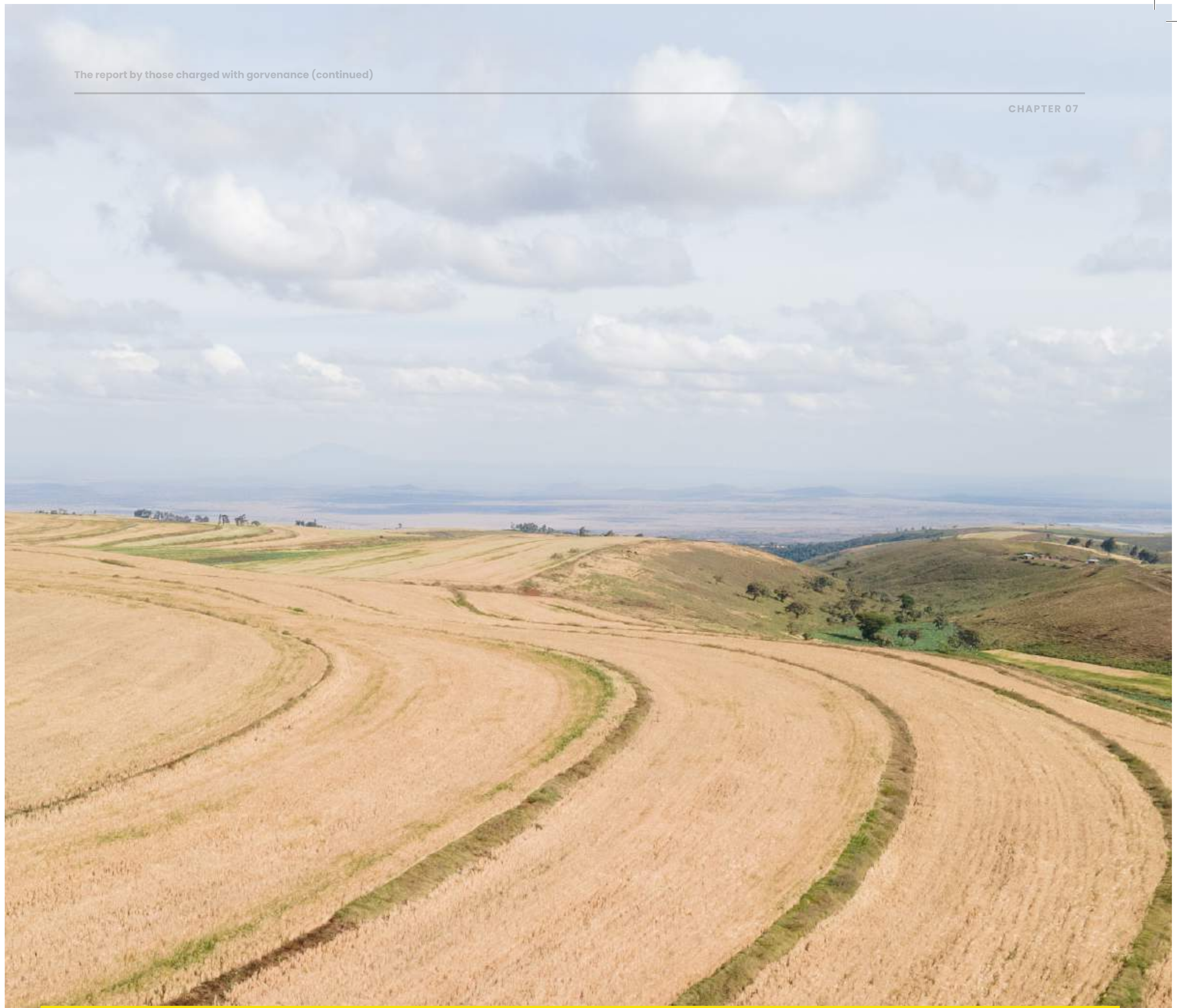

Company Secretary as at the date of this report who has served throughout the year is Huruma Ntahena. As at the date of this report, the Directors holding shares are listed below:

	Ordinary Shares Dec 2021	Ordinary Shares Dec 2020
C.D. Msuya	**8,000**	8,000
A.R. Mpungwe	**7,000**	7,000
A.B.S. Kilewo	**37,641**	37,641
xP.J.I. Lasway	**36,216**	36,216
	88,857	88,857

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8. Corporate Governance

The Board of Directors of the Company consists of nine Directors. Apart from the Managing Director, no other directors hold executive position in the Company. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control, policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is scheduled to meet quarterly. The Board delegates the day to day management of the business to the Managing Director assisted by Senior Management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units.

The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. During the year the Board had board sub-committees to ensure a high standard of corporate governance throughout the Company. These are audit and risk committee and remuneration committee.

Group Audit And Risk Committee

The Group Audit and Risk Committee oversees the effectiveness of risk identification and management, regulatory compliance, internal control systems, and the quality and integrity of financial reporting. The Group Audit and Risk Committee is a sub-committee of the Board and comprises three non-executive members. It is regulated by specific terms of reference and meets at least four times during the year. The Committee meets the external auditors and the internal audit department to review, inter alia, accounting, auditing, internal control, financial reporting matters and the published financial statements of the Company and the Group. The external auditors have unrestricted access, at all times, to the Group and subsidiary Audit and Risk Committees. Ambassador A.R. Mpungwe chairs the Audit and Risk Committee

The overall objective of the Group Audit and Risk Committee is to ensure that the operating board has created and maintains an effective control environment within the organization and that management demonstrates and stimulates the necessary respect of the internal control structure amongst all parties.

The Group Audit and Risk Committee members, as well as the internal and external auditors, have unlimited access to whatever information they require in performing their responsibilities.

Remuneration Committee

The remuneration committee comprises the Managing Director and two non-executive members, one of whom chairs the committee. The committee is responsible for the assessment and approval of a broad remuneration strategy for the Company, including short term incentives for executive and senior management. The Committee may advise on the remuneration of the Board. The remuneration strategy is aimed at rewarding employees at market related levels and in accordance with their contribution to the Company's operating and financial performance in terms of basic pay as well as short-term incentives.

9. Capital Structure And Shareholders

The Company's authorised, issued and fully paid up share capital during the twelve months period was 295,056,063 ordinary shares of a par value of TZS 100 each (2020: 295,056,063). The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out in Note 23.2 of the financial statements.

10. Management

Management of the Company is under the Managing Director and is organized in the following departments:

- Legal And Corporate Affairs Department
- Procurement And Sustainability Department
- Logistics Department
- Solutions Department
- Marketing Department
- Sales Department
- Finance Department
- People Department
- Supply Chain Department

11. Stock Exchange Information

The Company is listed on the Dar es Salaam Stock Exchange. The share price at 31 December 2021 was TZS 10,900 (December 2020: TZS 10,900) and market capitalization was TZS 3,216,111 million (December 2020: TZS 3,216,111 million).

12. Risk Management And Internal Control

The Board accepts final responsibility for the risk management and internal control systems of the Company.

It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations
- The safeguarding of the Company's assets
- Compliance with applicable laws and regulations
- The reliability of accounting records
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 31 December 2021 and is of the opinion that they met accepted criteria. The Board carries out risk and internal control assessment through the Audit and Risk Committee.

The Board of directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board of directors has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

13. Employee Welfare

Management and Employees' Relationship

Relations between employees and management continued to be good during the year. A healthy relationship continues to exist between management and trade union. The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings.

Training Facilities

The Company spent about TZS 274 million for staff training programs compared to TZS 175 million in the year ended December 2020. The programs are aimed at improving the employee's technical skills and hence effectiveness. Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development. The Group and Company provides various online training platforms.

Medical Assistance and Medical Services

The Company provides medical services through onsite dispensaries and outside hospitals. Staff are entitled to access referral hospitals as the need arises. All members of staff, their spouses and four children to the age of 21 years were availed medical insurance. Currently these services are provided through Strategis Insurance.

Health and Safety

The Company has a strong health and safety section which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary. All breweries, the distillery and other facilities operated by the Group are audited by National Occupational Safety Association (NOSA) annually.

Financial Assistance to Staff

The Company has in place arrangement with commercial banks where employees can secure loans at competitive rates. The Company also assisted its employees to establish, operate and join the Company Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its employees. Financial support is available to all employees.

Persons with Disabilities

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employees Benefit Plan

The Company pays contributions to various publicly administered defined contribution plans on a mandatory basis.

14. Gender Parity

At 31 December 2021, the Company had;

1,267 employees

(December 2020: 1,135) out of which 238 (December 2020: 214) were female and 1,029 (December 2020: 921) were male.

Tanzania Breweries is an equal opportunity employer.

It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

15. Related Party Transactions

All related party transactions and balances are disclosed in note 36 to the financial statements.

16. Political And Charitable Donations

The Company did not make any political donations during the year. Donations made to charitable organisations during the year amounted to TZS 311 million (December 2020: TZS 176 million).

17. Corporate Social Responsibility (CSR)

Farmers Field Day "Skilled, Connected and Financially Empowered"

TBL Plc, service providers, bankers, insurers and scientists participated in the events that involve the development of agricultural techniques and new seed stock. TBL believes, smallholder farmers are an essential part of TBL Plc's supply chain, in developing robust, sustainable and inclusive value chains. TBL Plc has committed to reaching a set of Sustainability Goals by 2025, of which Smart Agriculture is a part, ensuring that 100% of the direct farmers in our supply chain are skilled, connected and financially empowered by 2025.

Farmers' Field Day provide an opportunity to forge valuable connections, impart skills and expert lessons, and gain a deeper understanding of the challenges and opportunities at play in the lives of Tanzanian farmers.

WFP Sorghum Project

Tanzania Breweries Public Limited Company (TBL Plc) extended its partnership with WFP for the 2021 sorghum season. The project involved 4,000 farmers who were expected to produce 10,000 tonnes of sorghum on 6,600 acres of land. TBL Plc agreed to buy the produced sorghum at a gate price of Tzs. 550 per kilo. Farmers will be pre-financed by NMB Bank and insured by Jubilee Insurance where they will be credited high yielding seed, fertilizer and other farm inputs which will be recovered at the end of the harvest season. This project ensures food security for farmers and promotes financial inclusion, increasing the bankability of these farmers.

Grape Farmers Day

Grape farmers are an important component of TBL subsidiary Tanzania Distilleries Limited (TDL's) supply chain. TDL has relationships with over 700 farmers who produce the grapes that are processed into its range of wines.

The theme of the 12 November grape Farmers' Field Day is 'Contract Farming'. TDL launched a contract-farming pilot project for grape farmers in 2021 which is intended to become a scalable model that can be reproduced across Tanzania. The contract farmers benefit from market-related offtake agreements, linkage with financial institutions, chemical and fertilizer supply, and training in good agriculture practices (GAP) from South African experts.

National Road safety week

TBL in partnership with UNITAR launched The Management Practices for Safer Roads Toolkit Mobile App. The launch of the app is part of UNITAR's Road Safety Global Training (SDG) initiative which is aligned with the Global Plan of the Decade of Action for Road Safety 2021-2030, which supports countries to achieve the Global Road Safety performance targets and aims to contribute to the advancement of SDG targets for health and well-being, sustainable cities and communities and global partnerships for sustainable development.

The three-day training of 15 traffic police officers addressed the main issues, trends, and challenges in road safety worldwide. The Group and Company are very committed to improving road safety in Tanzania all year round. The officers who were trained were very excited at the training opportunities provided by this partnership, and we view it as a step in the right direction to providing necessary measures, structures, and policies to ensure that the partnership achieves its set objectives.

18. Statement Of Compliance

The Directors have ensured that the report is in compliance with the requirements of the Tanzania Financial Reporting Standard No. 1 and all other relevant statutory regislations that are applicable to the Group and Company.

19. Auditor

The auditor, **PricewaterhouseCoopers**, has expressed willingness to continue in office as auditor and is eligible to apply for re-appointment. A resolution proposing appointment of an auditor of the Company for the next financial year will be put to the Annual General Meeting.

By Order Of The Board

Leonard. Mususa
Chairman

12 July 2022

Statement Of Directors' Responsibilities

For The Year Ended 31 December 2021

The Companies Act, No. 12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group. They are also responsible for safeguarding the assets of the Company and Group and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

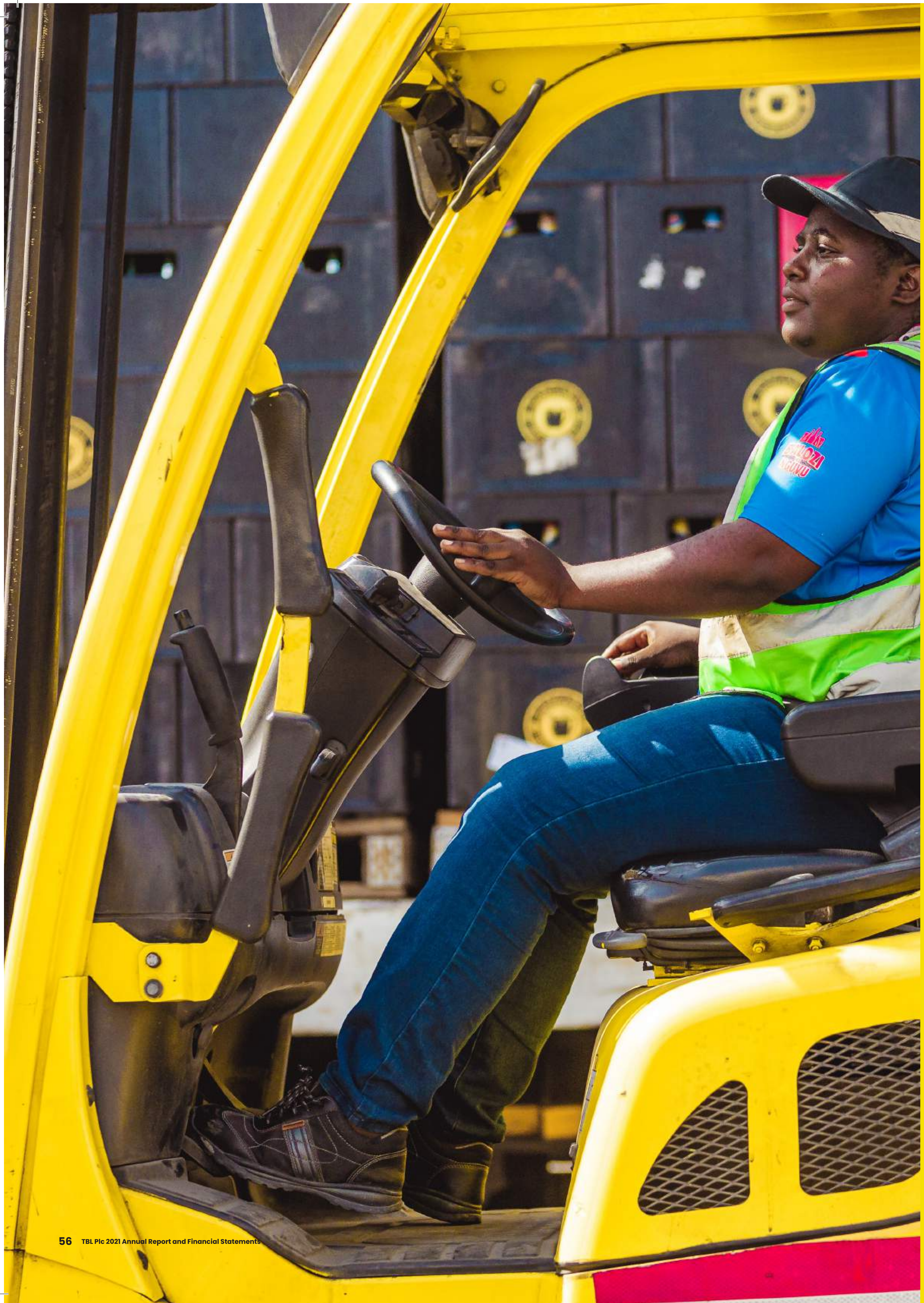
The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No. 12 of 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and results of operations of the Company and Group in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Company or Group will not remain a going concern for at least twelve months from the date of this statement.

