Tanzania Breweries Public Limited Company

Annual Report and Financial Statements

For The Year Ended 31 December 2022

ABInBev
To a Future With More Cheers

To a Future With More Cheers

Table of contents

2023 Annual Report And Financial Statements

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 1,279 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, Balimi Extra Lager, 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.

Chairman's statement

Continued Momentum

Tanzania Breweries Public Limited Company and subsidiaries (TBL Group) is pleased to announce its results for the financial year end 31 December 2022.

Our performance reflects the market confidence in our portfolio of brands and repurposed commercial strategy. Despite operating in a challenging environment, we have achieved consistent growth and long-term value creation.

The business delivered another year of strong top and bottom-line results driven by consistent execution of the business strategy and strengths of the broad portfolio of our beer brands in the market.

During the financial year, the Group experienced a remarkable revenue growth primarily driven by a significant increase in beer sales. As such, the company made payment of a dividend of Tshs 85 billion (TShs 290 per share), representing a 14% increase from the previous financial year. This demonstrates our commitment to improving returns to shareholders.

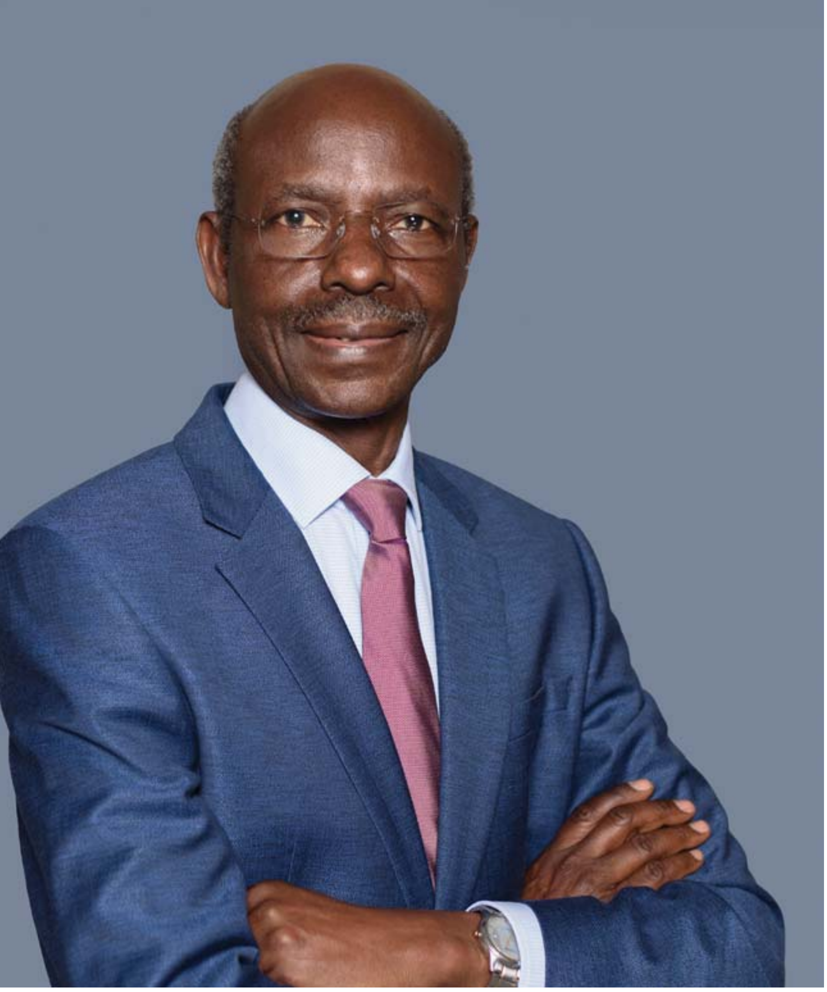
Maintaining Responsible Corporate Citizenship

We take pride in our role as one of the largest taxpayers in the country with Tshs 528bn paid to the Government in the year 2022 versus Tshs 472bn in the previous year.

TBL Group continues to invest in high-quality agricultural crops that are used to brew our beers and distill our spirits. Our mission to empower farmers through smart agricultural practices continues thus strengthening the value chain, directly empowering sorghum, barley, and grape farmers. TBL currently sources approximately 74% of its raw materials domestically, contributing to the creation of over one million jobs, both directly and indirectly. These achievements have solidified our position as Tanzania's leading manufacturer and employer over the years.

Our summary report on the Environmental, Social and Governance (ESG) is included in this Annual Report.

"Our stellar performance reflects the market confidence in our portfolio, showcasing consistent growth and long-term value chain creation despite challenging times. Together, we will pave the way for a future filled with limitless possibilities."



Creating a future with more cheers

Looking ahead to 2023, we believe the beer category remains attractive. Our strategic focus will be to continue executing our proven strategy in accelerating the business momentum. We remain dedicated to delivering consistent profitable growth through an ongoing investment in our brands, facilities and digital transformation.

In closing, I would like to share the Board's appreciation to our many loyal consumers and business partners. They have been instrumental in our growth. Deep appreciation goes to all our management and staff for their unfailing commitment to drive the business to the next level. Additionally, I extend my gratitude to all our shareholders for their ongoing contribution and commitment to uphold the highest standards of corporate governance.

Finally, we appreciate and acknowledge the part that our Government plays in fostering a favourable business environment, enabling TBL Group to innovate, embrace technology and digital advancements, grow our business and create more employment opportunities.

Mr. Leonard Mususa
Chairman of the Board

Taarifa ya mwenyekiti wa bodi

Kasi Endelevu

Tanzania Breweries Public Limited Company na kampuni zake tanzu (TBL Group) inayofuraha kutangaza matokeo yake ya Mwaka wa Fedha ulioishia tarehe 31 Desemba 2022.

Matokeo yanaonyesha imani ya soko katika bidhaa chini ya chapa zetu za bia pendwa, na mkakati wetu madhubuti wa kibiashara. Licha ya kufanya kazi katika mazingira yenye changamoto, tumepata ukuaji na thamani thabiti na endelevu.

Kwa mwaka mwingine, biashara imeleta mafanikio mazuri yaliyotokana na utekelezaji thabiti wa mkakati wa biashara, na uwezo wa bidhaa chini ya chapa yetu kwenye soko.

Katika mwaka wa fedha, TBL Group ilifanikiwa kuongeza mapato, hasa kutokana na ongezeko kubwa la mauzo ya bia. Kutokana na hali hiyo, kampuni ililipa gawio la TZS bilioni 85 (TZS 290 kwa hisa), ikiwa ni ongezeko la asilimia 14 zaidi ya mwaka wa fedha uliopita. Hii inaonyesha dhamira yetu ya kuboresha mapato kwa wanahisa.

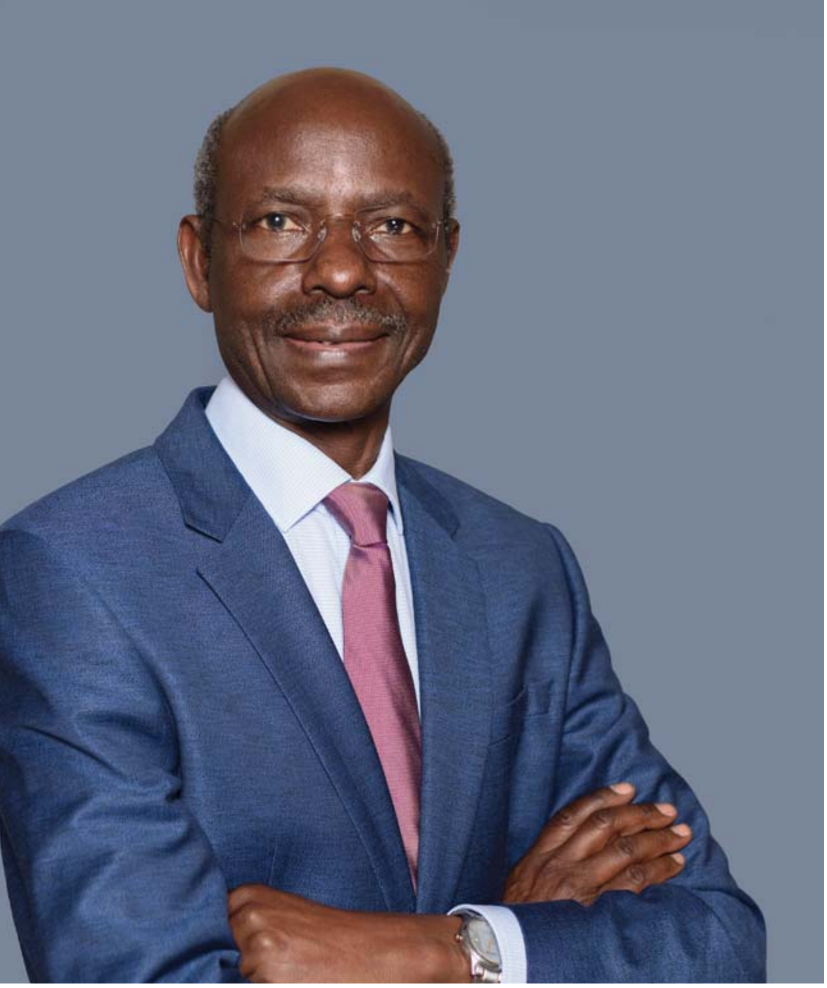
Kuendelea na uwajibikaji kwa Jamii

Tunajivunia kwa kuendelea kuwa miongoni mwa walipa kodi wakubwa nchini ambapo TZS bilioni 528 zililipwa kwa Serikali mwaka 2022 dhidi ya TZS 472 bilioni zilizolipwa mwaka wa uliopita.

TBL Group inaendelea kuwekeza kwenye mazao bora ya kilimo ambayo yanatumika kutengenezea bia zetu na vinywaji vikali. Dhamira yetu ya kuwawezesha wakulima kupitia mbinu bora za kilimo inaendelea, hivyo kuimarisha mnyororo wa thamani, na kuwawezesha wakulima wa mtama, shayiri na zabibu moja kwa moja. Kwa sasa TBL inapata takriban asilimia 74 ya malighafi yake ndani ya nchi, na hivyo kuchangia katika kutengeneza ajira zaidi ya milioni moja moja kwa moja na kwa njia nyingine. Mafanikio haya yameweza kuifanya kampuni kutambuliwa na kutunukiwa tuzo ya mzalishaji bora na mwajiri bora nchini kwa miaka mingi.

Ripoti yetu ya muhtasari kuhusu Mazingira, Jamii na Utawala (ESG) imejumuishwa katika Ripoti hii ya Mwaka.

"Utendaji wetu bora unaonyesha imani ya soko katika bidhaa zetu, ikionyesha ukuaji thabiti na uundaji wa mnyororo wa thamani wa muda mrefu licha ya nyakati ngumu. Kwa pamoja, tutafungua njia kwa siku zijazo zilizojaa fursa zisizo na kikomo."



Kutengeneza kesho yenye furaha tele

Tukiangalia mbele mwaka wa 2023, tunaamini kuwa vinjywaji aina ya bia zitaendelea kuvutia. Lengo letu la kimkakati litakuwa kuendelea kutekeleza mkakati wetu wa uhakika katika kuharakisha kasi ya biashara. Tunaendelea kupambania ukuaji wa faida kupitia uwekezaji unaoendelea katika chapa zetu, vifaa na mabadiliko ya kidijitali.

Kwa kumalizia, ningependa kutoa shukrani za Bodi kwa wateja wetu wengi waaminifu na washirika wetu wa kibiashara. Wamekuwa muhimu katika ukuaji wetu. Shukrani nyingi ziende kwa wasimamizi wetu wote na wafanyakazi kwa kujitolea kwao kwa dhati ili kuendeleza biashara yetu. Zaidi ya hayo, ninatoa shukrani zangu kwa wanahisa wetu wote kwa mchango wao unaoendelea, na kwa kujitolea kudumisha viwango vya juu zaidi vya usimamizi wa shirika.

Mwisho, tunashukuru na kutambua mchango wa Serikali yetu katika kukuza mazingira mazuri ya biashara, kuwezesha TBL Group kuvumbua, kuendelea kiteknolojia na kidijitali, kukuza biashara yetu na kutengeneza fursa zaidi za ajira.

Mr. Leonard Mususa
Mwenyekiti wa Bodi

Managing director's statement

Overview

Tanzania Breweries Public Limited Company ("TBL Plc") is pleased to release its results for the financial year ended 31 December 2022.

Performance Overview

In the financial year 2022, the Group delivered a remarkable revenue growth of 12% significantly driven by consistent execution of our commercial strategy leading to beer sales increase across all regions. The core and core plus segments of the beer categories were the main contributors to this growth having increased by 11%, while the spirit category registered a 3% increase.

We reported a notable 21% increase in operating profit attributed to strong volume performance and improved operational efficiencies. Our deliberate focus in strategic sales and marketing investments resulted in 8% reduction in commercial expenditure. Despite increased production and distribution costs, driven by increase in raw materials cost, supply chain disruptions and fuel prices, our disciplined focus on cost and revenue management helped us offset these headwinds, leading to improvement in operating margins by an average of 1% over last year.

Our performance is a direct result of our fundamental strengths and strategic choices, as we continued to invest in our brands, capabilities and accelerated digital transformation, while optimizing our business.

Commercial Strategy

Our goal is to continue to invest in our brands, drive category expansion and deliver consistent and profitable top-line growth. We achieved this by expanding the beer category through our innovation agenda. We have successfully introduced in the market, our new brands and packs, such as Kilimanjaro Light, Flying Fish and Eagle 285ml pack in North East (NE) region. We have leveraged on our strong brands; Castle Lite, Kilimanjaro Premium Lager, Safari Lager and Balimi Extra Lager in delivering double-digit revenue growth and outperforming the industry across most of our mainstream markets.

Our accelerated digital transformation is a significant competitive advantage, revolutionizing the way we engage with our consumers and customers. We have built on digitizing our ecosystem through the "BEES" platform we launched in 2021 and progressed the application into 2022 to

"I am confident we have all the essential elements in place, for our organization to navigate the future effectively. We have the right people, processes, tools, technologies, brands and strategies to succeed on our journey."

expand the beer category. This platform enables our customers to place orders anytime, anywhere, and helps them make smarter decisions and grow their business. BEES supported over 50% of our digital sales volume in 2022 with an ambition to achieve more than 70% by Q3 2023.

We continue to explore new ways to generate additional value from our existing assets and capabilities. Reviving and modernizing technology behind our Malting plant, in Moshi, and expected to be fully operational by Q2 2024. The facility is expected to process between 10,000 - 15,000 tons of barley in the next 3 years and will play a key role in the agricultural economy of the country and improve the local farmers' wellbeing.

