

TANGA CEMENT PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
AND
AUDITED CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2025

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TANGA CEMENT PUBLIC LIMITED COMPANY

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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A.J. Akaro Advocates
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AUDITOR

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

BANKERS AND FINANCIAL INSTITUTIONS

Standard Chartered Bank Tanzania Limited
P.O. Box 9011
Dar es Salaam, Tanzania

CRDB Bank Plc
P.O. Box 1180
Tanga, Tanzania

NMB Bank Plc
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Kilwa House
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COMPANY SECRETARY

Quresh Ganijee
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TANGA CEMENT PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2025

Those charged with governance present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2025 which disclose the state of affairs of Tanga Cement Public Limited Company (the "Company" or "TCPLC") and its subsidiary, Cement Distributors (EA) Limited (the "Subsidiary"), [together, the "Group"].

Those charged with governance prepared the report in compliance with TFRS 1 issued by National Board of Accountants and Auditors (NBAA) and became effective on 1 January 2021.

1. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 of Tanzania as a public company limited by shares and is domiciled in Tanzania.

The incorporation of the company was done on 10 November 1973 as Tanga Cement Company Limited before the name changed to Tanga Cement Public Limited Company when it was listed under Dar es Salaam Stock Exchange as detailed under item 15 of this report.

The addresses of the registered office and principal place of business are set out on page 1.

2. GROUP'S VISION

To be Eastern Africa's preferred cement manufacturer and distributor.

3. GROUP'S MISSION

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

4. GROUP'S OPERATIONS

Principal activities

The principal activities of the Group during the year continued to be manufacturing, distribution and sale of cement and clinker.

The cement and clinker production plants are in Tanga while the activities of distribution and sale of cement and clinker are done throughout East African market.

Size of the manufacturing plant

The group has a limestone mine, two limestone crushing plants which feed two raw mills into two clinker production plants and two cement mills.

Description of the market

The Group sells its clinker and cement products both locally in the United Republic of Tanzania and exports to foreign markets in Rwanda, Burundi, Democratic Republic of Congo, Kenya, and Uganda.

The Group supplies cement to domestic brick makers and homebuilders, private large construction projects as well as to large government infrastructure projects in Tanzania.

Impact of the Group's operation on the environment

Being an integrated cement manufacturing operation, the Group has a direct impact on the environment from (i) its mining activities of limestone and gypsum which are critical components in the manufacturing of clinker and cement, as well as the (ii) operation of the manufacturing plant and machinery which are used for the production process.

Therefore, the Group is very cognisant in taking care of the environment by adhering to all environmental regulations and standards and with the intention of building a sustainable work environment. Details on environmental, social and governance matters, and actions taken by the Group are further detailed under item 36 and 39 of this report.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. GROUP'S OPERATIONS (CONTINUED)

Employees

The Group's operations and performance are impacted by the individuals employed to run the day-to-day operations. Their contributions are directly linked to the long-term success and performance of the Group. The Group recognises the contribution of employees to its operations and performance. The Group has various initiatives to improve employees' performance and productivity through continuous professional development. The Group also encourages a friendly work culture, foster a trust relationship with employees at every level and provide a platform for employees to express their views and share their ideas to enhance the culture of innovation in the Group's operations.

The Group promotes a work-life balanced culture and good customer care service with all employees for both our internal and external customers.

Details on the employee's welfare are detailed under item 32 of this report.

Social community issues

The Group acknowledges multiple stakeholders in the running of our operations and therefore recognises the importance of social community issues with its stakeholders who are affected by the success of our operations. In recognising the importance of the social community issues, the Group has a Corporate Social Investment policy that aligns with the requirement of the Mining Act 2010 when it comes to social community issues for the companies that perform mining activities like Tanga Cement. The Group implements its corporate social projects in collaboration with the local communities in the regions where we operate and sell our products for the benefit of our stakeholders.

Details on the Group's Social Investment are further highlighted under item 38 of this report.

Governance

The Group employs very strong principles of corporate governance which outline how the group is governed and the ways in which operations are managed to foster optimal performance in an ethical and sustainable manner.

The details of our corporate governance framework and principles, including but not limited to the right mix of skills and experience of our board of directors to enhance the Group's performance, are detailed in the risk management framework and controls under item 8 of this report.

Governance structure

In the Group, those charged with governance are person(s) with the responsibility of overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.

The corporate governance structure of the Company and its Subsidiary (Group) is the ultimate responsibility of the board of directors whose roles and responsibilities are outlined under item 8 of this report. To ensure a high standard of corporate governance throughout the Group as well as to facilitate efficient decision making, the board formed the Audit, Risk and Compliance Committee.

Management of the company has the responsibility of ensuring the day-to-day operations of the Group are conducted in conformance with the Group's principles of corporate governance aimed at achieving the Group's strategic goals and objectives.

The Group's operating model

The Group's operating model is aimed at sustainable operations and financial performance while remaining cognisant of the needs of our customers in the market and the various stakeholders affected or affecting our operations. The operating model is designed such that the Group remains relevant in the market by adopting technological and other global industry innovations that positively impact our operations.

The Group's operating model aims at fostering innovation and responding to customers' ever-changing needs. Details of the Group's Operating Model is under section 17 this report.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. GROUP'S OPERATIONS (CONTINUED)

Gender parity

The success of the company's operations is contributed to by individuals employed by the company on an indiscriminatory basis related to gender. The Group has a strong commitment to gender diversity and the fundamental principle of respect to all genders. Individuals are employed based on merit at all levels in the organisation.

Details on the Group's gender diversity can be found in item 34 of this report.

5. GROUP'S OPERATING ENVIRONMENT

The improving performance of the Tanzanian economy has fuelled the growth in cement demand and the outlook remains favourable given the linear relationship between economic growth and cement consumption. As one of the large players in the cement and clinker manufacturing business, we face a dynamic operating context that presents both demanding challenges, as well as potentially rewarding commercial opportunities for innovation and sustainable growth.

The group has identified the following trends in the operating environment which have had a direct impact on the business and management has taken the necessary strategic actions to ensure that all risks are mitigated, and opportunities are exploited for sustainable business performance.

Macroeconomic overview

The national target range of inflation remained between 3-5% and for Tanzania specifically at 3.6% at close of the year showcasing a relatively low and stable economic environment.

Real GDP growth reached 6.4% towards the close of year compared to 6.1% from the same period in 2024. This growth can be attributed to the improved performance in construction among other sectors involved and government enhanced initiatives supporting domestic performance.

Along with the Tanzania Development Vision of 2050, we anticipate further growth in our respective sector and a shared commitment to drive the country's agenda forward towards a more sustainable economic environment.

Regulatory environment

Being an integrated cement manufacturing business, the Group falls predominantly under the jurisdiction of two ministries *vis-a-vis* the Ministry of Minerals due to the mining of limestone, red soil and pozzolana which are used in the production process, as well as under the Ministry of Trade and Industry because we have installed plant and equipment used to produce cement and clinker.

Due to the significance and contribution of the sector to the country's socio-economic development, the Group is subject to a high level of regulatory scrutiny.

Our response

- i. As part of our commitment to ensuring robust governance processes and instilling a strong culture of compliance across the Group, the finance department is the custodian of all controls ensuring compliance with the laws in collaboration with the Company Secretary and the Legal Manager. Their roles include among others, to monitor and manage all major regulatory risks of the business.
- ii. We continuously monitor changes to regulations and licencing requirements and ensure that our business units are sensitised through training programs and staff communications.
- iii. We maintain ethical relations with government and relevant regulatory bodies and the tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of the business in attaining sustainable economic development.

Competitive landscape and market forces

There are 13 cement plants in the market which are geographically located close to critical raw materials. The market remains competitive throughout the year due to each player making strategic moves within and outside the region, also cement imports in some regions of the country. Prices are mainly influenced by forces of demand and supply in the market. The Group, however, is still committed to further optimize costs without compromising its sustainable production.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. GROUP'S OPERATING ENVIRONMENT (CONTINUED)

Digital environment

The Group capitalises on the implementation of advancements in technology to run the business. The running of plant and equipment used in the production process has been highly automated with the majority of processes being managed and monitored from the master control room. The group also uses integrated Enterprise Resource Planning (ERP) and Management (ERM) software in managing and processing all business data. The Group's use of technology and infrastructure capabilities positively impact our customers' experiences and support business efficiency and sustainability. The strategy gives us a competitive advantage in terms of the product development and quick response times to the dynamics of a fast-paced changing market environment.

Societal issues

Corporate Social Responsibility

The Group continued to support the Tanzanian society through its corporate social investment programmes. During the year the Group showed support to the Kilimanjaro International Marathon conducted in Kilimanjaro, respectively. Further breakdown of the CSR activities has been disclosed in section 38 of this report of those charged with governance.

Health and safety

The Group complies with applicable health and safety laws and regulations in conducting its business processes including compliance with the Occupational Health and Safety Act, 2003 and other applicable legislation concerning industrial safety. The Group is committed to provide a safe and healthy work environment to avoid any adverse impact or injury to its employees and customers by taking a proactive approach towards the safety of everyone on our business premises, including employees, contractors, customers, visitors, and members of the public by ensuring that they are not exposed to risks that may compromise their health and safety. The Group performs annual OSHA medical health check-ups for all employees and contractors on site to ascertain and continue monitoring their health status.

Population and demographic

Tanzania offers exciting growth potential relating to sales of cement. The population growth underpins the need for increased human settlements and infrastructure, and the Group is well positioned to meet the rapidly growing demand for cement.

Our response

- i. Improve the overall equipment reliability through preventive maintenance programmes.
- ii. Use trade development representatives and regional sales managers to gather market information.
- iii. Use of technology in operating and monitoring equipment performance and troubleshooting breakdowns.
- iv. Invest on employees' skills training to have the most competent individuals to manage the operations.

Human rights

The Group complies with all Tanzanian, regional and international human rights protocols, laws, and regulations. The Group has domesticated this in its culture through its policies and procedures that govern various human interactions including but not limited to employment policies and procedures and disciplinary policies and procedures.

Environmental issues

Being in a mining and manufacturing sector, the Group's operations have a direct impact on the environment where the production activities are taking place. Accordingly, the Group have adopted policies, procedures and processes to ensure environmental impact that could be generated because of the production processes are mitigated to the minimum. Strategies like quarry rehabilitation provision that conforms with the mining companies' best practice and the requirement of the Tanzania Mining Act, use of technology and bag filters that aim at reducing the emissions, planting of teak trees which to act as a buffer and environmental rehabilitation as well as other environmental safety measures have been adopted. The Group also considers the best way to recycle all waste being produced in the manufacturing process including wastewater filtration and reticulation.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. GROUP'S OPERATING ENVIRONMENT (CONTINUED)

Societal issues (continued)

Legitimate needs, interests and expectations of key stakeholders

Key Stakeholder	Needs, Interest and Expectations
<i>Government (Regulators)</i>	<ul style="list-style-type: none"> Compliance with the laws and regulations. Timely statutory payments.
<i>Employees</i>	<ul style="list-style-type: none"> Employees want friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.
<i>Shareholders</i>	<ul style="list-style-type: none"> Shareholders expect dividends and growth in the share price.
<i>Financiers</i>	<ul style="list-style-type: none"> Compliance with borrowing covenants. Timely payments of agreed interest and principal on loans and overdraft facilities per agreements.
<i>Suppliers</i>	<ul style="list-style-type: none"> Transparent, efficient and fair procurement process of goods and services. Receiving feedback on goods delivered and services rendered. Timely settlement of suppliers' invoices.
<i>Customers</i>	<ul style="list-style-type: none"> Timely delivery of cement ordered. Efficient and responsive after-sales service, especially on the quality of cement used for brick making or concrete strength.
<i>Society</i>	<ul style="list-style-type: none"> Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group.

Political environment

The Group operates in a political stable environment. Tanzania is one of the most peaceful and politically stable countries in Africa since its independence in 1961. The political stability in Tanzania promotes sustainable business opportunities.

6. MATTERS AFFECTING THE GROUP'S ABILITY TO CREATE VALUE

Considering the Group's strategy, governance, performance, and prospects there are matters that have, or may have an effect on the Group's ability to create value. These matters are discussed in section 8 of this report in the Principal Risks and Uncertainties section.

7. COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company who served on the Board during the year under review, and to date of this report are:

Name	Gender	Position	Age	Nationality	Qualification	Date Appointed
Mr. H Gurdal*	Male	Chairperson	57	Turkish	Mechanical Engineering and MBA in International Management	27 November 2023
Mr. A Velez **	Male	Managing Director	57	Spanish	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics	1 May 2024
Mr. C Mikli*	Male	Director	52	German	Diplom – Kaufmann	27 November 2023
Mr. F Brambilla*	Male	Director	54	Italian	Civil Engineering and MBA	27 November 2023
Mr G Puppo*	Male	Director	51	Italian	Chem. Eng., MBA	27 November 2023
Mr R. Mbilinyi*	Male	Director	60	Tanzanian	BSc Engineering, MBA (Marketing)	4 March 2013

[** Executive *Independent Non-executive]

The Company Secretary during the year ended 31 December 2025 was Mr Q. Ganijee (Tanzanian), 43 years old. The Board of Directors met four times during the year.

8. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

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

The Board of Directors

Overview

The Board of Directors (the "Board") of Tanga Cement Public Limited Company is composed of six directors. Apart from the Managing Director, no other directors hold executive positions in the Group. Their names, position, age, nationality, gender, qualifications, and the date of appointment/retirement are disclosed in section 7.

The Board takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.

The Board Chairman has no executive functions. The roles of the Chairman and Managing Director are separate, with each having different set of responsibilities.

The Board is confident that its members have the knowledge, talent and experience to lead the Group. Some of the non-executive directors are independent from management and the Group. With their depth of experience, they add value to Board deliberations.

The Board is required to meet at least four times per year. The Board delegates the day-to-day management of the business to the Managing Director, assisted by the senior management team. Senior management is invited to attend Board meetings and facilitates effective communication and control over all of the Group's operational activities, acting as a medium of co-ordination between the Board and the various business units.

All directors have access to the Company Secretary and his services and may seek independent professional advice if necessary. It is the Group's philosophy to manage and control its business on a decentralised basis. Senior management meets on a weekly basis to review the results, operations, key financial indicators and business strategies of the Group. Board meetings are held quarterly to deliberate on the results of the Group.

Roles of the board

The role of the Board is to effectively represent and promote the interests of shareholders with a view to adding long-term value to the Company's shares. Having regard to its role, the Board will direct and supervise the management of the business and the affairs of the Company including:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management).
- Establishing policies for strengthening the performance of the Company by, inter-alia, ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital.
- Monitoring the performance of management.
- Setting the terms of the CEO/Managing Director's employment contract and, where necessary, recommending the termination of the CEO/Managing Director's employment with the Company.
- Ensuring that procedures and practices are in place that protect the Company's assets and reputation.
- Deciding on whatever steps are necessary to protect the Company's financial position and ensuring that it can meet its debts and other obligations as required.
- Ensuring that the Company's financial statements are true and fair and conform with law.
- Ensuring that the Company adheres to law and maintains high standards of ethics and corporate behavior.
- Ensuring that the Company has appropriate risk management/regulatory compliance policies in place.
- Regularly assessing the Company's performance and effectiveness, and that of individual directors, including the CEO/Managing Director, and
- Ensuring that the Company has developed a succession plan for the executive directors and senior management.

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Segregation of duties

The Board link the Company's governance and management functions through the Managing Director (MD). Both the Chairman of the Board and the MD are collectively responsible for the leadership of the Group and for promoting the culture of good governance to the highest standards of integrity.

All Board authorities conferred on management is delegated through the MD so that the authority and accountability of management is considered to be the authority and accountability of the MD as far as the Board is concerned. The Chairman is expecting to be kept informed by the MD on all important matters and is always available to the MD to provide counsel and advice where appropriate.

Some of the key roles and responsibilities of the Chairman of the Board is outlined below:

- i) Responsible with ensuring the integrity and effectiveness of the governance process of the Board.
- ii) Responsible for maintaining regular dialogue with the MD over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
- iii) Act as facilitator at meetings of the Board to ensure that no director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming.
- iv) To ensure that Board discussions result in logical and understandable outcomes.
- v) Ensure the performance and evaluation of the Board and its committees is done as required by the Board charter.

Key roles and responsibilities of the Managing Director:

- i) Responsible for the leadership of the company and for promoting a culture of good governance to the highest standards of integrity.
- ii) Inform the Chairman of all important matters and seek counsel and advice from the Board where appropriate.
- iii) The MD in association with the Chairman is responsible for the achievement of the Company goals.
- iv) Present to the Board operational and other reports (such as annual financial and capital expenditure budgets etc.)

Board independence

Director independence is critical to effective corporate governance and providing objective independent judgment that represents the interests of all shareholders is at the core of the Board's oversight function. Accordingly, a substantial majority of the Board's directors should be independent, compliant with applicable rules and regulations and as determined by the Board's charter.

An independent director should not have any relationships that may impair, or appear to impair, the director's ability to exercise independent judgment.

Annual assessment of the directors' independence

The independence of the board is assessed annually based on the National Board of Accountants and Auditors', Tanzania (NBAA) regulations.

During the 2025 financial year we confirm that no director (except executive directors) held management positions at the Company or with the Group and no former executive director(s) were appointed as Board member less than three years after their departures.

Further note the Board has not received any complaints regarding their standing from the NBAA being the professional regulatory body.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Board meetings

According to the Board charter, the Board is required to meet at least four times per year. At each normal meeting the Company's register of directors' interests will be updated as necessary, and the Board will consider:

- i. The operational report from the MD, and individual business units,
- ii. The financial report from the Chief Financial Officer (CFO).
- iii. Review specific proposals for capital expenditure and acquisitions.
- iv. Approve the annual financial and capital expenditure budgets.
- v. Review and approve quarterly financial statements in line with term loan and stock exchange regulatory requirements,
- vi. Approve the annual and half-yearly financial statements, reports to shareholders and all public announcements.
- vii. Review the Board's composition, structure and succession as recommended by the Remuneration & Nomination Committee (RemCom)
- viii. Receive and consider the report from the Audit, Risk and Compliance Committee on the review of the Company's audit requirements.
- ix. Review the Code of Ethics and Business Conduct,
- x. Review safety, health and environmental management policies and procedures.

During the 2025 financial year the Board held 4 meetings.

Outlined below is the attendance of the Board members and invitee for the meetings held during the year:

Name	Position	27/03/25	21/05/25	16/09/25	26/11/25	Comments
Mr R. Mbilinyi	Director	✓	✓	✓	✓	Attended
Mr Q. Ganijee*	Company Secretary	✓	✓	✓	✓	Attended
Mr T. Ishemo*	Head of Finance	✓	✓	✓	✓	Attended
Mr A. Velez	Managing Director	✓	✓	✓	✓	Attended
Mr H. Gurdal	Chairperson	✓	✓	✓	✓	Attended
Mr C. Mikli	Director	✓	✓	✓	✓	Attended
Mr F. Brambilla	Director	✓	✓	✓	✓	Attended
Mr G. Puppo	Director	✓	✓	✓	✓	Attended

✓ Attended

X Excused/Resigned

* Invitees

During these meetings several matters were discussed regarding the operations of the Group. Some of these matters were:

- The Board reviewed and approved the annual financial statements.
- The Board had a discussion on the quarterly financial performance of the Group as presented by the management,
- The Board discussed and approved the Group's financial budget for 2026-2028 and long-term financial forecast for the year 2025 as presented by the management,
- The Board discussed and approved the annual capital expenditure budget for the year 2026.
- The Board also discussed the reports received from its two standing committees and deliberated thereon.