Approved by the board of directors on and signed on its behalf by:

Leonard. Mususa
Chairman

12 July 2022



Declaration Of Head Of Finance

For The Year Ended 31 December 2021

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of the Proffessional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing the true and fair view of the entity's financial position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under Statement of directors' responsibilities on an earlier page.

I Jofrey Malkiadi being the Management Accountant representing Group Head of Finance (i.e. Tanzania Breweries Plc) and its subsidiaries (i.e. Tanzania Distilleries Limited, Darbrew Limited and Kibo Breweries Limited) together "the Group", at 31 December 2021 and for the year then ended hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with International Financial Reporting Standards and Companies Act No 12 of 2002.

I thus confirm that the financial statements give a true and fair view of the financial position of the Group and Company as 31 December 2021 and for the year then ended and that that they have been prepared based on properly maintained financial records.

Jofrey Malkiadi

Management Accountant NBAA Membership No: ACPA 3763

12 July 2022

Independent Auditor’s Report

TO THE MEMBERS OF TANZANIA BREWERIES PUBLIC LIMITED COMPANY

Report on the audit of the group and company financial statements

Our Opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanzania Breweries Public Limited Company (the Company) and its subsidiaries, Tanzania Distilleries Limited (TDL), DarBrew Limited and Kibo Breweries Limited (together the Group) as at 31 December 2021, and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

Tanzania Breweries Public Limited Company's Group and Company financial statements as set out on pages 70 to 160 comprise:

- The Group and Company statements of financial position as at 31 December 2021
- The Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- The Group and Company statements of changes in equity for the year then ended.
- The Group and Company statements of cash flows for the year then ended; and
- The notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Group and Company financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the group and company financial statements

Key audit matter	How our audit addressed the Key audit matter
UNRESOLVED TAX MATTERS As described in note 34 of the financial statements, the Company's subsidiary Tanzania Distilleries Limited (TDL) has significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes are dependent on future events. Having considered advice from internal and external experts, the directors have exercised significant judgement that this matter will not crystallise to a significant liability. This is an area of most significance because the assessments could have a significant impact on the results if the exposures were to crystalize. Refer to Note 3 (i) and 34(ii) for further details.	We tested management's process for identification and evaluation of tax exposures from TRA assessments. We examined a list of open tax matters and tax assessments by TRA as at 31 December 2021. We tested the completeness of the list by examining minutes of the board meetings and legal correspondences between the Group and its lawyers and inquired from the Group tax manager. We examined correspondence between Management and the Tanzania Revenue Authority, and the Government. We obtained and assessed advice from management experts that was applied by management to assess the level of provisioning required and the tax objections filed thereon. We reviewed the provisions for tax exposures based on management's own assessment. We have evaluated the reasonableness of the management judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgement applied by directors.

Other information

The directors are responsible for the other information. The other information comprises the report by those charged with governance, statement of directors' responsibilities and declaration of the head of finance (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other information that will be included in the Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read other information that will be included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the Group and Company financial statements

The directors are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report On Other Legal And Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

In respect of the foregoing requirements, we have no matter to report.

Zainab Salome Msimbe,

FCPA-PP

pwc

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

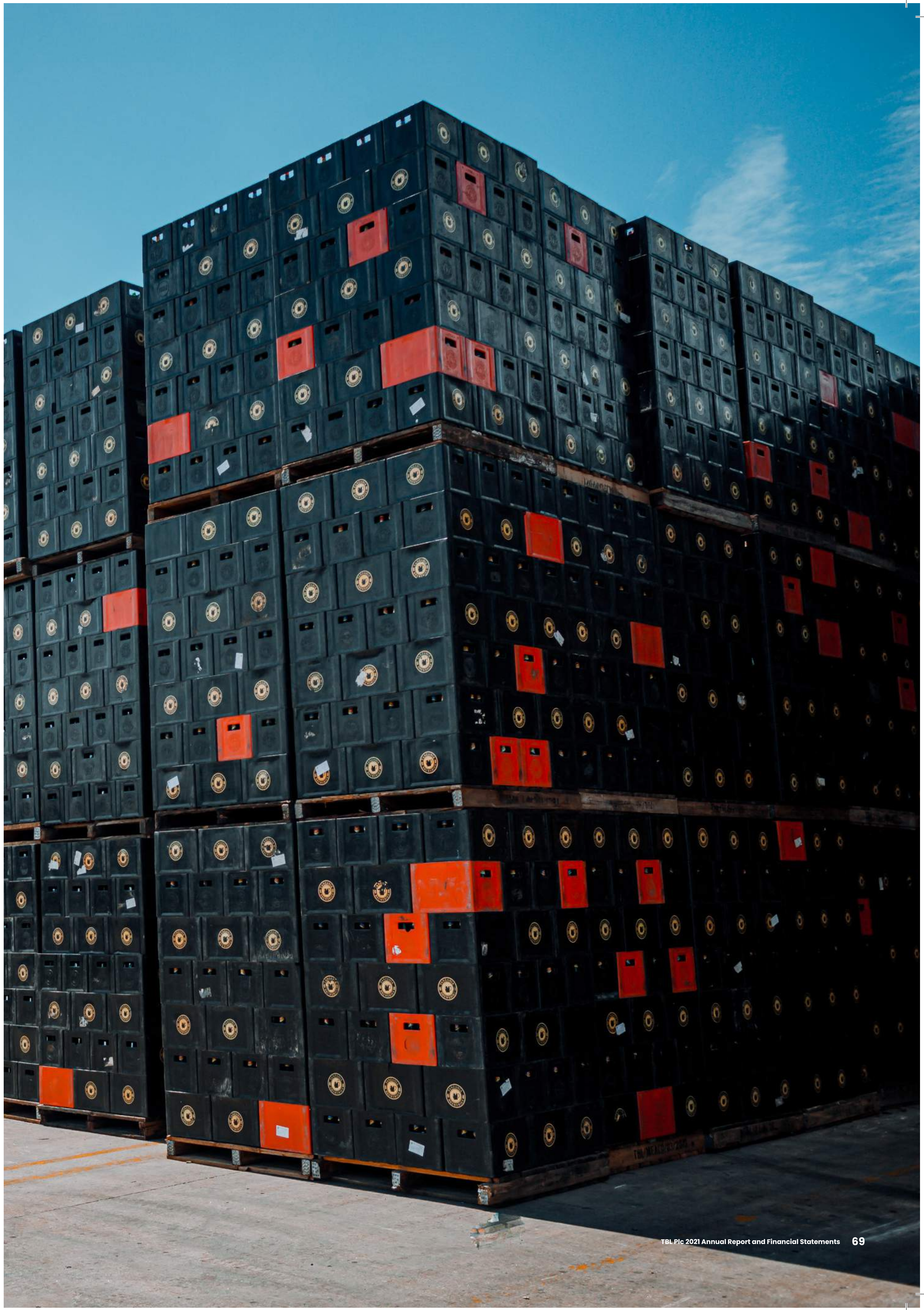
25 July 2022

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement Of Profit Or Loss And Other Comprehensive Income

		Group		Company	
		31-Dec-21	31-Dec-20	**31-Dec-21**	31-Dec-20
	Notes	**TZS'M**	TZS'M	**TZS'M**	TZS'M
Revenue	6	**1,015,447**	961,886	**848,488**	799,206
Cost of sales	7	**(626,510)**	(597,121)	**(510,925)**	(480,909)
Gross Profit		**388,937**	364,765	**337,563**	318,297
Selling and distribution costs	7	**(114,309)**	(131,231)	**(105,359)**	(125,801)
Administrative expenses	7	**(71,516)**	(61,070)	**(70,061)**	(57,833)
Other expenses	9	**(23,938)**	(9,073)	**(6,946)**	(8,750)
Operating Profit		**179,174**	163,391	**155,197**	125,913
Finance income	10	**2,847**	5,797	**2,659**	5,493
Finance cost	10	**(7,761)**	(4,363)	**(8,183)**	(4,603)
Profit before income tax		**174,260**	164,825	**149,673**	126,803
Income tax expense	11	**(39,503)**	(75,739)	**(31,526)**	(64,675)
Profit for the year		**134,757**	89,086	**118,147**	62,128
Attributable to:					
Non-controlling interests		**5,672**	9,280		
Owners of the parent		**129,085**	79,806		
		134,757	89,086		
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on re-measurement of defined benefit plan	28	**108**	53	**101**	42
Deferred tax on re-measurement of defined pension benefit		**(32)**	(16)	**(30)**	(12)
Total comprehensive income		**134,833**	89,123	**118,218**	62,158
Attributable to:					
Non-controlling interests		**5,674**	9,282		
Equity holders of Company		**129,159**	79,841		
		134,833	89,123		
Basic Earnings per share (TZS)	12	**437**	270		
Diluted earnings per share (TZS)	12	**437**	270		



Statement Of Financial Position

	Notes	Group 31-Dec-21 TZS'M	Group 31-Dec-20 TZS'M	Company 31-Dec-21 TZS'M	Company 31-Dec-20 TZS'M
ASSETS					
Non-current assets					
Property, plant and equipment	14	**446,337**	488,349	**414,693**	454,993
Intangible assets	16	**44,745**	43,696	**5,006**	3,957
Right-of-use assets	15(a)	**12,051**	12,540	**9,474**	9,757
Investments	17	**88**	88	**45,108**	45,108
Deferred income tax asset	27(ii)	**11,395**	7,052	**-**	-
		514,616	551,725	**474,281**	513,815
Current assets					
Inventories	19	**122,953**	108,299	**101,691**	92,681
Trade and other receivables	20	**129,395**	92,592	**106,755**	82,602
Restricted bank balance	22	**38,300**	38,300	**38,300**	38,300
Bank and cash balances	21	**224,635**	155,925	**206,806**	122,876
		515,283	395,116	**453,552**	336,459
Total assets		**1,029,899**	946,841	**927,833**	850,274
EQUITY					
Capital and reserves attributable to owners of the parent					
Share capital	23	**29,506**	29,506	**29,506**	29,506
Share premium		**45,346**	45,346	**45,346**	45,346
Retained earnings		**496,911**	442,991	**410,716**	367,737
Other reserves	24	**66,643**	66,643	**66,683**	66,683
		638,406	584,486	**552,251**	509,272
Non-controlling interests	25	**28,823**	23,149	**-**	-
Total equity		**667,229**	607,635	**552,251**	509,272
LIABILITIES					
Non-current liabilities					
Deferred income tax liability	27	**15,471**	36,589	**17,222**	38,340
Lease liability	15	**8,745**	9,377	**6,047**	6,454
Defined pension benefits	28	**1,630**	1,496	**1,560**	1,439
		25,846	47,462	**24,829**	46,233
Current liabilities					
Provisions	29	**26,316**	12,469	**6,646**	7,113
Trade and other payables	30	**297,131**	268,527	**329,050**	275,574
Current income tax payable	31	**7,699**	5,547	**10,258**	7,846
Lease liability	15	**5,678**	5,201	**4,799**	4,236
		336,824	291,744	**350,753**	294,769
Total liabilities		**362,670**	339,206	**375,582**	341,002
Total equity and liabilities		**1,029,899**	946,841	**927,833**	850,274

The financial statements on pages 70 to 160 were approved by the board of directors on 12 July 2022 and signed on its behalf by:

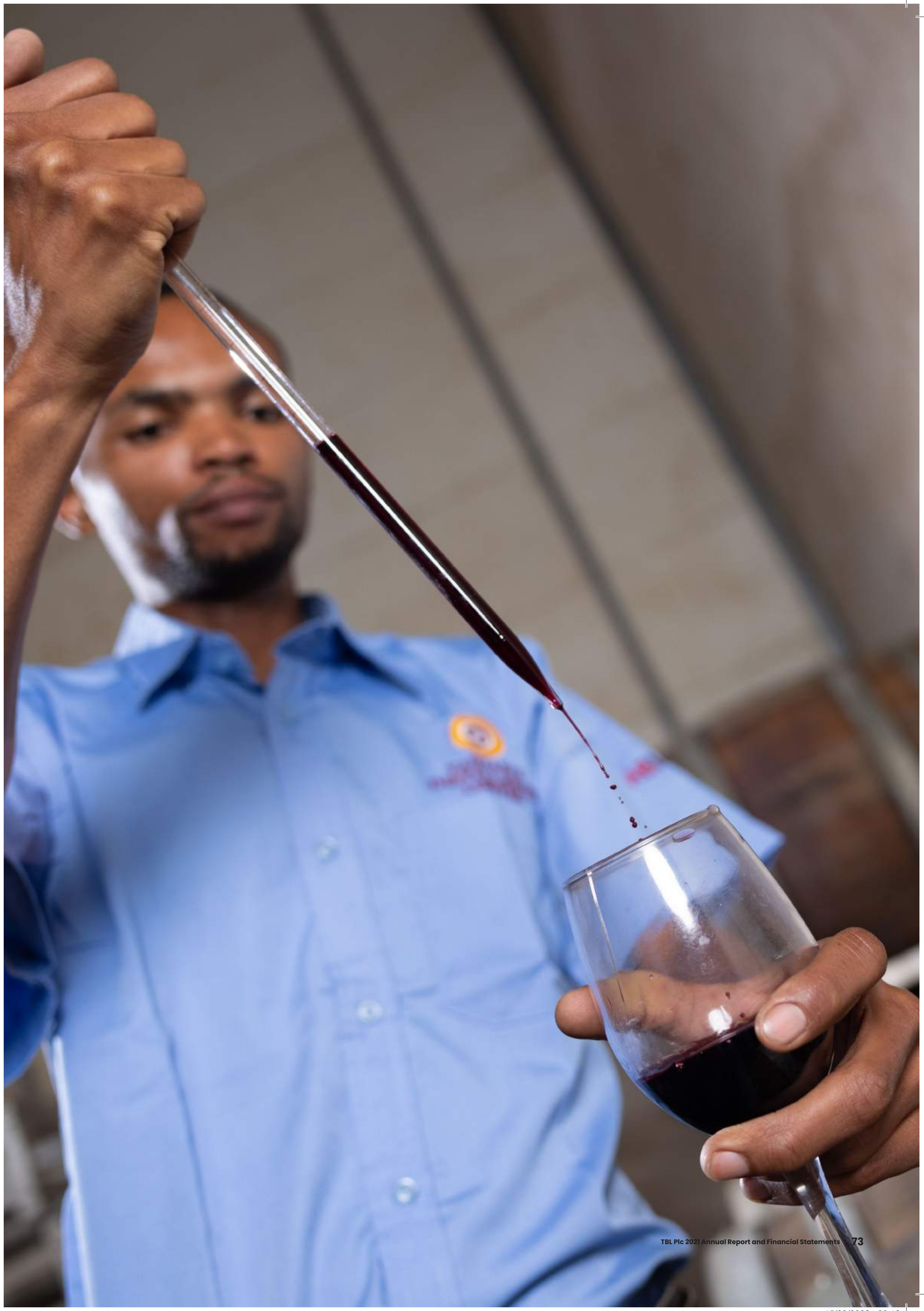
Leonard. Mususa
Chairman

Statement Of Changes in Equity

		Attributable to owners of the parent						
		Share Capital	Share the Premium	Other Reserves	Retained Earnings	Total	Non controlling Interests	Total Equity
GROUP	**Notes**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**
Year ended 31 December 2021:								
Balance at 1 January 2021		**29,506**	**45,346**	**66,643**	**442,991**	**584,486**	**23,149**	**607,635**
Profit for the year		-	-	-	129,085	129,085	5,672	134,757
Other comprehensive income								
Re-measurement of defined benefit plan (net of tax)		-	-	-	74	74	2	76
Total comprehensive income		**-**	**-**	**-**	**129,159**	**129,159**	**5,674**	**134,833**
Transaction with owners								
Dividends declared and paid	13	-	-	-	(75,239)	(75,239)	-	(75,239)
At 31 December 2021		**29,506**	**45,346**	**66,643**	**496,911**	**638,406**	**28,823**	**667,229**
Year ended 31 December 2020:								
Balance at 1 January 2020		**29,506**	**45,346**	**66,643**	**410,359**	**551,854**	**13,867**	**565,721**
Profit for the period		-	-	-	79,806	79,806	9,280	89,086
Other comprehensive income								
Re-measurement of defined benefit plan (net of tax)		-	-	-	35	35	2	37
Total comprehensive income		**-**	**-**	**-**	**79,841**	**79,841**	**9,282**	**89,123**
Transaction with owners								
Dividends declared and paid	13	-	-	-	(47,209)	(47,209)	-	(47,209)
At 31 December 2020		**29,506**	**45,346**	**66,643**	**442,991**	**584,486**	**23,149**	**607,635**
COMPANY								
Year ended 31 December 2021:								
Balance at 1 January 2021		**29,506**	**45,346**	**66,683**	**367,737**	**509,272**		
Profit for the year		-	-	-	118,147	118,147		
Other comprehensive income								
Re-measurement of defined benefit plan (net of tax)		-	-	-	71	71		
Total comprehensive income		**-**	**-**	**-**	**118,804**	**118,804**		
Transaction with owners								
Dividends declared and paid	13	-	-	-	(75,239)	(75,239)		
At 31 December 2021		**29,506**	**45,346**	**66,683**	**410,716**	**552,251**		
Year ended 31 December 2020:								
Balance at 1 January 2020		**29,506**	**45,346**	**66,683**	**352,788**	**494,323**		
Profit for the period		-	-	-	62,128	62,128		
Other comprehensive income								
Re-measurement of defined benefit plan (net of tax)		-	-	-	30	30		
Total comprehensive income		**-**	**-**	**-**	**62,158**	**62,158**		
Transaction with owners								
Dividends declared and paid	13	-	-	-	(47,209)	(47,209)		
At 31 December 2020		**29,506**	**45,346**	**66,683**	**367,737**	**509,272**		

Statement Of Cash Flows

		Group		Company	
		31-Dec-21	31-Dec-20	**31-Dec-21**	31-Dec-20
	Notes	**TZS'M**	TZS'M	**TZS'M**	TZS'M
Cash flows from operating activities					
Cash generated from operations	35(i)	**272,469**	253,451	**270,992**	219,557
Interest paid	35(ii)	**(5,640)**	(4,363)	**(6,757)**	(4,603)
Income tax paid	35(iii)	**(62,844)**	(82,872)	**(50,261)**	(69,596)
Net cash inflow from operating activities		**203,985**	166,216	**213,974**	145,358
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	35(v)	**(53,729)**	(41,189)	**(49,536)**	(39,927)
Interest received	35(iv)	**2,846**	5,797	**2,659**	5,493
Proceeds from disposal of property, plant and equipment		**-**	1,661	**-**	1,661
Net cash used in investing activities		**(50,883)**	(33,731)	**(46,877)**	(32,773)
Cash flows from financing activities					
Dividends paid to owners of the parent	35(vi)	**(75,596)**	(52,966)	**(75,596)**	(52,966)
Payment of lease liability		**(8,589)**	(6,169)	**(7,441)**	(5,680)
Repayment of borrowings		**-**	(1,214)	**-**	(1,146)
Net cash utilised in financing activities		**(84,185)**	(60,349)	**(83,037)**	(59,792)
Net increase in cash and cash equivalents		**68,917**	72,136	**84,060**	52,793
Cash and cash equivalents at beginning of the year		**155,925**	84,360	**122,876**	70,866
Exchange loss on cash and cash equivalent		**(207)**	(571)	**(130)**	(783)
Cash and cash equivalents at the end of the year	21	**224,635**	155,925	**206,806**	122,876



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CHAPTER 11

Notes

1. General Information

Tanzania Breweries Plc is incorporated in the United Republic of Tanzania under the Companies Act as a limited liability Company.

The Company is listed on the Dar es Salaam Stock Exchange and is domiciled in the United Republic of Tanzania. The principal activities of the Company and its subsidiaries are disclosed in the The Report by those charged with Governance. The address of its registered office is:

Uhuru Street,
Mchikichini, Ilala District,
Plot 79, Block "AA",
PO Box 9013,
Dar es Salaam, Tanzania

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

A.

Basis Of Preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Act, No. 12 of 2002 applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The measurement basis applied is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest million.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies.

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

i. New and amended standards adopted by the Group and Company

New standards and amendments that are applicable for the first time for their annual reporting period commencing 1 January 2021, are not significant and material to the Group and Company.

Number	Effective Date	Executive Summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The Group and Company had no concessions relating to the leased assets.
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform	Annual periods beginning on or after 1 January 2021	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. The Group and Company financial instruments are not linked and impacted by the changes in the interest rates. IFRS 16 assessment applied equivalent interest rates given by commercial lending markets.

Significant accounting policies (cont)

ii. New standards that are not yet effective

Number	Effective Date	Executive Summary
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	Annual periods beginning on or after 1 January 2022	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	Annual periods beginning on or after 1 January 2022	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.
Annual improvements cycle 2018 - 2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Number	Effective Date	Executive Summary
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Currently the Group and the Company are assessing the impact of the new interpretations and related disclosures, classifications and related adjustment if any will be considered in the period beginning 2022.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

Significant accounting policies (cont)

B.

Consolidation

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of their shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profit or losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have

been changed where necessary to ensure consistency with the policies adopted by the Group.ii. Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii. Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

C.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The chief operating decision maker has been identified as operating board that makes strategic decisions.

Significant accounting policies (cont)

D.

Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Tanzanian Shillings (TZS), rounded to the nearest million, which is the Group and Company's functional currency.

ii. Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities at the statement of financial position date, which are expressed in foreign currencies, are translated into Tanzania Shillings at rates ruling at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other exchange gain or losses are presented in the profit or loss within other income/expenses.

E.

Property, plant and equipment

All property, plant and equipment is stated at cost, less subsequent depreciation and impairment. Cost includes expenditure directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchase in respect of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over the estimated useful life, as follows:

Land and buildings comprise mainly factories, depots and offices.

Land and buildings	Shorter of the lease term or 50 years
Plant and machinery	10 – 15 years
Containers	5 years
Furniture and equipment	3 – 12 years
Vehicles	4 – 8 years

Containers in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss. Depreciation of returnable bottles and containers is calculated to write the containers off over the course of their economic life. Breakages and losses in trade are written off from the relevant cost and accumulated depreciation accounts.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and, for qualifying assets, certain borrowing costs.

When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Significant accounting policies (cont)

F.

Intangible assets

i. Goodwill

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), less liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of identifiable net assets acquired exceeds the fair value of the consideration, the difference is recorded as negative goodwill. Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment identified is recognised immediately in profit or loss and is not reversed.

ii. Software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring them to use.

Capitalised computer software, license and development costs are amortised over their useful economic lives of between 3 and 5 years.

Internally generated costs associated with maintaining computer software programmes are expensed as incurred.

iii. Brands

Brands are recognized as an intangible asset where the brand has a long-term value. Acquired brands are only recognized where title is clear, or the brand could be sold separately from the rest of the business and the earnings attributable to it are separately identifiable.

The Group considers Brands to have an indefinite life and are therefore, not amortized but tested for impairment on an annual basis. The Group and Company had no brand for the year ended 31 December 2021.

G.

Impairment of non-financial assets

Impairment reviews are performed by comparing the carrying value of the non-current asset to its recoverable amount, being the higher of the fair value less costs to sell and value in use.

The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value in use of the asset is determined by discounting, at a market based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written down by any impairment amount, the loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group or Company estimates the recoverable amount of the cash generating unit (CGU) to which the assets belongs. For the purpose of conducting impairment reviews, CGUs are considered to be groups of assets and liabilities that have separately identifiable cash flows. They also include those assets and liabilities directly involved in producing the income and a suitable proportion of those used to produce more than one income stream.

When impairment is recognised, the impairment loss is applied firstly to reduce the carrying amount of any goodwill allocated to the CGU then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Should circumstances or events change and give rise to a reversal of a previous impairment loss, the reversal is recognised in profit or loss in the period in which it occurs and the carrying value of the asset is increased. The increase in the carrying value of the asset is restricted to the amount that it would have been had the original impairment not occurred. Impairment losses in respect of goodwill are irreversible.

Intangible non-current assets with an indefinite life and goodwill are tested annually for impairment.

H.

Investments in subsidiaries

Investments in subsidiaries are carried at cost. If there is objective evidence that an impairment loss has been incurred on investments in subsidiaries, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income.

I.

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, as follows:

- Raw materials, consumable stores and spares: Purchase cost net of discounts and rebates on a weighted average basis; and
- Finished goods and work in progress: Raw material cost plus direct costs and a proportion of manufacturing overhead expenses.

The purchase costs of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of the materials.

Net realisable value is the estimated selling price in an open market less further costs expected to be incurred to completion and disposal.

Significant accounting policies (cont)

J.

Deposits by customers

Bottles and containers in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay customers' deposit.

Deposits paid by customers for branded returnable containers are reflected in statement of financial position within current liabilities. Any estimated liability that may arise in respect of deposits for containers and bottles is shown in provisions.

K.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore all receivables aging from 0 – 30 days are all classified as current. Trade receivables are recognised initially at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 2(z).

L.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits payable on demand, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on statement of financial position and are included within cash and cash equivalents on the face of the cash flows as they form an integral part of the Group's or Company's cash management.

Restricted cash are not included as part of cash and equivalents.

M.

Share Capital

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, net of tax, from the proceeds.

N.

Investment in own shares

(treasury and shares held by employee benefit trusts)

Shares held by employee share benefit trusts and in treasury are treated as a deduction from equity until the shares are cancelled, reissued or disposed of.

Purchases of such shares are classified in the statement of cash flows as a purchase of own shares for share trust or purchase of own shares for treasury within net cash from financing activities.

Where such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental costs and related tax effects is included in equity attributable to the Company's equity shareholders.

O.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

P.

Trade payables

These amounts represent liabilities for goods and services provided to the Group and Company prior to the end of financial year. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Significant accounting policies (cont)

Q.

Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision.

The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in profit or loss within finance costs.

R.

Income Tax

Income tax expense is the aggregate of the charge in profit or loss in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that the directors consider that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis

S.

Leases

The Group and Company leases warehousing spaces and fleet of vehicles in various parts of the region. Warehouses rental contractual period terms varies according to the warehouses and ranges within 2 – 7 years. Motor vehicles lease rental are for 4 years with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group and Company:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and Company, which does not have recent third party financing, and
- makes adjustments specific to the lease

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of property leases contracts. These terms are used to maximise operational flexibility in terms of managing contracts.

Significant accounting policies (cont)

T.

Employee benefits

i. Bonus plans

The Group and the Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

ii. Defined contribution plan

The Group and Company pay contributions to the National Social Security Fund (NSSF) and Parastatal Pensions Fund (PPF), which are publicly, administered pension plans, on a mandatory basis. These are defined contribution schemes. A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity.

The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's and the Company's contributions are recognised as employee benefit expense when they are due.

iii. Defined pension benefits

The Company introduced a defined benefit plan for selected employees. The plan is a final salary pension plan, which provides benefit of 50% monthly basic salary for each year of service to permanent employees of grades A - FA in the form of a lump sum amount payable on retirement or on the occurrence of any event giving rise to the accrual of that benefit. The level of benefit provided depends on member's length of service and the final salary at retirement. The plan is unfunded and the company meets benefit payment obligations as they fall due.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

U.

Earnings per share

Basic earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year.

Diluted earnings per share represent the profit on ordinary activities after taxation attributable to the equity shareholders of the parent entity, divided by the weighted average number of ordinary shares outstanding during the year, including the weighted average number of ordinary shares held in the Group's and the Company's employee benefit trust during the year, plus the weighted average number of dilutive shares resulting from share options and other potential ordinary shares outstanding during the year.