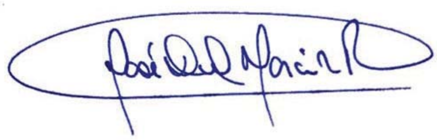
Future Prospects

Our strategy places the consumer at the center of everything and every decision we make. We are grateful to our consumers and customers and all our business partners for their loyalty, support, and continued trust in our brands. We will continue to build on the success of our portfolio, drive brand loyalty for our core brands, and attract new consumers to the clear beer category. Our Wine and Spirit portfolio will continue to offer differentiation in the market. Through global best practices, we are creating a safe working environment for all, and consistently deliver high-quality products for our consumers.

Our performance this year would not have been possible without the passion and ownership culture of our people. Our teams worked with persistent commitment and high engagement throughout the year to deliver our commercial and financial performance, and I would like to take this opportunity to thank all employees and the management team.

I would also like to thank the Board of Directors for their contribution, hard work and dedication to the success of the business.

Our focus in 2023 will be to accelerate this growth momentum to generate long term value for our shareholders, all stakeholders and to continue strengthening our partnerships and keep building a better and stronger Tanzanian business.



Jose D. Moran
Managing Director

Taarifa ya mkurugenzi mkuu

Muhtasari

Kampuni ya Tanzania Breweries Public Limited Company ("TBL Plc") inafuraha kutangaza matokeo yake ya utendaji kwa mwaka wa fedha ulioishia tarehe 31 Desemba 2022.

Hali ya utendaji ilivyokuwa kwa ujumla

Katika mwaka wa fedha wa 2022, Kampuni ilifanikiwa kuwa na ongezeko kubwa la asilimia 12 ya mapato kutokana na utekelezaji mzuri wa mkakati wetu wa kibiashara uliowezesha mauzo ya bia kuongezeka katika maeneo yote. Chapa zetu pendwa za bia za aina mbalimbali zilizoboreshwa zimechangia kwa kiasi kikubwa kuongezeka kwa mauzo kwa asilimia 11%, wakati mauzo ya vinywaji vikali yaliongezeka kwa asilimia 3%.

Tulifanikiwa kupata ongezeko kubwa la asilimia 21 la faida ya uendeshaji kutokana na utendaji mzuri na uboreshwaji wa mifumo ya uendeshaji. Mtazamo wetu madhubuti wa kimkakati wa uwekezaji katika mauzo na masoko ya bidhaa zetu ulifanikisha kupunguza matumizi ya kibiashara kwa asilimia 8. Licha ya kuongezeka kwa gharama za uzalishaji na usambazaji, kutokana na kuongezeka kwa gharama ya malighafi, mifumo ya usambazaji kuvurugika na kupanda kwa bei ya mafuta, mtazamo wetu thabiti katika kupunguza gharama na kusimamia vizuri mapato ulitusaidia kukabiliana na matatizo haya, na kufanikisha kupatikana ongezeko la kiwango cha wastani wa asilimia 1 katika gharama za uendeshaji kulinganisha na mwaka jana.

Utendaji wetu ni matokeo ya moja kwa moja ya uwezo wetu wa kimsingi na mikakati tuliyochagua kuitumia, tunapoendelea kuwekeza katika chapa ya bidhaa zetu, nguvu kazi yetu na kuendana na mabadiliko ya haraka ya kidijitali, huku tukiboresha biashara yetu.

Mkakati wa Kibiashara

Lengo letu ni kuendelea kuwekeza katika chapa zetu, kubuni mbinu za mauzo kuongezeka na kuhakikisha wakati wote zinafanikisha kupatikana kwa faida kutokana na ongezeko la mauzo. Tutafanikisha matarajio haya kwa kuongeza mauzo ya chapa ya bidhaa zetu za aina mbalimbali kupitia utekelezaji wa ajenda yetu ya ubunifu. Tumefanikiwa kutambulisha sokoni, chapa zetu mpya na chapa zinazopatikana kwenye vifungashio vipya, kama vile Kilimanjaro Light, Flying Fish na Eagle 285ml katika mikoa ya Kaskazini. Tumewekeza zaidi kwenye chapa zetu zenye nguvu; Castle Lite, Kilimanjaro Premium Lager, Safari Lager na Balimi Extra Lager katika kuhakikisha mauzo yake yanaongezeka na zinafanikisha kukuza mapato zaidi ya mara mbili na kuendelea kutawala katika masoko.

"Nina imani tuna vipengele vyote muhimu katika taasisi yetu kukabili siku zijazo kwa ufanisi. Tuna watu sahihi, michakato, zana, teknolojia, bidhaa na mikakati ya kufanikiwa katika safari yetu."

Mabadiliko yetu ya kasi ya kidijitali inatupa faida ya kuongoza na yamefanikisha kuleta mageuzi kwa jinsi tunavyohudumia wateja na watumiaji wa bidhaa zetu. Tumejikita na kuweka mfumo wa kidijitali wa "BEES" tuliozindua mwaka 2021 na kuanza kuutumia mwaka 2022 ili kuongeza mauzo ya bia zetu za chapa mbalimbali. Mfumo huu huwawezesha wateja wetu kuagiza bidhaa wakati wowote, mahali popote, na huwasaidia kufanya maamuzi bora zaidi na kukuza biashara zao. BEES imefanikisha ongezeko la mauzo kwa zaidi ya asilimia 50% kwa njia ya kidigitali kipindi cha mwaka wa 2022 tukiwa na nia ya kufikia zaidi ya asilimia 70% ifikapo robo ya tatu (Q3) ya mwaka 2023.

Tunaendelea kutafuta fursa mpya za kuongeza mapato ya ziada kutokanaa na raslimali zilizopo na nguvu kazi tuliyonayo. Kufufua na kuboresha teknolojia kuwa ya kisasa katika kiwanda chetu cha kusindika shayiri kilichopo Moshi kinachotarajiwa kuanza kufanya kazi kikamilifu ifikapo kipindi cha robo ya pili (Q2) ya mwaka 2024. Kiwanda kinatarajiwa kusindika kati ya tani 10,000 - 15,000 za shayiri katika miaka 3 ijayo na kitakuwa na jukumu muhimu la kukuza uchumi wa kilimo katika taifa na kustawisha maisha ya wakulima wa ndani.

Matarajio ya Baadaye

Mkakati wetu unaweka mtumiaji katikati ya kila kitu na kila uamuzi tufanyao. Tunatoa shukrani za dhati kwa watumiaji na wateja wetu na washirika wetu wote wa biashara kwa kuendelea kutuamini, kutuunga mkono na kuendelea kuamini chapa zetu. Tutaendelea kuziboresha chapa zetu pendwa ziendelee kutawala katika soko, na kuvutia watumiaji wapya wa bia zetu za chapa za aina mbalimbali. Vinywaji vyetu vikali na mvinyo vitaendelea kufanya vizuri katika soko. Kupitia mifumo bora ya kimataifa, tunajenga mazingira salama ya kufanyia kazi kwa wote, na kuhakikisha tunazalisha bidhaa zenye ubora wa juu wakati wote kwa watumiaji wa bidhaa zetu.

Utendaji wetu wenye mafanikio mwaka huu usingewezekana bila jitihada na utamaduni wa kujituma wa wafanyakazi wetu. Timu zetu zilifanya kazi kwa kujitolea na ushirikiano wa hali ya juu mwaka mzima ili kufanikisha utendaji wetu wa kibiashara na kifedha, na ningependa kuchukua fursa hii kuwashukuru wafanyakazi wote na timu ya uongozi.

Pia ningependa kuishukuru Bodi ya Wakurugenzi kwa mchango wao, bidii na kujitolea kwao katika kufanikisha biashara hii.

Mtazamo wetu mwaka 2023 utakuwa kuharakisha kasi hii ya ukuaji ili kuzalisha thamani ya muda mrefu kwa wanahisa wetu, wadau wote na kuendelea kuimarisha ushirikiano wetu na kuendelea kujenga biashara bora na imara ya Kitanzania.

Jose D. Moran
Mkurugenzi Mtendaji

Corporate Affairs

We focus on areas that drive the greatest impact in our communities.

Empowering Sorghum Farmers: For Sustainable Agriculture

Enhancing Market Access and Prices

Discover how sorghum farmers are benefiting from improved market access and better prices. By partnering with TBL Plc, smallholder sorghum farmers have gained easy access to a ready market, ensuring their produce reaches consumers effectively. This collaboration fosters robust, sustainable, and inclusive value chains, aligning with TBL Plc's commitment to achieving their 2025 Sustainability Goals.

Driving Agricultural Transformation

Witness the positive impact of TBL Plc's Smart Agriculture initiative on Tanzania's agricultural sector. Through strategic partnerships with the World Food Program and contract farming, TBL Plc supports sorghum farmers with essential resources, including seeds, crop insurance, management protocols, and access to agricultural extension services. This comprehensive approach empowers farmers, enhances crop quality, and maximizes harvests.

With the Dodoma RCO's endorsement during the Kongwa Farm visit, it is evident that the program has significantly enhanced sorghum farming, bringing about positive outcomes for over 2,000 farmers and yielding approximately 9,000 tonnes of sorghum annually.

One-way Bottle Recycling Initiative: TBL's Sustainability Goals and Bottle Recycling Vision

Commitment to Circular Packaging

Tanzania Breweries TBL Plc is dedicated to empowering SMEs in its value chain through partnerships and collaborations. To meet sustainability targets, including circular packaging, the company aims for 100% recyclable packaging or materials made from majority recyclable content by 2025. As the leading glass bottle recycler, TBL takes responsibility for the recycling life cycle of its one-way glass bottles.

Konyagi Bottle Recovery Pilot Project

Closing the Recycling Loop and Addressing Counterfeit Crisis TBL has initiated a pilot bottle recovery project, the Konyagi Bottle Recovery Pilot Project, to address the recycling of one-way bottles and combat the Konyagi counterfeit crisis. The company plans to purchase 50.7 million Konyagi bottles from KIOO Ltd in 2023, with 30% of the forecasted sales in Dar, amounting to 85 tons of bottles launched per month.

To ensure bottle visibility and responsible recycling, TBL will engage Zaidi Recyclers, a local recycling company. The 6-week pilot project will focus on returning bottles to identified stockists in Dar, facilitating their recycling through the designated glass supplier.

Accelerator 100+: Advancing Sustainability Goals

Supporting Start-ups for Breakthrough Innovations

AB InBev launched the Accelerator 100+ in 2018 to accelerate progress towards its ambitious sustainability goals. This initiative identifies start-ups capable of delivering breakthrough advancements in five sustainability pillars: water stewardship, smart agriculture, circular packaging, climate action, and upcycling. In the first two cohorts, more than half of the start-ups secured long-term contracts with AB InBev.

This year, the program has expanded to six challenge statements aligned with the UN Sustainable Development Goals and the Sustainability Goals of the 100+ Accelerator Partner Companies. The challenges include smart agriculture, water stewardship, circular economy, climate action, biodiversity, and inclusive growth.

On March 28th, 2022, Tanzania Breweries Public Limited company (TBL) and Smart labs announced the opening of applications for Cohort 4 of the Accelerator. Interested individuals, teams, and companies led by passionate entrepreneurs were invited to register. The cohort commenced on April 1st, 2022. TBL supports the selected start-ups through mentoring, funding of USD $100,000, and opportunities to pilot and scale their ideas within TBL's business and value chain. TBL commits to advocating for and championing these start-ups, facilitating their development and growth with peer companies and investors.

Revolutionizing Agriculture: TBL-Vodacom Blockchain Partnership

Empowering Farmers with Blockchain

Witness the transformative launch of TBL's partnership with BanQu on May 24, 2022. This groundbreaking collaboration harnesses blockchain technology to revolutionize agriculture. Committed to ABI's Smart Agriculture Sustainability goal, the partnership empowers all direct farmers by 2025, fostering skill development, connectivity, and financial empowerment.

Transparent Supply Chain and Financial Inclusion

Discover BanQu's blockchain-powered platform, connecting 5,000 Tanzanian farmers to TBL's value chain. Immutable records of crop transactions are created, granting each farmer a unique 'economic passport.' This fosters transparency, traceability, and financial inclusion. The integration of Vodacom Mpesa enables seamless mobile money payments, while exploring collaborations to enhance connectivity, phone access, and the mobile money ecosystem.

The successful pilot in Tanzania led to this milestone launch, deploying the first agricultural blockchain technology.

Uniting for a Sustainable Future: World Environment Day 2022

Advocating for Global Environmental Transformation

Discover the significance of World Environment Day, observed on June 5th annually, as a global platform to emphasize the importance of our environment. This day serves as a catalyst for environmental outreach, engaging millions worldwide to protect and preserve our planet. In 2022, the #OnlyOneEarth campaign aimed to drive transformative environmental changes on a global scale.

TBL's Commitment to a Sustainable Tomorrow

Explore Tanzania Breweries Plc's (TBL) dedication to the AB-InBev objective of a Future with more cheers, as they commemorate World Environment Day. TBL aligns its efforts with the 2025 Sustainability Goals, identifying the most crucial global objectives and striving to improve performance in those areas. Adopting a comprehensive approach with a focus on "Only one earth: Water, Carbon, and Recycling," TBL aims to achieve shared prosperity for the company, communities, and nature. Their commitment is exemplified by Tanzania Breweries Ilala's recognition in Dar es Salaam city council for their valuable environmental conservation and initiatives

Driving Climate Action: TBL-NMG MOU Signing

Formalizing Commitment to Sustainable Development Goals

Discover how Tanzania Breweries Plc (TBL) and National Media Group Plc (NMG) solidify their dedication to combating climate change through the signing of a memorandum of understanding (MOU). This agreement formalizes TBL's commitment to integrating Sustainable Development Goals (SDGs) into their business strategies, ensuring access to funding and organizational longevity.

Holistic Approach to Climate Mitigation

Explore TBL's comprehensive approach to climate action, encompassing renewable energy, emission reduction, and public awareness. Through the MOU, TBL pledges to transition to 100% renewable energy and decrease GHG (Greenhouse Gas) emissions by 25% across their value chain. We emphasize raising awareness through partnerships with public and professional events, promoting a deeper understanding of climate change and connecting citizen science communities. Witness their alignment with AB InBev's sustainability goals and their pursuit of science-based emission reduction targets.

Empowering Barley Farmers: TBL's Farmers' Field Day

Strengthening the Value Chain through Smart Farming

Experience TBL's annual Farmers' Field Day, a celebration of their commitment to empowering farmers and fostering a robust value chain. This self-organized event highlights TBL's dedication to smart agricultural practices that enhance productivity and sustainability.