After the discussion and deliberation, the Board directed management accordingly on each specific matter raised.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

The Board's Relationship with Shareholders

The Board always uses its best endeavours to familiarise itself with issues of concern to Shareholders. The Board regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of shareholders and, if thought appropriate, it will take outside expert advice on these matters.

Board committees

According to the Board charter, Board committees will be formed only when it is necessary to facilitate efficient decision-making, and they will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

During the 2025 financial year, the Board had two standing committees, namely the Audit, Risk & Compliance Committee, and the Remuneration & Nomination Committee. These two committees have their own charter which govern their operations.

Audit, Risk and Compliance Committee

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

The committee has a charter that describes its structure, composition, and functions.

The directors of the Company who served on the committee during the year under review, and to date of this report are:

Name	Nationality	Qualification
Mr R. Mbilinyi	Tanzanian	BSc Engineering, MBA (Marketing)
Mr C. Mikli	German	Diplom - Kaufmann

The Audit, Risk and Compliance Committee reports to the Board and met four times during the year.

Outlined below is the attendance of the committee members and invitees in the meetings held during the year:

Name	Position	27/03/25	21/05/25	16/09/25	26/11/25	Comments
Mr R. Mbilinyi	Director	✓	✓	✓	✓	Attended
Mr C. Mikli	Chairperson	✓	✓	✓	✓	Attended
Mr Q. Ganijee*	Company Secretary	✓	✓	✓	✓	Invitees
Mr T. Ishemo*	Finance Manager	✓	✓	✓	✓	Invitees
Mr A. Velez*	Managing Director	✓	✓	✓	✓	Invitees
Mr H. Gurdal*	Director	✓	✓	✓	✓	Invitees
Mr F. Brambilla*	Director	✓	✓	✓	✓	Invitees
Mr G. Puppo*	Director	✓	✓	✓	✓	Invitees
Mr S. Renaud*	Chief Financial Officer	✓	✓	✓	✓	Invitees

✓ Attended

X Excused/Resigned

* Invitees

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Audit, Risk and Compliance Committee (Continued)

During their four meetings held in 2025 the committee apart from other things, discussed the following:

- The committee reviewed and approved the annual and half-yearly financial statements before publication.
- Reviewed all significant tax matters involving uncertainty.
- Reviewed the compliance with local and international accounting standards.
- Reviewed the internal audit report as well as the internal audit annual budget and plan.
- Reviewed the external auditor's report on audit issues, and material internal control weakness.
- Reviewed annual audit plan and audit fee budget.
- Reviewed effectiveness of internal control systems including computerised information systems, control, and security.
- Review systems and report on monitoring, compliance with laws, regulations, regulatory authorities' requirements and Company's memorandum and articles of association.

Board and Committees Evaluations

The Board and its committees critically evaluate their own performance and their own processes and procedures each year to ensure that they are not unduly complex and are designed to assist the Board and committees to effectively fulfil their roles.

Each year, individual directors and committee members are evaluated whereby the Board and Committees determine questions to be asked of each director and committee member about him or herself and about each other, including the chairman in compliance with best corporate governance principles. It is mandatory for each director and committee member to answer the questions in writing and the responses are collated by the chairman of the Board and chairmen of the committees, with the assistance of the company secretary, who then discuss the results with each director and committee member and with the Board collectively. The Board chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board. The Board have the discretion to determine other means of evaluation should they so deem fit.

During the year, evaluation of the Board, its committees and the individual directors were performed by using questionnaires as explained above.

Appointment of the Board and Committees' members

Before any appointment is made by the board, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:

- Use open advertising or the services of external advisers to facilitate the search.
- Consider candidates from a wide range of background.
- Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- Ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

The Board of Directors (Continued)

Appointment of the Board and Committees' members

The committee shall also make recommendations to the board concerning:

- Membership of the audit, risk & compliance committee and this committee, in consultation with the chairmen of these committees.
- The re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required.
- Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract.
- The appointment of any director to executive or other office.

Training and development of the members of the board and committees

Directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

On their first appointment, non-executive directors have the benefit of an induction programme aimed at deepening their understanding of the Company and the business and the operational environment and markets in which the Company operates. As part of the programme, directors will receive a folder of essential Board and Company information and will meet key management personnel.

Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's operational environment and markets and to keep abreast of changes and trends in the economic, political, social and regulatory environments generally.

Any director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a director or member of a relevant committee, however he/she must first discuss it with the Chairman and, having done so, will be free to proceed.

During the 2025 year there were no formal training conducted for the directors.

Performance evaluation and reward

Details of the remuneration of the directors are disclosed in Note 33 to the consolidated and separate financial statements. The Group utilises the results of market surveys to ensure market related salaries are paid and that market trends are followed in terms of changes in benefits, while taking into account the value of the employee's contribution to the Group. A portion of the incentive remuneration of the managerial staff, especially senior management, is linked to the financial performance of their respective business units and of the Group as a whole.

Risk management and internal control

The Board accepts final responsibility for the risk management and internal control system of the Group.

It is the task of management to ensure that adequate internal financial and operational controls are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding the operational effectiveness and efficiency of:

- The effectiveness and efficiency of operations;
- The safeguarding of the Group's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviour towards all stakeholders.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

Risk management and internal control (continued)

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance by staff with such measures. Consequently, even a strict and efficient internal control system can provide no more than a reasonable measure of assurance in respect of the above-mentioned objective.

The Board assessed the internal control system throughout the financial year and is of the opinion that it is at an acceptable level.

Ethical behaviour

The Group's Code of Conduct governs its activities, internal relations and interactions with stakeholders in accordance with its ethical values. Staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

Compliance with the Code of Conduct is the ultimate responsibility of the Managing Director and the Company Secretary, with day-to-day monitoring delegated to line management.

The code is supplemented by the Group's responsibility philosophy as well as its employment practices and its occupational health and safety controls.

Business ethics and organisational integrity

The Group's Code of Conduct commits it to the highest standards of integrity, conduct and ethics in its dealings with all parties concerned, including its directors, managers, employees, customers, suppliers, competitors, investors, shareholders and the public in general. The directors and staff are expected to fulfil their ethical obligations in such a way that the business is run strictly according to fair and competitive commercial practices.

Principal risks and uncertainties

Overview of the Group's enterprise risk management

The Board is responsible for the establishment and oversight over the business's risk management framework. The execution of this responsibility is cascaded to management, who are responsible for managing material risks that fall within their operating domains.

Management of risks is prioritised based on the residual exposure of the identified risks, i.e. the potential impact after mitigation measures are in place to ensure business sustainability.

Enterprise risk is reviewed and reported on at least quarterly to the Audit Risk and Compliance Committee and to the Board.

Risk management practices

An evaluation of material risks is conducted regularly and submitted quarterly to the Audit, Risk and Compliance Committee and to the Board of Directors. The aim is to reflect the risk exposure to the Group and become on a forward-looking basis. The risk profile of the Group is evaluated in the context of the business's risk capacity and tolerance thresholds set for the year.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

The principal risks and uncertainties that may significantly affect the Group’s operations, strategies and sustainability are detailed below:

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Market Price Risk (Competitor Actions)	The risk that competitor’s actions or natural comparative advantages in the marketplace will adversely affect the volumes or prices achieved by the Company, resulting in lower than budgeted revenues and the Company being unable to meet its financial obligations.	<ul style="list-style-type: none"> Declining or no price increases as result of price competition driven by excess capacity and customer bargaining power. Competitors’ strategic advantages such as low-cost curves, optimal location and other synergies. Declining market shares (due to increase in capacity, existing players, new entrants, and imports. Loss of high performing skilled sales staff. 	<ul style="list-style-type: none"> Net Sales Revenue 	<ul style="list-style-type: none"> Optimising cement sales by geography/micro market, customer segment and by product. Grow cement volumes through Trade Development Representatives (TDRs) Performance based salary structure and staff training. Sales linked promotions for large distributors. Optimise logistics supply to the market.
Reduced Market Demand Risk	The risk that an overall reduction in market demand due to macroeconomic factors will cause the business to attain lower than budgeted sales volumes and have a direct impact on the company’s revenue.	<ul style="list-style-type: none"> Declining sales volumes due to general decrease in total demand. Weak macroeconomic environment (low investment, low growth, low business confidence). 	<ul style="list-style-type: none"> Value of decrease in net sales. 	<ul style="list-style-type: none"> Optimising the cement sales by geography/micro market, customer segment and by product. Grow cement volumes through expanding product range. Performance based salary structure and staff training. Sales linked marketing promotions.
Supply Interruptions of Critical Spares and Production	Supply interruptions/stock shortages following breakdowns due to failure of critical equipment. The impact is taken as the value of lost sales or the cost of buying product from competitors at a premium to mitigate supply interruptions.	<ul style="list-style-type: none"> Poor plant reliability due to inadequate maintenance and use of unreliable parts. Non-availability of critical spares. Weather induced breakdowns, i.e. breakdowns resulting from poor workability of production input materials due to adverse weather conditions. 	<ul style="list-style-type: none"> OEE (Overall Equipment Efficiency) % variance against budget. MTBF (Mean time between failures). 	<ul style="list-style-type: none"> Keeping adequate buffer stocks for products as well as for key production raw material resources. Effective maintenance planning, execution, using reputable parts suppliers, effective condition monitoring of critical plant parts, etc. Investigating alternative/backup, longer term plans for key resources e.g. secure supply of critical mineral resources.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Inadequate Liquidity	The risk that the company will not have adequate financial resources to meet short term financial obligations, e.g. to providers of capital, suppliers and or other stakeholders	<ul style="list-style-type: none"> Insufficient financial performance (lower EBITDA and cashflows). Capex expenditure not adapting in line with reduced EBITDA. Decrease in working capital due to payment of long-term capital expenditure from short-term operational cashflows. Decrease in working capital due to increase in credit sales to retain key customers and distributors. 	<ul style="list-style-type: none"> Liquidity ratios and cash flows. 	<ul style="list-style-type: none"> Monitoring credit limits and implementing a rigorous debtor risk management control. Cashflow forecasting and optimised procurement function. Zero tolerance policy to fraud and corruption. Rigorous process for monitoring capex approvals. Ensuring efficient spending on equipment maintenance (mitigation only reduces the likelihood, not the impact).
Energy Interruptions	Production losses and additional costs caused by reduced operating efficiencies due to electrical power interruptions from the power utility. Potential damage includes premature kiln refractory material failure.	<ul style="list-style-type: none"> Poor and unreliable power supply from the local utility. 	<ul style="list-style-type: none"> Number of electrical power interruptions (per week). 	<ul style="list-style-type: none"> Installation of a UPS system which has been approved, but commencement is subject to cashflow constraints. Desensitising electronic plant control equipment to micro-dips in electricity supply. Continued proactive maintenance regime of installed standby generators.
Non-compliance with Material Legislation	The risk that the business will incur fines, penalties, loss of licenses due to non-compliance with material legislation or license conditions	<ul style="list-style-type: none"> Increasing the costs of operating a business due to onerous compliance requirements. Changes in the competitive landscape, e.g. market structure requirements, concentration ratios. Financial penalties and levies due to non-compliance with legislation 	<ul style="list-style-type: none"> Non-compliance notices. Increase in number of calls through the Tip-offs Anonymous hotline relate to non-compliance issues. Increase in legislative penalties and levies due to non-compliance with material legislation 	<ul style="list-style-type: none"> Draft and implement a compliance framework. Monitor with legislative changes in the business's operating environment. Encourage ethical and acceptable market conduct in pursuit of business objectives, as guided by the Codes of Conduct. Implementation of a zero tolerance to misconduct associated with corruption and unethical behaviour in any part of the business. Quarterly review of compliance by the Audit, Risk and Compliance Committee.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

Principal risks and uncertainties (Continued)

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Skills & Talent Shortage	The risk that the business will incur higher costs related to lack of critical skills, i.e. staff not having the required knowledge, skills or motivation to effectively carry out their responsibilities in current and future positions. This manifest in increased costs incurred related to outsourcing skills and costs related to reduced productivity	<ul style="list-style-type: none"> Inadequate succession planning. Company losing experienced employees to other companies (high turnover of experienced staff. Reduction in training and professional development budget as part of cost rationalisation 	<ul style="list-style-type: none"> Staff turnover rate. Number of flagged vacant positions 	<ul style="list-style-type: none"> Develop and implement an effective clear succession plan for key positions. Develop and implement a robust skills sharing and transfer program in the business. Conducting employee workplace culture surveys. Implementing a total reward strategy and position the company as the employer of choice Implement a staff retention strategy.
Serious Reputational Risk Incident	The risk of damage to the reputation of the business in the eyes of internal and external stakeholders resulting in loss of sales and other loss of business opportunities. Impact is measured as sales losses due to reputational damage.	<ul style="list-style-type: none"> Unethical conduct by persons conducting the company's business. Non-compliance with legislation. Unethical conduct by trade counterparties. Negative public reporting around the company's financial position 	<ul style="list-style-type: none"> Number of negative press reporting events 	<ul style="list-style-type: none"> Develop and implement a code of conduct applicable to all employees of the company, develop a public relations and communication policy and procedure manual. Rigorous training on fraud prevention and ethics in the workplace. Rapid situation assessment approach to issues and being able to respond or communicate quickly and effectively. Management to ensure proactive engagement with stakeholders.
Labour Market Action/ Instability	The risk that market unrest or labour strikes will affect the ability of the business to provide products to customers. It includes the additional cost-to-serve from unaffected operations during such events	<ul style="list-style-type: none"> The state's socioeconomic policies, etc. Unresolved grievances with spheres of government in relation to policies or service delivery. Unacceptable demands for additional employment benefits Unrealistic salary demands 	<ul style="list-style-type: none"> Media reports of labour related violence/claims of employees' dissatisfaction. Feedback from geographic or regional meetings. Threats of implementation of formal dispute process. 	<ul style="list-style-type: none"> A structured platform for effective interaction and negotiation between stakeholders of the business. Monitoring conflict indicators and promoting workplace satisfaction. Sound and open engagements with recognised labour unions

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

Group Corporate Communication

The Group has a policy which governs all corporate communications and public relations. The purpose of the policy is to ensure the Company's ability to communicate and deliver messages consistently in both emergency and non-emergency situations in a manner that is both appropriate, efficient, effective, and best serves the Company's strategic objectives, mission, goals, reputation and image.

The Group is committed to creating effective communication that enable our stakeholders to make informed decisions based on our goals and performance.

We are open and transparent in providing continuous and compressible information on our performance both internally and externally. We also inform our stakeholders impartially and in good time about all material business developments.

TCPLC is a local company that is part of a multi-national group therefore we have a global outlook. Accordingly, our communications and publications always consider the different environments which we may impact. Our engagement with stakeholders is based on mutual respect and trust and we are committed to cultivating a spirit of open dialogue.

Key stakeholders' communication includes the Group's Annual Report, published quarterly financial reports, cautionary notices and other publications in accordance with the Dar es Salaam Stock Exchange Listing Rules. The Group has a website simbacement.co.tz, and social media accounts in the name of "Simba Cement" through which our stakeholders can access all publications including general information about the company and its subsidiaries.

Whistle blowing policy

The group has a policy which governs the entire process of whistle blowing. The main purpose of the policy is to enhance good governance and transparency in dealing with individuals, corporate entities, and all other stakeholders. The policy provides a platform for raising concerns related to fraud, corruption or any other misconduct and to ensure that anyone who disclose information relating to these misconducts will be protected from any retaliation.

The employees of the Company may, in confidence raise concerns about possible improprieties in matters of financial management or other matters. The Board through the Audit, Risk and Compliance Committee and in collaboration with management ensures that arrangements are in place for the appropriate and independent investigation of such matters and that appropriate follow-up actions are taken. The committee considers the major findings of internal investigations and management's response.

Apart from the internal whistle blowing policy, the Group has a section on its website explaining on how anonymously report any misconduct, conflict of interest, and breaches of the code of conduct and deemed non-compliance with legislation.

Conflict of Interest

The directors, managers and employees of the Company and its subsidiary (Group) are responsible to the shareholders, customers and the public at large to ensure that the Group's affairs are conducted according to the highest standards of corporate governance.

The Group has a policy which govern all insider trading activities. In dealings with individuals and corporate entities, the policy requires employees to act legally and ethically in the best interest of the Company, to the exclusion of all considerations of personal preference, advantage, interest or relationship.

The Board charter requires directors not to provide business or professional services to the Company as it will create a real or perceived conflict of interest.

During the year, none of the directors or employees had any direct or indirect material interest in any significant contract with the Group.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. CORPORATE GOVERNANCE (CONTINUED)

Financial reporting and auditing

The directors accept final responsibility for the preparation of the consolidated and separate financial statements which fairly represent:

- The financial positions of the Group and Company as at the end of the year under review.
- The financial results from operations; and,
- The cash flows for that period.

The responsibility for compiling the consolidated and separate financial statements was delegated to senior management.

The external auditor has examined and reported on whether the consolidated and separate financial statements are fairly presented.

The directors are satisfied that during the year under review:

- Adequate accounting records were maintained;
- An effective system of internal control and risk management was maintained and monitored by management;
- Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, were used consistently; and,
- The consolidated and separate financial statements were compiled in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 2002 of Tanzania.

The directors are also satisfied that no events occurred subsequent to the year-end up to the date of this report which could have a material effect on the results of the Group or Company.

The directors are of the opinion that the Group and Company have sufficient resources and commitments at its disposal to operate the business for the foreseeable future. The consolidated and separate financial statements have been prepared on a going concern basis as disclosed in Note 2 of the consolidated and separate financial statements.

The Group is committed to the principles of Good Corporate Governance. The directors also recognise the importance of integrity, transparency and accountability. During the year, the Company's Board was supported by two sub-committees to which it delegated some of its functions to ensure a high standard of corporate governance throughout the Group.

9. REMUNERATION POLICIES

The Group has formal processes and procedures in place for determining remuneration paid to its directors. Management periodically prepares a proposal for fees and other emoluments to be paid to directors after having conducted market surveys and consulted with the parent company before forwarding the same to the Annual General Meeting (AGM) for final approval. The remuneration policy is in line with the Group strategy and linked to individual performance. The policy is reviewed annually by the Remuneration and Nomination Committee and approved by the Board.

10. CAPITAL STRUCTURE

The Company's capital structure for the year under review was as shown below:

Authorised

63,671,045 Ordinary shares of TZS 20 each.

Issued up and fully paid

63,671,045 Ordinary shares of TZS 20 each.

Share premium

127,342,090 Ordinary shares of TZS 1,600 each.

In November 2025, Tanga Cement PLC raised TZS 203.75 billion by way of a rights issue of 127,342,090 additional ordinary shares which are valued at TZS 1,600. In total, number of shares now stand at 191,013,135 shares.