V.

Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

W.

Revenue recognition

The Group and Company present revenue gross of excise duties because, unlike value added tax, excise is not directly related to the value of sales, it is not recognised as a separate item on invoices, increases in excise duties are not always directly passed on to customers, and the Group and Company cannot reclaim the excise duties where customers do not pay for product received. The Group and Company, therefore, consider excise duties as a cost to the entity and reflect it as a production cost. Consequently, any excise duties that is recovered in the sale price is included in revenue.

Revenue is measured based on the consideration specified in a contract with the customer. The Group and Company recognises revenue when it transfers control over a good or service to a customer.

Revenue from a contract with customers are recognised when the goods are delivered to the customers' premises, and control of the goods have been transferred, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract/sales order, or the group has objective evidence that all criteria for acceptance have been satisfied.

Significant accounting policies (cont)

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods. The effects for discounts that relate to variable consideration resulting from discounts on the price of the products provided to the customers once the customer meets specific volume have been assessed to be immaterial for adjustments.

X.

Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Y.

Financial assets

i. Classification and measurements

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI or FVTPL. The Group classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Contractual cash flow characteristic of the asset: Where the business model is to hold assets to collect contractual cash flows or to

collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, The Company considers whether the contractual cash flows are consistent with the nature of the assets/liabilities and basic lending arrangement i.e Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Trade and other receivables, cash and cash equivalents are subsequently carried at amortised cost, and derivatives are measured at FVTPL.

The SPPI test will be applied to the typical financial assets below

Assets	Characterics	SPPI (Pass/ Fail)
Trade receivables	Receivables from normal trading activities, interest is not normally charged.	Repayment represents payment of the transaction price, which represents the principal amount – Pass
Cash and bank balances	Short- term bank balances	Pass
Derivatives	Arose from foreign exchange forward contracts and futures contracts	Fail

ii. Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Significant accounting policies (cont)

z.

Impairment of financial assets

The Group has trade and other receivables that impairment assessments are subject to the expected credit loss model. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics in the following categories: distribution centres, distributors and others and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the growth domestic product (GDP) of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(aa) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

These include derivatives embedded in host contracts. Such embedded derivatives need not be accounted for separately if the host contract is already fair valued; if it is not considered as a derivative if it was freestanding; or if it can be demonstrated that it is closely related to the host contract.

There are certain currency exemptions which the Group and Company have applied to these rules which limit the need to account for certain potential embedded foreign exchange derivatives, namely where a contract is denominated in the functional currency of either party or in a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place.

For derivatives that have not been designated to a hedging relationship, all fair value movements are recognised immediately in profit or loss.

(ab) Derivative financial instruments – hedge accounting

Financial assets and financial liabilities at fair value through profit or loss include all derivative financial instruments. The derivative instruments used by the Group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise forward foreign exchange contracts and other specific instruments as necessary under the approval of the board. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies. The Group also has derivatives embedded in other contracts primarily cross border foreign currency supply contracts for raw materials.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

In order to qualify for hedge accounting, the group documents at inception, the relationship between the hedged item and the hedging instrument as well as its risk management objectives and strategy for undertaking hedging transactions. The group documents and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period end to ensure that the hedge has remained and will continue to remain highly effective.

The Group designates certain derivatives as either: hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions or commitments (cash flow hedge).

Cash flow hedges

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency and interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the period in which the hedged item affects profit or loss. However, where a forecasted transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability.

3. Critical Accounting Estimates And Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed here:

i. Income tax – Uncertain tax position and tax related contingency

Significant judgment is required in determining the Group's and Company's overall income tax provision or estimated future recovery of income tax losses. There are many transactions and calculations, for which the ultimate tax determination is uncertain. The Company and Group recognise liabilities for anticipated tax audit issues, based on estimates of whether additional taxes will be due.

Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the tax provisions in the periods in which the determination is made. The Group received a number of additional tax assessments from Tanzania Revenue Authority.

Based on the advice from tax expert, the Directors have exercised significant judgement in concluding whether liability will crystalize from the tax assessments.

As disclosed in Note 34 of the financial statements, some of these amounts have not been taken into account by Directors in preparation of the Group and Company financial statements.

ii. Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2 (f). The recoverable amounts of cash-generating units have been determined based on the enterprise value, using the quoted share price at the Dar es Salaam Stock Exchange (DSE), adjusted for net debts.

The fair value less cost to sales clear beer segment as at 31 December 2021 was estimated at TZS 2,935,926 million (December 2020: TZS 2,968,568 million). The recoverable amount calculated based on fair value less cost to sales exceeded carrying value by TZS 2,378,140 million. (December 2020: TZS 2,459,296 million). Refer to note 16 for sensitivity analysis disclosures of the key assumptions used in goodwill impairment assessment of the clear beer segment.

iii. Property, plant and equipment

The determination of the useful economic life and residual values of property, plant and equipment is subject to management estimation. The Group and Company regularly reviews all of its depreciation rates andresidual values to take account of any changes in circumstances, and any changes that could affect prospective depreciation charges and asset carrying value.

iv. Defined pension benefit

The present value of the retirement benefit plan depends on a number of factors that are determined in an actuarial basis using assumptions of discount rate, salary escalation rate, mortality rates, invalidity rates and withdrawal rates.

Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost for pensions include the discount rate. Other key assumptions for pension obligations are based in part on current market conditions.

Refer to note 28 for the risk exposure and sensitivity analysis.

v.Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed to Note 4.1.

vi. Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices and vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group and Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the Group and Company did not exercise the extension option in the accounting for leases.

vii. Impairment of the investment in subsidiaries

As long as the impairment trigger is identified, management performs an impairment testing to determine whether the carrying value as recorded in the financial statements of the Company is reflective of the recoverable amount from the subsidiary through continued operations or sale. In assessing impairment, significant assumptions are applied on estimation of the future cashflows, timing of cashflows and discount rate. Management has assessed that the carrying value of the investment in subsidiaries as at 31 December as recorded in the financial statements is not impaired.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4. Financial Risk Management

4.1.FINANCIAL RISK FACTORS

The Group's and Company's activities expose them to a variety of financial risks including: market risk (including foreign exchange, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. Risks management is carried out by the management on behalf of the Board of Directors.

MARKET RISK

i. Foreign exchange risk

The Group and Company import raw materials, capital equipment and services and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and SA Rand. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies, and foreign exchange deals with banks for near future maturing obligations. To mitigate the foreign currency concentration risk the foreign currency obligations are spread over a period of time thus the Group and Company is able to manage cashflows.

The tables below set out the Group's currency exposures from financial assets and liabilities held by the Group in currencies other than their functional currencies and resulting in exchange movements in profit or loss and statement of financial position.

At 31 December 2021, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2020: 10%) against the US dollar with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TZS 666 million (December 2020: TZS 3,854 million) and the Company's post-tax profit for the year by TZS 497 million (December 2020: TZS 2,769 million), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, trade receivables and

	Exposure in ZAR	Exposure in US$	Exposure in Euro	Exposure in KES	Total exposure
GROUP	**TZS`M**	**TZS`M**	**TZS`M**	**TZS`M**	**TZS`M**
31 December 2021					
Financial assets/(liabilities)					
Cash and cash equivalents	**8,391**	**41,731**	**5,457**	**-**	**55,579**
Trade and other receivables	**-**	**3,912**	**-**	**-**	**3,912**
Trade and other payable	**(5,079)**	**(36,130)**	**(32,733)**	**(3,806)**	**(77,748)**
Net monetary liabilities	**3,312**	**9,513**	**(27,276)**	**(3,806)**	**(18,257)**
31 December 2020					
Financial assets/(liabilities)					
Cash and cash equivalents	3,558	97,025	8,823	-	109,406
Trade and other receivables	-	2,822	-	-	2,822
Trade and other payable	(6,100)	(44,797)	(16,345)	(2,721)	(69,963)
Net monetary liabilities	**(2,542)**	**55,050**	**(7,522)**	**(2,721)**	**42,265**
COMPANY					
31 December 2021					
Financial assets/(liabilities)					
Cash and cash equivalents	**7,896**	**27,836**	**5,423**	**-**	**41,155**
Trade and other receivables	**-**	**257**	**-**	**-**	**257**
Trade and other payable	**(4,280)**	**(20,989)**	**(32,339)**	**(3,806)**	**(61,414)**
Net monetary liabilities	**3,616**	**7,104**	**(26,916)**	**(3,806)**	**(20,002)**
31 December 2020					
Financial assets/(liabilities)					
Cash and cash equivalents	3,248	74,519	5,071	-	82,838
Trade and other receivables	-	2,377	-	-	2,377
Trade and other payable	(6,082)	(37,340)	(16,290)	(2,721)	(62,433)
Net monetary liabilities	**(2,834)**	**39,556**	**(11,219)**	**(2,721)**	**22,782**

trade and other payable.

At 31 December 2021, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2020: 10%) against the Euro with all other variables held constant, Group's post-tax profit for the year would have been higher/lower by TZS 1,999 million (December 2020: TZS 527 million) and Company's post-tax profit for the year by TZS 1,884 million (December 2020: TZS 785 million), mainly as a result of foreign exchange gains/losses on translation of Euro-denominated cash and cash equivalents and trade and other payable.

At 31 December 2021, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2020: 10%) against the SA Rand with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TZS 232 million (December 2020: TZS 178 million) and Company's by TZS 253 million (December 2020: TZS 198 million), mainly as a result of foreign exchange losses/gains on translation of SA Rand-denominated cash and cash equivalents and trade and other payable.

At 31 December 2021, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2020: 10%) against the Kenyan Shillings (KES) with all other variables held constant, Group's post-tax profit for the year would have been higher or lower by TZS 266 million (December 2020: TZS 190 million) and Company's by TZS 266 million (December 2020: TZS 190 million), mainly as a result of foreign exchange losses/gains on translation of KES denominated cash and cash equivalents and trade and other payable.

ii. Cash flow and fair value interest rate risk

The Group's and Company's interest-bearing financial liabilities include its bank overdrafts and term loans, some of which are at a variable rate, and on which it is therefore exposed to cash-flow interest rate risk.

Financial Risk Management (cont)

4.1.FINANCIAL RISK FACTORS (CONT)

The Group and Company regularly monitor financing options available to ensure optimum interest rates are obtained. There was no significant impact on the interest on financial liabilities.

iii. Price risk

The Group and Company exposure to price risk is considered negligible both to the Group and Company.

CREDIT RISK

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and credit exposures to customers, including outstanding receivables. These are carried at amortised costs.

Credit risk is managed by the National Credit Manager. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables and derivatives. The Group or Company has no significant concentrations of credit risk. The National Credit Manager assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The Group and Company has Credit Committee responsible for overseeing credit risks.

The counterparties to the transactions relating to the Group's and Company's cash and cash equivalents are financial institutions with a strong financial standing. The Group manages the risk by banking with financial institutions assessed as financially strong. Management does not believe there is a significant risk of non-performance by these counterparties.

The Group and Company monitor receivables ensuring that all trade receivables are within their approved credit limits and no receivables have had their terms renegotiated.

The Group's and Company's maximum exposure to credit risk (for financial instruments subject to impairment) is made up as follows:

There is no independent credit rating for banks operating in Tanzania. However, the Group and Company's bankers are reputable local banks and subsidiaries of reputable international banks. The Group banks with the following banks:

Stanbic Bank Tanzania Limited, Standard Chartered Bank Tanzania Limited, Citibank Tanzania Limited, National Bank of Commerce Limited, CRDB Bank Plc and NMB Bank Plc.

All major credit customers are required to give collateral in the form of cash deposits or bank guarantees. Credit risk is managed by limiting the aggregate amount of exposure to any counterparty. The guarantees can be called upon if the counter party is in default under the terms of the agreement.

IMPAIRMENT OF FINANCIAL ASSETS

The Group and Company financial assets that are subject to impairment as per IFRS 9 using expected credit loss model. These financial assets include trade and other receivables and cash and cash equivalents.

The Group and Company apply the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared

credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 and the

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Trade and other receivables (excluding prepayments and advances to suppliers)	**110,497**	85,196	**78,569**	71,563
Bank balances (restricted and unrestricted)	**262,935**	194,225	**245,106**	161,176
	373,432	279,421	**323,675**	232,739

corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company have identified the Growth Domestic Product (GDP) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in GDP.

The Group and Company consider default customers with outstanding balances of more than 90 days. For purposes of ECL, loss is based on debts that are outstanding for more than 360 days and the Group exhausted all means of enforcing the payments. The loss rates are based on the historical loss rates of 3 years experiences. On that basis, the loss allowance differential as at 31 December 2021 was determined to be immaterial. Refer to below 31 December 2021 analysis of impairment provision as per IFRS 9.

Collateral held comprises:	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Cash security	**35,546**	36,863	**27,038**	29,529
Bank guarantees and share certificates	**31,785**	38,999	**31,065**	37,979
	67,331	75,862	**58,103**	67,508

Financial Risk Management (cont)

4.1.FINANCIAL RISK FACTORS (CONT)

GROUP

December 31, 2021	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 360 days	Over 360	Total
Trade receivables	78,844	4,358	355	487	1,475	41,180	126,699
Related parties trade receivable	135	-	-	-	-	-	135
Loss rates	0.8%	8.3%	22.8%	39.0%	68.3%	98.4%	
Loss allowances	**631**	**362**	**81**	**190**	**1,007**	**40,521**	**42,792**
December 31, 2020							
Trade receivables	72,768	123	350	938	429	39,044	113,652
Loss rates	0.8%	8.3%	22.8%	39.0%	68.3%	98.4%	
Loss allowances	**582**	**10**	**80**	**366**	**293**	**38,419**	**39,750**

COMPANY

December 31, 2021	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 360 days	Over 360	Total
Trade receivables	70,752	2,605	345	596	1,403	8,442	84,143
Related parties trade receivable	135	-	-	-	-	-	135
Loss rates	0.5%	7.0%	23.7%	40.3%	69.6%	98.4%	
Loss allowances	**354**	**182**	**82**	**240**	**976**	**8,307**	**10,141**
December 31, 2020							
Trade receivables	64,834	116	350	936	367	6,646	73,249
Loss rates	0.5%	7%	24%	40.3%	69.6%	98.4%	
Loss allowances	**324**	**8**	**83**	**377**	**256**	**6,540**	**7,588**

However, the Group and Company determined impairment provision based on ageing profile of its trade receivables with impairment provision considered for balances outstanding for more than 90 days, considering the securities and guarantee placed with the Group and Company. Had the Group and Company consider shares and guarantee the impaired would be TZS 39,761 million and TZS 8,142 million. The individually impaired receivables mainly relate to sale of goods and other receivables. It was assessed that a portion of the receivables is expected to be recovered.