Smart Farming for a Stronger Value Chain

Attended the Farmers' Field Day in Arusha Monduli on July 15, 2022, coinciding with the barley harvest season. Key stakeholders, including barley

farmers, TBL representatives, financial institutions, insurers, extension officers, and scientists, gather to exchange knowledge on agricultural techniques and new seed stock. This event serves as a platform to share practices that boost productivity, provide feedback on previous crops, and showcase efficient farming methods through demonstration plots.

TBL's Farmers' Field Days have successfully facilitated networking among industry stakeholders and demonstrated the company's commitment to working directly with smallholder farmers. By providing a reliable market for their produce, TBL aims to bridge the gap and contribute to a sustainable supply of crops, as exemplified by the previous year's success in grape farming.

Empowering Farmers: TBL's Smart Agriculture Initiative

Unveiling the Impact: 2022 Analysis Report Launch

Discover the transformative effects of TBL's Smart Agriculture Initiative in the release of the highly anticipated 2022 Project Report. Through comprehensive interviews and data analysis, the report highlights TBL's commitment to empowering smallholder farmers and driving positive change in the agricultural sector.

Driving Growth in Tanzania's Agriculture

Experience the impact of TBL's Smart Agriculture Initiative, creating jobs and empowering farmers throughout Tanzania's value chain. With a clear goal of skilling, connecting, and financially empowering all direct farmers by 2025, TBL's efforts are generating impressive outcomes. The initiative not only increases farmers' income but also contributes to breaking the intergenerational cycle of poverty, fostering sustainable growth in the country.

TBL Partnered with WWF & WRBWB: for Water Security Initiative

TBL Collaborates for Sustainable Water Security Project

Tanzania Breweries Public Limited company (TBL) partnered with WRBWB and WWF for a water security project in Dar es Salaam. The project, costing US$600,000, was launched on March 1, 2022, with the presence of the Deputy Minister for Water.

Objectives and Implementation

Improving Water Quality and Quantity in Dar es Salaam
The project focuses on enhancing water quality, quantity, and protecting watershed biodiversity in Dar es Salaam and nearby towns. It employs Bankable Nature-based Solutions (BNbS) in the Msimbazi, Mzinga, and Ruvu rivers sub-catchments.

Aligned with the Integrated Water Resource Management (IWRM) approach, it supports TBL's water stewardship goal and contributes to WWF's conservation initiatives. Implemented from March 2022 to December 2025, it aims to achieve water security and implement sustainable solutions.

The project covers three sub-catchments, serving an area of 18,000 square kilometers and approximately 6.5 million people. It aims to provide potable water access, reduce runoff erosion, and implement effective watershed management and restoration solutions.

Driving Water Stewardship: AB InBev/WWF Workshop in Dar es Salaam

Collaborative Partnership for Water Stewardship

Discover the successful four-year partnership between AB InBev and WWF, working together to improve water quality and quantity in high-risk sites by 2025. The workshop convened market leads, stakeholders, and partners to foster water stewardship initiatives in local communities, sharing knowledge and driving collective action.

Exploring Impact and Best Practices

Explore ongoing projects and the newly added Dar es Salaam Water Security Project, aiming to enhance water quality, quantity, and protect biodiversity. Participants delved into case studies, monitoring techniques, financing mechanisms, and conservation practices, highlighting successful collaborations and promoting sustainable water management.

Enhancing Road Safety: Launch of Road Safety App

Addressing Traffic Crashes with Technology

Tanzania Breweries Limited introduces a groundbreaking Road Safety app designed to aid the Tanzania Traffic Police in digital road accident data collection. The app will be initially launched as a pilot project in Dar es Salaam, providing traffic police with a proven methodology to effectively address traffic incidents and crashes in the city.

Improving Safety and Saving Lives

As road traffic accidents pose significant challenges to Tanzania, the Road Safety app aims to empower the traffic police with valuable information, resources, and evidence-based recommendations. By collecting accurate data and insights, the app will assist in developing comprehensive plans and mobilizing efforts to enhance road safety, ultimately saving lives.

World Water Day: Annual Observance Day Promoting Water Conservation

Importance of Fresh Water and Sustainable Management

World Water Day, observed on March 22nd, emphasizes the significance of fresh water resources. This global event raises awareness about the need for sustainable management of water and is marked by diverse activities worldwide. The theme for this year's World Water Day is "Ground Water, Making the Invisible Visible."

In conjunction with the launch of the Bankable Nature Solution project on March 1, 2022, TBL, WWF, and WRBWD collaborated to commemorate World Water Day. They supported activities organized by WRBWD, including tree planting initiatives and communication campaigns with strategic branding.

TBL also showcased its internal initiatives across sites in Dar es Salaam, Arusha, Mwanza, and Mbeya, as part of the company's commitment to water stewardship. These efforts contribute to raising awareness and demonstrating TBL's dedication to preserving water resources.

Launch Of Road safety Buffer Zones:
Dar Es Salaam

In collaboration with TANROADS and the Traffic Police, TBL launched the motorcycle buffer zones pilot project in Arusha city in 2021. The aim was to improve road safety for school children, pedestrians, and motorists on busy roads.

In 2022, the project was expanded in Dar es Salaam with the implementation of 12 buffer zones. These zones are strategically positioned at traffic lights, allowing motorcycles to be ahead of cars and reducing the risk of lateral collisions.

The official launch event took place at the junction of Bibi Titi Mohamed and Morogoro Roads, preceded by a procession of motorcyclists and Traffic Police. The event was open to the public, with the participation of 50 Boda-boda drivers and 50 Traffic Police officers.

As part of the event, a 3D experiential tent was set up to showcase the TBL intervention and promote safe driving practices. The tent provided free access to attendees, particularly Boda-boda drivers, to encourage responsible road use.

The launch of motorcycle buffer zones in Dar es Salaam signifies a commitment to enhancing road safety and modernizing road usage in the city.

To a Future With More Cheers

Environmental, Social & Governance Report

We focus on areas that drive the greatest impact in our communities.

TBL Plc's ESG Governance and Priorities:
Creating a Sustainable Future

TBL Plc focuses on ESG monitoring and reporting for positive change. Their governance structure ensures quality control. Materiality assessment aligns with Anheuser-Busch InBev Group. Eight priorities include diversity and inclusion. This report reflects TBL Plc's commitment to sustainability.

ABOUT ESG

ESG Governance & Structure:

ESG monitoring and reporting at TBL Plc involve evaluating, creating accountabilities, and learning for the future. It is a tool for positive change and living sustainably. To streamline the process, TBL Plc has instituted its ESG governance structure, increasing accountability and transparency.

ESG Materiality Assessment:

TBL Plc aligns its priorities and strategies with the Anheuser Busch InBev Group. A materiality assessment was conducted by AB InBev in 2020 and SAB in fiscal year 2021. Key issues were identified based on stakeholder interest and business impact. TBL Plc plans to conduct a new assessment in the future and remains engaged with stakeholders for continuous improvement.

Our ESG Strategy:

Our strategy focuses on eight priorities: Smart Drinking & Moderation, Climate, Water Stewardship, Sustainable Agriculture, Circular Packaging, Ethics & Transparency, Entrepreneurship, and Diversity & Inclusion. We believe these priorities create shared value. Three cross-cutting themes—Inclusive, Natural, and Local—define our approach to shared prosperity.

Our Reporting Scope:

Reporting period: January 2022 to December 2022.
Our ESG agenda aligns with our corporate strategy, UN SDGs, and membership in the UN Global Compact Network. We focus on areas with the greatest positive impact. The reporting scope covers TBL Plc's operations, including breweries and distillery, and initiatives in Tanzania. The report follows the GRI Standards (Core Option).

Our ESG Priorities

Smart Agriculture:

We rely on high-quality agricultural crops, thriving communities, and healthy ecosystems for our beers. We support commercial and emerging farmers by providing access to agronomic information, industry practices, and technological advancements. Our goal for 2025 is to have 100% of our direct farmers skilled, connected, and financially empowered. We work closely with our Tanzanian farmers, promoting smart agricultural practices and ensuring sustainability in the value chain. We have implemented the BanQu solution to enhance financial transparency and facilitate payments to farmers.

Water Stewardship

Water is a crucial resource for our products and communities. As a leading brewer in a water-scarce country, we aim to positively contribute to watershed health. Our 2025 goal is to improve water availability and quality in high-stress areas. We closely monitor and invest in water stewardship, ensuring compliance with regulations and conducting thorough risk assessments. We actively work to clean and restore the biosphere, collaborating with organizations like WWF to protect watersheds and implement projects such as cleaning the Msimbazi River and constructing cattle troughs.

Circular Packaging

Returnable packaging allows us to reduce waste, use fewer raw materials, and lower our carbon footprint. We aim to have 100% of our products in returnable or majority recycled content packaging by 2025. TBL Plc implements a strong re-use and recycling policy, including recycling glass bottles and crates. We minimize waste by repurposing scrap labels, selling spent grains and yeast as animal feed, and exploring alternative uses for slatch. We prioritize effective separation of materials through onsite sorting. While challenges remain, such as non-returnable glass bottles and establishing a return strategy for liquor and wine, we actively support employment opportunities in the circular economy.

Climate Action

Renewable energy is crucial for combating climate change, and we are committed to purchasing sustainable energy. Our goal for 2025 is to have 100% of our purchased energy from renewable sources and achieve a 25% reduction in carbondioxide (CO_2) emissions across our value chains. TBL Plc invests in initiatives like solar power and recycling emissions in the production cycle. We also prioritize energy efficiency and work with suppliers to reduce carbon emissions. Our efforts align with global sustainability goals and the United Nations' SDG 13.

Smart Drinking & Moderation

Smart drinking and moderation are important to us as we strive to promote responsible consumption and reduce the harmful use of alcohol. Our goal for 2025 is to champion responsible communities, responsible driving, responsible marketing, and responsible trading. TBL Plc has implemented strict labeling guidelines on its primary packaging to promote smart drinking, including age guidance and warnings against drinking while pregnant or driving. We have launched the "Mdogo mdogo" campaign and collaborated with public health bodies and governments to reduce harmful alcohol consumption. Additionally, we have introduced the Road Safety App in partnership with the Tanzania Traffic Police Force to collect data and improve road safety. Our commitment to learning and collaboration is evident as we incorporate feedback and provide training to enhance the app's effectiveness.

Entrepreneurship

Entrepreneurship is crucial for economic development, job creation, and innovation. At TBL Plc, we invest in entrepreneurs throughout our value chain, particularly focusing on farmers, retailers, and women entrepreneurs. Our goal for 2025 is to support 30,000 small and medium businesses and drive the growth of 15,000 women-owned businesses in townships and rural areas. To achieve this, we have launched the Accelerator 100 Initiative in partnership with the Tanzania Private Sector Foundation, UNDP, and TADB. The initiative provides start-ups with funding, mentorship, training, and networking opportunities to implement pilot projects and contribute to Tanzania's economy. Through our entrepreneurship programs, we aim to empower entrepreneurs, stimulate economic growth, and create a better future for all Africans.

Ethics & Transparency

Ethics and transparency are vital for building trust with stakeholders. At TBL Plc, we are committed to conducting business ethically and transparently. We prioritize occupational health and safety, comply with regulations, and engage with stakeholders. Our facilities maintain strict safety protocols, conduct regular inspections, and assess risks. We employ qualified OHSE personnel and involve stakeholders in continuous improvements. Training and compliance monitoring are prioritized, and safety awareness materials are being considered for translation into Swahili. Contractors are managed with relevant documentation, and on-site medical practitioners ensure employee health. We have a strong incident review process, low incidence rates, and focus on community relations. Annual security risk assessments and clear communication channels contribute to safety and transparency beyond our facilities. We maintain compliance with outsourced vendors, conduct regular checks, and adhere to service level agreements. Our commitment to ethics and transparency guides our actions and ensures a sustainable future.

Diversity & Inclusion

We prioritize diversity and inclusion at TBL Plc because we believe in the power of varied perspectives and ideas. Our workforce is young, with a significant number of employees below the age of 30. We actively support youth trainees through programs like the ATE guided internship program. Our diversity and inclusion policy promotes a work environment where all colleagues are respected and valued. We aim to attract, hire, engage, develop, and advance the best talent regardless of gender, ethnicity, or sexual orientation. The Chief People Officer governs this policy, and progress is tracked across various metrics, including recruitment, engagement, leadership competency, and representation by level. While we currently don't employ people with disabilities, our product portfolio and supply chains are inclusive, benefiting various stakeholders along the value chain, such as farmers, female-owned enterprises, and establishments with a significant female workforce. We are committed to fostering diversity and inclusion to create a better, more inclusive world.

To a Future With More Cheers

Awards


Brewery
WORLD CLASS
ABInBev
VPO
CONTINUOUS IMPROVEMENT
AUTONOMOUS TEAMS
WINNER
AFRICA'S BEST BREWERY AWARD
MWANZA BREWERY
2022

The Employer of the Year Awards

First Runner-Up for Employer of the Year Award

Tanzania Breweries Limited (TBL) celebrates a significant win at the Association of Tanzania Employers (ATE) Employer of the Year Awards! We received First Runner-Up for the Overall Employer of the Year Award and Best Company in the Private Sector for 2022 simultaneously.

The ceremonies, graced by Vice President Hon. Dr. Philip Isdor Mpango and Minister of State Hon. Prof. Joyce Ndalichako, took place on December 3, 2022. Rabina Masanja, our People Director, accepted the trophies on behalf of TBL Management & Staff.

This award solidifies our commitment to being the employer of choice. We prioritize creating an inspiring work culture that fosters employee engagement and a positive environment.

We are honored to receive this recognition through ATE, a national champion for employer/employee initiatives. These awards are dedicated to all TBL Management and valued employees.

Celebrating Excellence in Taxpayer Contributions

Our dedication and efforts in driving economic development and strengthening communities have been acknowledged. We are proud to contribute to national development through tax payments. We thank Hon. Nape Nnauye for presenting us with this prestigious award, which motivates us to strive for excellence and continue practicing sustainability.

We express our heartfelt appreciation to our customers, partners, and stakeholders for their support and trust. With their collaboration, we have achieved sustainable growth and made a positive impact on our country's socio-economic landscape.

As the Best Taxpayer, we remain committed to contributing to our nation's development and supporting initiatives for economic prosperity and societal well-being.

Hon. Nape Nnauye recognizes our achievement as the best Taxpayer of the Year 2021/22.