Details of the capital structure are disclosed under Note 25 to the consolidated and separate financial statements.

TANGA CEMENT PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

11. MANAGEMENT

The management of the Company is led by the Managing Director and is organised in the following functions:

- Financial;
- Plant Management;
- Commercial, Sales and Marketing;
- Human Resources and Administration; and,
- Logistics

12. KEY MANAGEMENT PERSONNEL OF THE GROUP IN EXECUTIVE POSITIONS

The organisation structure of the group is made up with five departments which are Plant, Commercial, Logistics, Finance and Human Resources.

The key management personnel who served during the year, and to date of this report, were:

Name	Position	Qualification	Age
Mr A Velez	Managing Director	PhD of Economics and Business Organisation, MBA in Corporate Finance and a BA in Economics.	57
Mr V Singh	Plant Manager	B. Chemistry (Hons) & PG Diploma in Cement Technology	52
Mr S Chindoli	Safety, Health and Environmental Manager	B. A in Disaster and Safety Management – Lyceum College (South Africa) MSc in Safety, Health and Environment – Greenwich University (UK).	44
Mr T Ishemo	Head of Finance	B. Com (Accounting), CPA, PGDT	53
Mrs N. Mukoyogo	Head of Human Resources	BBA, MBA, PHRi	45
Mr S. Shoo	National Logistic Manager	B.Sc. Engineering, MBA	61

Functions of key management personnel in executive positions:

- Development and execution of the Group's strategic plans.
- Creating and sustaining long-term value of the business operations.
- Group's risk evaluation and monitoring.
- Performance management of the business operations.
- Preparation of the reports to be submitted to those charged with governance and in accordance with statutory requirements.
- Developing budgets and forecasts for the business.
- Supervising their respective departments and enforcing the overall culture of compliance across the business.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. KEY MANAGEMENT PERSONNEL OF THE GROUP IN EXECUTIVE POSITIONS (CONTINUED)

Compensation for key management personnel in executive position

	Group and Company	
	2025 TZS' 000'	2024 TZS' 000'
Short-term employee benefits (Salary)	1,527,689	1,078,272
Post-employment benefits (Defined contribution plans)	101,497	115,280
	1,629,186	1,193,552

13. DIRECTORS' REMUNERATION

The remuneration of the directors is subject to an annual review based on the industry benchmarking to ensure reasonable compensations are paid to the directors.

The remuneration for services rendered by the directors was as follows:

	Group and Company	
	2025 TZS'000	2024 TZS'000
Chairperson of the Board	-	-
Non- executive directors	44,135	33,218
Total	44,135	33,218

The decrease in directors' remuneration for 2025 was due to comparatively fewer board meetings during the year under review.

14. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2025 was 10,551 shareholders (2024: 10,511 shareholders). The top ten shareholders as at 31 December 2025 were:

Shareholder	2025	2024
1) SCB(T) NOMINEE RE: SCB SG S/A SCANCEM INTERNATIONAL DA TZ135943400001	74.87%	68.33%
2) ITRUST FINANCE LIMITED	9.92%	4.39%
3) PUBLIC SERVICE SOCIAL SECURITY FUND	4.39%	2.14%
4) NATIONAL SOCIAL SECURITY FUND	1.81%	1.81%
5) MEHBOOB HAFIZ KADRI	0.41%	1.10%
6) MUZAMMIL HAFIZ &/OR SAMIA MUZAMMIL KADRI	0.37%	0.92%
7) THE REGISTERED TRUSTEES OF TANGA CEMENT CO LTD EMPLOYEES SCHEME	0.37%	0.85%
8) TANVINDER SINGH VIRDI	0.27%	0.80%
9) BHAVIT KAMALNAYAN BHATIA	0.24%	0.41%
10) KHALID HAFIZ KADRI &/OR MRS MEHFUZA KHALID KADRI	0.23%	0.39%

14. SHAREHOLDERS OF THE COMPANY (CONTINUED)

Summary of members by shareholding as at 31 December 2025:

	2025		2024	
	Number of members	Number of shares	Number of members	Number of shares
1 - 1,000	9,015	2,771,051	8,936	2,824,773
1,001 - 5,000	1,104	2,977,163	1,128	3,053,785
5,001 - 10,000	286	1,734,509	315	1,927,677
10,000 plus	145	40,525,866	131	12,360,407
SCB(T) NOMINEE RE: SCB SG S/A SCANCEM INTERNATIONAL DA TZ135943400001	1	143,004,546	1	43,504,403
Total	10,551	191,013,135	10,511	63,671,045

Director's shareholding

No director held any ordinary shares in the Company.

15. STOCK EXCHANGE LISTING INFORMATION

The share price as at 31 December 2025 was TZS 2,400 per share as disclosed on the official website of the Dar es Salaam Stock Exchange (2024: TZS 1,800 per share).

16. OPERATING AND FINANCIAL REVIEW

Financial performance for the year

The Group recorded a 30% increase in sales revenue, reaching TZS 298.9 billion in 2025 from TZS 230.8 billion in 2024. This growth is attributed to increased demand and successful market expansion initiatives. This performance demonstrates the Group's ability to capture new opportunities and strengthen its competitive position in the industry.

Gross profit improved by 8% to TZS 57.9 billion compared to TZS 53.6 billion in the previous year. The Group has managed to maintain a consistent positive gross margin year on year. The Group has also maintained a positive EBITDA of TZS 54.2 billion in 2025 from TZS 50.7 billion in 2024. This improvement reflects stronger revenue performance and better control over operational costs during the period.

Profit before tax improved significantly from loss position of TZS 1.8 billion in 2024 to profit of TZS 5.1 billion in 2025. Ultimately, the Group reported a net profit after tax of TZS 5.1 billion in 2025, a significant improvement from net loss of TZS 6.7 billion recorded in 2024. This reflects the effectiveness of the Group's strategic initiatives and operational efficiencies.

Looking ahead, the Group remains committed to enhancing sustainability through safer production methods and a continued focus on customer satisfaction. We are optimistic about the outlook for 2026 as we are well-positioned to capitalize on growth opportunities within the region.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Capital management

The balance between equity and debt was as follows:

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Equity				
Issued capital	3,820,263	1,273,421	3,820,263	1,273,421
Share premium	199,190,511	-	199,190,511	-
Treasury shares	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)
Retained earnings	16,116,381	11,010,701	15,311,341	10,161,871
	217,301,235	10,458,202	216,496,195	9,609,372
Debt				
Lease liabilities	105,639	299,630	105,639	299,630
Interest bearing loans	94,613,560	293,327,737	94,613,560	293,327,737
Bank overdrafts	-	12,914,368	-	12,914,368
	94,719,199	306,541,735	94,719,199	306,541,735

Further details on the Group's capital management are included in Note 35 to the consolidated and separate financial statements.

In November 2025, Tanga Cement PLC raised TZS 203.75 billion by way of a rights issue of 127,342,090 additional ordinary shares at TZS 1,600 each. The proceeds were then used to repay term borrowings to our Parent company and short-term bank loan and overdraft, which improved the Company's capital structure and liquidity.

The net debt to equity ratio (see note 35) improved from 96% to 25% as a result of the rights issue due to payment of both intercompany borrowings and commercial bank loans, which has resulted in an increase of operating cash flows and cash held by the Group at the end of the year.

Key performance indicators

Key performance indicators (KPI), both financial and non-financial, are used by the directors to assess the Group's performance against its strategic objectives. These long-term strategy execution indicators include financial budgets, production volumes and efficiency targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and corporate social responsibility programmes.

Management of the KPIs

The Group does the following in managing the KPIs

- A set of KPIs is proposed by management and aligned with the holding company's KPIs and approved by those charged with governance and communicated to the management.
- The managing director cascades a more departmentally focused set of KPIs down to the heads of department which aligns and contributes to the overall business KPIs.
- Periodic reviews of the KPIs are held at different levels of management to ensure that the Group's performance is monitored, and corrective measures are promptly implemented.
- Solidifying our relationship with various stakeholders who can impact and are being impacted by the KPIs set to ensure success.
- Ensuring availability of critical resources and support to attain the set KPI targets.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key performance indicators (Continued)

Management of the KPIs (Continued)

The table below summarises some key performance indicators used by those charged with governance to monitor the performance of the Group against targets set for the financial year 2025:

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL & INTERNAL BUSINESS PROCESSES	Improve profitability	Earnings Before Interest, Tax, Depreciation and Amortisation	Increase	> Fixed value per financial budget
		Debt to Earnings Before Interest, Tax, Depreciation and Amortisation ratio	Decrease	< Fixed ratio of Total Net Debt to EBITDA per agreement with senior lender
		Net delivered selling price per ton of cement	Increase	> Fixed value per financial budget
		Total cement volumes sold (tons)	Increase	> Fixed quantum per sales budget
		Cost of production per ton	Decrease	< Fixed value per production budget

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key performance indicators (Continued)

Management of the KPIs (Continued)

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL& INTERNAL BUSINESS PROCESSES		Overtime % of normal hours worked	Decrease	< Fixed % of total normal employee hours worked per the human resources budget
		Third party services cost per ton of cement	Decrease	< Fixed value per production budget
		Third party services maintenance cost per ton of cement	Decrease	< Fixed value per production budget
	Execute best in class business processes	Average operational equipment efficiency (OEE) %	Increase	> Average % actual uptime as a ratio of total available uptime hours of major production units in line with international best standards
		Average mean time between failures (key equipment)	Increase	> Fixed value per production budget
		Clinker factor of cement	Decrease	< % Clinker used in the manufacturing of cement in line with international best standards
HUMAN CAPITAL	Inspiring and growing our people	Embedding the Heidelberg Materials AG Way and Let's Build culture	Increase	> Fixed group target % based on company culture survey questionnaires

16. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key performance indicators (Continued)

Management of the KPIs (Continued)

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
SUSTAINABILITY	Being a responsible corporate citizen	Sustainability index matrix	Increase	> % Scoring on group sustainability audit with focus on: <ul style="list-style-type: none"> • Fatalities • Medical treatment injuries • Incidents reported late • Lost time injury free hours • Lost Time Injury Frequency Rate • Total Recordable Injury Frequency Rate • Lagging indicators – Hazards based on injuries • Leading indicators – Proactive Occupational Health & Safety management
		Lost time injury frequency rate (12 months rolling)	Decrease	< Frequency index of production hours lost due to injuries in relation to total employee hours worked in line with international and group best standards
		Total reportable injury frequency rate (12 months rolling)	Decrease	< Frequency index of reportable injury cases in relation to total employee hours worked in line with international and group best standards

Industry KPIs

There is no publicly available information from reliable sources that shows comparable industry averages for our KPIs since each manufacturing and distribution operation is unique in its manufacturing plant design, debt and capital structure, geographic location, availability and quality of raw materials requires as well as its distances from suppliers and to its key sales markets.

The Group performed relatively well on all key performance indicators during the year under review, achieving or bettering the KPI targets.

17. THE GROUP'S OPERATING MODEL

The Group's operating model is a system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium, and long term for all stakeholders.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

A description the Group's operating model which cuts across the inputs, operating activities outputs and outcomes is given below:

Inputs

In the process of creating value for our stakeholders through the Simba Cement brand, the following are the key inputs that the Group depends on. The Group has categorised these inputs into four groups namely Raw Materials, Plant & Equipment, Energy, and Human resources.

Raw Materials.

These are ingredients used in the production of both clinker and cement which are sourced from our own quarry and from various third parties.

Limestone

This is the main raw material used in the production of Simba Cement. The material is sourced from our own limestone quarry located at our Pongwe factory area alongside Korogwe road. It is extracted through a process of drilling, blasting and hauling it to the production plant using dedicated heavy duty mining equipment and vehicles.

Red soil/clay.

This material is also obtained from our own quarry. It is an important raw material input which contains alumina and iron oxide to act as a reagent in the production process of clinker.

Iron Ore

The purpose of this raw material is the same as red soil. It is only used when the content of iron oxide in our own red soil is below the required standard. It is sourced from within the Tanga region from small scale miners.

Gypsum

Gypsum stones are sourced from the Kilimanjaro region. It is used in the final stage of milling clinker into cement in the production of Portland Cement. The main purpose of this raw material is to control the setting time of cement.

Pozzolana

This is also sourced from the Kilimanjaro region. It is used in the production process of cement to improve strength, durability, and reducing heat of hydration.

Plant and Equipment

To align with its mission of mining, manufacturing, and distributing high quality cement consistently and providing related products and services in a sustainable manner, the company has installed the following major plant and equipment units:

- i) Kiln 1 (TK1). This production unit was among the first plants to be installed in the country. It was commissioned in 1980.
- ii) Kiln 2 (TK2). This is a integrated production unit which was installed and commissioned in 2016.
- ii) Cement mill 1. This equipment was installed in 1980 together with Kiln 1
- iii) Cement mill 2. To address the increased market demand, TCPLC added an additional new cement mill which was installed and commissioned in 2010. This investment enabled the company to increase its cement grinding capacity.
- iv) Cement packers. The company has installed three packers (Packer 1 & 2 in 1980, and Packer 3 in 2010). This expansion enabled the company to serve its customers more efficiently.
- v) Quarry fleet. These are heavy duty earth moving equipment employed at the quarry to drill, excavate, and haul raw materials for clinker and cement production.
- vi) Other Production Units – Plant and equipment installed at various stages of the production process:
 - a. Crushers for crushing limestone into the required particle size,
 - b. Red soil screen - Used to screen red soil from our own quarry.
 - c. Stacker reclaimer - Used to mix red soil and crushed limestone to the required ratio.
 - d. Raw mills - Used to grind crushed limestone and red soil into raw meal.
 - e. Coal mills - Used to grind coal into the required particle size required for the thermal heating process of clinker production.
 - f. Weigh bridges – The company installed four weighbridges for weighing trucks carrying both incoming raw materials and outbound cement and clinker to customers.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Inputs (Continued)

Energy

The conversion of raw materials in the production of cement requires high quantities of reliable sources of energy. We use diesel fuel, electrical energy and thermal energy in the manufacturing conversion process. Below are the details of our requirement as well as our consumption for each type of energy.

Thermal Energy (Coal)

This is the major source of energy we use in the clinker production process. Milled limestone and red soil (raw meal) are heated to excessive degrees to produce clinker in the kilns. Thermal coal is sourced locally from the Songea region.

Electricity

Another source of energy employed by the company to run the production equipment, lighting and ancillary services is electrical energy supplied by the national utility TANESCO.

Diesel

TCPLC has employed dedicated heavy duty earth moving equipment for the hauling of materials from the quarry to the production plant. TCPLC has also installed backup generators for own emergency power generation during power dips, failures and planned power rationing.

Water

TCPLC uses water in various phases of the cement manufacturing process.

Human Resources

Our greatest strength in our operation is our people. We demonstrate this through our company values which describes who we are and what matters to us. Our values of People, Performance and Planet are the centre of everything we do.

The Group had 201 employees (2024: 211), of which 15 were female and 186 were male (2024: 16 females and 195 male).

Business activities

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

a) Production

Simba Cement products are manufactured in accordance with Tanzania cement standard TZS 721-1 which is equivalent to European Norm Standard EN 197-1 and East African Standard EAS 18-1.

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

We manufacture the following cement products which are uniquely developed for different applications:

SIMBA BORA [CEM II/B-M, 42.5N] - This is a Portland Limestone cement using a limestone extension. It is a high strength class cement specially designed for the following construction applications:

- Structures, structural and non-structural cast construction.
- Reinforced concrete for foundations, columns, beams, slabs, girdles, bearing walls etc.
- Precast elements made of normal and reinforced concrete.
- Special floor screed and mortar.
- Mining operations.
- Concrete used for repairs in civil and industrial works, fillings, coating of reinforced and non-reinforced elements.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Business activities (Continued)

a) Production (continued)

SIMBA IMARA [CEM IV/B, 32.5 R] – This is a Portland composite. It is an ordinary strength and an all-purpose class cement which can be used in the following construction applications:

- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc.
- Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness.
- Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity.
- Reservoirs.
- Mortar for filling joints between precast elements.
- Mortar for special flooring etc.

SIMBA BARABARA [CEM IV/B, 32.5 N]- This is a Portland composite cement for use specifically in road stabilisation, specially formulated to improve the engineering properties of soil.

It has been developed and tested to achieve good performance across a broad range of road material types. It offers consistent strength and durability to road sub-bases, making it ideal for road construction.

In the process of producing the above three brands of cement, we have divided our operation into three stages (sub-processes) as detailed below.

- Raw Material Preparation**
This is where the production process begins. It starts from the quarry where we drill, blast, load, haul and crush to get Limestone aggregates. Red clay (second component of raw materials) is excavated, loaded, screened, and stored for consumption in the plant. Crushed limestone and red clay are proportionally mixed and milled to produce raw meal.
- Pyrolysis process (Clinker Production)**
This is the second process where raw meal undergoes thermal degradation into smaller volatile molecules, without interacting with oxygen or any other oxidants. The raw meal is homogenized and burnt by using thermal energy (Coal) in rotary kilns at 1,200 - 1,400 degrees centigrade to produce clinker which is cooled and stored in silos.
- Cement Production**
From the storage silos, clinker is directed into cement mills together with other additives like gypsum and limestone for cement grinding. After cement grinding, it is transported to cement storage silos and ready for being packed and distributed to customers.

b) Distribution

This process starts from where the customer places an order up to the point where customer receives the product. TCPLC has three automated rotary cement packers. They have the capacity to pack and dispatch thousands of tons of cement daily in both normal 50 Kg bags or 1.5-ton jumbo bags as well as into bulk tanker trailers.

We two options for customers to select when ordering cement. It is either to collect ex-factory, or direct delivery to their premises. To continue serving our customers more efficiently, we have opened distribution depots (warehouses) in different regional locations across the country. This strategy made our products more accessible and affordable to smaller customers and distributors in remote locations relative to our main manufacturing location in Tanga.

We distribute our product on road, railway, and by sea (to Zanzibar).

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Inputs (Continued)

Business activities (Continued)

c) Sales and Marketing

We have a robust sales and marketing support network throughout the six regions/zones where we sell cement (Central, Lake, North, South, Dar es Salaam, and Export) in all regions across our market.

We have a dedicated sales and marketing team that ensures that the values below are delivered to our customers:

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

Responses to changes in requirements and innovation.

The Group aims to meet stakeholders' needs with innovative solutions and our superior experience in the cement and construction industry which is critical to maintaining a superior relationship with our customers, and other stakeholders.

For us to remain competitive in the market, the Group is always striving for excellence in everything we do. In that regard we have several operating policies and procedures that govern the way we operate like our quality policy.