Financial Risk Management (cont)

4.1.FINANCIAL RISK FACTORS (CONT)

The factors that were considered in assessing impairment for each customer's balance individually include:

(a) financial difficulties of a customer based on information obtained by the Credit controller;

(b) balances not paid for more than 90 days

(c) the impact of the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Below are balances impaired based on the above factors;

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Trade and other receivables	**40,494**	42,978	**12,896**	9,072
Related party receivables	**-**	-	**35,005**	35,005
Movements during the year: Trade receivable (release)	**229**	(2,484)	**286**	3,824
Net carrying amount	**40,723**	40,494	**48,187**	47,901

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the customer to meet the agreed payment plans and severe financial difficulties faced by the customer. This assessment is performed on a case by case basis.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below shows the availability of funding for the Group from banks and their related utilisation at the statement of financial position dates.

	Group				Group			
	Dec 2021		Dec 2020		Dec 2021		Dec 2020	
	TZS'M		TZS'M		TZS'M		TZS'M	
Name of Bank	**Credit Limit**	Utilised	Credit Limit	Utilised	Credit Limit	Utilised	Credit Limit	Utilised
Stanbic Bank Tanzania								
Overdraft facility	**-**	-	-	-	30,000	-	30,000	-
FX spot facility– USD 2,500,000	**-**	-	-	-	5,500	-	5,500	-
Standard Chartered Bank Tanzania Limited								
Short terms loan/overdraft	**18,000**	-	18,000	1,146	**18,000**	-	18,000	1,146

Treasury is under discussion with the other Banks to renew the expired facilities.

The table below analyses the Group's non derivative financial liabilities and derivative financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Financial Risk Management (cont)

4.1.FINANCIAL RISK FACTORS (CONT)

	Group		Company	
	Within 1 year	Between 2 and 5 years	Within 1 year	Between 2 and 5 years
December 31, 2021	TZS'M	TZS'M	TZS'M	TZS'M
Non-derivative financial liabilities				
Trade and other payable (excluding statutory and other non-financial liabilities)	**259,617**	**-**	**294,891**	**-**
Lease liabilities	**5,678**	**10,139**	**4,799**	**7,973**
	265,295	**10,139**	**299,690**	**7,973**
Forward contracts – exchange rates	**563**	**-**	**563**	**-**
Financial guarantee	**100**	**-**	**100**	**-**
December 31, 2020				
Non-derivative financial liabilities				
Trade and other payable	234,909	-	245,960	-
Lease liabilities	5,201	10,773	4,236	8,381
	240,110	**10,773**	**250,196**	**8,381**
Financial guarantee	**100**	**-**	**100**	**-**

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CHAPTER 11

4.2. CAPITAL MANAGEMENT

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new capital or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During the year ended 31 December 2021 the Group's and Company's strategy, which was unchanged from the prior year, was to maintain a gearing ratio of below 150%. The gearing ratios at 31 December 2021 and 2020 were as follows:

Group	**Note**	**Dec-21**	**Dec-20**
		TZS'M	**TZS'M**
Total borrowings		**-**	-
Less: cash at bank and in hand	21	**(224,635)**	(155,925)
Net debt		**-**	-
Total equity		**638,406**	607,635
Total capital		**413,771**	451,710
Gearing ratio		**0%**	0%

Company			
Total borrowings		**-**	-
Less: cash at bank and in hand	21	**(206,806)**	(122,876)
Net debt		**-**	-
Total equity		**552,251**	509,272
Total capital		**345,445**	386,396
Gearing ratio		**0%**	0%

Financial Risk Management (cont)

4.3. FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period.
- Level 2 - The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The Group and Company had no financial assets and liabilities that are measured at fair value at 31 December 2021.

The carrying value of trade receivables less impairment provision, borrowings and payables are assumed to approximate their fair value.as the impact is not significant as this are short-term.

GROUP	2021		2020	
31-Dec	**Total fair values**	**Total carrying value**	**Total fair values**	**Total carrying value**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
Trade and other receivables	**110,497**	**110,497**	85,196	85,196
Bank balances (restricted and unrestricted)	**262,935**	**262,935**	194,225	194,225
Total Assets	**373,432**	**373,432**	279,421	279,421
Trade and other payables	**265,061**	**265,061**	232,053	232,053
Lease liabilities	**14,422**	**14,422**	14,578	14,578
	279,483	**279,483**	246,631	246,631
COMPANY				
31-Dec				
Trade and other receivables	**84,243**	**84,243**	68,013	68,013
Bank balances (restricted and unrestricted)	**245,106**	**245,106**	161,176	161,176
Total Assets	**329,349**	**329,349**	229,189	229,189
Trade and other payables	**296,152**	**296,152**	240,624	240,624
Lease liabilities	**10,845**	**10,845**	10,690	10,690
	306,997	**306,997**	251,314	251,314

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuation technique maximises the use of observable market data where it is available and rely as little as possible on the Group and Company's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of forward foreign exchange contracts is determined using forward exchange rates (unobservable inputs) at the statement of financial position date, with the resulting value discounted back to present value.

There were no transfers between levels during the year.

5. Business Segments Information

The operating board have determined the operating segments based on reports reviewed by the board of directors that are used to make strategic decisions.The operating board of directors considers the business from market and product perspectives. Market wise, management considers the main lines through which the Group derives its revenue.

The Group is currently organised into two main operating divisions; – Beer and Wines and Spirits. The results of the opaque and asset management entity are immaterial hence have also been aggregated as part of the beer segment. The segment information provided by management for the reportable segments for the year ended 31 December 2021 and 31 December 2020 is as follows:

Segmental statement of profit or loss	**Beer**	**Wines & Spirits**	**(Eliminations)/ Consolidation**	**Total Group**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
December 2021				
Revenue				
Local	848,118	140,110	-	**988,228**
Exports	370	26,849	-	**27,219**
Total revenue from external customers	848,488	166,959	-	**1,015,447**
Operating profit	154,782	24,392	-	**179,174**
Finance income/(cost) (net)	(5,524)	610	-	**(4,914)**
Profit before tax	149,258	25,002	-	**174,260**
Income tax expense	31,525	7,978	-	**39,503**
Profit for the period	117,733	17,024	-	**134,757**
Depreciation, amortisation and breakages	**95,174**	**3,733**	-	98,908
Employee benefit	**51,815**	**4,558**	-	56,373
Excise duty	**222,550**	**43,978**	-	266,528
Raw material used	**201,428**	**66,213**	-	267,641

Segment assets, liabilities and capital expenditure	**Beer**	**Wines & Spirits**	**(Eliminations)/ Consolidation**	**Total Group**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
December 2021				
Assets				
Investments	45,108	-	(45,020)	**88**
Other non-curren assets	434,407	40,491	39,630	**514,528**
Current assets	456,908	138,770	(80,395)	**515,283**
	936,423	**179,261**	**(85,785)**	**1,029,899**
Liabilities and equity				
Current liabilities	352,878	64,341	(80,395)	**336,824**
Non-current liabilities	23,081	2765	-	**25,846**
Owner's equity	565,525	112,155	(39,274)	**638,406**
Non-controlling interest	(10,451)	-	42,874	**28,823**
	931,033	**179,261**	**-80,395**	**1,029,899**
Capital expenditure				
December 2021				
Property, plant and equipment	**49,536**	**4,193**	-	**53,729**
Statement of cash flows				
Dec-21				
Operation activities	215,077	(9,285)	(1,807)	203,985
Investing activities	(47,869)	(4,821)	1,087	(50,883)
Financial activities	(83,148)	(1,037)	-	84,185
Net decrease in cash and cash equivalents	84,060	(15,143)	-	68,917
Cash and cash equivalents at the beginning of the period	122,981	32,944		155,925
Exchange loss on cash and cash equivalent	(130)	(77)	-	(207)
Cash and cash equivalents at the end of the period	**206,911**	**17,724**	-	**224,635**

Business Segments Information(cont)

Segmental statement of profit or loss	Beer	Wines & Spirits	(Eliminations)/consolidation	Total Group
	TZS'M	TZS'M	TZS'M	TZS'M
December 2020				
Revenue				
Local	798,949	141,192	-	**940,141**
Exports	257	21,488	-	**21,745**
Total revenue from external customers	799,206	162,680	-	**961,886**
Operating profit	125,163	38,228	-	**163,391**
Finance income (net)	835	599	-	**1,434**
Profit before tax	125,998	38,827	-	**164,825**
Income tax expense	(64,675)	(11,064)	-	**(75,739)**
Profit for the period	**61,323**	**27,763**	-	**89,086**
Depreciation, amortisation and breakages	91,581	4,835	-	**96,416**
Employee benefit	59,208	3,513	-	**62,721**
Excise duty	211,904	43,737	-	**255,641**
Raw material used	178,935	66,377	-	**245,313**

Segment assets, liabilities and capital expenditure	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2020	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**
Assets				
Investments	45,108	-	(45,020)	88
Other non-current assets	474,783	37,224	39,630	551,637
Current assets	332,924	101,638	(39,446)	395,116
	852,815	**138,862**	**(44,836)**	**946,841**
Liabilities and equity				
Current liabilities	290,829	40,361	(39,446)	291,744
Non-current liabilities	44,539	2,923	-	47,462
Owner's equity	522,222	95,578	(33,314)	584,486
Non-controlling interest	(10,165)	-	33,314	23,149
	847,425	**138,862**	**(39,446)**	**946,841**
Capital expenditure				
December 2020				
Property, plant and equipment	38,456	1,261	-	39,717

Statement of cash flow	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
Dec-20	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**
Operating activities	132,889	31,692	1,635	166,216
Investing activities	(32,470)	374	(1,635)	(33,731)
Financing activities	(59,791)	(558)	-	(60,349)
Net decrease in cash and cash equivalents	**40,628**	**31,508**	**-**	**72,136**
Cash and cash equivalents at the beginning of the period	83,136	1,224		84,360
Exchange gain/loss on cash and cash equivalent	(783)	212	-	(571)
Cash and cash equivalents at the end of the period	**122,981**	**32,944**	**-**	**155,925**

The elimination relates to management fees from its subsidiary, Tanzania Distilleries Limited. There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Group's and Company's revenues.

6. Revenue

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
Sale of goods – Local	**988,228**	940,141	**848,118**	798,949
Sale of goods – Export	**27,219**	21,745	**370**	257
	1,015,447	961,886	**848,488**	799,206

- Segment revenue is disclosed to Note 5.
- Trade receivables from contract with customers are disclosed to Note 20.
- All revenue is recognised at a point in time

7. Expenses By Nature

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
Excise duty	**266,528**	255,641	**222,550**	211,904
Raw materials used	**246,539**	225,553	**185,135**	164,074
Electronic Tax stamp	**21,409**	19,760	**16,331**	14,862
Transport and vehicle running costs	**30,261**	37,149	**27,525**	33,925
Depreciation, amortisation and breakages of container	**98,908**	96,415	**93,512**	92,441
Royalties	**13,094**	11,214	**13,094**	11,214
Impairment loss – receivables	**229**	562	**286**	509
Employee benefits expense (Note 8)	**56,373**	62,721	**51,814**	59,208
Advertising and promotion costs	**18,201**	23,027	**16,916**	21,881
Operating lease rentals	**239**	2,108	**598**	2,144
Other operating costs	**23,599**	14,929	**22,996**	13,048
Maintenance	**10,171**	11,785	**8,915**	10,886
Managerial, technical and administrative fees	**26,323**	28,097	**26,323**	28,097
Auditors' remuneration - audit services	**461**	461	**350**	350
	812,335	789,422	**686,345**	664,543
Classified as follows:				
Cost of sales	**626,510**	597,121	**510,925**	480,909
Selling and distribution costs	**114,309**	131,231	**105,359**	125,801
Administrative expenses	**71,516**	61,070	**70,061**	57,833
	812,335	789,422	**686,345**	664,543

8. Employee Benefits Expense

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Wages, salaries and other benefits	**52,595**	60,066	**48,496**	56,911
Retirement benefit costs (defined contribution plans)	**3,537**	3,039	**3,096**	2,689
Definedbenefit plan (Note 28)	**241**	(384)	**222**	(392)
	56,373	62,721	**51,814**	59,208

9. Other Expenses

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Loss)/gain on disposal of property, plant and equipment	**(63)**	189	**(63)**	189
Foreign exchange (loss)/gain	**738**	(5,654)	**(496)**	(4,921)
Sundry expenses	**(18,136)**	(1,243)	**(2,939)**	(1,678)
Impairment provision – Plant and equipment	**(5,001)**	**(2,365)**	**(3,448)**	**(2,340)**
	(23,938)	(9,073)	**(6,946)**	(8,750)

10. Finance Income and Costs

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	**Dec 2020**
	TZS'M	TZS'M	**TZS'M**	TZS'M
Finance income				
Interest income on bank balances and fixed deposit	**2,847**	5,797	**2,659**	5,493
Finance costs				
Foreign exchange loss	**(2,121)**	-	**(1,426)**	–
Interest expense on borrowings	**(2,216)**	(957)	**(2,213)**	(490)
Interest expenses on lease liability	**(2,809)**	(3,406)	**(2,121)**	(2,478)
Interest expenses on current account with subsidiaries	**(615)**	-	**(2,423)**	(1,635)
	(7,761)	(4,363)	**(8,183)**	(4,603)

11. Income Tax Expense

	Group			
	Dec 2021	Dec 2020	**Dec 2021**	**Dec 2020**
	TZS'M	TZS'M	**TZS'M**	TZS'M
Current income tax (Note 31)				
- Current tax on profit for the year	**65,992**	58,802	**53,718**	47,153
- Adjustments in respect of prior years	**(996)**	16,702	**(1,045)**	16,649
Deferred income tax (Note 27)				
- Current year charge on profit for the year	**(9,672)**	(2,648)	**(5,374)**	(2,656)
- Adjustments in respect of prior years	**(15,821)**	2,883	**(15,773)**	3,529
Income tax expense	**39,503**	75,739	**31,526**	64,675

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Profit before income tax	**174,260**	164,825	**149,673**	126,803
Tax calculated at a rate of 30%	**52,278**	49,448	**44,902**	38,041
Expenses not allowable for tax purposes	**3,917**	6,360	**3,442**	6,456
Adjustment to tax in respect of prior periods	**(16,817)**	19,585	**(16,818)**	20,178
Deferred tax asset not recognised (Darbrew)	**125**	346	**-**	-
Income tax expense	**39,503**	75,739	**31,526**	64,675

12. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

GROUP	**Dec 2021**	**Dec 2020**
Net profit attributable to ordinary shareholders (TZS'000)	**129,085,000**	79,806,000
Outstanding shares in issue (000's) [Note 23]	**295,056**	295,056
Basic earnings per share (TZS per share)	**437**	270

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Dec 2021	**Dec 2020**
Net profit attributable to ordinary shareholders (TZS'000)	**129,085,000**	79,806,000
Weighted average number of shares for diluted earnings per share (000's)	**295,056**	295,056
Diluted earnings per share (TZS per share)	**437**	270

13. Dividends

	Company	Non-controlling interest	Group	Dividend Per share
December 2021	**TZS'M**	**TZS'M**	**TZS'M**	**TZS/SHARE**
Dividend declared and paid	(75,239)	-	(75,239)	255

Dividend of TZS 255 per share amounting to TZS 75,239 million was approved by the board of directors of the Company for the year ended 31 December 2021 and TZS 75,596 million paid during the year. Unpaid dividend as at 31 December 2021 amounted to TZS 7,049 million.