Largest Taxpayer of the Year

Pioneering Growth through Innovation and Sustainability

Over the past years, we have been operating in more innovative ways including leveraging on technology and sustainability that has led our business in achieving steady growth which is the reason today we are proud to have received an award for the Largest taxpayer for the year 2021/2022 at the official closing ceremony of 46th Dar es salaam International Trade Fair 2022.

To a Future With More Cheers

To a Future With More Cheers

African Breweries Triumph: Mwanza Takes the Crown as Best Brewery of the Year

Our brewery in Mwanza was named the best brewery of the year in Africa across the Africa zone in 2022 and also represented Africa in the global brewery excellence program (BEP). Arusha and Mbeya were the two runners-up. All our breweries achieved Voyage Plant Optimization (VPO) excellence and world-class in means and results. Our TDL Operations achieved the highest special operations (SOP) Certification, Phase III

Mwanza Brewery at Excellence level and the following Zone Awards:

Winner - Africa's Best Brewery
Runner Up - Engaging Leader Award
Runner Up - Better World and Environmental Leaders Award
Runner up - Safety First Leaders Award

Arusha Brewery at World Class Level and the following Zone Awards;

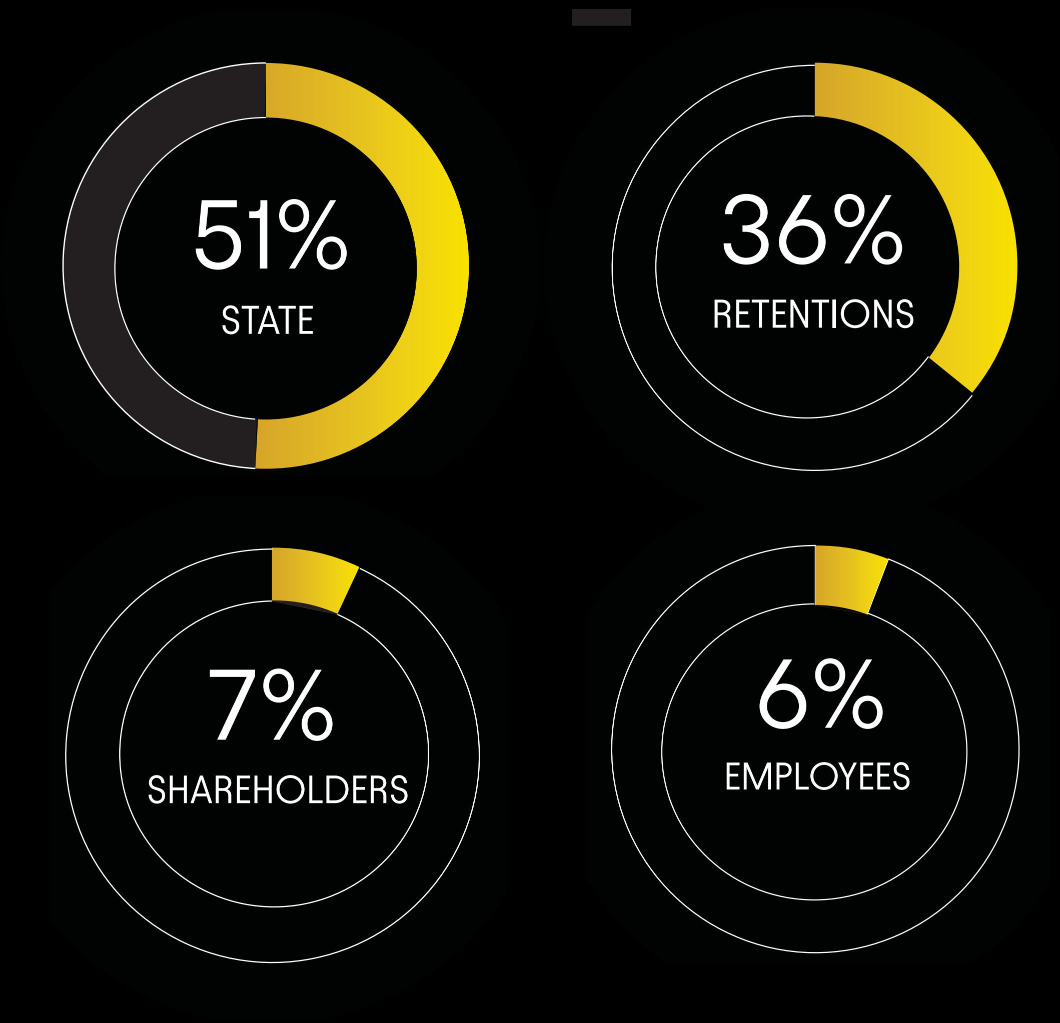
Winner - Safety First Leaders Award
Winner - Engaging Leaders Award
Runner Up - Quality ALWAYS Leaders Award (BOP)
Runner Up - Africa's Best Brewery Award

Mbeya Brewery at World Class Level and the following Zone Awards;
Runner Up - Quality Culture Award
Runner Up - Engaging Leaders Award
Runner Up - Africa's Best Brewery Award

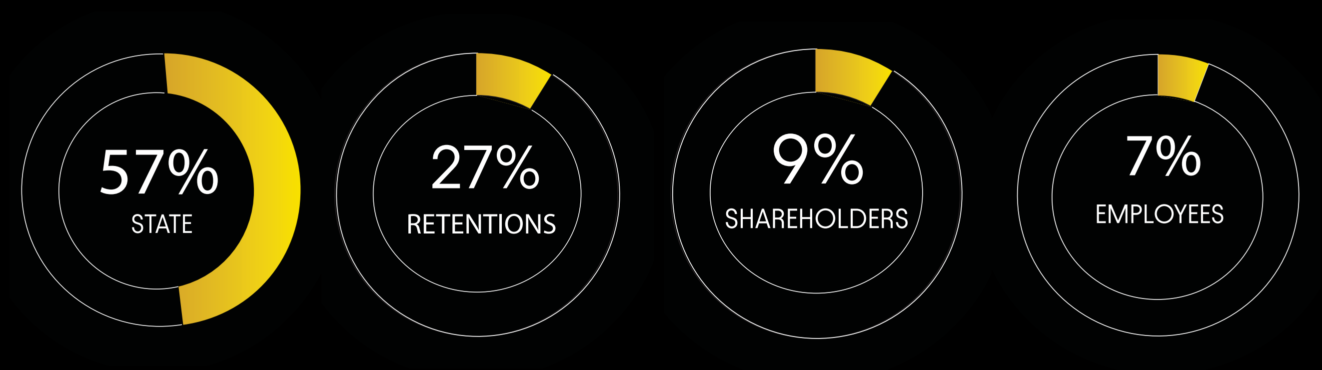
Cash Value statement

Million Tanzania Shillings	31 Dec 2022	%	31 Dec 2021	%
Cash generated				
Cash derived from sales	**1,364,436**		1,184,079	
Cash value generated	**1,364,436**		1,184,079	
Cash paid to suppliers	**(351,683)**		(355,215)	
Cash value added	**1,012,753**	100.0	828,865	100.0
Cash utilised to				
Remunerate employees for their services	**(63,687)**	6.29	(56,373)	6.80
Pay direct taxes to Government	**(72,551)**	7.16	(78,274)	9.44
Pay excise duty and Value Added Tax	**(442,468)**	43.69	(393,986)	47.53
Provide shareholders with cash dividends	**(72,478)**	7.16	(75,596)	9.12
Cash disbursed among stakeholders	**(651,184)**	64.30	(604,230)	72.90
Cash retained to fund replacement of assets and facilitate further growth	**361,569**	(35.70)	224,635	(27.10)

2022 Group Cash Outflow Composition



2021 Group Cash Outflow Composition



Financial Report

Table of contents

The report by those charged with governance

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, 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 eight depots throughout the country. It distributes its 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;
Balimi Extra Lager; and
Konyagi.

The Company also produces and distributes Castle Lager, Castle Milk Stout, Castle Lite, and Redds Premium Cold under license from AB InBev International BV. In addition, it distributes AB InBev beer brands Budweiser and Corona.

3 Dream

"Our purpose is to Dream Big to Create a Future with More Cheers -a future that everyone can celebrate and everyone can share. Where we dream big to serve up new ways to meet life's moments, move our industry forward, and make a meaningful impact in our communities."

4 Operating and financial review

THE NATURE OF THE ENTITY'S OPERATIONS

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.

4 **Operating and financial review** (continued)
The nature of the entity's operations (continued)

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 2022, 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's revenue increased by 12% with growth in beer and slightly in spirits, with significant contribution coming from the core and core plus segments of the business, especially our recently launched innovations. The Group continues to execute on the strategy and increase sales and marketing investments behind the brands to deliver consistent growth and long-term value creation.

The Group's operating profit increased by 21% driven by volume performance and efficiencies in operating costs.

A total of TZS 82,350 million was invested in capital expenditure during the year compared to TZS 53,729 million invested during the year ended 31 December 2021.

The Group's reported cash generated from operations was TZS 368,299 million during the year versus TZS 272,469 million generated during the year ended 31 December 2021. Of this amount, TZS 72,551 million was utilized to pay corporate income tax and the remaining amount funded capital expenditure and dividends to shareholders with TZS 136,934 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.

4 **Operating and financial review** (continued)
Liquidity review (continued)

The Group cash and bank balance increased by 61% to TZS 361,569 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 34% resulted from the increase in cash and bank balance and improvement of collections days on the receivable balances.

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 continue with its expansion and facility upgrade program, investments in the returnable and non-returnable packages, investment in efficiencies focusing on cost optimisations. 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 290 per share amounting to TZS 85,566 million during the year ended December 2022 (2021: TZS 255 per share amounting to TZS 75,239 million).

The total dividend paid out in the year amounted to TZS 72,478 million (2021: TZS 75,596 million). See further details in note 35 (vi).

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 2022, unless otherwise stated, are:

Mr. L. Mususa

69

Tanzanian
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.

Mr. Jose Moran

42

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

Ambassador A.R. Mpungwe

72

Tanzanian
Businessman, appointed in October 2001. He is an appointee of AB InBev Africa BV.

Mr. Maharage Chande

48

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

Mr. A. B. S. Kilewo

85

Tanzanian
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

76

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

6 **Composition of the board of directors** (continued)

Ms. L. Swartz

66

South African
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

47

Tanzanian
Managing Director of Assemble Insurance (T) Ltd. She was appointed on 4 August 2022, representing Minority shareholders.

Mr Richard Rivett-Carnac

47

South African
Vice President, Finance Africa Zone AB InBev Africa BV. He was appointed on 10th November 2021, resigned August 2022. He is an appointee of AB InBev Africa BV.

Ms Elisha Dhenanath

39

South African
Finance Director Africa SouthEast BU. She was appointed on 16th August 2022. She is an appointee of AB InBev Africa BV.

Mr. Emmanuel Johannes

45

Tanzanian
Managing Partner, Kepler Consultants. He was appointed on 1st November 2022. He is an appointee of AB InBev Africa BV. Chairman of the Board, Audit and Risk Committee.

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.

Operating Board:

Mr. Jose Moran

Ecuadorian
Managing Director – Appointed in October 2021

Mr. Jacques Els

South African
BU Procurement Director - Appointed in October 2020, resigned April 2022

Mr. Dickson Rushekya

Tanzanian
Procurement Director – Appointed in April 2022

Ms Lize Kruger

South African
BU Logistics Director – Appointed in September 2019, resigned April 2022

Ms Nancy Riwa

Tanzanian
Logistics Director – Appointed in April 2022

Ms. Rabina Masanja

Tanzanian
Human Resources Director – Appointed April 2021, resigned December 2022

Mr. Avito Swai

Tanzanian
Finance Director – Appointed October 2021

Ms. Timea Chogo

Tanzanian
Regional Director (TDL) – Appointed April 2021 resigned June 2023

Ms. Mesiya Mwangoka

Tanzanian
Legal & Corporate Affairs Director – Appointed February 2021

Ms. Eva Kuvise

Tanzanian
Solution Director – Appointed March 2021

Ms. Fabiana Pereira

Mozambican
Marketing Director – Appointed May 2022

Mr. Richmond Raymond

Tanzanian
Technical Director – Appointed in March 2020

6 **Composition of the board of directors** (continued)

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 2022	Ordinary Shares Dec 2021
A.R. Mpungwe	**7,000**	7,000
A.B.S. Kilewo	**37,641**	37,641
P.J.I. Lasway	**36,216**	36,216
Total	**80,857**	80,857

7 Corporate Governance

The Board of Directors of the Company consists of nine Directors. Apart from the Managing Director and Finance Director Africa SouthEast BU 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 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. Mr. Emmanuel Johannes 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.

8 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 (2021: 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.

9 Management

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

- Supply Chain department
- Solutions department
- Finance department
- Procurement and Sustainability department
- Marketing department
- People department
- Logistics department
- Sales department
- Legal and Corporate Affairs department.

10 Stock exchange information

The Company is listed on the Dar es Salaam Stock Exchange. The share price as at 31 December 2022 was TZS 10,900 (December 2021: TZS 10,900) and market capitalization was TZS 3,216,111 million (December 2021: TZS 3,216,111 million).

11 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 2022 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.

11 Risk management and internal control (continued)

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.

12 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 208 million for staff training programs compared to TZS 274 million in the year ended December 2021. 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 organised by the Africa Zone and Global.

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 Occupational Health and Safety Authority (OSHA) 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.

12 Employee welfare (continued)

EMPLOYEES BENEFIT PLAN

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

13 Gender parity

At 31 December 2022, the Company had 1,279 (December 2021: 1,267) employees, out of which 241 (December 2021: 238) were female and 1,038 (December 2021: 1,029) were male.

14 Related party transactions

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

15 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 421 million (December 2021: TZS 311 million).

16 Corporate social responsibility (CSR)

ANNUAL FARMERS FIELD DAY

TBL alongside its stakeholders celebrated its self-organized annual Farmers' Field Day, the brewer has reiterated its commitment towards empowering farmers through smart practices of agriculture to ensure a stronger value chain.

Last year's theme was, "Smart farming for stronger value chain" coincided with barley harvest season which is one of the key crops that TBL sources from farmers. In attendance were key stakeholders including barley farmers, TBL representatives, financial institutions, insurers, extension officers, and scientists involved in the development of agricultural techniques and new seed stock.

In the past, TBL's Farmers' Field Days have proven to be a great platform for sharing agricultural practices to boost productivity and yields, as well as networking with industry stakeholders. Farmers are provided with feedback on the previous season's crop and learn from demonstration plots that showcase efficient farming practices. TBL also use these events to showcase its commitment to working directly with smallholder farmers and providing a reliable market for their produce.