The quality policy requires us to consistently provide product and services in line with the requirements of our customers. This quality policy guides the behaviour that aims to develop, implement, and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed objectives.
- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving them.
- Set specific quality objectives appropriate to the activities of our business units. Measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of the documented quality management system.
- Increase quality awareness throughout the organisation by using the company communication systems.
- Striving for excellence by communicating the quality policy to all stakeholders.
- Agree on key performance indicators for all employees, which are directed towards quality performance, personal growth, and business goals.
- Share achievement of business performance with employees, shareholders, and customers.
- Employees will assist management in the execution of this policy by reporting non-conformities that have an impact on the quality of products and services.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Output

The core business of Tanga Cement Public Limited Company is the manufacturing and selling the highest quality cement products to our customers i.e. Simba cement products (Simba Bora, Simba Imara and Simba Barabara). We have made a significant contribution to various infrastructure development projects in East African countries for the past four decades. Our customers have enjoyed the following benefits upon using our products.

a) Simba Bora (42.5N)

- This is versatile cement as well as cost-effective because of its workability, strength, and durability.
- It saves time because of its high strength capability.
- The strength of this cement makes it ideal for many specialised applications.

b) Simba Imara (32.5R)

This cement offers guaranteed high-performance and reactive mineral components with excellent cementitious properties.

- It allows for a smooth, defect-free finish for concrete, masonry, and plaster work.
- It maintains strength and stability for years.
- It creates durable concrete and is suitable for aggressive conditions.
- It is perfect for reducing the heat of hydration in mass concrete pouring applications.
- It improves concrete's resistance to chemical attacks.
- It makes concrete highly resistant to an alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures.
- It offers high workability which makes it easy to work with.
- It produces consistently good results.

c) Simba Barabara (32.5N)

- It improves the engineering properties of soil by reducing plasticity and enhancing the strength of road-based materials.
- It ensures durability, stability, and strength.
- It achieves good stability across a broad range of road materials.
- Its longer setting times make it ideal for road stabilization as it allows for adequate time to place and compact material.

Apart from offering high quality products detailed above, we also offer excellent services such as well-connected distribution channels to ensure quick delivery at the lowest cost possible.

Also, we offer excellent customer service and after-sales support through our dedicated marketing and sales department.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes

In the processes of delivering our commitments to all our stakeholders, the below impacts/outcomes are created.

Positive outcomes

Stakeholders	Outcomes
Customers	<ul style="list-style-type: none"> - Providing excellent services to meet and exceed customers' expectations - Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs, - Providing periodic statements to customers on paid and outstanding liabilities - Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications; and - Maintaining high quality relationships with customers
Regulators	<ul style="list-style-type: none"> - Comply with all applicable legislation, directives and guidelines which are issued from time to time - Payment of taxes, royalties, rates and fees to relevant government departments - Participating in various meetings aimed at fostering growth and investment in the manufacturing sector as well as cement supply in the country and in the East African region
Employees	<ul style="list-style-type: none"> - Transforming into an inclusive society through employment equity and gender equality - The Group focuses on developing employees through training programs and skills upliftment to further their careers and improve products and services to customers - Rewarding employees for the value they add - Motivating and energizing the work force; and - Timely payments of employees' entitlements
Shareholders	<ul style="list-style-type: none"> - Maintain communication with shareholders through timely public announcements on material developments in the business - Making shareholders aware of the strategies being taken by management to improve performance and make profit
Financiers	<ul style="list-style-type: none"> - The Group maintains good relationship with financial and non-financial lending institutions that provide loans and overdraft facilities - The detailed information is under Note 27 of the notes to the consolidated and separate financial statements
Suppliers	<ul style="list-style-type: none"> - Fairness and transparency in tendering processes in accordance with the Tanzania Local Content Regulations and the Group's tendering procedures - The use of ERP systems in processing purchase requisitions and purchase orders - Monthly reconciliation of suppliers' accounts - Honouring the payment terms agreed with suppliers

Negative outcomes

Our operation is prone to both safety and environmental risks such as dust emission, noise pollution, wastewater run-off etc.

The group has put policies and procedures in place that govern the way we manage safety and environmental issues. The policies address the following objectives:

- We accept Occupational Health and Safety (OHS) as an integral part of our competitive advantage where all stakeholders understand the relationship between profitability and OHS.
- We commit to the prevention of injuries and ill health and the continual improvement of our performance and systems which provides a framework for setting and reviewing OHS objectives and targets.
- We will achieve the highest levels of health and safety through active and competent risk management and the establishment of sound workplace practices.
- We comply with all legislation and regulations where applicable.
- We commit to train, develop, provide experience and skills to ensure our workforce acknowledges, understands, and manages hazards and risks associated with their work.
- Our equipment shall be maintained to the highest standards and all changes to equipment or processes shall be subject to a risk-based change management approach.
- We openly engage and communicate with all interested and affected parties.
- We report all incidents, analyse root causes and employ best practices
- We shall review these policies regularly to ensure relevance and appropriateness

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes (Continued)

Negative outcomes (Continued)

On top of having policies, the Group is managing safety and environmental issues in the following ways:

Issue	Actions taken
Dust Emission	Timely replacement of filter bags in the process bag filter unit for rotary kiln no.2, coal mill no. 1 & 2, and cement mill no. 2.
Hygiene	<ul style="list-style-type: none"> - We have contracted highly qualified cleaners who are experienced in cleaning all types of premises from offices to production areas. - We provide hygiene awareness as well as conducting regular OHS inspections.
Noise Pollution	<ul style="list-style-type: none"> - Regular noise assessments, measuring noise levels, hearing protection for employees and the use of noise protection warning signs in all areas with high noise levels. - Frequent lubrication and better maintenance of all machinery. - Sound proofing, enclosing sources of noise and use of proper noise absorbents.
Safety	<ul style="list-style-type: none"> - Implementation of our OHS policy requirements. - Conducting Safety Health and Environmental (SHE) induction to employees, contractors, third party visitors at our manufacturing premises. - Effective use of baseline & pre-task risk assessment. - Implementation of the NOSA integrated SHE Management System. - Implementation of SHE Management System Standard Procedures. - The use of permits in all high-risk tasks/activities. - Effective implementation of energy isolation and lockout system. - Frequent SHE inspections by SHE representatives, SHE inspectors and management. - Top management ensures all SHE requirements are always adhered to. - Adequate supervision for all activities. - Proper incident management & investigations. - Employees' involvement & maintaining effective communication in all activities performed. - Ensuring all machinery are well guarded and in good working condition. - Daily SHE awareness to employees and contractors and weekly safety topics communication. - Conducting entry, interim periodic and exit medical examinations for all employees. - Always ensuring good housekeeping in all workplaces. - The use of personal protective equipment that are in good working condition. - Monthly and quarterly SHE meetings. - Proper contractor management. - Proper security system and access control. - Blood alcohol testing and monitoring system at all entry points to the premises.
Waste Disposal	<ul style="list-style-type: none"> - Hazardous waste such as oil filters and tube lights are disposed and incinerated in the kilns, - General waste is disposed at the landfill. - Other wastes like used oil and scrap metal are sold to registered vendors who are licensed by NEMC to collect such waste.
Sewage	The plant has a sewage system constructed to collect all sewage water generated from the plant and offices to a sewage treatment pond.
Wastewater	Wastewater is collected, treated and tested before it is discharged into the environment.

17. THE GROUP'S OPERATING MODEL (CONTINUED)

Outcomes (Continued)

Negative outcomes (Continued)

The Group consumes a lot of electrical and thermal energy which could have a negative impact to the environment. However, TCPLC has implemented the following energy saving initiatives and measures during the period under review.

- Energy Personnel – The Group has employed a world class professional energy management team constituted by the Head of Electrical & Automation, Electrical Superintendent, Plant Automation Superintendent, Power Plant Supervisor, Electrical Supervisor, Plant Automation Supervisor, Generator Operators, Electrical Technicians, Plant Automation Technicians, and Electricians.
- Lights - Replacement of normal lights with LED lights, fitted “switch off lights” signs in all offices, installed motion sensors to switch off lights automatically if nobody is present in the offices.
- Air Conditions are pre-set to common operating temperature of 23°C, fitted “switch off AC” signs in all offices, installed motion sensor to switch off air conditioners automatically if nobody is present in the offices.
- Plant lights – Ensures all lights at the manufacturing plant are powered by photocells.
- Restrict running of idle machines.
- Reduce consumption of compressed air by sealing all air leakages and implemented daily inspections of all compressed air systems.
- Use of Variable Speed Drives (VSD) to start electric motors which saves 25-30% of start-up power consumption in motors.
- Sealing of false air in process systems and ensure that kilns run without false air by monitoring false air indicators regularly.
- Installed electricity consumption and load monitoring meters in all factory units to which is controlled by the Manufacturing Management Integrated Systems (MMIS) which is outsourced software.
- Conduct regular staff awareness and training about the importance of saving energy and reduced use of other non-renewable resources.

18. BUSINESS OBJECTIVES AND STRATEGIES

The Group is proactively adapting its business strategies to the fluid geopolitical and macroeconomic market dynamics while remaining cognisant of the Group's core business and responsibility to all stakeholders.

The Group has been able to achieve the below strategic objectives as set out in its five-year financial plan:

- The Group's on-going cost optimisation and efficiency improvement programmes in production and operations are yielding positive results while retaining brand equity of superior quality performance cement.
- The Group's agreement with Tanzania Railway Corporation (TRC) allows the Group access to more dedicated wagons as well as sole rental agreements of rail depots along the strategic distribution lines. This advantage reduces storage and freight costs while enhancing rail transport and distribution in Tanzania.
- Automation of the production process.
- Strategic workforce planning and use of Trade Development Representatives in the market.

The Group's stated objectives underpin the creation and preservation of shareholder value over the long-term.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

19. TREASURY POLICIES AND OBJECTIVES

Overview

The Group's treasury policy defines the controls in place that are used to manage day-to-day risk. The controls include a mixture of preventative, detective, and corrective controls. The objective is to ensure treasury activities are undertaken in a controlled manner to minimise undue operational risk.

Key Risk Indicators (KRI) are defined in the Treasury Policy to measure the risk exposure, risk triggers, and risk appetite.

Objectives of the policy

- Compliance with relevant risk appetite
- Identification of new financial risks arising from operational activities
- Compliance with any regulatory requirements and any banking and loan covenants
- Availability of diverse funding and capital sources to support medium and long-term growth
- Sufficient liquidity and capital are set aside to protect against short-term stresses
- Excess funds (when available) are optimised for returns

Implementation of the policy

To comply with corporate governance, a performance management framework is often used to monitor the effectiveness of the Group's treasury policy.

The Board delegates authority and responsibility to the Audit, Risk and Compliance Committee to monitor the effectiveness of the Group's treasury policy where the executives of the Group report relevant treasury related matters in the quarterly committee meetings.

The treasury related reports are reviewed and submitted by the Audit, Risk and Compliance Committee to the Board on a quarterly basis for the Board's review and approval.

The major financing transactions undertaken up to the date of this report are:

- Interest bearing term loans – to finance the second integrated production line (Kiln 2)
- Bank borrowings – to finance working capital requirements
- Lease financing – to finance the assets held under lease arrangements

The effect of financing costs on the results for the year

The effect of financing costs on the results for the year was a net charge of TZS 26.2 billion (2024: TZS 31.1 billion). This comprises of the net of interest expense, interest income and foreign exchange and fair value losses for the year as indicated in the consolidated and separate statements of profit or loss and other comprehensive income.

The Group's treasury and financial risk management policies and objectives including the potential impact of interest rate changes are detailed in Note 36 to the consolidated and separate financial statements.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

20. LOAN COVENANTS

During the year, the Group obtained TZS 203.75 billion by way of a rights issue which was used to fully repay the principal portion of the term borrowings and short-term loan, and as at year-end, the outstanding balance comprised of interest payable to intercompany loan only. There were no changes to the original terms and conditions of the loans.

The extension to the standstill and amendment agreement signed on 3 July 2025 which expires on 31 December 2026 remains in effect with all its original terms. As per standstill agreement still in effect, waiver of defaults applies for the duration of the standstill and its extension.

The Group also fully settled its bank overdraft facility, resulting in no overdraft balance outstanding as at year-end. There are no remaining covenants associated with the overdraft facility.

The Group considers the remaining interest obligation to be within its operational capacity, and the covenant terms do not give rise to any material liquidity risk as at the reporting date or the foreseeable future.

21. RESULTS AND DIVIDENDS

The profit after tax for the year of TZS 5,105,680,000 (2024: loss before tax of TZS 6,683,630,000) has been added to the retained earnings.

The directors have not recommended the declaration of a dividend for the year. Likewise, no interim dividend was paid during the year.

22. FUTURE PROSPECTS/DEVELOPMENT

Although the East African market demand for cement products is expected to continue growing, new competitors entering the market are expected to continue putting pressure on sales prices and volumes in the near term. The construction and commissioning of a second integrated production line at the factory in Tanga in 2016 gave the Group sufficient manufacturing capacity to produce its full clinker requirements. Accordingly, the Group will continue to increase cement production at a lower cost per ton in response to growing market demand. Excess clinker produced will continue to be sold as a semi-finished product.

Projects to be continued or undertaken

- Logistic optimisation through rail and roads;
- More use of the Trade Development Representatives in the market;
- Increase equipment reliability through:
 - Investing more on the preventative maintenance.
 - Perform timely corrective maintenance.
 - Ensure availability of all critical spares in stores.
- Energy conservation to minimise production cost.

Capital expenditure plan

- To implement CAPEX budget for 2025 and monitor implementation of the CAPEX plan covered in the five-year financial plan.
- Deployment of technology by increasing automation and monitoring of the production equipment run at optimal efficiencies.

Benefits expected on the prospects and new developments

- From logistics optimisation the Group expects to reduce the transport cost which will eventually benefit the consumers through better pricing.
- The use of Trade Development Representatives in the market will help the Group to get timely and relevant information which will be used for proactive decision making.
- Availability of spares and proper maintenance schedules are expected to increase the Overall Equipment Efficiencies which is one of the KPIs of the Group.
- Energy conservation aligns with the group environmental policy on preserving the environment.
- CAPEX projects are expected to increase company's productivity.
- With the prospects and dedication, the Group has on implementing the projects, the overall result will be sustainable increase in operational efficiencies, costs reduction and consequently increase profitability in the medium and long-term.

22. FUTURE PROSPECTS/DEVELOPMENT (CONTINUED)

Factors that can affect the implementation of the Group's projects/ new developments in the future

- Cashflow challenge to implement all CAPEX projects per the CAPEX budget and financial plan.
- Regulatory challenges when implementing projects that have a direct impact on the environment like energy conservation which will need to be approved by various government ministries and authorities.
- Increase in the cost of production because of an increase in fuel prices which are used in production process.
- Scarcity of sufficient transport trucks because of the truck owners demanding higher transport rates.
- Availability of rail wagons and locomotives in optimising rail transportation as well as conditions of the rail tracks.
- Power fluctuations because of unreliable power supply from TANESCO due to drought that has reduced national water levels, especially in the Pangani river basin

Our response to the factors that can affect the implementation of the Group's projects/new developments

- Proper planning and management of cashflow.
- Work closely with the regulatory authorities in all projects to be implemented to get approvals and clearances beforehand.
- Sign long term contracts with selected strategic transporters and the Tanzania Railway Corporation to contain the cost and reliability of transportation.
- Continued cost management initiatives to ensure improved efficiencies in the production process.
- Secure alternative sources of spares and critical raw materials to ensure continuity and stability of supply.

23. STAKEHOLDERS RELATIONSHIP

The Group believes that the stakeholders are what make its existence. Several measures have been taken to institute a responsible behaviour to all stakeholders of the Group. These measures include, but are not limited to establishing stakeholders' alignment map, stakeholders' engagement plans through meetings, seminars, workshops and improving customer services throughout East African Market.

Before making its decisions, the Board considers the interests of all stakeholders and ensures that engagement with stakeholders is deliberate and planned and that communication is always transparent and effective.

Among others the Group has identified seven (7) categories of key stakeholders; the Government (Regulators), Employees, Shareholders, Financiers, Suppliers, Customers and Society.

The Group complies with a wide range of legislations, directives and guidelines which are issued from time to time by the Government through its Ministries, entities and regulators like, Tanzania Revenue Authority, Mining Commission, Local Government Authorities in all areas we operate, Fair Competition, Dar es Salaam Stock Exchange, National Environmental Management Council and others.

Value we create

- Payment of taxes, royalties, rates and fees to relevant Government Departments.
- Participating in different meetings aiming at fostering the growth of manufacturing sector as well as cement supply in the country and in the East Africa region.

Employees

Employees are ones who handle operations from production, distribution and sale of manufactured products. They are therefore key to make the Group the best place to work. They should find working for Tanga Cement Plc an inspiring and a place for elevating personal experience and consequently accept co-responsibility for the development of each employee to the full potential. Together with efficient and value-creating solutions, services and operations offer value to our customers. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Group.

(a) Key concerns

Employees want friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.

(b) Value we create

- Transforming into an inclusive society through employment equity and gender equality.
- Rewarding employees for the value they add.

23. STAKEHOLDERS RELATIONSHIP (CONTINUED)

Employees (Continued)

(b) Value we create

- The Group focuses on developing employees through training programs and skills upgrading to further their career and improve services rendered to customers.
- Motivating and energizing the work force.
- Timely payments of employees' entitlements.

Shareholders

The group understands its responsibilities towards all who have injected capital. Among others the group does have Annual General Meeting with its shareholders as well as maintaining communication to its shareholders through publications that are being done in accordance with the listing rules and other laws of the country.

(a) Key concerns

Shareholders are concerned about the post-acquisition value of the group and the ability of the group to generate sustainable returns.

(b) Value we create

Maintain communication with shareholders including giving out clarification on the reasons for the dividends not being declared and paid. And making the shareholders aware of the strategies being taken by the Management to improve performance and make profit.

Financiers

During the year the group had relationship with financial and non-financial institutions that provided loan and overdraft facilities. The detailed information is under Note 28 of the Notes to the consolidated and separate financial statements.

(a) Key Concerns

Financiers are concerned with reliable payments, consistent margins and good governance. The Group ensures that they perform in line with projections to factor in debt payments to avoid poor relationships and bad credit ratings.

(b) Value we create

- Access to immediate working capital loans.
- Accurate reporting to ensure predictable cash flows.
- Access to market insights and financial advisory from reputable institutions.

Suppliers

Are stakeholders who provides goods and services to the Corporation are closely monitored to ensure they deliver required or ordered goods and services.

(a) Key Concerns

- Transparent and fair procurement process of goods and services;
- Receiving feedback on delivered goods and rendered services; and
- Timely settlement of suppliers' invoices.

(b) Value we create

- Fairness in tendering processes in accordance with the Tanzania Local Content Regulations and Group's tendering procedures.
- The use of ERP in processing purchase requisitions and purchase orders.
- Monthly reconciliation of suppliers' accounts.
- Sticking to the payment terms entered with suppliers which is 30 days from the date of the invoice.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. STAKEHOLDERS RELATIONSHIP (CONTINUED)

Customers

The Group aims at meeting customers' needs with innovative solutions and superior experience is critical to maintaining high-quality relationship with our customers.

(a) Key Concerns

Timely delivery of cement and after sales service especially on the quality of cement after bricks making or construction strength.
Source: Customers' survey and complaint forms and meetings.

(b) Value we create

- Providing excellent services to meet and exceed customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs;
- Providing periodic customers' statements on settled and outstanding liabilities; and
- Engaging customers through consultative meetings for education and advisory matters.

Society

This is the communities in all the areas we operate in, be it in the production plant or areas we sell our products in. The Group aims to meet societal needs with innovative solutions to attain sustainable socio-economic development.