	Company	Non-controlling interest	Group	Dividend Per share
December 2021	**TZS'M**	**TZS'M**	**TZS'M**	**TZS/SHARE**
Dividend declared and paid	(47,209)	-	(47,209)	160

Dividend of TZS 160 per share amounting to TZS 47,209 million was approved by the board of directors of the Company for the year ended 31 December 2020 and TZS 52,966 million paid during the year. Unpaid dividend as at 31 December 2020 amounted to TZS 7,406 million.

14. Property, Plant and Equipment

	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**	**TZS'M**
Year ended 31 December 2021							
Opening net book value	**56,754**	**338,525**	**29,222**	**8,179**	**40,753**	**14,916**	**488,349**
Additions	-	-	-	-	-	51,299	51,299
Transfers	4,051	20,062	3,067	1,728	19,269	(48,177)	-
Disposal	-	-	-	(63)	-	-	(63)
Impairments	-	(4,008)	-	-	-	(993)	(5,001)
Container breakages and write- down	-	-	-	-	(6,794)	-	(6,794)
Depreciation charge	(4,487)	(44,605)	(7,469)	(2,288)	(22,604)	-	(81,453)
Closing net book value	**56,318**	**309,974**	**24,820**	**7,556**	**30,624**	**17,045**	**446,337**
At 31 December 2021							
Cost	115,124	729,856	110,675	41,940	174,746	17,045	1,189,386
Accumulated depreciation	(58,806)	(419,882)	(85,855)	(34,384)	(144,122)	-	(743,049)
Net book value	**56,318**	**309,974**	**24,820**	**7,556**	**30,624**	**17,045**	**446,337**

The Group's buildings, plant and machinery were not offered as securities against borrowings/facilities as stated in Note 26 to the financial statements. (Dec 2020: TZS 131,375 million were secured)

Container breakages and write-dow

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP	**TZS'M**	**TZS'M**	**TZS'M**	**TZS' M**	**TZS'M**	**TZS'M**	**TZS'M**
Year ended 31 December 2020							
Opening net book value	**60,985**	**364,105**	**26,552**	**9,140**	**53,698**	**27,734**	**542,214**
Additions	-	-	-	-	-	38,782	38,782
Transfers	845	18,358	9,813	1,501	21,083	(51,600)	-
Disposals	-	-	-	-	(1,472)	-	(1,472)
Impairment	(333)	(1,778)	(254)	-	-	-	(2,365)
Container breakages and write-down	-	-	-	-	(6,474)	-	(6,474)
Depreciation charge	(4,743)	(42,160)	(6,889)	(2,462)	(26,082)	-	(82,336)
Closing net book value	**56,754**	**338,525**	**29,222**	**8,179**	**40,753**	**14,916**	**488,349**
At 31 December 2020							
Cost	111,073	713,801	107,608	40,274	155,477	14,916	1,143,149
Accumulated depreciation	(54,319)	(375,276)	(78,386)	(32,095)	(114,724)	-	(654,800)
Net book value	**56,754**	**338,525**	**29,222**	**8,179**	**40,753**	**14,916**	**488,349**

The capital work in progress amount mainly relates to the on-going capital projects for expansion of production facilities of the Company and its subsidiaries which are being undertaken in Dar es Salaam plants.

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

Property, Plant and Equipment (cont)

COMPANY	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M
Year ended 31 DECEMBER 2021							
Opening net book value	**49,682**	**323,861**	**26,660**	**7,918**	**39,618**	**7,254**	**454,993**
Additions	-	-	-	-	-	47,106	47,106
Transfers	1,904	17,578	2,724	1,593	19,269	(43,068)	-
Impairments	-	(3,448)	-	-	-	-	(3,448)
Disposal	-	-	-	(63)	-	-	(63)
Container breakages and write-down	-	-	-	-	(6,794)	-	(6,794)
Depreciation charge	(4,096)	(41,285)	(6,944)	(2,172)	(22,604)	-	(77,101)
Closing net book value	**47,490**	**296,706**	**22,440**	**7,276**	**29,489**	**11,292**	**414,693**
At 31 DECEMBER 2021							
Cost	102,120	701,731	102,113	31,407	165,144	11,292	1,113,806
Accumulated depreciation	(54,630)	(405,025)	(79,673)	(24,131)	(135,655)	-	(699,113)
Net book value	**47,490**	**296,706**	**22,440**	**7,276**	**29,489**	**11,292**	**414,693**

The Company's buildings, plant and machinery have not been secured against borrowings (Dec 2020: TZS 128,250 million were secured)

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

COMPANY	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M	TZS'M
Year ended 31 December 2020							
Opening net book value	53,485	347,516	23,287	8,411	52,564	21,334	506,597
Additions	-	-	-	-	-	37,520	37,520
Transfers	846	18,358	9,813	1,501	21,082	(51,600)	-
Imparement	(334)	(1,753)	(253)	-	-	-	(2,340)
Disposals	-	-	(1,472)	-	(1,472)		(1,472)
Container breakages and write-offs	-	-	-	-	(6,474)	-	(6,474)
Depreciation charge	(4,315)	(40,260)	(6,187)	(1,994)	(26,082)	-	(78,838)
Closing net book value	**49,682**	**323,861**	**26,660**	**7,918**	**39,618**	**7,254**	**454,993**
At 31 December 2020							
Cost	100,215	687,601	99,389	29,877	152,669	7,254	1,077,005
Accumulated depreciation	(50,533)	(363,740)	(72,729)	(21,959)	(113,051)	-	(622,012)
Net book value	**49,682**	**323,861**	**26,660**	**7,918**	**39,618**	**7,254**	**454,993**

Container breakages and write-down

Container breakages and write down relates to actual value of containers that were damaged in use and an estimate of containers damaged while in customers' hands.

15. Right of use of assets

a. Amount recognized in the balance sheet

RIGHT OF USE OF ASSETS	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
Motor vehicles	**8,601**	6,558	**8,315**	6,042
Buildings	**2,675**	4,715	**384**	2,448
Other equipment	**775**	1,267	**775**	1,267
	12,051	12,540	**9,474**	9,757
LEASE LIABILITY				
Current	**5,678**	5,201	**4,799**	4,236
Non-current	**8,745**	9,377	**6,047**	6,454
	14,423	14,578	**10,846**	10,690

b. Amount recognized in the statement of profit or loss

Depreciation charge on Right-out-use asset				
Motor vehicles	**5,616**	3,750	**5,107**	3,345
Buildings	**3,199**	1,767	**2,665**	1,306
Other equipment	**464**	43	**464**	433
	9,279	5,560	**8,236**	5,084
Interest expense on lease liability				
Interest expense	**2,809**	3,406	**2,121**	2,478

16. Intangible Assets

	Group		Company	
	Goodwill	Software	Total	Software
	TZS'M	TZS'M	TZS'M	TZS'M
Year ended 31 December 2021				
Opening net book value	39,630	4,066	43,696	3,957
Additions	-	2,430	2,430	2,430
Amortisation charge	-	(1,381)	(1,381)	(1,381)
Closing net book value	39,630	5,115	44,745	5,006
At 31 December 2021				
Cost	39,630	19,211	58,841	18,480
Accumulated amortisation	-	(14,096)	(14,096)	(13,474)
Net book value	39,630	5,115	44,745	5,006
Year ended 31 December 2020				
Opening net book value	39,630	3,704	43,334	3,595
Additions	-	2,407	2,407	2,407
Amortisation charge	-	(2,045)	(2,045)	(2,045)
Closing net book value	39,630	4,066	43,696	3,957
At 31 December 2020				
Cost	39,630	16,781	56,411	16,050
Accumulated amortisation	-	(12,715)	(12,715)	(12,093)
	39,630	4,066	43,696	3,957

Intangible Assets (cont)

Goodwill represents expected synergies from different beverage categories. The carrying amounts of the intangible assets approximate their recoverable amounts. The recoverable amount of all CGUs has been determined based on enterprise value using the quoted share price, adjusted for net debt and minorities. Allocation of recoverable value to clear beer segment was based on the volume contribution

At a market share price of TZS 10,900 (December 2020: TZS 10,900), the recoverable amount calculated based on value in use exceeded carrying value by TZS 2,378,140 million. (December 2020: TZS 2,459,296 million).

Sensitivity analysis:

Below is the impact of changes in key assumptions used in determining value in use of the goodwill for the clear beer segment.

	% change (-/+)	Impact to value in use	Impact to value in use
		31 Dec 2021	31-Dec-20
Factors Applied		TZS'M	TZS'M
Share price based on block trading arrangement		2,057,535	2,057,535
Volume contribution	10%	(293,593)	(229,236)
Changes in net debt	10%	23,419	19,423
Impact on net assets	10%	55,779	50,927

17. Investments

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
(a) Investment in subsidiaries				
Kibo Breweries Ltd	-	-	**42,414**	42,414
Darbrew Limited	-	-	-	-
Tanzania Distilleries Ltd	-	-	**2,606**	2,606
	-		**45,020**	45,020
(b) Other equity investments				
Mountainside Farms Limited	**88**	88	**88**	88
	88	88	**45,108**	45,108

Other equity investments relate to a 4% shareholding in Mountainside Farms Limited.

Set out below are the Company's principal subsidiaries at 31 December 2021. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the Company and the proportion of ownership interests held equals to the voting rights held by Company. The country of incorporation is also their principal place of business.

Name of undertaking	Nature of business	Country of incorporation	% of ownership held by NCI		% of ownership held by Company	
			Dec- 2021	Dec- 2020	Dec- 2021	Dec- 2020
Tanzania Distilleries Limited	Manufacturer of spirituous liquor	Tanzania	35%	35%	65%	65%
Darbrew Limited	Manufacturer of Opaque beer	Tanzania	40%	40%	60%	60%
Kibo Breweries Limited	Rental of assets to related parties	Tanzania	-	-	100%	100%

Set out below is the summarised financial information for each of the two subsidiaries, Tanzania Distilleries Limited and DarBrew Limited. Kibo Breweries Limitedis an immaterial to the group.

Investments (cont)

Summarised statement of financial position

	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Current				
Assets	**138,770**	101,638	**929**	929
Liabilities	**(67,106)**	(40,361)	**(33,394)**	(33,976)
Total net current assets/(liabilities)	**71,664**	61,277	**(32,465)**	(33,047)
Non-Current				
Assets	**40,491**	37,224	**3,626**	4,434
Liabilities	**-**	(2,923)	**-**	-
Total non - current net assets	**40,491**	34,301	**3,626**	4,434
Net assets/(liabilities)	**112,155**	95,578	**(29,389)**	(28,613)

Summarised statements of profit or loss and other comprehensive income:

	Tanzania Distilleries Limited		Darbrew Limited	
	31- Dec 2021	**31- Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
Revenue	**166,959**	162,680	**-**	-
Profit/(loss) before income tax	**25,002**	38,827	**(716)**	(1,094)
Income tax expense	**(7,978)**	(11,064)	**-**	-
Profit/(loss) after tax	**17,024**	27,763	**(716)**	(1,094)
Other comprehensive income				
Re-measurement loss on defined benefit	**5**	7	**-**	-
Total comprehensive income for the year	**17,029**	27,770	**(716)**	(1,094)
Allocated to Non- controlling interest	**5,960**	9,720	**(286)**	(438)

Summarised statement of cash flows

	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2021	**Dec 2020**	**Dec 2021**	**Dec 2020**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
Net cash cash used operations	**(9,285)**	31,143	**41**	138
Net cash used in investing activities	**(4,821)**	366	**-**	-
Net cash used in financing activities	**(1,037)**		**-**	-
Net cash (decrease)/increase in cash and cash equivalents	**(15,143)**	31,509	**106**	138
Cash and cash equivalents at start of the year	**32,944**	1,224	**-**	(32)
Exchange loss on cash and cash equivalents	**(77)**	211	**-**	-
Cash and cash equivalents at end of the year	**17,724**	32,944	**147**	106

18. Derivative Financial Instruments

Embedded derivatives

The embedded derivatives arise from the future contracts for supply of raw materials. These are forward foreign exchange that are embedded in the suppliers' contracts. The fair value of embedded derivatixves

represents the present value of the cash flows which would have occurred if the rights and obligations arising from those derivatives were closed out in an orderly market place transaction at year end. The notional principal amounts of the outstanding forward contracts for supply of raw materials at 31 December 2021 amounted to TZS 562 million (Dec 2020: NIL)

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TZS 267,641 million (Dec 2020: TZS 245,313 million). Similarly, this amounts to TZS 201,467 million (Dec 2020: TZS 178,936 million) in the Company's statement of profit or loss and other comprehensive income..

19. Inventories

	Group		Company	
	Dec-2021	Dec-2020	Dec-2021	Dec-2020
	TZS'M	TZS'M	TZS'M	TZS'M
Raw materials	**69,752**	60,574	**58,870**	52,069
Consumable stores and spares	**31,662**	23,975	**29,904**	22,673
Work in progress	**6,027**	9,535	**6,289**	9,807
Finished goods	**19,850**	19,503	**10,269**	14,043
	127,291	113,587	**105,332**	98,592
Less: Provision for impairment losses	**(4,338)**	(5,288)	**(3,641)**	(5,911)
	122,953	108,299	**101,691**	92,681

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TZS 267,641 million (Dec 2020: TZS 245,313 million). Similarly, this amounts to TZS 201,467 million (Dec 2020: TZS 178,936 million) in the Company's statement of profit or loss and other comprehensive income.