Previously year, the event targeted grape farmers and saw great success in bridging the gap for all farmers and kicked off TBL's direct contracting program for grape farmers, with the aim to develop the grape industry and contribute to a sustainable supply of grapes in the country.

SMART AGRICULTURE VALUE-CHAINS ANALYSIS PROJECT REPORT

TBL released its 2022 Smart Agriculture Value-Chains Analysis Report. The independently conducted report assesses to what extent TBL's Smart Agriculture Programme has contributed to the livelihoods of smallholder farmers through a Retrospective Impact Assessment combining qualitative in-depth interviews, key informant interviews and quantitative face-to-face interviews.

Over one million jobs have been created by TBL (directly and indirectly), making it Tanzania's top manufacturer and employer. Through its Smart Agriculture Initiative, TBL has become Tanzania's active player in the agriculture value chain, directly empowering farmers of its main agricultural inputs: sorghum, barley and grapes. Tanzania's smallholder farmers are an essential part of TBL's supply chain, and TBL currently sources some 74% of its raw materials locally.

The Smart Agriculture Initiative has a goal to achieve 100% skilled, connected and financially empowered TBL direct farmers by 2025 among all farmers delivering to TBL. The analysis project indicates that TBL's Smart Agriculture Initiative is high performing. It found that 62% of farmers have been skilled, more than a third have been connected, and 85% have been financially empowered.

The report found that the Smart Agriculture Initiative has delivered beyond its impact matrix by increasing income, providing income security, and providing opportunities for farm expansion, a better future for children and asset creation – all factors that contribute to the breaking of intergenerational poverty cycles.

TBL started direct contract farming in 2019 and has so far engaged with 4,524 farmers from Dodoma, Arusha and Manyara Regions. In addition, it has partnered with research, insurance, financial institutions and government entities. This engagement has resulted in an output of 15,233 tons of produce from these farmers since its inception.

TBL has, through its history and actions, proven that it is committed to the empowerment and prosperity of Tanzanians. Its focus on financial inclusion and innovative services has improved the livelihoods of many and supported economic growth to the benefit of the country. Our responsibility does not end with our agricultural value chain. To continue being socially and environmentally sustainable, TBL wants to make a difference in the environment and in the lives of Tanzanians.

BANQU LAUNCH

TBL's parent company, ABI, has been working with BanQu in different African countries to help realize its Global Smart Agriculture Sustainability goal i.e., to ensure 100% of its direct farmers are skilled, connected and financially empowered by 2025.

BanQu, is a Software as a Service (SaaS) company that provides blockchain-powered supply chain and a records-management platform to ABI operations. Currently BanQu connects over 4,000 Tanzanian farmers (including Barley, Sorghum and Grapes) to the TBL value chain. Creating immutable records of all crop transactions made. Each farmer will essentially own a digital ledger, known as an 'economic passport'.

This deliberate partnership includes the integration of Vodacom Mpesa, as the mobile money provider where essentially the purchasing platform on BanQu is connected to a mobile money payment – Mpesa, while exploring potential collaborations around: Building out the mobile money ecosystem; Improving network connectivity in rural areas; Provide farmers with greater access to affordable phones and SIM cards etc.

ROAD SAFETY BUFFER ZONES

In 2021, TBL partnered with TANROADS and the Traffic Police to launch the motorcycle buffer zones pilot in Arusha city in a bid to create safer travel conditions on busy roads for school children and other pedestrians as well as motorists. In the year, the task was to scale up the buffer zones project in Dar es Salaam regions alongside a road safety awareness campaign.

TBL rolled out 12 of the buffer zones in Dar es Salaam. With the launch of these motorcycle buffer zones, we will be making the commitment to improve road safety for all and modernize how our roads are used. The intervention of the buffer zones is conducted when there is a traffic light, in order to guarantee that the motorcyclist will be in front of the cars. When the lights turn green, the motorcycle will speed up faster, without the risk of lateral collision with the cars.

16 **Corporate social responsibility (CSR)** (continued)

ROAD SAFETY TRAFFIC POLICE IN DIGITAL ROAD ACCIDENT DATA COLLECTION APPLICATION

TBL launched a pilot project for the Road Safety App, which will initially be rolled out in Dar es Salaam. The app provides traffic police with a proven methodology to address traffic crashes and incidents in their cities. Road traffic accidents have become a major concern in Tanzania in recent years. The country continues to experience increased effects of accidents on human lives, properties, environments, and the economy.

With this app, the Tanzanian traffic police will be able to collect information, resources, and evidence-based recommendations, which will help guide the development of a plan and mobilize efforts to improve road safety and save lives.

17 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 legislations that are applicable to the Group and Company.

18 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

Date: 26/6/2023

Statement of Directors' responsibilities

for the year ended 31 December 2022

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

Date: 26/6/2023

Declaration of the Head of Finance

for the year ended 31 December 2022

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 a Professional 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 Financial Planning and Analysis (FP&A) Manager 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", I hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2022 have been prepared in compliance with International Financial Reporting Standards and the requirements of the 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 2022 and for the year then ended and that that they have been prepared based on properly maintained financial records.

Jofrey Malkiadi

Position: Financial Planning and Analysis (FP&A) Manager
NBAA Membership No: ACPA 3763

Date: 26/6/2023

Safari
LAGER

Independent auditors' report

To the members of Tanzania Breweries Public Limited Company

pwc

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 (together the Group) as at 31 December 2022, 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 50 to 99 comprise:

- the Group and Company statements of financial position as at 31 December 2022;
- 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 MATTERS

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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Unresolved tax matters As described in note 34 of the financial statements, the Group and Company have significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes depends on future events. Having considered advice from internal and external experts, the directors have exercised significant judgement that these matters will not crystallize to a material 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 for further details.	We tested management's process for the identification and evaluation of tax exposures from TRA assessments. We examined a list of open tax matters and tax assessments by TRA as of 31 December 2022. 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 correspondences between Management and the Tanzania Revenue Authority, and the Government. We obtained and assessed advice from external tax experts that was applied by management to determine the level of provisioning required and tax objections filed thereon. We reviewed the provisions for tax exposures based on management's own assessment and evaluated reasonableness of the judgements applied. We assessed the appropriateness and adequacy of the disclosures made in the financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Investment in Subsidiary The Company has TZS 42,414 million investment in subsidiary- Kibo Breweries Limited. Investment in subsidiaries is carried at cost and assessed for impairment when an impairment trigger is identified. The impairment assessment is 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 disposal and value in use. We focused on this area because the estimation of the recoverable amount using fair value less cost to sell involves significant judgement given the inherent uncertainty in estimating expected future cashflows. Information on investment in subsidiaries and related impairment is provided on accounting policy 2(g), accounting policy 2(h), Note 3 (vii) and Note 17.	We assessed the appropriateness of the valuation technique used in the fair value calculation. We compared the carrying value of the investment to the fair value estimate to determine if there is any impairment. We reviewed the assumptions used in the fair value calculation to ensure that they are reasonable and consistent with the industry standards. We assessed the sensitivity of the fair value estimate to changes in key assumptions and determine if there are any risks associated with the estimate. We assessed the contingent liabilities at the subsidiary level to determine if they could impact the fair value estimate.

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
For and on behalf of PricewaterhouseCoopers
Certified Public Accountants Date: 26/6/2023
Dar es Salaam

Financial statements

for the year ended 31 December 2022

Statement of profit or loss and other comprehensive income

		Group		Company	
Million Tanzania Shillings	Notes	**31 Dec 2022**	31 Dec 2021	**31 Dec 2022**	31 Dec 2021
Revenue	6	**1,139,448**	1,015,447	**964,469**	848,488
Cost of sales	7	**(674,500)**	(626,510)	**(553,780)**	(510,925)
Gross profit		**464,948**	388,937	**410,689**	337,563
Selling and distribution costs	7	**(139,633)**	(114,309)	**(129,538)**	(105,359)
Administrative expenses	7	**(87,358)**	(71,516)	**(85,255)**	(70,061)
Other expenses	9	**(20,419)**	(23,938)	**(17,645)**	(6,946)
Operating profit		**217,538**	179,174	**178,251**	155,197
Finance income	10	**12,668**	2,847	**12,618**	2,659
Finance costs	10	**(15,692)**	(7,761)	**(16,622)**	(8,183)
Profit before income tax		**214,514**	174,260	**174,247**	149,673
Income tax expense	11	**(61,143)**	(39,503)	**(49,460)**	(31,526)
Profit for the year		**153,371**	134,757	**124,787**	118,147
Attributable to:					
Non-controlling interests		**9,766**	5,672		
Owners of the parent		**143,605**	129,085		
		153,371	134,757		
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gain on re-measurement of defined benefit plan	28	**(459)**	108	**(421)**	101
Deferred tax on re-measurement of defined pension benefit		**138**	(32)	**126**	(30)
Total comprehensive income:		**153,050**	134,833	**124,492**	118,218
Attributable to:					
Non-controlling Interests		**9,756**	5,674		
Equity holders of Company		**143,294**	129,159		
		153,050	134,833		
Basic earnings per share (Tshs)	12	**486**	437		
Diluted earnings per share (Tshs)	12	**486**	437		

Financial statements

for the year ended 31 December 2022

Statement of financial position

Million Tanzania Shillings	Notes	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
ASSETS					
Non-current assets					
Property, plant and equipment	14	**438,635**	446,337	**408,526**	414,693
Intangible assets	16	**43,835**	44,745	**4,096**	5,006
Right-of-use assets	15(a)	**9,068**	12,051	**7,669**	9,474
Investments	17	**88**	88	**45,108**	45,108
Deferred income tax asset	27(ii)	**12,240**	11,395	**-**	-
		503,866	514,616	**465,399**	474,281
Current assets					
Inventories	19	**115,469**	122,953	**91,105**	101,691
Trade and other receivables	20	**103,497**	129,395	**99,796**	106,755
Restricted bank balance	22	**38,300**	38,300	**38,300**	38,300
Bank and cash balances	21	**361,569**	224,635	**351,350**	206,806
		618,835	515,283	**580,551**	453,552
Total assets		**1,122,701**	1,029,899	**1,045,950**	927,833
EQUITY					
Capital and reserves attributable to owners of the parent					
Share capital	23	**29,506**	29,506	**29,506**	29,506
Share premium	23	**45,346**	45,346	**45,346**	45,346
Retained earnings		**554,639**	496,911	**449,642**	410,716
Other reserves	24	**66,643**	66,643	**66,683**	66,683
		696,134	638,406	**591,177**	552,251
Non-controlling interests	25	**38,579**	28,823	-	-
Total equity		**734,713**	667,229	**591,177**	552,251
LIABILITIES					
Non-current liabilities					
Deferred income tax liability	27(i)	**1,503**	15,471	**3,253**	17,222
Lease liability	15	**4,663**	8,745	**3,890**	6,047
Defined pension benefits	28	**2,414**	1,630	**2,265**	1,560
		8,580	25,846	**9,408**	24,829
Current liabilities					
Provisions	29	**26,405**	26,316	**6,750**	6,646
Trade and other payables	30	**335,789**	297,131	**421,105**	329,050
Current income tax payable	31	**10,967**	7,699	**12,728**	10,258
Lease liability	15	**6,247**	5,678	**4,782**	4,799
		3,79,408	336,824	**445,365**	350,753
Total liabilities		**387,988**	362,670	**454,773**	375,582
Total equity and liabilities		**1,122,701**	1,029,899	**1,045,950**	927,833

The financial statements on pages 50 to 99 were approved by the board of directors on 26/06/2023 and signed on its behalf by:-

Leonard Mususa
Chairman

Statement of changes in equity

Million Tanzania Shillings	Notes	Attributable to owners of the parent: Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
GROUP								
Year ended 31 December 2022:								
Balance at 1 January 2022		**29,506**	**45,346**	**66,643**	**496,911**	**638,406**	**28,823**	**667,229**
Profit for the year		-	-	-	143,605	143,605	9,766	153,371
Other Comprehensive Income								
Re-measurement of defined benefit plan (net of tax)		-	-	-	(311)	(311)	(10)	(321)
Total comprehensive income		**-**	**-**	**-**	**143,294**	**143,294**	**9,756**	**153,050**
Transaction with owners								
Dividends declared	13	-	-	-	(85,566)	(85,566)	-	(85,566)
At 31 December 2022		**29,506**	**45,346**	**66,643**	**554,639**	**696,134**	**38,579**	**734,713**

Million Tanzania Shillings	Notes	Attributable to owners of the parent: Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
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 provided for or 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**

Statement of changes in equity (continued)

Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
COMPANY						
Year ended 31 December 2022:						
Balance at 1 January 2022		**29,506**	**45,346**	**66,683**	**410,716**	**552,251**
Profit for the year		**-**	**-**	**-**	124,787	124,787
Other comprehensive Income:						
Re-measurement of defined benefit						
plan (net of tax)		-	-	-	(295)	(295)
Total comprehensive income		**-**	**-**	**-**	**124,492**	**124,492**
Transaction with owners						
Dividends provided for or paid	13	-	-	-	(85,566)	(85,566)
At 31 December 2022		**29,506**	**45,346**	**66,683**	**449,642**	**591,177**

Million Tanzania Shillings	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total Equity
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		**-**	**-**	**-**	**118,218**	**118,218**
Transactions with owners						
Dividendsprovided for or paid	13	-	-	-	(75,239)	(75,239)
At 31 December 2021		**29,506**	**45,346**	**66,683**	**410,716**	**552,251**

Financial statements

for the year ended 31 December 2022

Statement of cash flows

Million Tanzania Shillings	Notes	Group 31 Dec 2022	Group 31 Dec 2021	Company 31 Dec 2022	Company 31 Dec 2021
Cash flows from operating activities					
Cash generated from operations	35(i)	**368,299**	272,469	**361,227**	270,992
Interest paid	35(ii)	**(6,267)**	(5,640)	**(8,263)**	(6,757)
Income tax paid	35(iii)	**(72,551)**	(62,844)	**(60,834)**	(50,261)
Net cash inflow from operating activities		**289,481**	203,985	**292,130**	213,974
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets	35 (v)	**(82,350)**	(53,729)	**(78,833)**	(49,536)
Interest received	35 (iv)	**12,668**	2,846	**12,618**	2,659
Net cash used in investing activities		**(69,682)**	(50,883)	**(66,215)**	(46,877)
Cash flows from financing activities					
Dividends paid to owners of the parent	35(vi)	**(72,478)**	(75,596)	**(72,478)**	(75,596)
Payment of lease liability		**(10,387)**	(8,589)	**(8,893)**	(7,441)
Net cash utilised in financing activities		**(82,865)**	(84,185)	**(81,371)**	(83,037)
Net increase in cash and cash equivalents		**136,934**	68,917	**144,544**	84,060
Cash and cash equivalents at beginning of the year		**224,635**	155,718	**206,806**	122,746
Cash and cash equivalents at the end of the year	21	**361,569**	224,635	**351,350**	206,806

Index to notes to the financial statements

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 2022, are not significant and material to the Group and Company.