(a) Key Concerns

Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group. This has been determined during periodic meetings with the local government authorities while doing our corporate social investment planning for the budget year ahead in accordance with the Mining Act.

(b) Value we create

- Agreeing on key areas of corporate social investment with local communities through the local government authorities where we can contribute.

Implementing the corporate social investment as per the annual budget and plan.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

24. RESOURCES

Apart from those items that are reflected in the consolidated and separate statements of financial position, the Group has key strengths and resources, both tangible and intangible, which support the pursuit of the Group’s objectives. These resources are summarised below:

Type	Name of the resource	Activities undertaken by the Group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Natural resources	<ul style="list-style-type: none"> Limestone Red soil Gypsum Pozzolana 	<ul style="list-style-type: none"> Mining of natural resources. Hauling the mined materials to the plant. Crush and milling the materials. Feed milled material into the production process to produce clinker and cement. Preparing and implementing the mining plans for the sustainability of supply. Doing site rehabilitation and conserving the environment. 	<ul style="list-style-type: none"> Proper mining activities per the mine plan. Increase productivity. Environmental protection because of consciousness towards environment. 	<ul style="list-style-type: none"> Mineral occurrences make it difficult to get consistent quality. Concerns about environmental protection. Depletion of the minerals as non-renewable resources. 	<ul style="list-style-type: none"> Developing sustainable mining plans using geologists and mining engineers. Developing and abiding to our environmental policies and procedures on the preservation of natural resources. Mining development activities based on the quality of occurrences of the minerals.
Energy resource	<ul style="list-style-type: none"> Coal Electricity Fuel (Diesel and Kerosene) 	<ul style="list-style-type: none"> Focus on efficiency of energy consumption. Proper handling of coal and fuels to avoid environmental pollution and accidents when transported, stored and consumed. Safety measures against the use of electrical energy to mitigate risk of accidents. 	<ul style="list-style-type: none"> Efficiency use of energy sources in production process. Safety record with no accident/incidents caused by the handling of energy sources. 	<ul style="list-style-type: none"> Non-renewability of energy resources. Safety measures in managing the sources. Distance from the only source of coal which is in Songea adding extensive cost through the transportation by road. Power fluctuations because of the ongoing drought which lowered the national water levels. Global fuel price increases. 	<ul style="list-style-type: none"> Developing and adhering to our environmental policies and procedures on natural resources protection. Signing long-term contracts with strategic transporters and coal suppliers to contain the increase in cost associated with supplying coal. Strong focus on energy efficiency across our production processes.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

24. RESOURCES (CONTINUED)

Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Financial resources	<ul style="list-style-type: none"> Equity grew from TZS 10.5 b in 2024 to TZS 217.3 b in 2025. Available overdraft and ST loan facilities of USD 10m and USD 25m from Standard Chartered Bank Loan from Heidelberg Materials AG amounting to TZS 94.6 b in 2025 from TZS 293.3 b in 2024 	<ul style="list-style-type: none"> Financing the working capital of the Group. Financing the capital expenditure of the Group 	<ul style="list-style-type: none"> Sustainable and smooth running of all operations. Settlement of outstanding balances on time. 	<ul style="list-style-type: none"> Interest rates associated with the debt facilities. Market dynamics which shifted the cement sales business to credit sales and not cash sales. 	<ul style="list-style-type: none"> Negotiations with the lenders on the terms and interest rates charged on borrowing facilities. Enforcing stringent credit control procedures with customers.
Human resources	<ul style="list-style-type: none"> 201 employees. 6 Key management personnel with sufficient experience and competence. Competent and experienced board of directors. Contractors working for the Group. 	<ul style="list-style-type: none"> Training and development programs. Competitive salary packages. Taking care of employees' safety and wellbeing. Employee engagement activities. 	<ul style="list-style-type: none"> Employees' improved morale. Improvement in employees' productivity. Lower employee turnover ratio. Improved skills of employees. Good health and safety record. Committed and skilled personnel 	<ul style="list-style-type: none"> Location of the manufacturing plant is not optimal for most of the working population. Sufficient experience, especially on getting experienced engineers in the cement industry. Turnover of some employees, especially from finance department, to work in preferred locations. 	<ul style="list-style-type: none"> Invest in employees' skills development through training and coaching sessions. Offering attractive remuneration packages and facilitate amenities which will motivate employees to work in Tanga.

24. RESOURCES (CONTINUED)

Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Intellectual resources	<ul style="list-style-type: none"> Equipment control software. Mining licenses. Standard operating procedures. 	<ul style="list-style-type: none"> Automation of the equipment control and monitoring. Mining activities of raw materials from the mining licenses held. Efficiency and effectiveness in running operations using operating policies and procedures. 	<ul style="list-style-type: none"> Cost saving through automation of the equipment control and monitoring. Reliability of supply of key raw materials from our mines. Standardisation in our operational processes 	<ul style="list-style-type: none"> Challenges with plant automation software and control equipment. Environmental conservation concerns. Ever-changing business and digital environment which may render some of the policies outdated. 	<ul style="list-style-type: none"> Have experienced engineers to do trouble shooting when there are production challenges. Developing and abiding to our environmental policies and procedures on protection of natural resources. Continuous review and update of all policies and procedures.

25. STRENGTHS AND OPPORTUNITIES

In addition to the resources identified above the Group capitalises on the following strengths and opportunities:

Strategic location

The Group's manufacturing operation is located where there is an abundant source of proven high-quality limestone and red soil reserves which ensures stability of long-term supply of these critical raw materials.

Access to key cement and clinker transport systems

The Group has access from the plant to both the main roads and railway transportation network as well as to the Tanga seaport.

Brand

The Simba Cement brand is very strong and preferred by customers and consumers in the market.

Quality of clinker and cement produced

Feedback received from customers and construction companies for strategic government infrastructure projects, supported by independent laboratory test results, the quality of Simba Cement for both cement and clinker are commendable.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. STRENGTHS AND OPPORTUNITIES (CONTINUED)

Corporate governance principles

The Group has a sound system of corporate governance which is being adhered to from those charged with governance to all employees, contractors and consultants who interact with the Group.

Quality relationship with key stakeholders

Our relationship with employees boosts their morale and productivity. We engage in regular constructive and ethical engagements with regulatory authorities and with government. We have fostered a mutual trust relationship with suppliers and lenders in accordance with the agreements in place, as well as employing a customer centric focus. All these relationships have been a beneficial and constructive for all stakeholders.

26. LIQUIDITY

The Group's liquidity position continued to show improvement during the financial year ended 2025, the Group managed its liquidity level to ensure there are sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that receivables are settled within credit period of 30 days.

The Group's current ratio which measures the ability of current assets to meet short term obligations (current liabilities) increased to 0.7 times (2024: 0.32 times), reflecting a stronger ability to meet short-term obligations over the current period. Moreover, the acid (quick) test ratio which also measures the ability of current assets without inventories to meet short-term obligations (current liabilities) was 0.35 times (2024: 0.11 times), indicating consistent and improved liquidity when excluding inventories. The Group's liquidity gap has improved to a negative TZS 60.3 billion from a negative TZS 260.8 billion in 2024, this can be attributed to payment of loans (principal portion), consistent treasury management and improved sales during the period.

Level of borrowing

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Lease liabilities	105,639	299,630	105,639	299,630
Interest bearing borrowings	94,613,560	293,327,737	94,613,560	293,327,737
Bank overdrafts	-	12,914,368	-	12,914,368
	94,719,199	306,541,735	94,719,199	306,541,735

The information regarding the current and non-current borrowings are discussed in Note 28 to the consolidated and separate financial statements.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

26. LIQUIDITY (CONTINUED)

Ability of the Group to fund its current and future operations

Management and the directors have taken the necessary actions and made arrangements to restore liquidity and ensuring that the Group and the Company will be able to continue to operate and meet its obligations as and when they fall due in the normal course of business.

Compliance with borrowing covenants

The Group has entered into borrowing agreements with certain covenants which is detailed under section 20 of this report of those charged with governance on the Group's compliance with the covenants in borrowing agreements.

Liquidity management process

Among others, the implementation of the Group's liquidity policy includes the following processes:

- Daily working capital management.
- Preparation of the weekly cashflow forecast.
- Monitor the liquidity management ratios and take corrective actions where applicable.
- Implementation of credit control procedures to manage overdue customers' balances.
- Working closely with the banks and senior lender in implementing liquidity strategies.

27. CASH FLOWS

During the financial year

Cash generated from operating activities continued to improve to TZS 67.6 billion in 2025 from TZS 29.2 billion in 2024. Likewise net cash flows from operating activities significantly improved to TZS 64.7 billion in 2025 from TZS 27.7 billion in 2024.

Projections

The Group's cash flow projections indicate that sufficient positive cash flows will be generated from the Group's operating activities and that the Group has access to working capital overdraft and short-term facilities with various banks. The cash flow projections take cognisance of capital expenditure commitments and interest repayments on the term loans.

28. SOLVENCY

The Board confirms that applicable accounting standards have been followed, and that the consolidated and separate financial statements have been prepared on a going concern basis. The directors have reviewed the Group's cash flow forecasts and the available approved working capital facilities, they are satisfied that the Group has access to adequate resources to continue operating in the ordinary course of business for the foreseeable future. The detailed assessment of the management and Board's assessment of the Group and Company's going concern is provided in Note 2.1 to the consolidated and separate financial statements.

29. ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group's accounting policies, which are laid out in Note 2 to the consolidated and separate financial statements are subject to an annual review to ensure continuing compliance with IFRS Accounting Standards.

30. ACQUISITIONS AND DISPOSALS

The Group did not make any material acquisitions or disposals of investments during the current year.

Information on the acquisition and disposal of property, plant, and equipment is presented in Note 16 to the consolidated and separate financial statements.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

31. INVESTMENT IN SUBSIDIARY

The Company owns 100% of the issued share capital of Cement Distributors (EA) Limited (the “subsidiary”). In 2015, the directors made a strategic decision to restructure the operations of the Group whereby the Company started selling directly to most of the subsidiaries customers rather than distributing through the subsidiary. The subsidiary ceased cement selling and distribution activities after transferring all customers’ relationships to the Company. In line with this strategy, in 2022 the subsidiary ceased operations in Burundi and Rwanda, resulting in operations remaining solely in Tanzania. The subsidiary’s continued existence will be financially supported by revenue from leasing its investment properties and service revenue from providing strategic support services to the Company.

During the year, the Company did not recognize any impairment loss on its investment in the subsidiary. Further information is presented in Note 20 to the consolidated and separate financial statements.

32. WELFARE OF EMPLOYEES

Relationship between management and employees

Tanga Cement PLC maintains formal process to inform and consult employees and their representatives regularly to discuss issues relating to employees. We recognize collective bargaining with employees where 83% of employees are unionised. We believe management and employees relationship is harmonious.

The Group is an equal opportunity employer. Consistent with our Code of Business Principles, the company aims to ensure that applications for employment from everyone are given fair and full consideration and all employees are equally given access to training, development and career opportunities.

Training and Development

At Tanga Cement Plc, we believe that investing in training and development of our employees’ is a strategic investment to enhance skills, ensure safety, and promote long-term career growth.

In 2025, we dedicated over 400 hours to trainings covering Safety, Health & Environment; Code of Ethics & Compliance; Core Functional Skills; Soft Skills and Leadership.

Additionally, we offer financial support for job-related qualifications. Our e-learning platform in Workday offers a diverse range of courses that equip our employees with functional and soft skills necessary to excel in their roles and contribute more effectively to the company.

Talent Attraction, Development, and Retention

We put all equal employment opportunity principles into practice to all aspects of the relationship between Tanga Cement Plc and its employees and job applicants in recruitment, remuneration, promotions and transfers, training and development, performance management, working conditions and all other applications of Human Resources policies, procedures and guidelines. This is also in line with our Code of Business Principles.

To attract and retain top talent, we offer competitive salaries, allowances and benefits to our employees as well as opportunities for professional growth. Full time employees are eligible for the following:

Meals at work	Transport to and from work	Medical Insurance	Life Insurance
Professional Development	Bonuses	Free Counselling	Gym Facilities
Family Responsibilities Leave	Leave & Other Allowances	Long Service Awards	Retirement Benefits

32. WELFARE OF EMPLOYEES (CONTINUED)

Talent Attraction, Development, and Retention (Continued)

We are continually working to address the needs of our talents and enhance their experience within the company. We experienced an overall employee turnover rate of 9% this year, where 31% of exits was due to compulsory retirement and others due to efficiency improvements and structural adjustments. Employees at Tanga Cement Pc have an average tenure of 11.04 years, indicating success in talent retention.

Our performance management process increases our talent retention by creating an environment where they feel valued, supported, and engaged through clear goal setting, feedback, goal evaluation and career development.

Medical scheme

All employees with up to four dependants each are covered under the Group's medical insurance scheme. Currently these services are provided by Strategis Insurance (Tanzania) Limited.

Health and safety

The Group has a world class risk, health and safety department which ensures that a culture of safety prevails at all times. All employees and contractors are provided with appropriate personal protective equipment, all of which meet the requirements of the Occupational Health and Safety Act, 2003 and other legislation concerning industrial safety. The Company received a five-star National Occupational Safety Association (NOSA) safety rating in 2021 and in 2023 the company was awarded with NOSA regional Award certificate for scoring the highest safety rating in regional sector D.

Financial assistance to staff

The Group encourages staff to join the Tanga Cement Savings and Credit Co-operative Society (SACCOS) and provides reference for the staff who want to borrow money from the Commercial Banks. Additionally, we empowered employees to take control of their finances by offering financial wellness education and counselling ultimately leading to a reduction in stress; improved overall well-being; more productivity and engaged workforce.

Persons with disabilities

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Group, and all necessary assistance is provided with initial training. Where an employee becomes disabled during the course of his or her employment, the Group will seek to provide suitable alternative employment and any necessary training.

Employees' benefit plans

All employees are members of National Social Security Fund (NSSF). The Group contributes 10% of the gross salary of each employee. NSSF is a defined contribution plan.

The Group's employment terms are regularly reviewed to ensure that they continue to meet statutory requirements and prevailing market conditions. The Group communicates with its employees through regular management and staff meetings and through circulars. The Group has continued to maintain a favourable working environment in terms of factory, offices, canteen, medical facilities and transport.

Employees' performance management and development

The Group has in place employees' performance management and development system which aims at strengthening the calibre of its employees to improve business performance. The system is being used to evaluate employees' performance against set and agreed objectives. The system forms the basis for providing employees with performance feedback, recognition, development, and a corrective action plan to promote effective performance.

The performance management system is an integrated process with full participation of managers and staff in both setting and reviewing of performance objectives. The review is done annually where the line manager and the subordinate meet to review the performance for the period with formal feedback. The performance assessment results form a valuable component of employees' reward. However regular informal feedback to employees is encouraged

32. WELFARE OF EMPLOYEES (CONTINUED)

Employees' selection and recruitment

Recruiting and selecting the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success.

The Group has a recruitment and selection procedure which sets out the requirements that need to be considered when recruiting job candidates, ensuring that the best people with suitable skills, knowledge and attitude are recruited into the organisation as far as possible and that the recruitment process is free of bias and complies to all applicable laws of the United Republic of Tanzania.

The Group has a strict anti-nepotism policy.

Annual leave

The Group recognises the value of employees taking annual leave to renew their vitality and to balance work and family life.

The company expects compliance with all legislative and procedural requirements of leave from both employees and management for orderly and fair application of the procedure.

The Group has a policy in place which entitles all permanent and fixed term contract employees 30 calendar days leave per 12 months cycle of which at least 14 days must be taken as an unbroken period.

Grievance handling

The Group has a policy in place which is intended to ensure that it acts reasonably fair and consistently in the case of an aggrieved employee. To employees, this policy provides the framework and mechanisms to discuss and possibly resolve a problem, complaint or grievance they may have.

Management ensures prompt handling of grievances by providing a fair opportunity to all parties to discuss any potentially disruptive issues and find a resolution as close to the source or origin as possible.

Wellness

The Group has a policy in place which ensures uniform and fair framework for addressing HIV and AIDS as well as growing threat of Non-Communicable Diseases (NCDs) at the workplace and comprehensive management of employees living with HIV and AIDS and their co-workers.

The policy is based on the fundamental principles of human rights and patients' rights, International Labour Organisation principles as contained in the code of practice on HIV and AIDS and the workplace, the Tanzania National AIDS policy (2013), medical and occupational health ethical principles, prudent business practice and human and compassionate attitude towards individuals.

The Group also has a gym facility where employees are encouraged to go for physical exercises.

Maternity and Paternity

The Group has a policy which outlines the benefits and obligation relating to maternity to ensure consistency of implementation in line with the relevant legislation and the Group's commitment to good employment practice.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

33. TALENT MANAGEMENT AND SUCCESSION PLANNING

Recruiting, selecting, and retaining the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success. The Group has a policy in place which governs the techniques and acquisition and management of the best talents for the prosperity of the operations.

It is the responsibility of the Board to ensure that the Group has developed a succession plan for the executive directors and senior management as well as receiving and considering the report from the Remuneration and Nomination Committee on the review of the Board composition, structure, and succession. The succession planning is prepared by the respective departmental managers.

34. GENDER PARITY AND DIVERSITY

At Tanga Cement Plc, we create an inclusive environment where everyone feels valued and respected because diversity and inclusion is fundamental to our business and corporate culture. We believe that a diverse workforce is essential for fostering innovation, driving performance, and ensuring our long-term success.

The tables below show the percentage composition in terms of gender, nationality and age.

Gender	2025		2024	
	Female	Male	Female	Male
Senior management	25%	75%	25%	75%
Management	7%	93%	7%	93%
All employees	7%	93%	8%	92%

Family support is a critical driver of employee wellness and productivity as it directly impacts mental health, reduces burnout, and enhances organizational resilience. We have extended parental leave for our employees. Female employees are entitled up to 120 days paid maternity leave and can breast-feeding up to 3 hours per day until their new-born is 18 months old. Male employees are entitled to 14 calendar days paid paternity leave.

Locals Engagement	2025		2024	
	Local	Expatriate	Local	Expatriate
Senior management	75%	25%	75%	25%
Management	95%	5%	91%	9%
All employees	98%	2%	99%	1%

The average age of our employees is 43 years (2024:41 years) and the total workforce is diverse in knowledge, skills and experience.

We recognize disability inclusion as a fundamental human right and a strategic driver for sustainability, therefore commit to removing systemic barriers and creating a workplace where employees of all abilities can thrive. 1% of employees live with disability.

35. POLITICAL DONATIONS

The Group did not make donations to any political parties or causes during the year.

36. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

In 2025, Tanga Cement PLC continued to advance its commitment to Environmental, Social and Governance (ESG) performance, reinforcing sustainability as a core pillar of responsible corporate leadership. The Group maintained its focus on measurable impact, continuous improvement, and compliance with national and international standards. The Company's environmental management programme, certified under the ISO 14001 Environmental Management System (EMS) since 2004, remained fully operational and effective. Following the successful ISO 14001:2015 re-certification conducted by SGS Tanzania in March 2024, the Company continued to uphold the recommended practices to maintain its certification. In recognition of our environmental responsibility, aligned with our corporate values, Tanga Cement PLC implemented several environmental initiatives aimed at reducing emissions, enhancing biodiversity, and promoting sustainable land management.