20. Trade And Other Receivables

	Group		Company	
	Dec-2021	Dec-2020	Dec-2021	Dec-2020
	TZS'M	TZS'M	TZS'M	TZS'M
Trade receivables	**126,699**	113,652	**84,143**	73,251
Less: Losses allowance	**(40,723)**	(40,494)	**(8,196)**	(7,910)
Trade receivables-net	**85,976**	73,158	**75,947**	65,341
Staff advances and loans	**1,460**	1,394	**1,500**	1,359
Due from related parties (Note 36 (iv))	**3,398**	2,377	**38,403**	37,677
Less: Losses allowance **	**-**	-	**(35,005)**	(35,005)
Due from related parties - Net	**3,398**	2,377	**3,398**	2,672
Other receivables	**28,058**	6,869	**18,430**	4,735
Prepayments	**10,503**	8,794	**7,480**	8,495
	129,395	92,592	**106,755**	82,602

** Impairment provision related to balance due from a subsidiary, Darbrew Limited.

21. Bank and Cash Balances

		Group		Company
	Dec-2021	Dec-2020	Dec-2021	Dec-2020
	TZS'M	TZS'M	TZS'M	TZS'M
Cash in hand	8	8	-	-
Cash at bank	**224,627**	155,917	**206,806**	122,876
Total cash and bank balances	**224,635**	155,925	**206,806**	122,876
Cash and bank balances	**224,635**	155,925	**206,806**	122,876
Net cash and cash equivalents	**224,635**	155,925	**206,806**	122,876

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

22. Restricted Bank Balance

Balance at bank	**38,300**	38,300	**38,300**	38,300

Relate to bank balances with restriction imposed by Registration, Insolvency and Trusteeship Agency (RITA). Therefore, the monies are not available for general and immediate use within the Group and Company.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTES (CONTINUED) CHAPTER 11

23. Share Capital

23.1 Ordinary Share Capital

.1 Ordinary share capital				
thorised, issued and fully paid: 295,056,063 ordinary shares of TZS 100 each	**29,506**	29,506	**29,506**	29,506

are premium				
are premium at the start and end of year	**45,346**	45,346	**45,346**	45,346

The Company has only one class of ordinary shares which carries no right to fixed income. There was no movement in the share premium of the Company during the period. The ownership structure is as set below

23.2 Ownership structure

	Ordinary Shares	Ordinary Shares	**% holding**	**% holding**
	Dec 2021	Dec 2020	**Dec 2021**	**Dec 2020**
Resident shareholders:				
Parastatal Pension Fund	**16,081,710**	16,081,710	**5.45**	**5.45**
National Health Insurance Fund	**4,854,370**	4,854,370	**1.65**	**1.65**
Unit Trust of Tanzania (all schemes)	**4,716,052**	5,696,052	**1.6**	**1.93**
National Social Security Fund	**1,200,624**	1,000,624	**0.41**	**0.34**
General Public	**21,187,545**	20,756,618	**7.18**	**7.03**
Total resident	**48,040,301**	48,389,374	**16.29**	**16.4**
Non-resident shareholders				
AB-InBev Africa BV	**188,693,282**	188,693,282	**63.95**	**63.95**
Others – non-resident foreigners	**58,322,480**	57,973,407	**19.76**	**19.65**
Total non-resident	**247,015,762**	246,666,689	**83.71**	**83.6**
Total ordinary shares in issue	**295,056,063**	295,056,063	**100**	**100**

24. Other Reserve

	Hedging reserve	**Treasury shares**	**Total**
GROUP	**TZS'M**	**TZS'M**	**TZS'M**
Year ended 31 December 2021			
At start and end of the year	**3**	**66,640**	**66,643**
Year ended 31 December 2020			
At start and end of the period	3	66,640	66,643
COMPANY			
Year ended 31 December 2021			
At start and end of the period	**43**	**66,640**	**66,683**
Year ended 31 December 2020			
At start and end of the period	43	66,640	66,683

Hedging reserve

Refer to the details on the hedge instruments under note 18.

Treasury shares

Treasury shares represent the cost of 5,898,596 shares (2% of the company's paid up share capital) that were held in a Trust that is controlled by the Group. The Trust has been consolidated in the financial statements on the basis of significant control and shares acquired were accounted for as treasury shares. In December 2017, the Board of Trustees resolved to sell the Treasury shares and distributed the net proceeds to permanent employees of TBL Group.

25. Non-Controlling Interests

	Dec 2021	Dec 2020
	TZS'M	**TZS'M**
35% of equity of Tanzania Distilleries Limited	**39,274**	33,314
40% of equity of Darbrew Limited	**(10,451)**	(10,165)
	28,823	23,149
35% interest in the profit for the year of Tanzania Distilleries Limited	**5,958**	9,717
40% interest in the loss for the year of Dar Brew Limited	**(286)**	(438)
Re-measurement gain on defined benefit	**2**	3
	5,674	9,282

26. Net Debt Reconciliation

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
NET DEBT RECONCILIATION				
Cash and cash equivalents (excluding restricted cash)	**224,635**	155,925	**206,806**	122,876
Lease liabilities	**(14,422)**	(14,578)	**(10,845)**	(10,690)
Net cash	**210,213**	141,347	**195,961**	112,186

The Group and Company have security free overdraft facilities of TZS 18,000 million with Standard Chartered Tanzania Limited.

27. Deferred Income Tax

(i) Deferred tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

GROUP **Deferred income tax liabilities**	**Property, plant and equipment (PPE)**	**Other temporary differences**	**Hedge reserve and others**	**Total**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
At 1 January 2021	60,530	(23,945)	4	36,589
Charged to profit or loss	(25,375)	4,227	-	(21,148)
Charged to OCI	-	30	-	30
At 31 December 2021	35,155	**(19,688)**	**4**	**15,471**
At 1 January 2020	59,881	(24,180)	4	35,705
Charged to profit or loss	649	223	-	872
Charged to OCI	-	12	-	12
At 31 December 2020	**60,530**	**(23,945)**	**4**	**36,589**

Deferred Income Tax (cont)

(ii) Deferred income tax asset

GROUP Deferred tax liabilities/(assets)	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
	TZS'M	TZS'M	TZS'M	TZS'M
At 1 January 2021	3,624	(10,676)	-	(7,052)
Charged to profit or loss	15	(4,360)	-	(4,345)
Charged to OCI	-	2	-	2
At 31 DECEMBER 2021	3,639	(15,034)	-	(11,395)
At 1 January 2020	4,508	(10,927)	-	(6,419)
Charged to profit or loss	(884)	247	-	(637)
Charged to OCI	-	4	-	4
At 31 December 2020	3,624	(10,676)	-	(7,052)

The directors have assessed the appropriateness of the recognition of a deferred tax asset, taking account of current business plan and have concluded that it is appropriate to recognise a deferred tax asset in the current year because they are certain that the subsidiary will make sufficient taxable profits to utilise the tax losses in the foreseeable future. Deferred tax asset of TZS. 125 million (Dec 2020: TZS. 346 million) has not been recognised for DarBrew due to uncertainty on when the company will have sufficient taxable profits to utilise the asset.

Company Deferred income tax liabilities	Property, plant and equipment (PPE)	Other temporary differences	Hedge reserve and others	Total
	TZS'M	TZS'M	TZS'M	TZS'M
At 1 January 2021	63,577	(25,237)	-	38,340
Charged to profit or loss	(25,375)	4,227	-	(21,148)
Charged to OCI	-	30	-	30
At 31 DECEMBER 2021	38,202	(20,980)	-	17,222
At 1 January 2020	62,928	(25,468)	-	37,460
Charged to profit or loss	649	223	-	872
Charged to OCI	-	8	-	8
At 31 December 2020	63,577	(25,237)	-	38,340

28. Defined Pension Benefits

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
At start of year	1,496	1,933	1,439	1,875
Current service cost	91	116	82	93
Interest cost	245	313	235	269
Past service cost-Curtailment	(95)	(813)	(95)	(756)
Amount recognised to profit or loss	241	(384)	222	(394)
- Loss from change in assumptions	(132)	(64)	(123)	(51)
- Gain from change of experience	24	11	22	9
Amount recognised in other comprehensive income	(108)	(53)	(101)	(42)
At end of year	1,630	1,496	1,560	1,439

In addition to the statutory National Social Security Contribution, the Company has an unfunded non-contributory employee defined pension plan. The defined benefit plan was introduced as a result of negotiations between management and Tanzania Union of Industrial and Commercial Workers (TUICO) which is an association of the employees

A summary of the provisions of this agreement for TBL employees are provided below:-

- Benefit only accrues if the member has completed three years (or more) of service.
- Benefit is calculated as: Basic monthly salary x 0.5 x number of complete and continuous years worked.
- Benefit is payable upon: Normal retirement age of 60 years; Involuntary early retirement; Ill-health early retirement (with a minimum benefit of 12 month's basic wage); and Early retirement or resignation aged 55 or over.

Defined Pension Benefits (cont)

Actuarial assumptions:

The significant actuarial assumptions were as follows:

	Dec 2021	Dec 2020
Discount rate	15.4% p.a	15.6% p.a
Salary escalation rate	6.5% p.a	6.5% p.a
Retirement age	60 year	61 year

Assumptions regarding future mortality are set based on actuarial advice in accordance with A1949/52 mortality table published by the Institute of Actuaries. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60. See the table below;

Mortality rates per million

Age	20	25	30	35	40	45	50	55	60
Male	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00
Female	1.11	1.12	1.16	1.32	1.88	3.30	5.99	10.35	0.00

Risk exposure and sensitivity

Through its defined benefit pension plan the company is exposed to a number of risks. The most significant being changes in discount rates (which are set with reference to the Government of Tanzania bonds) and salary inflation.

Further, the actuarial valuation results are sensitive to the assumptions made with results being more sensitive to financial assumptions than the demographic assumptions. Particularly, the narrower the gap between the discount rate and the rate of salary escalation, the higher the value of the actuarial liabilities disclosed in the valuation.

Sensitivity analysis

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
Increase in defined pension benefit due to 1% decrease in discount rate	113	113	91	91
Increase in defined pension benefit due to 0.5% increase in future long-term salary assumption	66	63	60	50

The sensitivity analysis above has been determined based on reasonable possible changes and assumptions remaining unchanged. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The valuation was done by Willis Towers Watson, South Africa, the next valuation will be done for the year ending 31 December 2022.

29. Provisions For The Other Liabilities And Charges

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
At start of the year	12,469	12,862	7,113	7,348
Provision charged/(utilised) during the year	13,847	(393)	(467)	(235)
At end of the year	26,316	12,469	6,646	7,113

As at 31 December 2021, the Group had pending legal cases and tax matters whereby the Company or its subsidiaries were defendants and other outstanding disputes for which the directors have considered it probable that the outcome will be unfavourable to the Group and could result into an estimated loss of TZS 26,316 million (Dec 2020: TZS 12,469 million).

According to the nature of such disputes the timing of settlement is uncertain. Contingent liabilities relating to litigations and other claims have been disclosed in Note 34.

30. Trade And Other Payables

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
Trade payables	**102,290**	87,146	**74,278**	69,594
Deposits from customers	**35,546**	36,877	**27,038**	29,542
Dividends payable	**7,049**	7,406	**7,049**	7,406
VAT payable	**11,705**	10,960	**12,170**	10,409
Excise duty payable	**25,809**	22,658	**21,989**	19,205
Payable to related parties (Note 36 (iv))	**49,865**	41,085	**129,123**	84,096
Container liability	**11,463**	9,705	**11,463**	9,705
Other payables and accrued expenses	**53,404**	52,690	**45,940**	45,617
	297,131	268,527	**329,050**	275,574

Dividend payable represents unclaimed dividends.

31. Current Income Tax Liabilities

	Group		Company	
	Dec 2021	Dec 2020	Dec 2021	Dec 2020
	TZS'M	TZS'M	TZS'M	TZS'M
At start of the year	**5,547**	12,915	**7,846**	13,640
Current income tax charge for the year (Note11)	**64,996**	75,504	**52,673**	63,802
Tax paid during the year:				
Current income tax	**(62,844)**	(82,803)	**(50,261)**	(69,596)
Withholding tax	**-**	(69)	**-**	-
At end of the year	**7,699**	5,547	**10,258**	7,846

The opening balance includes TZS 5,361 million of tax provision related to capital deduction (TZS 5,361 million Dec 2020) as noted in note 35 (i).

32. Financial Instruments By Category

	Dec 2021	Dec 2020
	TZS'M	TZS'M
(a) Group		
Financial assets - At amortised cost		
Trade and other receivables (excluding VAT receivable, advances to suppliers and prepayments)	**110,497**	85,196
Cash at hand and bank deposits	**262,935**	155,925
	373,432	241,121
Other financial liabilities at amortised costs		
Lease liability	**14,422**	14,578
Trade and other payable (excluding statutory liabilities)	**259,617**	234,909
	274,039	249,487
(b) Company		
Financial assets - At amortised cost		
Trade and other receivables (excluding advances to suppliers and prepayments)	**78,569**	71,563
Cash at hand and bank deposits excl Restricted cash	**245,106**	122,876
	323,675	194,439
Other financial liabilities at amortised costs		
Lease liability	**10,845**	10,690
Trade and other payable (excluding statutory liabilities)	**294,891**	245,960
	305,736	256,650

33. Capital Commitments

(a) Capital commitments

The Group and Company had capital expenditure commitments as follows;

	Group		Company	
	Dec 2021	Dec 2020	**Dec 2021**	Dec 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Approved and contracted for but not recorded	**4,921**	4,111	**4,231**	4,111
Approved but not contracted for	**1,200**	758	**532**	758
	6,121	4,869	**4,763**	4,869

(b) Guarantees

As at 31 December 2021, the Company had provided guarantees totalling TZS 100 million (Dec 2020: TZS 100 million).

34. Contingent Liabilities

LEGAL CASES

As at 31 December 2021, the Company was a defendant in several lawsuits, the amount claimed in such lawsuits could amount to TZS 10,908 million (Dec 2020: TZS 11,910 million). Based on advice from legal counsel, a provision is in place for these cases amounting to TZS 6,646 million (Dec 2020: TZS 7,123 million).

The Company's subsidiary, Tanzania Distilleries Limited (TDL), was a defendant in several lawsuits, the amount claimed in such lawsuits could amount to TZS 16,233 million (Dec 2020: TZS 584 million) and based on advice from legal counsel, the provision has been made for the probable amount.

Based on the legal advice, the directors do not expect the outcome of the pending litigations to have a material effect on the Company and Group's financial performance.