Number	Effective date	Executive summary
Property, Plant and Equipment: Proceeds before intended use – Amendment to IAS 16	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 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. The Group and Company had no significant proceeds earned from its sales while the asset is being prepared for its intended use.

2 Significant accounting policies (continued)

(a) Basis of preparation

Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group and Company (continued)

Number	Effective date	Executive summary
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using thea mounts reported by the parent. These improvements have no impact to the Group and Company.

(ii) New standards that are not yet effective

Number	Effective date	Executive summary
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023	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. The standard will have no significant impact to the Group and Company.
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

2 **Significant accounting policies** (continued)

(a) **Basis of preparation** (continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards that are not yet effective (continued)

Number	Effective date	Executive summary
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 2023.

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.

(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.

(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	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

Land and buildings comprise mainly factories, depots and offices.

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.

(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 2022.

(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.

(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(aa).

(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.

(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.

(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.

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) <u>Classification and measurements</u>

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.

2 Significant accounting policies (continued)

(y) Financial assets

(i) Classification and measurements

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.

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

Asset	Characteristic	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

Trade and other receivables, cash and cash equivalents are subsequently carried at amortised cost, and derivatives are measured at FVTPL.

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.

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 below:

(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 the 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) (i). 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 2022 was estimated at TZS 2,823,410 million (December 2021: TZS 2,935,926 million). The recoverable amount calculated based on fair value less cost to sales exceeded carrying value by TZS 2,232,233 million. (December 2021: TZS 2,378,140 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 and residual 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.

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.

Million Tanzania Shillings	Exposure in ZAR	Exposure in US$	Exposure in Euro	Exposure in KES	Total exposure in foreign currencies
GROUP					
31 December 2022					
Financial assets/(liabilities)					
Cash and cash equivalents	**1,508**	**9,534**	**9,798**	**-**	**20,840**
Trade and other receivables	**-**	**1,916**	**-**	**-**	**1,916**
Trade and other payable	**(2,257)**	**(62,799)**	**(12,683)**	**(4,601)**	**(82,340)**
Net monetary liabilities	**(749)**	**(51,349)**	**(2,885)**	**(4,601)**	**(59,584)**
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)

Million Tanzania Shillings	Exposure in ZAR	Exposure in US$	Exposure in Euro	Exposure in KES	Total exposure in foreign currencies
COMPANY					
31 December 2022					
Financial assets/(liabilities)					
Cash and cash equivalents	**1,365**	**8,436**	**9,835**	**-**	**19,636**
Trade and other receivables	**-**	**958**	**-**	**-**	**958**
Trade and other payable	**(1,884)**	**(50,686)**	**(12,423)**	**(4,601)**	**(69,594)**
Net monetary liabilities	**(519)**	**(41,292)**	**(2,588)**	**(4,601)**	**(49,000)**

Million Tanzania Shillings	Exposure in ZAR	Exposure in US$	Exposure in Euro	Exposure in KES	Total exposure in foreign currencies
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)

At 31 December 2022, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2021: 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 3,594 million (December 2021: TZS 666 million) and the Company's post-tax profit for the year by TZS 2,890 million (December 2021: TZS 497 million), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash and cash equivalents, trade receivables and trade and other payable.

At 31 December 2022, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2021: 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 202 million (December 2021: TZS 1,999 million) and Company's post-tax profit for the year by TZS 181 million (December 2021: TZS 1,884 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 2022, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2021: 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 52 million (December 2021: TZS 232 million) and Company's by TZS 36 million (December 2021: TZS 253 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 2022, if the Tanzania shilling (TZS) had weakened/strengthened by 10% (December 2021: 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 322 million (December 2021: TZS 266 million) and Company's by TZS 322 million (December 2021: TZS 266 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. 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:

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Trade and other receivables	**74,892**	110,497	**88,319**	78,569
Bank balances (restricted and unrestricted)	**399,490**	262,935	**389,650**	245,106
	474,382	373,432	**477,969**	323,675

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.

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Collateral held comprises:				
Cash security	**34,110**	35,546	**28,387**	27,038
Bank guarantees and share certificates	**37,469**	31,785	**36,869**	31,065
	71,579	67,331	**65,256**	58,103

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 2022 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 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. 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 2022 was determined to be immaterial. Refer to below 31 December 2022 analysis of impairment provision as per IFRS 9.

GROUP	**0 - 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 180 days**	**180 - 360 days**	**Over 360**	**Total**
31 December 2022							
Trade receivables	64,567	1,181	495	388	497	39,686	106,814
Related parties trade receivable	135	-	-	-	-	-	135
Loss rates	0.8%	8.3%	22.8%	39%	68.3%	98.4%	
Loss allowances	**517**	**98**	**113**	**151**	**339**	**39,051**	**40,269**
31 December 2021							
Trade receivables	78,844	7,415	355	487	1,475	38,123	126,699
Loss rates	0.8%	8.3%	22.8%	39%	68.3%	98.4%	
Loss allowances	**631**	**615**	**81**	**190**	**1,007**	**37,513**	**40,037**

COMPANY	**0 - 30 days**	**30 - 60 days**	**60 - 90 days**	**90 - 180 days**	**180 - 360 days**	**Over 360**	**Total**
31 December 2022							
Trade receivables	58,095	1,165	244	402	228	9,197	69,332
Loss rates	0.5%	7%	23.7%	40.3%	69.6%	98.4%	
Loss allowances	**290**	**82**	**58**	**162**	**159**	**9,050**	**9,801**
31 December 2021							
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%	23.7%	40.3%	69.6%	98.4%	
Loss allowances	**354**	**182**	**82**	**240**	**976**	**8,307**	**10,141**

*This relates to receivable from sale of goods to a related entity. Other amounts due from related parties do not arise from trading activities and ECL as provided in note 20 is based on individual assessment.

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. The Group and Company have considered that this is reflective of the expected credit losses and same does not result into material difference in comparison to the above assessment. The individually impaired receivables mainly relate to sale of goods and other receivables. 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;

Million Tanzania Shillings	Group		Company	
	Dec 2022	Dec 2021	**Dec 2020**	Dec 2021
Trade and other receivables	**40,723**	40,494	**8,196**	7,910
Related party receivables	**-**	-	**35,005**	35,005
Movements during the year: Charge/(release)	**206**	229	**194**	286
Net carrying amount	**40,929**	40,723	**43,395**	43,201

For movement of loss allowance for trade and other receivables refer to note 20. 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

Million Tanzania Shillings	Group				Company			
	Dec 2022		Dec 2021		**Dec 2022**		Dec 2021	
Name of bank	**Credit limit**	**Utilised**	Credit limit	Utilised	**Credit limit**	**Utilised**	Credit limit	
Standard Chartered Bank Tanzania Limited • Short terms loan/overdraft								
	25,000	**-**	25,000	-	**18,000**	**-**	18,000	-

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.

4 **Financial risk management** (continued)

4.1. Financial risk factors (continued)

Liquidity risk (continued)

Million Tanzania Shillings	Group Within 1 year	Group Between 2 and 5 years	Company Within 1 year	Company Between 2 and 5 years
At 31 December 2022				
Non-derivative financial liabilities				
Trade and other payable (excluding statutory and other non-financial liabilities)	**231,474**	**-**	**328,898**	**-**
Lease liabilities	**7,603**	**5,220**	**5,813**	**4,314**
	239,077	**5,220**	**334,711**	**4,314**
Forward contracts – exchange rates	**37**	**-**	**37**	**-**

Liquidity risk

Million Tanzania Shillings	Group Within 1 year	Group Between 2 and 5 years	Company Within 1 year	Company Between 2 and 5 years
At 31 December 2021				
Non-derivative financial liabilities				
Trade and other payable	205,559	-	249,341	-
Lease liabilities	5,678	10,139	4,799	7,973
	211,237	10,139	254,140	7,973
Forward contracts – exchange rates	563	-	563	-

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 2022 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 ratio was zero during the year (2021: Nil) as the Group and Company did not have borrowings.

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 2022.

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	**2022**		**2021**	
31 December Million Tanzania Shillings	**Total fair values**	**Total carrying value**	**Total fair values**	**Total carrying value**
Trade and other receivables	**78,668**	**78,668**	110,497	110,497
Bank balances (restricted and unrestricted)	**399,490**	**399,490**	262,935	262,935
Total assets	**478,158**	**478,158**	373,432	373,432
Trade and other payables	**265,129**	**265,129**	265,061	265,061
Lease liabilities	**12,823**	**12,823**	14,423	14,423
	277,954	**277,954**	279,484	279,484

COMPANY	**2022**		**2021**	
31 December Million Tanzania Shillings	**Total fair values**	**Total carrying value**	**Total fair values**	**Total carrying value**
Trade and other receivables	**79,257**	**79,257**	84,243	84,243
Bank balances (restricted and unrestricted)	**389,650**	**389,650**	245,106	245,106
Total assets	**468,907**	**468,907**	329,349	329,349
Trade and other payables	**361,409**	**361,409**	296,152	296,152
Lease liabilities	**10,126**	**10,126**	10,846	10,846
	371,535	**371,535**	306,998	306,998

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 2022 and 31 December 2021 is as follows:

Segmental statement of profit or loss

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations)/ Consolidation	Total Group
December 2022				
Revenue				
Local	963,693	153,535	-	**1,117,228**
Exports	776	21,444	-	**22,220**
Total revenue from external customers	964,469	174,979	-	**1,139,448**
Operating profit	178,478	39,060	-	**217,538**
Finance income/(cost) (net)	(4,005)	981	-	**(3,024)**
Profit before tax	174,473	40,041	-	**214,514**
Income tax expense	(49,462)	(11,681)	-	**(61,143)**
Profit for the year	**125,011**	**28,360**	-	**153,371**
Depreciation, amortisation and breakages	88,007	4,052	**-**	**92,059**
Employee benefit	52,218	4,902	-	**57,120**
Excise duty	250,198	48,539	-	**298,737**
Raw material used	221,406	66,956	-	**288,362**

Segment assets, liabilities and capital expenditure

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2022				
Assets				
Investments	45,108	-	(45,020)	88
Other non-current assets	424,019	40,129	39,630	503,778
Current assets	522,508	176,722	(80,395	618,835
	991,635	**216,851**	**(85,785)**	**1,122,701**
Liabilities and equity				
Current liabilities	385,366	74,437	(80,395)	379,408
Non-current liabilities	7,658	922	-	8,580
Owner's equity	597,873	141,492	(43,231)	696,134
Non-controlling interest	(4,652)	-	43,231	38,579
	986,245	**216,851**	**(80,395)**	**1,122,701**

Capital expenditure

December 2022

Property, plant and equipment	**78,283**	**4,067**	-	**82,350**
December 2022				
Operating activities	296,502	(4,492)	(2,529)	289,481
Investing activities	(70,673)	(1,538)	2,529	(69,682)
Financing activities	(81,371)	(1,494)	-	(82,865)
Net decrease in cash and cash equivalents	**144,458**	**(7,524)**	**-**	**136,934**
Cash and cash equivalents at the beginning of the period	206,911	17,724	-	224,635
Cash and cash equivalents at the end of the period	**351,369**	**10,200**	**-**	**361,569**

Segmental statement of profit or loss

Million Tanzania Shillings	Beer	Wines & Spirits	(Eliminations)/ consolidation	Total Group
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	3,734	-	**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

Million Tanzania Shillings	Beer	Wines & Spirits	Eliminations/ consolidation	Total Group
December 2021				
Assets				
Investments	45,108	-	(45,020)	88
Other non-current 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	2,765	-	25,846
Owner's equity	565,525	112,155	(39,274)	638,406
Non-controlling interest	(10,451)	-	39,274	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

December 2021

Operating activities	215,077	(9,285)	(1,807)	203,985
Investing activities	(47,869)	(4,821)	1,807	(50,883)
Financing activities	(83,148)	(1,037)	-	(84,185)
Net increase 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 gain/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**

5 **Business segments information** (continued)
Statement of cash flows (continued)

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	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Sale of goods – Local	**1,117,228**	988,228	**963,693**	848,118
Sale of goods – Export	**22,220**	27,219	**776**	370
	1,139,448	1,015,447	**964,469**	848,488

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

7 Expenses by nature

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Excise duty	**298,737**	266,528	**250,198**	222,550
Raw materials used	**288,362**	246,539	**224,051**	185,135
Electronic Tax stamp	**21,695**	21,409	**19,049**	16,331
Transport and vehicle running costs	**35,329**	30,261	**32,183**	27,525
Depreciation, amortisation and breakages of container	**92,485**	98,908	**87,768**	93,512
Royalties	**14,036**	13,094	**14,036**	13,094
Impairment loss – receivables	**206**	229	**194**	286
Employee benefits expense (Note 8)	**57,120**	56,373	**52,218**	51,814
Advertising and promotion costs	**20,185**	18,201	**18,301**	16,916
Operating lease rentals	**1,963**	239	**2,245**	598
other operating costs	**21,505**	23,599	**19,791**	22,996
Maintenance	**13,830**	10,171	**12,628**	8,915
Managerial, technical and administrative fees	**35,541**	26,323	**35,541**	26,323
Auditors' remuneration - audit services	**497**	461	**370**	350
	901,491	812,335	**768,573**	686,345

Classified as follows:				
Cost of sales				
Selling and distribution costs	**674,500**	626,510	**553,780**	510,925
Administrative expenses	**139,633**	114,309	**129,538**	105,359
	87,358	71,516	**85,255**	70,061
	901,491	812,335	**768,573**	686,345

8 Employee benefits expense

Wages, salaries and other benefits	**53,549**	52,595	**48,966**	48,496
Retirement benefit costs (defined contribution plans)	**3,474**	3,537	**3,161**	3,096
Defined pension benefit (Note 28)	**97**	241	**91**	222
	57,120	56,373	**52,218**	51,814

9 Other expenses

	Group		Company	
Million Tanzania Shilling	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
(loss)/gain on disposal of property, plant and equipment	**-**	63	**-**	63
Foreign exchange (loss)/gain	**-**	738	**-**	496
Sundry expenses	**12,290**	18,136	**10,977**	2,939
Impairment provision – Plant and equipment	**8,129**	5,001	**6,668**	3,448
	20,419	23,938	**17,645**	6,946

10 Finance income and (cost)

	Group		Company	
Million Tanzania Shilling	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Finance Income				
Interest income on bank balances and fixed deposit	**12,668**	2,847	**12,618**	2,659
Finance costs				
Foreign exchange loss	**(9,425)**	(2,121)	**(8,359)**	(1,426)
Interest expense on payables	**(2,656)**	(2,216)	**(2,653)**	(2,213)
Interest expenses on lease liability	**(2,627)**	(2,809)	**(2,096)**	(2,121)
Interest expenses on current account with subsidiaries	**(984)**	(615)	**(3,514)**	(2,423)
Net finance costs	**(15,692)**	(7,761)	**(16,622)**	(8,183)

11 Income tax expenses

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Current income tax (Note 31)				
- Current tax on profit for the year	**75,718**	65,992	**63,285**	53,718
- Adjustments in respect of prior years	**101**	(996)	**19**	(1,045)
Deferred income tax (Note 27)				
- Current year charge on profit for the year	**(10,266)**	(9,672)	**(9,890)**	(5,374)
- Adjustments in respect of prior years	**(4,410)**	(15,821)	**(3,954)**	(15,773)
Income tax expense	**61,143**	39,503	**49,460**	31,526

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	**214,514**	174,260	**174,247**	149,673
Tax calculated at a rate of 30%	**64,354**	52,278	**52,274**	44,902
Expenses not allowable for tax purposes	**1,165**	3,917	**1,121**	3,442
Adjustment to tax in respect of prior periods	**(4,309)**	(16,817)	**(3,935)**	(16,818)
Deferred tax asset not recognised (Darbrew)	**(67)**	125	**-**	-
Income tax expense	**61,143**	39,503	**49,460**	31,526

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.