Key Initiatives in 2025:

1) Environmental Compliance:

The Company continued to comply with all national environmental regulations under the Environmental Management Act No. 20 of 2004.

2) Emissions Control

TCPLC continuously monitors emissions across all production processes to ensure full compliance with national regulations and alignment with Heidelberg Materials' sustainability commitments. Dust emissions from stacks consistently remained well below the Tanzania Bureau of Standards (TBS) limit of 50 mg/Nm³, reflecting the effectiveness of our dust abatement systems, including bag filters, electrostatic precipitators (ESPs), and proactive maintenance programs.

TCPLC monitors carbon dioxide (CO₂) and other greenhouse gases (GHGs) associated with cement production. This includes emissions arising from fuel combustion in the kiln (Scope 1), purchased electricity (Scope 2), and key Scope 3 categories linked to raw material transport and purchased clinker or cement are yet to be implemented till the subsequent year. Regular monitoring enables the Company to track progress against its science-based reduction targets and supports the optimization of clinker production, fuel mix, and energy efficiency.

These emission monitoring practices are integral to our long term decarbonization pathway and reinforce our commitment to climate stewardship and responsible operations.

3) Environmental Monitoring:

Tanga Cement Plc conducted regular annual environmental audits, workplace inspections, and monitoring exercises throughout 2025.

4) Biodiversity Enhancement

Building on earlier achievements, Tanga Cement Plc strengthened its reforestation and biodiversity initiatives during 2025:

- A total of 30,000 seedlings were raised at the company nursery, consisting of teak, mango, lemon, avocado, and other indigenous species.
- 2,500 trees were planted in the Pongwe area as part of the ongoing land rehabilitation and revegetation programme.
- 860 seedlings were donated to the Tanga City Council, local schools, and community institutions to support community-driven conservation efforts.

These initiatives contribute to carbon sequestration, landscape restoration, local climate resilience, and the broader objectives of Tanzania's green economy strategy.

The Group continued to reinforce stakeholder participation in environmental management:

- Employees, contractors, and suppliers received refresher training on environmental awareness and compliance.
- Engagement initiatives with community representatives, educational institutions, and local government authorities strengthened partnerships for responsible land use and conservation.

These collaborations ensure that sustainability is a shared responsibility across all operational and community touchpoints.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

36. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (CONTINUED)

Key Initiatives in 2025 (continued)

5) Governance and Accountability:

The Group continued to embed ESG principles into strategic planning, risk management, and operational decision-making. Governance structures were strengthened through reporting transparency, internal audits, and regular Board oversight of ESG performance. Tanga Cement Plc remains committed to responsible business conduct, aligning its operations with long-term environmental sustainability, social impact, and ethical governance

37. QUALITY MANAGEMENT

The Group has a formal quality assurance management programme, accredited with the ISO 9001 quality assurance management system in 2008.

The Group’s quality policy requires us to consistently provide products and services in line with the requirements of our customers. This quality policy guide behaviour that aims to develop, implement, and maintain a culture of customer satisfaction.

To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed objectives.
- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving them.
- Set specific quality objectives appropriate to the activities of our business units. Measure the progress and review the achievement thereof.
- Audit and continually improve the effectiveness of the documented quality management system.
- Increase quality awareness throughout the organisation by using the company communication systems
- Striving for excellence by communicating the quality policy to all stakeholders.
- Agree on key performance indicators for all employees, which are directed towards quality performance, personal growth, and business goals.
- Share achievement of business performance with employees, shareholders, and customers.
- Employees will assist management in the execution of this policy by reporting non-conformities that have an impact on the quality of products and services.

During the year, the Group continued to support the Tanzanian society through its corporate social investment programmes. The areas that have been supported are community development, education, health and the environment. During the year, the Group contributed TZS 94 million (2024: TZS 49 million) towards various corporate social investment initiatives.

Breakdown of the projects and amount the Group supported

Year	2025 TZS'000'	2024 TZS'000'
Education projects	1,643	-
Sports and other social projects	92,476	49,030
Total	94,119	49,030

How the projects are being determined and undertaken

In executing the Corporate Social Investment projects the Group partners with respective local government authorities and responsible organs of state to determine areas of support required and remaining compliant with the requirement of the Mining Act 2010 with regards to the execution of the CSI projects.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

38. SUSTAINABILITY DISCLOSURES

The Company (or “Tanga Cement”) has prepared these sustainability disclosures to provide users of its financial statements with information about sustainability-related risks and opportunities that could reasonably be expected to affect the Company’s cash flows, access to finance, or cost of capital over the short, medium and long term. Given the nature of cement manufacturing, climate-related risks, resource use, environmental compliance, and occupational health and safety represent the most significant sustainability-related matters for the Company.

As part of Heidelberg Materials, the Company aligns its sustainability approach with Group-wide sustainability commitments, adapted to local operational, regulatory and environmental contexts in Tanzania. These commitments are embedded into strategy, operations and long-term value creation through established governance, risk management processes and performance indicators.

Sustainability considerations are integrated into the Company’s operations and decision-making processes. The Company undertakes initiatives aimed at improving energy efficiency, reducing emissions and strengthening environmental management systems across its facilities, with the objective of supporting more sustainable cement production.

In addition to operational measures, the Company engages with stakeholders, including local communities, government institutions and other relevant parties, to support understanding of environmental and social impacts and to promote longer-term, sustainable outcomes. These activities support the Company’s broader approach to managing sustainability-related risks and opportunities within its operating context.

38.1 Basis of preparation, materiality, key judgements and measurement uncertainty

Basis of preparation

These sustainability disclosures have been prepared in accordance with the IFRS Sustainability Disclosure Standards, currently comprising IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, for the year ended 31 December 2025.

The disclosures are designed to provide information that is material to the assessment of Tanga Cement’s sustainability-related risks and opportunities that could reasonably be expected to affect the Company’s prospects, in line with the objectives of IFRS S1. Climate-related disclosures have been prepared in accordance with IFRS S2, applying proportionality and using reasonable and supportable information available at the reporting date.

Where permitted under the IFRS Sustainability Disclosure Standards, the Company has applied transitional reliefs, including:

- limiting greenhouse gas disclosures to Scope 1 and Scope 2 emissions;
- providing qualitative, rather than quantitative, disclosures for certain climate-related financial effects and scenario outcomes; and
- applying a simplified climate scenario analysis approach based on available data and proportionality considerations.

In applying IFRS S2, the Company has considered the disclosure requirements relating to climate-related risks, opportunities, and financial effects. Given the stage of data availability and internal system maturity, certain quantitative disclosures – such as the proportion of assets or activities exposed to climate-related risks and opportunities, and detailed capital deployment metrics – have not been fully developed for the current reporting period. In accordance with IFRS S2 transitional provisions, the Company has provided qualitative disclosures in these areas and will progressively enhance the level of quantitative disclosure in future periods.

The preparation of these disclosures also reflects the phased adoption of sustainability reporting under local regulatory requirements, including the transitional roadmap issued by the National Board of Accountants and Auditors (NBAA), which provides for progressive enhancement of sustainability-related disclosures over the implementation period. The Company will continue to expand and refine its disclosures in future reporting cycles as regulatory expectations, internal processes, and data capabilities further develop.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.1 Basis of preparation, materiality, key judgements and measurement uncertainty (Continued)

Basis of preparation (continued)

The Company's sustainability strategy and strategic objectives, which underpin the identification and prioritisation of sustainability-related risks, opportunities, metrics and targets, are set out in Section 18 – Business Objectives & Strategies. In preparing these disclosures, management considered the Company's alignment with relevant external frameworks and reference points, including GRI Standards, TCFD recommendations, and Heidelberg Materials' Group climate and sustainability agendas, where relevant and appropriate to the Company's operations. These frameworks are referenced for contextual purposes only and do not represent a claim of compliance.

In addition, management has considered relevant industry-based guidance, including the SASB Construction Materials Standard, in identifying and evaluating sustainability-related risks and opportunities that may reasonably be expected to affect the Company's prospects. These references have been used to support management judgement and do not represent a claim of full SASB compliance.

These sustainability disclosures should be read together with the whole of the Report by Those Charged with Governance and the audited financial statements, including related notes, to ensure appropriate connectivity between sustainability-related information and the Company's financial position, performance, and cash flows.

Materiality Assessment

Understanding the sustainability topics that are most relevant to the business is critical to effective risk management and long-term value creation. For Tanga Cement, identifying material sustainability issues is fundamental to strengthening operational resilience, meeting regulatory expectations, and sustaining long term value creation for stakeholders.

In accordance with IFRS S1, these sustainability disclosures focus on financial materiality, identifying sustainability-related risks and opportunities that could reasonably be expected to affect the Company's cash flows, access to finance, or cost of capital. Impact-oriented topics may be considered for sustainability management and stakeholder engagement; however, the determination of information disclosed in this report is based on financial materiality under IFRS Sustainability Disclosure Standards.

This structured methodology enables the Company to evaluate the financial risks and opportunities linked to each material topic while also identifying priority areas for integrating sustainability considerations into operational planning, risk management, and long term strategic development. By embedding this approach across the business, the Company ensures alignment with Heidelberg Materials' global standards and reinforces sustainability as a core driver of resilience, responsible growth, and sustained long term success.

Based on this assessment, the sustainability topics considered most relevant for disclosure in the current reporting period include climate change and emissions reduction, energy efficiency, environmental compliance, water stewardship, occupational health and safety, biodiversity management and quarry rehabilitation, community relations, ethical conduct and regulatory compliance. Management will continue to refine this assessment in future periods as internal processes and data maturity develop.

For the purpose of these disclosures, the Company considers short-term to refer to a period of up to 12 months, medium-term to refer to a period of one to five years, and long-term to refer to periods beyond five years. These time horizons are used in assessing the potential effects of sustainability-related risks and opportunities on the Company's cash flows, access to finance and cost of capital.

Key Judgements

In preparing these sustainability related disclosures, management applied judgement in determining which sustainability related risks and opportunities could reasonably be expected to affect the Company's prospects, assessing the significance of climate related and environmental matters across its operations, and selecting appropriate methodologies and reference points where specific metrics are not prescribed by the IFRS Sustainability Disclosure Standards. Judgement was also applied in defining relevant time horizons for assessing risks and opportunities and determining when reassessment of identified risks was necessary. These judgements were made using reasonable and supportable information available at the reporting date.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.1 Basis of preparation, materiality, key judgements and measurement uncertainty (Continued)

Measurement Uncertainties

Certain sustainability disclosures involve estimation uncertainty. Scope 1 emissions are derived primarily from measured activity data and recognised calculation methodologies, while Scope 2 emissions are derived from measured electricity consumption combined with relevant grid emission factors. The Company applies the location-based method in the measurement of Scope 2 emissions.

Climate-related risk assessments also involve forward-looking assumptions relating to regulatory developments, energy markets, climate pathways, technological change and physical climate conditions. These estimates may change over time as methodologies evolve and data quality improves.

Scope 1 emissions are calculated based on production data, fuel consumption and process-related emissions associated with clinker production, including key parameters such as clinker output, clinker factor and fuel mix. These calculations incorporate both process emissions from limestone calcination and combustion-related emissions. While the Company applies established methodologies and internal controls in compiling this data, measurement uncertainty may arise from variability in fuel characteristics, estimation of process emissions and ongoing refinement of calculation approaches.

38.2 Governance

Sustainability governance is embedded within the Company's institutional oversight structures, as detailed in Section 8 – Corporate Governance. The Company's ESG governance structure operates across four integrated levels: the Board of Directors, Executive Management, the ESG Working Group, and ESG Focal Points across departments. We have a team that is committed to drive the 2030 Sustainability Agenda in all areas of our operations.

The Board, management team and staff are critical resources in our organization structure and the systems that help to ensure a continual process of improvement in accordance with our sustainability strategy. We have defined areas of responsibility, monitoring and reporting structure in the areas of occupational health and safety, compliance, and sustainability. Occupational health and safety are one of the pillars of our Company and is an area that all management levels at the Company are accountable.

Occupational health and safety responsibilities are embedded across management levels, supported by defined roles, monitoring mechanisms and escalation processes to ensure effective oversight, compliance and continuous improvement.

Board Oversight of Sustainability and Climate-Related Matters

The Board of Directors provides overarching strategic direction for Tanga Cement Plc, ensuring that the Company's long-term business plans align with the Heidelberg Materials Group sustainability priorities, including climate action, nature conservation, circularity, and people development. To support effective execution of this strategy, the Board delegates day-to-day operational responsibilities to the Managing Director, who in turn empowers senior management to deliver on key sustainability objectives. These include emissions reduction, responsible resource utilization, biodiversity restoration, and community investment. This governance structure promotes a clear balance between strategic oversight and operational accountability, enabling the Company to meet its environmental responsibilities, drive continuous improvement, and create long-term sustainable value for all stakeholders.

The Board plays a central role in overseeing sustainability-related and climate-related risks and opportunities as an integral component of Tanga Cement's long-term strategy. Sustainability is embedded across the Company's operations, with active support and guidance from the Board. Through its committees, the Board provides comprehensive oversight to ensure ESG considerations remain part of strategic decision-making and operational planning. Committee oversight includes monitoring progress on climate-aligned operations, energy efficiency, circularity initiatives, biodiversity protection, and community development programs.

The Board and its committees consider sustainability- and climate-related matters as part of their regular meeting cycle, including periodic reviews of performance, risks and strategic initiatives during the reporting period.

Throughout 2025, the Board continued to strengthen oversight of sustainability-related matters through review of key policies, performance updates and risk management processes relevant to climate, environment, health and safety, and stakeholder engagement. These actions reflect the Board's commitment to systematically identifying, evaluating, and managing environmental and social risks while positioning the Company as a responsible and forward-looking organization dedicated to long-term value creation.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.2 Governance (Continued)

Management Governance of Sustainability and Climate-Related Risks

The Tanga Cement Management team supports the Board by driving strategic implementation and advancing the Company's sustainability objectives across all operational areas. Each member of Plant Management is accountable for embedding sustainability considerations into their respective functions and ensuring that ESG and climate-related initiatives are executed effectively and continuously improved.

Plant Management provides leadership in monitoring climate-related risks, enhancing energy efficiency, managing environmental performance, and tracking progress toward Company-wide sustainability targets, ensuring alignment with both corporate strategy and HM sustainability priorities. The team also oversees key performance indicators and risk-related metrics to ensure they are maintained within acceptable thresholds.

The Environmental, Health & Safety (EHS) and Sustainability leadership team, serving as the second line of defence, is responsible for maintaining the Company's sustainability and climate risk assessment. They are supported by operational risk teams that provide day-to-day oversight to ensure that sustainability commitments remain aligned with strategic objectives, regulatory requirements, and industry best practices.

Business & Compliance

The Company is dedicated to adhering to all applicable laws and regulations within the jurisdictions it operates. Management ensures strict compliance with legal standards including labor laws, human rights, environmental protection, and anti-corruption measures. Our operational strategies are designed to integrate these principles into daily practices, reflecting our commitment to ethical business conduct.

Contracts with employees, contractors, and suppliers explicitly address human rights and our Code of Business Conduct, which are essential components of our labour standards. We expect all employees and business partners to uphold these guidelines, and our suppliers are required to comply with our Code of Business Conduct as well.

The Company is committed to environmental compliance in our mining operations. We follow relevant mining laws and standards, incorporating labour rights and environmental stewardship into our practices. Acknowledging the environmental impact of our activities, we allocate resources to comply with regulations and rehabilitate mined areas.

Our initiatives include operating a tree nursery that cultivates seedlings for replanting in mining sites and donating to external stakeholders. This nursery also serves as a training and research facility, promoting sustainable ecosystems and responsible environmental practices. As of 2025, over an estimated 3 acres, Tanga Cement Plc has raised more than 30,000 seedlings, planted over 2,500 trees within its Pongwe rehabilitation areas, and donated more than 860 trees to local stakeholders as part of its ongoing land restoration and biodiversity enhancement initiatives. Meanwhile In 2024, over a land coverage of 10 acres, we gave raised 13,000 trees, planted 10,000 trees, donated 2,930.

Remuneration

At present, sustainability and climate-related performance indicators are not directly linked to executive remuneration or standalone incentive structures. The Company continues to monitor developments in market practice and evolving regulatory expectations.

The Company does not incorporate specific sustainability metrics nor is it a key input in remuneration determination but rather applied on a broader basis within the overall performance evaluation process. As a result, sustainability performance indirectly influences variable pay and bonus considerations, alongside other operational and financial KPIs. This approach strengthens management accountability and supports continuous progress toward the Company's sustainability and climate-related objectives.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.2 Governance (Continued)

Skills and Training

The Company is committed to ensuring that employees involved in sustainability and ESG related activities maintain appropriate knowledge and skills relevant to their roles. Sustainability capacity building is supported through targeted training programs covering environmental management, health and safety, governance, and the practical application of ESG principles within a cement manufacturing context.

In line with NBAA Technical Pronouncement No. 01 of 2024, which sets out a phased roadmap towards the progressive adoption of sustainability reporting up to 2029 calendar year, management and designated sustainability coordinators have completed training on IFRS S1 and IFRS S2 and will continue to participate in additional training as standards evolve. Board level sustainability and ESG training is scheduled for the first quarter of 2026.

During the reporting year, the Company delivered 54 hours of ESG and sustainability related training, reinforcing ongoing awareness, compliance, and operational sustainability across the organization.

38.3 Strategy

The Company's sustainability strategy, presented in Section 18 – Business Objectives & Strategies, The Board's strategic approach aligns its sustainability priorities with its strategic objectives and Heidelberg Materials' sustainability commitments, with external frameworks referenced where relevant for contextual purposes. Implementation is guided by measurable performance indicators, ensuring continuous improvement, transparency, and impact.

Strategic Objectives

Tanga Cement recognizes the significant environmental impact of the cement manufacturing industry and the urgency to decarbonize our operations. In response, we have adopted a robust CO2 Roadmap 2030, aligned with global climate targets and our sector's evolving decarbonisation objectives.

A key component of our decarbonization strategy is the gradual transition away from coal. In 2025, we successfully implemented alternative fuels derived from industrial waste (carbon black), and is progressing the introduction of biomass as an alternative fuel as part of its medium-term decarbonisation roadmap.

We are currently upgrading our infrastructure to support the storage, handling, and co-processing of alternative fuels, ensuring reliability and safety as we expand in the coming years.

To advance its sustainability agenda, Tanga Cement has organized its efforts around four strategic pillars that are fully aligned with Heidelberg Materials' global sustainability priorities. These pillars Climate & Energy, Circular Economy, Nature, and People & Communities, address the Company's most material topics and provide a structured framework for managing the workstreams essential to long-term sustainable performance.

Each pillar is supported by defined commitments that establish consistent sustainability expectations across all business operations. Collectively, these pillars enhance Tanga Cement's ability to reduce environmental and operational risks, improve resource efficiency, stimulate innovation, and strengthen its position as a responsible and sustainable producer within the building materials sector.

Performance against these strategic commitments is monitored through defined key performance indicators, including greenhouse gas emissions intensity, clinker factor, alternative fuel substitution rates and energy efficiency measures, which are disclosed in the Metrics and Targets section of this report.