TAX RELATED CONTINGENT LIABILITIES

(i) Capital deduction

The Company has additional income tax assessments of TZS 5,361 million that relates to capital deductions disputes for years of income 2002 to 2005. Management filed an objection with TRA to dispute the assessed tax and the dispute is at the Tax Revenue Appeals Tribunal.

The full amount of TZS 5,361 million has been provided for in the financial statements.

(ii) Excise Duty

The Company's subsidiary Tanzania Distilleries Limited (TDL) received an excise duty assessment of TZS 97,409 million for years of income 2008 to 2018. This relates to excise duty on Valuer Brandy for which TDL had a Government Notice (GN) that provided remission of excise duty on Valuer brandy based on Memorandum of Understanding (MoU) signed with the Government in 2005. The GN expired on 30 June 2007 while the MOU expired in June 2011. Management applied for an extension of the MoU from the Ministry of Finance. In October 2011, the Ministry of Finance acknowledged receipt of TDL's request for an extension of the MOU, but no further response was obtained afterwards.

Based on the MoU, no excise duty was paid until July 2011 after which TDL started paying excise duty at the rate equivalent to that applicable to locally produced wine instead of the rate applicable to spirits. TDL objected to the assessments and requested for a waiver of the 1/3rd tax deposit which was granted by the TRA on 19 January 2019.

Based on the spirit of the MoU and the socio-economic contribution to local farmers, management of TDL engaged the Government and TRA and requested for a retrospective GN to be able to resolve the assessments.

On 13 February 2019 the Government of Tanzania reduced excise duty rate for spirits obtained by distilling grape wine or grape marc from locally produced grapes from TZS 3,315 per litre to TZS 450 per litre.

On 25 November 2019, TRA issued notices of determination of objections, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board on 15 January 2020. The Company is awaiting a hearing at the Tax Board. In 2021 and 2022, the Company has continued to engage Ministry of Finance and other regulatory authorities to resolve the matter. Further, in March 2021, the Company submitted a proposal of what is deemed a reasonable excise duty rate for Valuer brandy. The Group and Company is awaiting response from the TRA. Having engaged tax experts in their opinion, the directors have considered that no material liabilities are expected to crystallise from the above tax matter.

(iii) Value Added Tax (VAT) on Valeur brandy

TDL received an additional assessment of TZS 17,722 million for principal and penalties which relates to VAT on Valuer brandy. This liability was based on the excise duty demand note on an assumption that if the excise duty was applied, the price of Valuer Brandy would increase. On the contrary, the Directors believe that the Company absorbs excise duty as part of its operational costs and in any case, the price would remain at its market level. According to the provisions of the VAT Act 1997 and VAT Act 2014 the amount charged to the customers constitutes consideration, which is defined to include both the value of the supply and VAT thereon.

The Directors are of the view that the price charged by TDL to its customers was inclusive of VAT, therefore there should be no additional liability on VAT. The Company filed objections for assessment, hence, no provision has been made for the additional tax assessed on VAT.

On 25 November 2019, TRA issued notices of determination of objections, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board (TRAB) on 15 January 2020 and is awaiting a hearing at the TRAB. Having engaged tax experts in their opinion, the directors have considered that no material liabilities are expected to crystallise from the above tax matter.

(iv) Input Value Added Tax (VAT) assessment

The revenue authority conducted a VAT and payroll tax audit for TBL for the period from April 2016 to December 2018. On 28th June 2019, the TRA issued a VAT assessment of TZS 6,500 million (including interest of TZS 1,640 million) on what TRA considers as input VAT wrongly credited on incomplete EFD invoices. On 30th July 2019 the company objected to the assessment and paid TZS 1,200 Million as tax deposit.

TRA disputed the objection and on 30 March 2020, the TRA issued notice of determination of objection, maintaining the assessment position. The Company appealed against the TRA decision at the Tax Revenue Appeals Board on 5th May 2020 and is awaiting a determination by the Tax Board.

(v) Disputed capital gain tax

TBL received an assessment from Tanzania Revenue Authority in relation to market capitalization for the underlying share transactions of TBL between years of income 2016 to 2019.The objection has been filed and awaiting hearing. The outcome of this cannot at present be foreseen and possible loss cannot be reliably measured. The Directors believe in their own judgement and based on professional advice received from legal and tax advisors the expected loss arising from this is remote.

The Directors continue to monitor the development of the above matters and to the extent those developments may have a major impact on its financial position or may significantly affect its ability to meet its commitments, the Company shall disclose those developments in line with its listing obligations as required by relevant regulations.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
NOTES (CONTINUED) CHAPTER 11

35. Cash Flow Information

	Group		Company	
	Dec 2021	**Dec 2020**	**Dec 2021**	**Dec 2020**
	TZS'M	**TZS'M**	**TZS'M**	**TZS'M**
(i) Cash generated from operations				
Profit before income tax	**174,260**	164,825	**149,673**	126,803
Adjusted for:				
Interest expense (Note 10)	**5,640**	4,363	**6,757**	4,603
Interest income (Note 10)	**(2,847)**	(5,797)	**(2,659)**	(5,493)
Depreciation, container write-down/breakages and amortisation (Note 14, Note 15, and Note 16)	**98,908**	96,415	**93,512**	92,441
Impairment of PPE and intangible assets	**5,001**	2,365	**3,448**	2,340
Increase/(decrease) on provision for liabilities (Note 29)	**13,847**	(393)	**(467)**	(235)
Increase/(decrease) in provision for defined benefits obligation (Note 28)	**241**	(384)	**222**	(394)
Fair value movements on derivative	**-**	(32)	**-**	(32)
(Gain)/loss on disposal of property, plant and equipment (Note 9)	**63**	(189)	**63**	(189)
	295,114	261,173	**250,549**	219,876
Changes in working capital				
Inventories	**(14,654)**	4,427	**(9,010)**	1,369
Trade and other receivables	**(36,803)**	7,847	**(24,153)**	8,844
Trade and other payables	**28,812**	(19,996)	**53,606**	(10,532)
Cash generated from operations	**272,469**	253,451	**270,992**	219,557
(ii) Interest paid				
Interest expense (Note 10)	**(5,640)**	(4,363)	**(6,757)**	(4,603)
(iii) Income tax paid				
Income tax payable at 1 January	**(5,547)**	(12,915)	**(7,846)**	(13,640)
Current income tax expense (Note 11)	**(64,996)**	(75,504)	**(52,673)**	(63,802)
Income tax payable as at 31 December (Note 31): - Corporate income tax	**7,699**	5,547	**10,258**	7,846
Income tax paid	**(62,844)**	(82,872)	**(50,261)**	(69,596)

Cash Flow Information (cont)

(iv) Interest received				
Interest income (Note 10)	**2,846**	5,797	**2,659**	5,493

(v) Purchase of property, plant and equipment and intangible assets				
Additions of property, plant and equipment during the year (Note 14)	**(51,299)**	(38,782)	**(47,106)**	(37,520)
Additions of intangible assets during the year (Note 16)	**(2,430)**	(2,407)	**(2,430)**	(2,407)
Cash utilised in purchase of property, plant and equipment and intangible assets	**(53,729)**	(41,189)	**(49,536)**	(39,927)

(vi) Dividends paid				
To owners of the parent				
Dividends payable at beginning of the year	**(7,406)**	(13,163)	**(7,406)**	(13,163)
Dividend expense (Note 13)	**(75,239)**	(47,209)	**(75,239)**	(47,209)
Dividends payable at the end of the year (Note 30)	**7,049**	7,406	**7,049**	7,406
	(75,596)	**(52,966)**	**(75,596)**	**(52,966)**

36. Related Party Transactions And Balances

i) Sale of goods and services	**Group**		**Company**	
	Dec 2020	Dec 2021	**Dec 2020**	Dec 2021
	TZS'M	TZS'M	**TZS'M**	TZS'M
Sale of goods				
Fellow subsidiaries	**352**	1,432	**352**	1,432

The Company exports finished goods and other goods to Nile Breweries Limited and Zambia Breweries Limited, all subsidiaries of AB InBev.

ii) Purchase of goods and services	**Group**		**Company**	
	Dec 2020	Dec 2021	**Dec 2020**	Dec 2021
	TZS'M	TZS'M	**TZS'M**	TZS'M
Purchase of goods				
Fellow subsidiaries	**133,869**	78,582	**119,373**	71,136

The Company purchases goods from MUBEX, a subsidiary of AB InBev. Mubex buys and on-sells raw materials and finished goods to companies within the AB InBev Group's Africa region.

Purchase of services				
Fellow subsidiaries	**39,417**	39,312	**39,417**	39,312
	39,417	39,312	**39,417**	39,312

The Company leases buildings from its subsidiary, Kibo Breweries Limited.

Other related parties include AB-InBev Africa (Pty) Ltd, that provides managerial and technical services AB-InBev Group's Africa region and AB-InBev International Brand Limited, (formerly SABMiller International Brand Ltd). The Company produces and distributes AB-InBev International Brand Limited brands under license and pays royalty fees at a percentage of sales of the brands. Both companies are subsidiaries of AB InBev.

iii) Interest On Intercompany accounts

Net Interest expense on intercompany accounts				
Subsidiary	**-**	-	**1807**	1635
Interest expense on intercompany accounts				
Fellow subsidiary	**616**	269	**616**	269

The Company is charged interest by its fellow subsidiary Mubex on overdue balances. Also the Company charges interest to its subsidiary Tanzania Distilleries Limited on current accounts balances held.

Related Party Transactions And Balances (cont)

iv) Year-end balances arising from transactions with related parties:

Receivable from related parties (Note 21)				
Subsidiary (net of impairment provision)	**-**	-	**-**	295
Fellow subsidiaries	**3,398**	2,377	**3,398**	2,377
	3,398	2,377	**3,398**	2,672
Payable to related parties (Note 31)				
Subsidiary	**-**	-	**80,935**	43,573
Fellow subsidiaries	**49,865**	41,085	**48,188**	40,523
	49,865	41,085	**129,123**	84,096

The receivables from related parties arise mainly from sale and non-sales transactions are due three months after the date of sale. The receivables are unsecured. As at the year end impairment provision of TZS 35,005 million was made against receivable balance from Darbrew Limited (2020: TZS 35,005 million).

The payables to related parties arise mainly from purchase transactions and are due three months after date of purchase.

(v) Key management personnel

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

	TZS'M	TZS'M	**TZS'M**	TZS'M
a) Key management compensation				
Salaries	**3,693**	2,412	**3,522**	2,412
Defined contribution plan	**391**	192	**374**	192
	4,084	2,604	**3,896**	2,604

b) Transactions with key management personnel

There were no other transactions with key management personnel during the year.

c) Balances with key management personnel

No loans were issued to or received from the key management personnel during the year (2020: Nil)

d) Directors' emoluments	**Group**		**Company**	
	Dec-2021	Dec-2020	**Dec- 2021**	Dec- 2020
	TZS'M	TZS'M	**TZS'M**	TZS'M
Non-executive Chairman	**28**	28	**28**	28
Non-executive Directors	**82**	91	**82**	75
	110	119	**110**	103

A schedule detailing remuneration of each director will be annexed to these financial statements for presentation to the annual general meeting.

The Directors of the Company own directly and indirectly 88,857 (2020: 88,857) ordinary shares of the Company as 31 December 2021.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (Dec 2020: Nil).

Transactions with related parties were carried on an arm's-length basis.

37. Ultimate Parent Company

The ultimate parent Company is Anheuser-Busch InBev SA/NV ("AB InBev"), which is incorporated in Belgium and has its registered business address at Brouwerijplein 1, B-3000 Leuven.

38. Approval Of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on the date shown on page 72.

Notice of the 49th Annual General Meeting

Notice To Shareholders

Notice is hereby given that the 49th Annual General Meeting of the Shareholders of Tanzania Breweries Public Limited Company will be held at Julius Nyerere International Convention Centre with an online option on 25th August 2022 at 09hrs00, for the following purposes:

1. **Notice of Meeting.** Notice convening the meeting to be taken as read.
2. **Approval of Minutes.** To approve and sign the minutes of the 48th Annual General Meeting.
3. **Matters Arising from the minutes of the previous meeting.**
4. **Financial Statements and Directors' Report.** To receive, consider and adopt the Directors' Report, Auditors' Report and the audited financial statements for the year ended 31st December 2021.
5. **To ratify dividend paid for the year ended 31st December 2021**
6. **Appointment of Statutory Auditors.** To approve the appointment of PricewaterhouseCoopers as the external auditors for the next financial year ending 31st December 2022.
7. **Any other business.** Any other business needs to be brought to the attention of the Secretary at least seven clear days before the meeting.

BY THE ORDER OF THE BOARD

i. **Any member entitled to attend and vote, if unable to attend for any reason, is entitled to appoint a proxy or proxies to attend, speak, and, on a poll, vote in his/her stead and such a proxy need not also be a member of the Company.**

ii. **Proxy forms should be forwarded to reach the registered office of the Company or the office of the Company Secretary at least 48 hours before the time fixed for the holding of the meeting or can be emailed to tblcorporate.communications@ab-inbev.com.**

iii. **The AGM shall be hosted on the Mkutano eAGM platform virtually. Participants are expected to sign up well before time. The details of the platform are provided below. Kindly ensure that:**

1. You have downloaded Google Chrome https://www.google.com/chrome/ or Microsoft edger https://www.microsoft.com/en-us/edge
2. Sign up using the following link https://escrowagm.com/csdr/Login.aspx
3. On the day of the meeting, kindly login at least 20 minutes before the meeting to ensure that you are settled ahead of the scheduled starting time using the link above to then,
   - Enter username
   - Enter Password
   - Click Login
   - Click Join on the blue button
   - Click Join audio by Computer to attend the live meeting
4. If you are new to the platform, kindly click Sign-Up and capture the required details. If you have problems with the login, please call/WhatsApp the provided below helplines.
5. For better experience, please use a windows device and Chrome browser. Use of Apple devices must be done in consultation with the system Administrator.

DOCUMENTS

The Annual Report, Proxy Form, Minutes and matters arising from the previous Annual General Meeting can be accessed on

https://tanzaniabreweries.co.tz/shareholders.

REGISTRY SERVICES AND SHARE RELATED INQUIRIES

We wish to inform the shareholders of Tanzania Breweries Public Limited Company who have share transmission issues or want to change their details or with dividend issues should contact CSD & Registry Company Limited (CSDR) through the following address:

Registrar

1. CSD & Registry Company Limited, Kambarage House, 2nd Floor, Ufukoni Street, P. O. Box 70081, Dar es Salaam, Hotline: +255746 160516 / +255 677 070414, Email: registrar@csdr.co.tz


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