Million Tanzania Shillings	Dec 2022	Dec 2021
Group		
Net profit attributable to ordinary shareholders (TZS'000)	**143,605,400**	129,085,000
Outstanding shares in issue (000's) [Note 23]	**295,056**	295,056
Basic earnings per share (TZS per share)	**486**	437

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.

Net profit attributable to shareholders (TZS'000)	**143,605,400**	129,085,000
Weighted average number of shares for diluted earnings per share (000's)	**295,056**	295,056
Diluted earnings per share (TZS per share)	**486**	437

13 Dividends

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share TZS/SHARE
December 2022				
Dividend declared	**(85,566)**	**-**	**(85,566)**	**290**

Dividend of TZS 290 per share amounting to TZS 85,566 million was approved by the board of directors of the Company for the year ended 31 December 2022 and TZS 72,478 million was paid during the year. Unpaid dividend as at 31 December 2022 amounted to TZS 20,137 million.

Million Tanzania Shillings	Company	Non-controlling interest	Group	Dividend per share
December 2021				
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 2022 and TZS 75,596 million paid during the year. Unpaid dividend as at 31 December 2022 amounted to TZS 7,049 million.

14 Property, plant and equipment

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
Year ended 31 December 2022							
Opening net book value	**56,318**	**309,974**	**24,820**	**7,556**	**30,624**	**17,045**	**446,337**
Additions	-	-	-	-	-	82,350	82,350
Transfers	2,170	15,952	5,278	644	40,389	(64,433)	-
Impairments	-	(8,129)	-	-	-	-	(8,129)
Container breakages and write-down	-	-	-	-	(603)	-	(603)
Depreciation charge	(4,941)	(43,848)	(7,539)	(2,471)	(22,521)	-	(81,320)
Closing net book value	**53,547**	**273,949**	**22,559**	**5,729**	**47,889**	**34,962**	**438,635**
At 31 December 2022							
Cost	117,294	737,679	115,953	42,584	215,135	34,962	1,263,607
Accumulated depreciation	(63,747)	(463,730)	(93,394)	(36,855)	(167,246)	-	(824,972)
Net book value	**53,547**	**273,949**	**22,559**	**5,729**	**47,889**	**34,962**	**438,635**

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.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture and equipment	Vehicles	Containers	Capital work in progress	Total
GROUP							
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**	**17,046**	**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**

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.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Year ended 31 December 2022							
Opening net book value	47,490	296,706	22,440	7,276	29,489	11,292	414,693
Additions	-	-	-	-	-	78,833	78,833
Tranfers	1,784	9,404	4,933	644	40,090	(56,855)	-
Impairments	-	(6,668)	-	-	-	-	(6,668)
Container breakages and write-down	-	-	-	-	(603)	-	(603)
Depreciation charge	(4,434)	(41,432)	(7,062)	(2,351)	(22,450)	-	(77,729)
Closing net book value	**44,840**	**258,010**	**20,311**	**5,569**	**46,526**	**33,270**	**408,526**
At 31 DECEMBER 2022							
Cost	103,904	703,023	106,468	28,536	204,631	33,270	1,179,832
Accumulated depreciation	(59,064)	(445,013)	(86,157)	(22,967)	(158,105)	-	(771,306)
Net book value	**44,840**	**258,010**	**20,311**	**5,569**	**46,526**	**33,270**	**408,526**

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.

Million Tanzania Shillings	Land and buildings	Plant and machinery	Furniture, equipment	Vehicles	Containers	Capital work in progress	Total
COMPANY							
Period 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	1,113,807
Accumulated depreciation	(54,630)	(405,025)	(79,673)	(24,131)	(135,655)	-	(699,114)
Net book value	**47,490**	**296,706**	**22,440**	**7,276**	**29,489**	**11,292**	**414,693**

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 and lease liabilities

Right of use assets

	Group		Company	
Million Tanzania Shilling	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Opening bal;ance	**12,051**	12,540	**9,474**	9,757
Additions	**6,874**	8,434	**6,719**	7,597
Depreciation charge	**(9,857)**	(8,923)	**(8,524)**	(7,880)
At 31 december	**9,068**	12,051	**7,669**	9,474
Lease liabilities				
Opening balance	**14,423**	14,578	**10,846**	10,690
Additions	**6,874**	8,434	**6,719**	7,597
Interest accrued	**2,627**	2,809	**2,096**	2,121
Payments during the year				
Interest	**(2,627)**	(2,809)	**(2,096)**	(2,121)
Principal amount	**(10,387)**	(8,589)	**(8,893)**	(7,441)
At 31 December	**10,910**	14,423	**8,672**	10,846

16 Intangible assets

	Group			Company
Million Tanzania Shillings	**Goodwill**	**Software**	**Total**	**Software**
Year ended 31 December 2022				
Opening net book value	**39,630**	**5,115**	**44,745**	**5,006**
Amortisation charge	-	(910)	(910)	(910)
Closing net book value	**39,630**	**4,205**	**43,835**	**4,096**
At 31 December 2022				
Cost	39,630	19,211	58,841	18,480
Accumulated amortisation	-	(15,006)	(15,006)	(14,384)
	39,630	**4,205**	**43,835**	**4,096**
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)
	39,630	**5,115**	**44,745**	**5,006**

Goodwill represents expected synergies from different beverage categories. The carrying amounts of the intangible assets approximate their recoverable amounts. The goodwill arose from acquisition of Kibo Breweries Limited. The carrying amount of goodwill is TZS 39,630 million (Dec 2021: TZS 39,630 million).

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 2021: TZS 10,900), the recoverable amount calculated based on value in use exceeded carrying value by TZS 2,232,233 million. (December 2021: TZS 2,378,140 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

Factors applied Million Tanzania Shillings	**% change (-/+)**	**Impact to recoverable amount Dec 2022**	Impact to recoverable amount Dec 2021
Share price based on block trading arrangement		**1,589,925**	1,265,363
Volume contribution	**10%**	**(282,450)**	(293,593)
Changes in net debt	**10%**	**36,809**	23,419
Impact on net assets	**10%**	**47,027**	55,779

17 Investments

Million Tanzania Shillings	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
(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 2022. 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 Dec 2022	% of ownership held by NCI Dec 2021	% of ownership held by Company Dec 2022	% of ownership held by Company Dec 2021
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 Limited is an immaterial to the group.

Summarised statement of financial position

Million Tanzania Shillings	Tanzania Distilleries Limited Dec 2022	Tanzania Distilleries Limited Dec 2021	Darbrew Limited Dec 2022	Darbrew Limited Dec 2021
Current				
Assets	**175,334**	138,770	**801**	833
Liabilities	**(73,047)**	(67,106)	**(33,068)**	(33,848)
Total net current assets/(liabilities)	**102,287**	71,664	**(32,267)**	(33,015)
Non-Current				
Assets	**40,129**	40,491	**2,968**	3,626
Liabilities	**(922)**	-	**-**	-
Total non - current net assets	**39,207**	40,491	**2,968**	3,626
Net assets/(liabilities)	**141,494**	112,155	**(29,299)**	(29,389)

Summarised statements of profit or loss and other comprehensive income:

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2022	Dec 2021	**Dec 2022**	Dec 2021
Revenue	**174,979**	166,959	**-**	-
Profit/(loss) before income tax	**40,041**	25,002	**(401)**	(1,094)
Income tax (expense)/income	**(11,681)**	(7,978)	**-**	-
(Loss)/ profit after tax	**28,360**	17,024	**(401)**	(1,094)
Other comprehensive income				
Re-measurement loss on defined benefit	**(27)**	5	-	-
Total comprehensive income for the year	**28,333**	17,029	**(401)**	(1,094)
Allocated to Non- Controlling interest	**9,916**	5,960	**(160)**	(438)

Summarised statement of cash flows

Million Tanzania Shillings	Tanzania Distilleries Limited		Darbrew Limited	
	Dec 2022	Dec 2021	**Dec 2022**	Dec 2021
Net cash used operations	**(4,492)**	(9,285)	**(129)**	41
Net cash used in investing activities	**(1,538)**	(4,821)	**-**	-
Net cash used in financial activities	**(1,494)**	(1,037)	**-**	-
Net cash decrease in cash and cash equivalents	**(7,524)**	(15,143)	**(129)**	41
Net cash and cash equivalents at start of the year	**17,724**	32,944	**147**	106
Exchange loss on cash and cash equivalents	**-**	(77)	**-**	-
Cash and cash equivalents at end of the year	**10,200**	17,724	**18**	147

18 Derivative financial instruments

Forward contracts

The Group and Company as at the year had one forward contract with Standard Chartered Bank for exchange of Tanzanian Shillings with Kenyan Shillings on 3 January 2023. The notional amount was TZS 37 million (2021: TZS 563 million).

19 Inventories

Million Tanzania Shillings	Group		Company	
	Dec 2022	Dec 2021	**Dec 2022**	Dec 2021
Raw materials	**61,834**	69,752	**47,467**	58,870
Consumable stores and spares	**31,307**	31,662	**29,332**	29,904
Work in progress	**5,792**	6,027	**6,054**	6,289
Finished goods	**24,693**	19,850	**15,668**	10,269
	123,626	127,291	**98,521**	105,332
Less: Provision for impairment losses	**(8,157)**	(4,338)	**(7,416)**	(3,641)
	115,469	122,953	**91,105**	101,691

The cost of inventories recognised as an expense and included in 'cost of sales' in the Group's profit or loss amounted to TZS 347,672 million (Dec 2021: TZS 267,641 million). Similarly, this amounts to TZS 253,991 million (Dec 2021: TZS 201,467 million) in the Company's statement of profit or loss and other comprehensive income.

20 Trade and other receivables

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Trade receivables	**107,018**	126,699	**69,332**	84,143
Less: Losses allowance	**(40,929)**	40,723)	**(8,390)**	(8,196)
Trade receivables-net	**66,089**	85,976	**60,942**	75,947
Staff advances and loans	**602**	1,460	**615**	1,500
Due from related parties (Note 37 (iv))	**888**	3,398	**52,343**	38,403
Less: Losses allowance **	**-**	-	**(35,005)**	(35,005)
Due from related parties - Net	**888**	3,398	**17,338**	3,398
Other receivables	**28,108**	28,058	**15,219**	18,430
Prepayments	**7,810**	10,503	**5,682**	7,480
	103,497	129,395	**99,796**	106,755

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

21 Bank and cash balances

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Cash in hand	**8**	8	**-**	-
Cash at bank	**361,561**	224,627	**351,350**	206,806
Total cash and bank balances	**361,569**	224,635	**351,350**	206,806

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

Cash and bank balances	**361,569**	224,635	**351,350**	206,806
Net cash and cash equivalents	**361,569**	224,635	**351,350**	206,806

22 Restricted bank balance

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
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) and High Court and as a result ongoing litigation with a supplier. Therefore, the monies are not available for general and immediate use within the Group and Company.

23 Share capital

23.1 Ordinary share capital

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Authorised, issued and fully paid:				
295,056,063 ordinary shares of TZS 100 each	**29,506**	29,506	**29,506**	29,506
Share premium				
Share 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

Million Tanzania Shillings	Ordinary Shares Dec 2022	Ordinary Shares Dec 2021	% holding Dec 2022	% holding Dec 2021
Resident shareholders:				
Parastatal Pension Fund (currently PSSSF)	**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**	4,716,052	**1.60**	1.60
National Social Security Fund	**1,200,624**	1,200,624	**0.41**	0.41
General Public	**21,397,133**	21,187,545	**7.24**	7.18
Total resident	**48,249,889**	48,040,301	**16.35**	**16.29**
Non-resident shareholders				
AB-InBev Africa BV	**188,693,282**	188,693,282	**63.95**	63.95
Others – non-resident foreigners	**58,112,892**	58,322,480	**19.70**	19.76
Total non-resident	**246,806,174**	247,015,762	**83.65**	83.71
Total ordinary shares in issue	**295,056,063**	295,056,063	**100.00**	100.00

24 Other reserves

Million Tanzania Shillings	Hedging reserve	Treasury shares	Total
GROUP			
Year ended 31 December 2022			
At start and end of the year	3	66,640	66,643
Year ended 31 December 2021			
At start and end of the period	3	66,640	66,643
COMPANY			
Year ended 31 December 2022			
At start and end of the period	43	66,640	66,683
Year ended 31 December 2021			
At start and end of the period	43	66,640	66,683

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 was 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

Million Tanzania Shillings	Dec 2022	Dec 2021
35% of equity of Tanzania Distilleries Limited	**49,190**	39,274
40% of equity of Darbrew Limited	**(10,611)**	(10,451)
	38,579	28,823
35% interest in the profit/(loss) for the year of Tanzania Distilleries Limited	**9,926**	5,958
40% interest in the loss for the year of Dar Brew Limited	**(160)**	(286)
Re-measurement gain on defined benefit	**(10)**	2
	9,756	5,674

26 Net debt reconciliation

The Group and Company did not have borrowings during the year. The reconciliation for lease liabilities is as provided in note 15.