These commitments form the foundation for achieving international sustainability standards and accelerating Tanga Cement's transition toward low-carbon, resource-efficient, and environmentally responsible cement manufacturing.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.3 Strategy (Continued)

Strategy to address climate change

Tanga Cement's climate strategy focuses on reducing greenhouse gas emissions arising directly from operations (Scope 1) and from purchased electricity (Scope 2), where the Company has the greatest ability to measure performance and implement effective reduction initiatives. Key levers include energy efficiency improvements, clinker factor optimisation and progressive alternative fuel substitution, while maintaining operational reliability, safety and environmental compliance.

Key performance indicators supporting this strategy include Scope 1 emissions intensity targets, Scope 2 emissions metrics derived from electricity consumption, and operational indicators such as clinker factor and alternative fuel substitution rates.

While Scope 3 greenhouse gas emissions have not been disclosed for the year ended 31 December 2025, the Company recognises the relevance of value chain emissions in the context of longer term climate objectives. Management will continue to strengthen internal data governance and processes to support a gradual and proportionate assessment of Scope 3 emissions over time, taking into account data availability, methodological maturity and the applicability of individual emission categories to the Company's operations.

Climate Resilience and Decarbonisation Strategy

The Company's climate resilience and decarbonisation strategy is designed to mitigate both transition and physical climate risks while positioning the business to take advantage of emerging low carbon opportunities. The strategy is anchored in Heidelberg Materials' Sustainability Commitments 2030 and aligns with global climate ambitions, including the Science-Based Targets initiative (SBTi). A key component of this strategy is the Company's long term target to reduce Scope 1 CO₂ emissions intensity to 454 kg CO₂ per tonne of cementitious material by 2030. The Company's current emissions performance and comparison against the targets are presented in the Metrics and Targets section below.

To achieve these reductions, Tanga Cement is implementing a structured decarbonisation programme built on clinker factor reduction, alternative fuel substitution, and energy efficiency enhancements. Current progress includes reducing clinker incorporation rates, as part of the Company's broader decarbonisation pathway, alongside the introduction of alternative fuels and ongoing process optimisation initiatives. These actions support both emissions reduction and operational efficiency.

The Company is also investing in operational technologies and process improvements to strengthen resilience against climate related disruptions. Key initiatives include upgrading emissions control systems (dust, NO_x, and SO_x), adopting digital monitoring tools for energy optimisation, and advancing the calcined clay project, which converts quarry waste (red soil) into a viable clinker substitute. These investments reduce regulatory exposure, safeguard production continuity, and support adaptation to extreme weather and operational resilience.

Furthermore, Tanga Cement integrates climate scenario considerations into medium and long term planning. This ensures the business is prepared to adapt its production model, product portfolio, supply chain, and capital allocation priorities as climate related uncertainties evolve. Collectively, these actions enhance Tanga Cement's capacity to remain competitive, compliant, and operationally resilient under diverse climate related conditions.

Financial position, financial performance and cash flows

Climate-related risks and opportunities are considered within the Company's operational and financial planning and have informed certain operational initiatives undertaken during the reporting year. Improvements in emissions intensity reflect a combination of operational measures, including fuel optimisation, clinker substitution and energy-efficiency initiatives. The Company's growing range of sustainable cements also contributed to stable revenue streams, with 36.35% of total cement sales derived from low clinker, more sustainable products.

Operational improvements in fuel use, energy efficiency and clinker optimisation are reflected in changes in emissions intensity and are considered within the Company's broader cost and operational performance management. Similarly, emissions control upgrades and waste management improvements helped reduce the financial risks associated with compliance, penalties, and operational downtime.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.3 Strategy (Continued)

Financial position, financial performance and cash flows (Continued)

Operational improvements in fuel use, energy efficiency and clinker optimisation are reflected in changes in emissions intensity and are considered within the Company's broader cost and operational performance management. Similarly, emissions control upgrades and waste management improvements helped reduce the financial risks associated with compliance, penalties, and operational downtime.

Looking ahead, the Company expects climate related factors to continue shaping its expenditure profile, cost base, and revenue opportunities. Planned capital investments, such as the full commissioning of alternative fuels and raw materials (AFR) feeding systems on both kilns, expanded biomass procurement, and the implementation of the calcined clay process will require near term financial outflows. However, these initiatives are expected to reduce long term exposure to volatile coal prices, carbon related regulatory costs, and emissions driven operational constraints.

From a forward-looking financial perspective, Tanga Cement anticipates that climate-related factors may influence its competitiveness, cost structure and profitability over the medium to long term as the market increasingly shifts toward lower-carbon construction materials. These potential effects include changes in energy costs, input costs and product demand associated with evolving regulatory and market conditions.

The Company has not provided quantitative estimates of the current or anticipated financial effects of climate-related risks and opportunities for the reporting period due to current data limitations and the evolving maturity of internal modelling capabilities. In accordance with IFRS S2 and the proportionality and transition relief provisions applied, the Company has instead provided qualitative disclosures and will progressively enhance quantitative financial analysis in future reporting periods as methodologies and data availability improve.

Based on current assessments, the Company has not identified material adjustments to the carrying values of its assets or liabilities within the next 12 months as a direct result of climate-related risks. While climate-related factors are considered in financial planning and operational decision-making, the Company has not quantified the current financial effects of climate-related risks and opportunities for the reporting period. Continued monitoring is in place to evaluate potential future implications for asset useful lives, impairment indicators, operational cost structures and capital-allocation plans as climate-related regulations and market conditions evolve.

38.4 Risk Management

The Company applies a structured process to identify, assess, prioritise and monitor sustainability-related and climate-related risks and opportunities in line with IFRS S1 and IFRS S2 requirements. Our approach integrates these risks ensuring alignment with strategic objectives and financial planning. Sustainability related and climate related risk management is fully integrated into the Company's overall risk management system.

The Plant Management Team provides first line operational oversight, while the EHS and Sustainability leadership functions operate as the second line of defence, ensuring compliance with policies, regulatory expectations, and internal standards. Board committees provide strategic oversight, ensuring alignment with Heidelberg Materials' sustainability priorities and long term business performance. Through this integrated approach, Tanga Cement ensures that sustainability risks and opportunities directly inform corporate strategy, capital planning, product development, and operational decision making, supporting resilience, continuous improvement, and long term value creation.

We identify risks through materiality assessments, scenario analysis, and stakeholder engagement, covering both physical and transition risks. Each risk is evaluated using defined likelihood and impact thresholds and prioritised for mitigation based on potential financial and operational implications. Climate-related risks are mapped against the Company's business model and core operational activities to assess potential impacts on production, cost structures and operational resilience.

Oversight is provided by the Board and its respective committees, supported by management-level sustainability governance structures.

Risk management processes are also embedded in internal controls, with weekly meetings and escalation protocols to monitor exposures and progress on mitigation actions. These processes are complemented by data governance measures to ensure accuracy and reliability of sustainability information.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.4 Risk Management (Continued)

As elaborated in Section 8 – Corporate Governance (Principal Risks, Uncertainties and Opportunities) the Company’s embedding of sustainability-related risks into its overall risk management system ensures they are assessed, prioritised, and monitored alongside financial and operational risks. This integration is consistent with IFRS S1 and S2 requirements for connectivity between sustainability disclosures and financial reporting, and reflects GRI principles on governance and materiality. The sustainability-related risks in this case are in three categories of environmental, social and governance aspects.

Environmental Risks

Environmental risks encompass a wider range of factors beyond climate variability, including resource scarcity, pollution, and biodiversity impacts. The Company evaluates these risks through scenario analysis and integrates them into business continuity and strategic planning.

Key Environmental Risk Drivers

- **Climate and Extreme Weather Events**

Risks from floods, storms, and heatwaves that may affect infrastructure resilience (e.g., data centres, office buildings, logistics hubs, and critical equipment) and disrupt service continuity. The Company addresses these risks by investing in resilient building designs, installing backup power systems, and maintaining disaster recovery plans to ensure operations remain uninterrupted during extreme conditions.

Climate scenario analysis – key outcomes

During the reporting period, the Company undertook a physical climate risk and natural hazard screening for its principal operating location in Tanga. The assessment indicates that heat-related conditions represent the most significant physical climate consideration for the site. Elevated heat stress is expected to persist over future periods, reinforcing the importance of effective heat-management practices to protect workforce wellbeing, maintain equipment performance and support operational efficiency.

The scenario analysis considered relevant climate pathways and future conditions over medium- and long-term horizons, incorporating assumptions relating to climate variability, operational resilience and evolving regulatory and market conditions.

The physical climate risk screening for the Tanga Cement plant was conducted using a range of forward-looking climate scenarios based on Shared Socioeconomic Pathways (SSPs), selected to reflect different potential emissions and development trajectories. Specifically, the assessment considered SSP1, representing a lower-emissions and more sustainable pathway; SSP2, representing an intermediate ‘middle-of-the-road’ pathway; and SSP5, representing a higher-emissions, fossil-fuel-intensive pathway. The analysis was undertaken across forward-looking time horizons, primarily 2030 and 2050, with longer-term indicators such as sea-level rise assessed up to 2100, consistent with the methodology applied in the climate risk assessment. In line with the proportionality considerations under IFRS S2, the assessment focused on relative changes in physical climate risk indicators rather than detailed quantitative financial modelling.

Under the lower-emissions pathway (SSP1), physical climate risks for the Tanga Cement plant remain relatively moderate across the assessed horizons, with most climate indicators remaining below defined “at-risk” thresholds. Under the intermediate pathway (SSP2), there is a gradual increase in heat stress and water-related risk indicators over time, reflecting moderate intensification of chronic climate conditions. Under the higher-emissions pathway (SSP5), these trends become more pronounced, with heat stress and water scarcity indicators showing higher values in later time horizons, although still largely within manageable levels relative to defined thresholds. These findings highlight heat and water-related factors as the most relevant emerging physical climate risks for the site.

Other assessed physical climate factors, including drought conditions, extreme precipitation, river flooding, sea level rise and tropical cyclones, do not indicate material physical risk for the operating location under the current analysis. Overall, the Company’s physical climate exposure is characterised primarily by chronic heat stress rather than acute catastrophic events.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
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38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.4 Risk Management (Continued)

Climate scenario analysis – key outcomes (Continued)

Natural hazards were also assessed, including seismic activity, storms, flooding, wildfire and other extreme weather events. The results do not indicate exposure to high-severity natural hazards that would reasonably be expected to cause significant operational disruption or material asset damage.

These risks are managed through standard operational controls, infrastructure maintenance, health and safety procedures and business continuity arrangements.

The assessment is based on site-level screening using standardised climate-risk indicators and available data inputs, with results interpreted qualitatively in the absence of detailed quantitative financial modelling. This approach reflects the current stage of data availability and methodological maturity and is consistent with the proportionality considerations applied in the reporting period.

Transition climate risks were not subject to formal scenario analysis or quantitative modelling in this reporting cycle. However, transition risks are recognised as relevant to the Company's operations and are assessed qualitatively through strategic planning and decarbonisation initiatives.

Quantitative financial impact estimates have not been disclosed due to current data limitations; however, the Company intends to progressively enhance quantitative assessment in future reporting periods.

Social Risks

The Company faces social risks that can affect employee well-being, operational continuity, and community trust. These include workplace discrimination, which may harm diversity and morale; health and safety incidents, potentially leading to injuries, downtime, and regulatory penalties; and community dissatisfaction, often linked to the accessibility and quality of our service delivery.

To mitigate these risks, the Company implements robust diversity and inclusion programmes, enforces strict health and safety standards through regular audits and training, and engages proactively with stakeholders via community consultations and feedback mechanisms. These measures aim to foster an inclusive workplace, ensure safe operations, and maintain strong relationships with the communities we serve.

Governance Risks

At Tanga Cement, governance risks relate to weak internal controls, ethical breaches, non-compliance with laws and regulations, and board inefficiencies, which could undermine stakeholder confidence and regulatory standing. These risks are particularly relevant in the context of cement industry operations, where compliance with environmental, health and safety, and anti-corruption regulations is critical.

Key Governance Risk Drivers

- **Regulatory Compliance:** Risks of failing to meet quality standards requirements, environmental permits, and tax obligations. As part of mitigation, the Company has regulatory compliance meetings, conducts quarterly audits, and maintains continuous engagement with regulators to ensure adherence to local and international standards
- **Ethical Conduct:** Exposure to fraud, bribery, or conflicts of interest in procurement and supply chain management. Mitigations include enforcement of a strict Code of Conduct, implementation of anti-bribery and corruption training, and operating a whistle-blower hotline to detect and address unethical behaviour promptly.
- **Board Effectiveness:** Challenges in maintaining independent and effective oversight, timely decision-making, and alignment with sustainability objectives. The Company conducts annual board performance evaluations, delivers training on ESG and related requirements, and strengthens committee structures to enhance risk oversight and accountability to mitigate risks.

Internal Controls: Gaps in financial reporting processes, IT security, and segregation of duties that could lead to misstatements or operational inefficiencies. To mitigate this the Company deploys automated financial controls, implements cybersecurity protocols, and conducts risk-based internal audits to safeguard assets and ensure accurate reporting.

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.5 Metrics and Targets

As documented in **Section 16 – Operating and Financial Review** (Key Performance Indicators), the Company monitors sustainability performance across the following thematic dimensions, using structured and measurable indicators:

- **Environmental:**

Reducing greenhouse gas emissions over the medium term, with a target to improve emissions intensity by 2030 in line with the Company's decarbonisation strategy: In line with the objective of UNFCCC Paris Agreement, the Company is focused on reducing the carbon intensity of its cement and concrete products through operational improvements, energy efficiency, clinker factor optimisation and the use of alternative fuels.

The Company's medium-term target, aligned with the Science Based Targets initiative (SBTi) under its 1.5°C framework, is to reduce its specific Scope 1 emissions by 24% and Scope 2 emissions – indirect emissions from purchased energy – by 65% between 2020 and 2030. Targets disclosed for the current reporting period relate to Scope 1 and Scope 2 emissions, consistent with the transitional reliefs applied under IFRS S2.

For the current reporting period, the Company recorded Scope 1 emissions intensity of approximately 512 kg CO₂ per tonne of cement, compared to an interim target of 551 kg CO₂ per tonne, reflecting progress against its emissions reduction objectives.

- **Social:**

Indicators cover equitable employment, workforce well-being, occupational safety, customer accessibility and community engagement. These metrics are informed by selected indicators within the GRI 401 – 405 Standards, including employment (GRI 401), labour/management relations (GRI 402), occupational health and safety (GRI 403), training and education (GRI 404), and diversity and equal opportunity (GRI 405), as well as relevant considerations under NBAA's TFRS 1.

These frameworks are used as reference points to support management judgement in identifying and monitoring relevant social performance indicators, including workforce composition, training hours, health and safety performance and employee well-being. The Company has not adopted these GRI standards in full, and references to them do not represent a claim of compliance.

Where applicable, actual performance metrics and associated targets for these indicators are disclosed in the relevant sections of this report, including training hours, health and safety outcomes, and workforce-related indicators. Formalised targets for all social metrics are not currently established in all areas; however, the Company monitors these indicators and intends to progressively enhance target-setting and performance tracking as data maturity improves.

- **Governance:**

KPIs include board composition and diversity, ethical conduct and compliance, strengthened internal controls and risk management, transparency and disclosure.

Baseline years and comparability

For clarity, baseline years used for targets and performance tracking may differ by metric, depending on data availability and the maturity of measurement processes. Where targets are aligned to a longer-term decarbonisation pathway, the baseline year is the year specified for that target. Where performance tracking is based on the first year with complete and reliable data capture, the baseline year for trend analysis is the first full year of consistent measurement for that metric.

Accordingly, emissions intensity targets and other operational emissions metrics use the baseline year defined in the target pathway, while some other metrics are tracked on a consistent year-on-year basis from the first year with complete reportable data. The Company will provide comparative trend information for each metric from the relevant baseline year as data maturity strengthens.

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.5 Metrics and Targets (Continued)

Baseline years and comparability (Continued)

Key performance indicators, including greenhouse gas emissions intensity, clinker factor and energy efficiency metrics, are defined and monitored by management as part of the Company’s operational performance processes. Where annual targets are defined, progress is assessed periodically and forms part of management reporting and oversight.

Our sustainability journey is driven by the skills, dedication, and resilience of our workforce.

In 2024, we delivered more than 54 hours of training focused on health and safety, environmental awareness, and technical skill development, achieving a zero lost-time injury frequency rate (LTIFR) that reflects our strong safety culture. Building on this foundation, in 2025 we increased training to over [60] hours, maintaining the same emphasis on safety, environmental responsibility, and upskilling we also once again recorded no LTIFR, and also managed to get an extra [54] hours of ESG-focused training to strengthen our sustainability capabilities, reaffirming our consistent commitment to a safe and empowered workplace.

Additionally, we broadened our leadership and diversity initiatives, underscoring our commitment to fostering an inclusive and equitable workplace.

More comprehensive targets and associated metrics are disclosed below.

A. 2024/2025 Emission results

Targets disclosed for the current reporting period relate to Scope 1 and Scope 2 emissions, consistent with the transitional reliefs applied under IFRS S2.

Operational (Scope 1 & Scope 2) GHG emission

Tanga Cement Plc has committed to a long-term decarbonisation pathway aligned with Heidelberg Materials’ Sustainability Commitments 2030, including a targeted reduction of Scope 1 CO₂ emissions intensity to 454 kg CO₂ per tonne of cementitious material by 2030. In 2025, the Company recorded Scope 1 CO₂ emission intensity of 512 kg CO₂ per tonne of cement, a slight improvement from the 2025 target of 551 kg CO₂/t cement but still above the 2030 objective. Although current emissions remain higher than the long-term target, the Company continues to advance its decarbonisation programme through energy-efficiency initiatives, improved process optimisation, clinker-factor reduction, and the introduction of alternative fuels such as carbon black, all of which form a critical foundation for achieving the 2030 goal and supporting the Company’s long-term emissions reduction pathway.

Scope 1 emissions arise primarily from clinker production processes, including limestone calcination and the combustion of fuels in kiln operations, and represent the majority of Tanga Cement’s carbon footprint. Emission intensity is primarily influenced by key operational drivers, including clinker factor, fuel mix and thermal efficiency. In particular, clinker factor remains a key determinant of emissions intensity, reflecting the proportion of clinker incorporated into finished cement, while changes in fuel composition and the use of alternative fuels contribute to variations in emissions across the reporting period.

These emissions are managed through operational measures including increased use of lower carbon alternative fuels, improvements in kiln efficiency and ongoing optimisation of clinker content. During the reporting period, clinker use remained a key focus area for emissions management, reflecting ongoing efforts to optimise clinker levels within cement production.. These measures form part of the Company’s broader decarbonisation strategy and support progressive reductions in direct operational emissions over time.

Scope 2 emissions relate to electricity purchased from the national grid, which powers production and auxiliary systems. While the report does not provide a specific percentage share for Scope 2 emissions, Tanga Cement continues to prioritise reductions through plant modernisation, energy-efficient equipment, and exploration of lower-emission electricity sources. These efforts complement the Company’s broader decarbonisation approach by reducing reliance on grid electricity with higher emission intensities. The Company consumes electricity generated from the national grid.