Also, the Group and Company have security free overdraft facilities of TZS 25,000 million with Standard Chartered Tanzania Limited. This was not utilised as at the year end.

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 Million Tanzania Shillings	**Property, plant and equipment (PPE)**	**Other temporary differences**	**Hedge reserve and others**	**Total**
GROUP				
At 1 January 2022	35,155	(19,688)	4	15,471
Charged to profit or loss	(12,567)	(1,277)	-	(13,844)
Charged to OCI	-	(126)	-	(126)
At 31 December 2022	**22,588**	**(21,091)**	**4**	**1,503**
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**

(ii) Deferred income tax asset

Deferred tax liabilities/(assets) Million Tanzania Shillings	**Property, plant and equipment (PPE)**	**Other temporary differences**	**Hedge reserve and others**	**Total**
GROUP				
At 1 January 2022	**3,639**	**(15,034)**	**-**	**(11,395)**
Credited to profit or loss	(288)	(545)	-	(833)
Credited to OCI	**-**	(12)	**-**	(12)
At 31 December 2022	**3,351**	**(15,591)**	**-**	**(12,240)**
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)**

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 2021: 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.

Deferred income tax liabilities/(assets) Million Tanzania Shillings	**Property, plant and equipment (PPE)**	**Other temporary differences**	**Hedge reserve and others**	**Total**
COMPANY				
At 1 January 2022	38,202	(20,980)	-	17,222
Charged to profit or loss	(12,567)	(1,276)	-	(13,843)
Charges to OCI	-	(126)		(126)
At 31 December 2022	**25,635**	**(22,382)**	**-**	**3,253**
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**

28 Defined pension benefits

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
At start of year	**1,630**	1,496	**1,560**	1,439
- current service cost	**97**	91	**91**	82
- Interest cost	**264**	246	**229**	235
- Past service cost	**-**	(95)	**-**	(95)
Amount recognised to profit or loss	**361**	242	**320**	222
- Loss from change on assumptions	**459**	(132)	**421**	(123)
- Gain from changes of experience	**-**	24	**-**	22
Amount recognised in other comprehensive income	**459**	(108)	**421**	(101)
Disbursements paid	**(36)**	-	**(36)**	-
At end of year	**2,414**	1,630	**2,265**	1,560

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.

Actuarial assumptions:

The significant actuarial assumptions were as follows:

	Dec 2022	Dec 2021
Discount rate	**12.6% p.a**	15.6% p.a
Salary escalation rate	**6.5% p.a**	6.5% p.a
Retirement age	**60 year**	60 years

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	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Increase in defined pension benefit due to 0.5% decrease in discount rate	**89**	113	**81**	91
Increase in defined pension benefit due to 0.5% increase in future long-term salary assumption	**100**	66	**91**	60

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 in the year ending 31 December 2023.

29 Provisions for the other liabilities and charges

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
At start of the year	**26,316**	12,469	**6,646**	7,113
Provision charged/(utilised) during the year	**89**	13,847	**104**	(467)
At end of the year	**26,405**	26,316	**6,750**	6,646

As at 31 December 2022, 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 26,405 million (Dec 2021: TZS 26,316 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	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Trade payables	**132,103**	102,290	**109,394**	74,278
Deposits from customers	**32,653**	35,546	**27,015**	27,038
Dividends payable	**20,137**	7,049	**20,137**	7,049
VAT payable	**9,582**	11,705	**9,332**	12,170
Excise duty payable	**28,048**	25,809	**21,824**	21,989
Payable to related parties (Note 36 (iv))	**41,140**	49,865	**169,873**	129,123
Container liability	**13,895**	11,463	**13,895**	11,463
Other payables and accrued expenses	**58,231**	53,404	**49,635**	45,940
	335,789	297,131	**421,105**	329,050

Dividend payable represents unclaimed dividends

31 Current income tax liabilities

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
At start of the year	**7,699**	5,547	**10,258**	7,846
Current income tax charge for the year (Note 11)	**75,819**	64,996	**63,304**	52,673
Tax paid during the year:				
Current income tax	**(72,551)**	(62,844)	**(60,834)**	(50,261)
At end of the year	**10,967**	7,699	**12,728**	10,258

The opening balance includes TZS 5,361 million of tax provision related to capital deduction (TZS 5,361 million Dec 2021) as noted in note 34 (i).

32 Financial instruments by category

Million Tanzania Shillings	**Dec 2022**	Dec 2021
a) Group		
Financial assets - At amortised cost		
Trade and other receivables (excluding VAT receivable, advances to suppliers and prepayments)	**78,668**	110,497
Cash at hand and bank deposits	**399,490**	262,935
Other financial liabilities at amortised costs	**478,158**	373,432
Lease liability	**10,911**	14,423
Trade and other payable (excluding statutory liabilities)	**265,129**	259,617
	276,040	274,039
b) Company		
Financial assets - At amortised cost		
Trade and other receivables (excluding advances to suppliers and prepayments)	**79,257**	78,569
Cash at hand and bank deposits	**389,650**	245,106
	468,907	323,675
Other financial liabilities at amortised costs		
Lease liability	**8,673**	10,845
Trade and other payable (excluding statutory liabilities)	**361,409**	294,891
	370,082	305,736

33 Capital commitments

a) Capital commitments

The Group and Company had capital expenditure commitments as follows;

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Approved but not contracted for but not recorded	**1,422**	4,921	**1,422**	4,231
Approved but not contracted for	**24,200**	1,200	**24,200**	532
	25,622	6,121	**25,622**	4,763

b) Guarantees

As at 31 December 2022, the Company had provided guarantees totalling TZS 100 million (Dec 2021: TZS 100 million).

34 Contingent liabilities

Legal cases

As at 31 December 2022, the Company was a defendant in several lawsuits, the amount claimed in such lawsuits could amount to TZS 15,981 million (Dec 2021: TZS 11,908 million). Based on advice from legal counsel, a provision is in place for these cases amounting to TZS 6,750 million (Dec 2021: TZS 6,646 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 15,189 million (Dec 2021: TZS 16,233 million) and based on advice from legal counsel, the provision of TZS 50 million 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 2021. The Company is awaiting a hearing at the Tax Board. In 2022 and 2022, the Company has continued to engage Ministry of Finance and other regulatory authorities to resolve the matter. Further, in March 2022, 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 2021 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 2021, 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 2021 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.

35 Cash flow information

Million Tanzania Shillings	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
(i) Cash generated from operations				
Profit before income tax	**214,514**	174,260	**174,247**	149,673
Adjusted for:				
Interest expense (Note 10)	**6,267**	5,640	**8,263**	6,757
Interest income (Note 10)	**(12,668)**	(2,847)	**(12,618)**	(2,659)
Depreciation, container write-down/breakages and amortisation (Note 14, Note 15 and Note 16)	**92,691**	98,908	**87,767**	93,512
Impairment of PPE and intangible assets	**8,129**	5,001	**6,668**	3,448
Increase)/(decrease) on provision for liabilities (Note 29)	**89**	13,847	**104**	(467)
Increase/(decrease) in provision for defined benefits obligation (Note 28)	**325**	241	**284**	222
Loss on disposal of property, plant and equipment (Note 9)	**-**	63	**-**	63
	309,347	295,113	**264,715**	250,549
Changes in working capital				
Inventories	**7,484**	(14,654)	**10,586**	(9,010)
Trade and other receivables	**25,898**	(36,803)	**6,959**	(24,153)
Trade and other payables	**25,570**	28,813	**78,967**	53,606
Cash generated from operations	**368,299**	272,469	**361,227**	270,992
(ii) Interest paid				
Interest expense (Note 10)	**(6,267)**	(5,640)	**(8,263)**	(6,757)
(iii) Income tax paid				
Income tax payable at 1 January	**7,699**	(5,547)	**(10,258)**	(7,846)
Current income tax expense (Note 11)	**75,819**	(64,996)	**(63,304)**	(52,673)
Income tax payable as at 31 December (Note 31): Corporate income tax	**10,967**	7,699	**12,728**	10,258
Income tax paid	**(72,551)**	(62,844)	**(60,834)**	(50,261)
(iv) Interest received				
Interest income (Note 10)	**12,668**	2,846	**12,618**	2,659
(v) Purchase of property, plant and equipment and intangible assets				
Additions of property, plant and equipment during the period/ year (Note 14)	**(82,350)**	(51,299)	**(78,833)**	(47,106)
Additions of intangible assets during the period/ year (Note 16)	**-**	(2,430)	**-**	(2,430)
Cash utilised in purchase of property, plant and equipment and intangible assets	**(82,350)**	(53,729)	**(78,833)**	(49,536)
(vi) Dividends paid				
To owners of the parent				
Dividends payable at beginning of the year	**(7,049)**	(7,406)	**(7,049)**	(7,406)
Dividend expense (Note 13)	**(85,566)**	(75,239)	**(85,566)**	(75,239)
Dividends payable at the end of the year (Note 30)	**20,137**	7,049	**20,137**	7,049
	(72,478)	(75,596)	**(72,478)**	(75,596)

36 Related party transactions and balances

i) Sale of goods and services

Million Tanzania Shillings	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
Sale of goods				
Fellow subsidiaries	**647**	352	**647**	352

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 service

	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
Purchase of goods				
Fellow subsidiaries	**119,597**	133,869	**106,926**	119,373

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

	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
Fellow subsidiaries	**49,577**	39,417	**49,577**	39,417
	49,577	39,417	**49,577**	39,417

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. 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

	Group Dec 2022	Group Dec 2021	Company Dec 2022	Company Dec 2021
Subsidiary	**-**	-	**2,967**	1,807
Interest expense on intercompany accounts				
Fellow subsidiary	**64**	616	**64**	616

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.

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

	Group		Company	
	Dec 2022	Dec 2021	**Dec 2022**	Dec 2021
Receivable from related parties (Note 20)				
Subsidiary (net of impairment provision)	**-**	-	**16,450**	-
Fellow subsidiaries	**888**	3,398	**888**	3,398
	888	3,398	**17,338**	3,398
Payable to related parties (Note 30)				
Subsidiary	**-**	-	**128,733**	80,935
Fellow subsidiaries	**41,140**	49,865	**41,140**	48,188
	41,140	49,865	**169,873**	129,123

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 of year-end impairment provision of TZS 35,005 million was made against receivable balance from Darbrew Limited (2021: 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.

a) Key management compensation

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Salaries	**5,251**	3,693	**5,035**	3,522
Defined contribution plan	**461**	391	**440**	374
	5,712	4,084	**5,475**	3,896

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 (2021: Nil)

d) Directors' emoluments

	Group		Company	
Million Tanzania Shillings	**Dec 2022**	Dec 2021	**Dec 2022**	Dec 2021
Non-executive Chairman	**28**	28	**28**	28
Non-executive Directors	**78**	82	**78**	82
	106	110	**106**	110

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 80,857 (2021: 88,857) ordinary shares of the Company as 31 December 2022.

During the year, there were no commitments, provision of guarantees and collateral with related parties. (Dec 2021: 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 51.

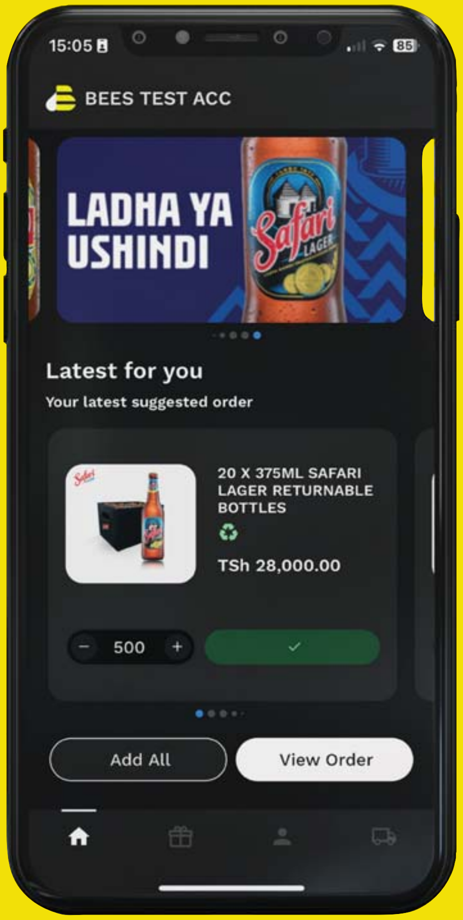
.

To a Future With More Cheers

BEES

WELCOME TO BEES

TANZANIA



GET IT ON Google Play

Download on the App Store

Here to help your business thrive

BEES is a new app from Tanzania Breweries PLC with bigger benefits to help your business thrive.

With BEES you'll get unique discount opportunities, easier ordering, and with each order, potential to earn points that can be redeemed for free product

- Full product catalogue with real-time pricing and promotion updates
- Anytime ordering with easy delivery scheduling
- Centralized view of past invoices, recent orders, and current order delivery status

If any issues arise, contact us at 0800 750 091
Whatsapp 0757685732

To a Future With More Cheers

ABInBev
To a Future With More Cheers

50th Annual General Meeting
Charting the Course

To a Future With More Cheers

Notice to Shareholders

Notice is hereby given that the 50th Annual General Meeting of the Shareholders of Tanzania Breweries Public Limited Company will be held at Julius Nyerere International Convention Centre Selous Hall along Shaban Robert Street, with an online option on 19th July 2023 at 0900hrs, for the following purposes:

1. **Session with the minority representatives**
2. **Notice of the Meeting**
   Notice convening the meeting to be taken as read.
3. **Approval of Minutes**
   To approve and sign the minutes of the 50th Annual General Meeting.
4. **Matters Arising from the minutes of the previous meeting**
5. **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 2022.
6. **To ratify dividend paid for the year ended 31st December 2022**
7. **Appointment of Statutory Auditors**
   To approve the appointment of PricewaterhouseCoopers as the external auditors for the next financial year ending 31st December 2023.
8. **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

NOTE

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 who are wishing to attend the AGM virtually 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

iv. 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 **+255 746 160 516.**

v. 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
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**

Plant Tour
Brewery tour for interested Shareholders is planned on **Thursday 6th July 2023** at 1000hrs at any of the following plants as follows:
Dar es Salaam - Ilala Mchikichini | Mbeya- Iyunga Industrial Area | Mwanza – Ilemela | Arusha – Themi Industrial Area

Kindly confirm your participation and plant preference by email to tblcorporate.communications@ab-inbev.com by **3rd July 2023** for the brewery tour.

TANZANIA BREWERIES

ABInBev

To a Future With More Cheers