The applicable country-specific emission factor, as stated in the UNFCCC IFI 2021 Harmonized Grid Emissions Factors dataset, is presented below.

Location	Emission factor	Comments
Tanzania	0.3360 (GEF Factors Kg CO ₂)	Country-based Grid Emission Factor

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.5 Metrics and Targets (Continued)

Based on recorded electricity consumption during the reporting year, total Scope 2 emissions amounted to approximately 40,615 tCO₂e, corresponding to an average emissions intensity of approximately 39 kg CO₂ per tonne of cement produced. Variations in monthly emissions reflect changes in production levels and electricity consumption patterns across the year.

Industry & cross Industry Metrics

Industry-based metrics summary

Tanga Cement Plc reports a range of industry-specific metrics consistent with the cement and heavy-building-materials sector. These include clinker-related indicators such as clinker incorporation rates, clinker-to-cement ratios, and the share of sustainable cement products, reflecting the Company's progress in reducing emissions intensity through lower-carbon formulations. Additional sector-relevant metrics include alternative fuel substitution rates, air-emissions performance (NO_x, SO_x, and dust), and water-management efficiency, all of which form a key part of environmental stewardship in cement manufacturing. Metrics relating to biodiversity restoration and quarry rehabilitation are also disclosed, capturing land-use impacts and ecological performance.

These metrics are aligned with industry-based guidance relevant to the cement sector, including considerations derived from the SASB Construction Materials Standard, as well as established industry practices relating to emissions intensity, clinker factor, energy consumption and alternative fuel substitution. These references are used to support management judgement in identifying relevant performance indicators and do not represent a claim of full compliance with any specific framework.

Cross-industry metrics summary

As required by IFRS S2, the Company also reports cross-industry climate metrics used broadly across sectors. These include emissions performance metrics, energy consumption indicators and operational efficiency measures derived from production and energy data, together with qualitative discussion of broader climate-related exposures. The Company discloses climate-related physical and transition risk exposures, including energy cost dynamics, regulatory developments and evolving demand for lower-carbon construction materials. Capital-deployment information relating to climate-mitigation investments, such as alternative fuels infrastructure, process-efficiency technologies, and decarbonisation-aligned product development, is also part of cross-industry metric expectations.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)


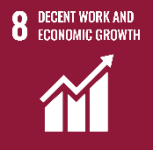
38.6 Alignment with SDGs

With the cement sector responsible for nearly 7% of global CO₂ emissions, Tanga Cement acknowledges this challenge and is implementing targeted strategies to reduce its carbon footprint and advance sustainable practices. As a leading building materials producer, the Company is committed to sustainable resource use, efficient and responsible production, and innovative solutions that advance long-term sustainability.

Through our Sustainability Commitments 2030, we support national climate objectives and contribute meaningfully to the United Nations’ Sustainable Development Goals (SDGs). Our initiatives are designed to address key social, economic, and environmental challenges at both national and global levels.




While the cement industry intersects with all 17 SDGs, the Company prioritizes six where the Company can make the greatest impact: SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 15 (Life on Land). By promoting cleaner energy sources, including biomass and natural gas, the Company reinforces its commitment to responsible production and sustainable development.

Metrics presented in this section are supported by management-defined KPIs and directional objectives. In certain cases, quantitative targets represent operational aspirations and may not yet be supported by formalised baseline measurement frameworks or consistent year-on-year tracking. The Company intends to progressively enhance target-setting and performance measurement in future reporting periods as data maturity improves

SDGs		Sustainability Practices of Tanga Cement	Metrics and KPIs	Achievement / Comments
	SDG 5: Gender Equality	<ul style="list-style-type: none"> Implementing gender-inclusive hiring and promotion policies. Ensuring equal pay for equal work. Providing maternity and paternity leave and family-friendly work environments. 	<ul style="list-style-type: none"> % of women in total workforce. % of women in management and board positions. Gender pay gap ratio. Number of gender-based harassment or discrimination cases reported and resolved. 	<ul style="list-style-type: none"> Ensure 25% of leadership positions are filled by women
	SDG 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> Implementing occupational health and safety systems (e.g., ISO 45001). Providing fair wages, benefits, and equal opportunities. Offering continuous training and upskilling programs. Promoting local employment and supplier development. Enforcing ethical labor standards and zero tolerance for forced or child labor. 	<ul style="list-style-type: none"> Lost Time Injury Frequency Rate (LTIFR) and fatality rate. % of permanent employees and gender diversity ratio. Average training hours per employee. % of local procurement spending. Ratio of lowest wage to local living wage. 	<ul style="list-style-type: none"> Achieve zero fatalities and continue to maintain zero lost time injury frequency rate 100% of the sites have community engagement plans, and employees are offered one day per year of paid leave for voluntary community work engagement with suppliers on sustainability expectations and responsible business conduct


38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.6 Alignment with SDGs (continued)

SDGs		Sustainability Practices of Tanga Cement	Metrics and Targets (KPIs)	Achievement / Comments
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	SDG 9: Industry, Innovation, and Infrastructure	<ul style="list-style-type: none"> Investment in low-carbon cement technologies (e.g., clinker substitutes, carbon capture). Collaboration with academia and startups for sustainable material innovation. Smart logistics and digital transformation in production. 	<ul style="list-style-type: none"> R&D expenditure as % of revenue. Number of patents or innovations related to low-carbon technology. % reduction in clinker-to-cement ratio. Investment in resilient and sustainable infrastructure projects 	<ul style="list-style-type: none"> Increase the share of revenue derived from lower-carbon and more sustainable products over time, in line with the Company's decarbonisation strategy.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	SDG 12: Responsible Consumption and Production	<ul style="list-style-type: none"> Use of alternative raw materials (industrial by-products like fly ash, slag). Waste co-processing (using waste as fuel or material). Implementing water recycling systems. Sustainable supply chain management. 	<ul style="list-style-type: none"> % of alternative materials used in clinker/cement production. % of waste recycled or co-processed. Raw material efficiency (tons of raw material per ton of cement). Water recycling rate (% of total water reused) 	<ul style="list-style-type: none"> 100% of sites in water-risk areas implement water management plans and water recycling systems. Offer circular alternative for 50% of concrete products.
 <p>13 CLIMATE ACTION</p>	SDG 13: Climate Action	<ul style="list-style-type: none"> Setting science-based targets for CO₂ reduction. Adoption of low-carbon cement (blended or geopolymers cement). and Disclosure of climate-related risks (as per IFRS S2 or TCFD) 	<ul style="list-style-type: none"> CO₂ emissions per ton of cementitious product. % reduction in GHG emissions year-over-year. Climate risk and scenario analysis disclosures. 	<ul style="list-style-type: none"> Reduction of CO₂ by 454 kg per ton of cement by 2030 To use alternative fuels, targeting 30% substitution by 2030. Reduce clinker use in cement production as part of the Company's decarbonisation strategy.

38. SUSTAINABILITY DISCLOSURES (CONTINUED)

38.6 Alignment with SDGs (continued)

SDGs	Sustainability Practices of Tanga Cement	Metrics and Targets (KPIs)	Achievement / Comments
 <p>SDG 15: Life on Land</p>	<ul style="list-style-type: none"> • Rehabilitation and restoration of mined quarries. • Biodiversity action plans for extraction sites. • Tree planting and conservation projects near sites. • Minimizing land disturbance and soil erosion. 	<ul style="list-style-type: none"> • % of quarries with approved rehabilitation plans. • Area of land restored or rehabilitated (hectares). • Biodiversity monitoring index or number of native species reintroduced. • Number of sites with ISO 14001 or equivalent certification. 	<ul style="list-style-type: none"> • As a group the target is that a 100% of active quarries contribute to the global goal of nature positive, with 15% for nature • 15% of each active quarry area designated 'space for nature' (habitat creation/restoration).

39. SECRETARY TO THE BOARD

The appointment of the Company Secretary is made on the recommendation of the MD and must be approved by the Board.

The Secretary to the Board is responsible for advising the Board on legal and corporate governance matters and, in conjunction with the Chairman, for ensuring the efficient flow of information between the Board, its committees and management. All members of the Board and management have access to his legal advice and services.

40. COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there were no serious judicial matters to report as required by the Tanzania Financial Reporting Standard No. 1 (Report by those charged with Governance).

41. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

TFRS 1 is effective from 1 January 2021 following the approval of the Governing Board of the National Board of Accountants and Auditors ("NBAA") of the issuance of the revised version during its 182nd meeting held on 22 June 2020.

42. RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the Group, and a related party transaction is a transfer of resources, services, or obligations between the Group and its related parties.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions with non-related third parties.

The related party transactions and balances are disclosed in Note 33 to the consolidated and separate financial statements. The directors' emoluments have also been disclosed in Note 33 to the consolidated and separate financial statements.

43. SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable legal matters that can affect the Group or Company (2024: Nil).

44. EVENTS AFTER REPORTING PERIOD

Information on events after the reporting period are provided in Note 41 to the consolidated and separate financial statements.

45. AUDITOR

Details

The information of the Group's auditors for the period covered by the report is:

PricewaterhouseCoopers Tanzania
369 Toure Drive
Pemba House
Oysterbay
P.O. Box 45, Dar es Salaam, Tanzania
Tel: +255 22 219 2000 | Fax: +255 22 219 2200
Website: <https://www.pwc.co.tz>
Firms' registration Number: 117633
Firm's PF number: PF 047
TIN number: 100-212-285

The engagement partner who was in charge of the audit of the Group during the period has the registration number: ACPA-PP 1981

THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

45. AUDITOR (CONTINUED)

Appointment process

The process of appointing the Group's External Auditor is done in accordance with S.170 and 174 of the Companies Act, 2002 and in accordance with the Group's Board Charter.

PricewaterhouseCoopers served as an External Auditor in 2025 following the appointment that was done during the Tanga Cement Plc's Annual General Meeting in 2024.

46. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible to provide assurance of the correctness and consistency of each and every information contained in the report by those charged with governance with those provided in the financial statements.

47. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

It is the responsibility of the those charged with governance to prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approved the audited financial statements and covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

Approved by the Board of Directors on 19 June 2026 and signed on its behalf by:

Name: Alfonso Velez

Title: Director

Signature:

Name: Raymond Mbilinyi

Title: Director

Signature:

TANGA CEMENT PUBLIC LIMITED COMPANY

**STATEMENT OF DIRECTORS' RESPONSIBILITIES AND APPROVAL
FOR THE YEAR ENDED 31 DECEMBER 2025**

For each financial year, the Companies Act, 2002 of Tanzania, requires the directors to prepare consolidated and separate financial statements that present fairly, the state of financial affairs of the Group and the Company as at the end of the financial year and of the financial results for that year. It also requires the directors to ensure that the Group and the Company keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Companies Act, 2002 of Tanzania. The directors accept responsibility for the preparation and fair presentation of consolidated and separate financial statements that are free from material misstatement whether due to fraud or error.

The directors are of the opinion that the consolidated and separate financial statements present fairly the state of the financial affairs of the Group and the Company and of the consolidated and separate profit. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

The Company's directors have made an assessment of the Group's and the Company's ability to continue as going concern and are satisfied that the Group and the Company have access to sufficient resources necessary to continue in business for the foreseeable future. The Group and the Company are solvent, have positive net cash flows from operations and approved undrawn working capital facilities. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern.

Signed on behalf of Those charged with governance by:

Name: Alfonso Velez

Title: Director

Signature:



Name: Raymond Mbilinyi

Title: Director

Signature:



Date: 19 June 2026

TANGA CEMENT PUBLIC LIMITED COMPANY

**DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2025**

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires consolidated and separate financial statements to be accompanied with a statement of declaration issued by the Head of Finance responsible for the preparation of the consolidated and separate 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 the consolidated and separate financial statements of the Group and the Company showing a true and fair view position of the Group and the Company in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the consolidated and separate financial statements rests with the Board of Directors as indicated in the Statement of Directors' Responsibilities and Approval on the previous page.

I, Tumaini Ishemo, being the Head of Finance of Tanga Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the consolidated and separate financial statements for the year ended 31 December 2025 have been prepared in compliance with IFRS Accounting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the consolidated and separate financial statements give a true and fair view position of Tanga Cement Public Limited Company as on that date and that they have been prepared based on properly maintained financial records.

Signature: 

Name: Tumaini Ishemo

Position: Finance Manager

NBAA Membership no: ACPA 2733

Date: 19 June 2026

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Tanga Cement Public Limited Company (“the Company”) and its subsidiary, Cement Distributors (EA) Limited (together “the Group”) as at 31 December 2025, and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No.12 of 2002.

What we have audited

Tanga Cement Public Limited Company ‘s Group and Company financial statements set out on pages 73 to 140 comprise:

- the Group and Company statements of financial position as at 31 December 2025;
 - 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, comprising material accounting policies information 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 ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to audits of financial statements in Tanzania and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

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
<p>Unresolved tax matters and contingent liabilities</p> <p>Tax positions were significant to our audit because the assessment process involves judgment in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits.</p> <p>The Company has significant unresolved tax matters with the Tanzania Revenue Authority (TRA) whose outcomes are dependent on future events. The total amount of tax assessed is TZS 47 billion of which TZS 17.5 billion has been provided for on the financial statements.</p> <p>With the assistance of internal and external experts, the directors exercise significant judgement in assessing the possible outcomes of the unresolved matters for financial reporting purposes at the year-end.</p> <p>The actual future outcomes of these matters could be materially different from the managements' judgement at the year-end.</p> <p>Further information is provided in Note 3, Note 29(b) and Note 37.</p>	<p>We tested management's process for identification and evaluation of tax exposures from TRA assessments.</p> <p>We examined a list of open tax matters and tax assessments by TRA as at 31 December 2025.</p> <p>We tested the completeness of the list by examining the minutes of the board meetings and legal correspondences between the company and its lawyers.</p> <p>We examined the correspondence between the Company and the Tanzania Revenue Authority.</p> <p>We obtained and assessed advice from managements' expert that was applied by management to assess the level of provisioning required and the tax objections filed thereon.</p> <p>We reviewed the provisions for tax exposures based on management's assessment and the advice provided by the company's tax advisor.</p> <p>We have evaluated the reasonableness of the managements' judgement and assessed the adequacy of the disclosures made in the financial statements in relation to contingent liabilities and significant judgments applied by those charged with governance.</p>

Other information

The directors are responsible for the other information. The other information comprises Corporate information, 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 Group and company 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 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.

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

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 IFRS Accounting Standards and the requirements of 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 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 and Company 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 judgment 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 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 and Company 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.

Independent Auditor's Report

To the Shareholders of Tanga Cement Public Limited Company

Report on the audit of the Group and Company financial statements (continued)

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

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, actions 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 Group's and 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 Report by those charged with governance is not consistent with the financial statements, if the group and 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.



Cletus Kiyuga, ACPA-PP 1981

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date 20-06-2026 | 10:38 EAT

TANGA CEMENT PUBLIC LIMITED COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Revenue from contracts with customers	5	298,912,330	230,846,220	298,912,330	230,846,220
Cost of sales	6	(241,020,300)	(177,268,920)	(241,019,093)	(177,261,317)
Gross profit		57,892,030	53,577,300	57,893,237	53,584,903
Other income	7(a)	1,038,915	533,226	1,017,698	86,447
Other expenses	7(b)	(4,319,182)	(138,517)	(4,319,182)	(138,517)
Selling expenses	8	(1,722,961)	(2,329,900)	(1,722,961)	(2,329,900)
Administration expenses	9	(23,143,418)	(21,359,173)	(23,079,618)	(20,990,478)
Decrease/(increase) in expected credit losses	10	1,534,603	(994,953)	1,534,603	(796,209)
Operating profit		31,279,987	29,287,983	31,323,777	29,416,246
Interest expense	11	(28,961,375)	(33,515,513)	(28,961,375)	(33,515,513)
Finance income	12	-	102,136	-	102,136
Finance cost-net		(28,961,375)	(33,413,377)	(28,961,375)	(33,413,377)
Foreign exchange and fair value gains	13	2,787,068	2,302,945	2,787,068	2,313,501
Profit/(loss) before tax		5,105,680	(1,822,449)	5,149,470	(1,683,630)
Income tax charge	14(a)	-	(4,861,181)	-	(4,861,181)
Profit/(loss) for the year		5,105,680	(6,683,630)	5,149,470	(6,544,811)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		5,105,680	(6,683,630)	5,149,470	(6,544,811)
Basic and diluted earnings/(loss) per share (TZS/share)	15	65	(106)	66	(104)

TANGA CEMENT PUBLIC LIMITED COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
ASSETS					
Non-current assets					
Property plant and equipment	16	277,312,037	270,527,096	277,311,627	270,525,479
Right of use assets	18	83,926	223,140	83,926	223,140
Investment property	19	914,750	963,486	-	-
Intangible asset	17	407,638	507,853	407,638	507,853
Investment in subsidiary	20	-	-	420,995	420,995
		278,718,351	272,221,575	278,224,186	271,677,467
Current assets					
Inventories	22	71,482,324	82,901,861	71,482,324	82,901,861
Trade and other receivables	23	46,424,527	22,393,322	46,552,591	22,502,760
Current income tax recoverable	14(d)	2,720,612	-	2,244,900	-
Cash and bank balances	24	20,757,802	19,491,943	20,614,205	19,348,377
		141,385,265	124,787,126	140,894,020	124,752,998
TOTAL ASSETS		420,103,616	397,008,701	419,118,206	396,430,465
EQUITY AND LIABILITIES					
Equity					
Issued capital	25	3,820,263	1,273,421	3,820,263	1,273,421
Share premium	25	199,190,511	-	199,190,511	-
Treasury shares	21	(1,825,920)	(1,825,920)	(1,825,920)	(1,825,920)
Retained earnings		16,116,381	11,010,701	15,311,341	10,161,871
Equity attributable to owners of the parent		217,301,235	10,458,202	216,496,195	9,609,372
Non-current liabilities					
Provision for site restoration	27	59,574	30,328	59,574	30,328
Lease liabilities	26	80,521	-	80,521	-
Deferred tax liability	14(b)	950,783	950,783	950,783	950,783
		1,090,878	981,111	1,090,878	981,111
Current liabilities					
Lease liabilities	26	25,118	299,630	25,118	299,630
Trade and other payables	29(a)	78,609,864	66,192,563	78,200,588	65,758,539
Provisions	29(b)	25,021,005	9,469,520	25,249,911	9,698,426
Term borrowings	28(a)&(b)	94,613,560	293,327,737	94,613,560	293,327,737
Current income tax payable	14(d)	-	141,015	-	616,727
Contract liabilities	30	3,441,956	3,224,555	3,441,956	3,224,555
Bank overdrafts	28(c)	-	12,914,368	-	12,914,368
		201,711,503	385,569,388	201,531,133	385,839,982
Total liabilities		202,802,381	386,550,499	202,622,011	386,821,093
TOTAL EQUITY AND LIABILITIES		420,103,616	397,008,701	419,118,206	396,430,465

These consolidated and separate financial statements were approved by the Board of Directors for issue on 19 June 2026 and were signed on their behalf by:

Name: Alfonso Velez

Title: Director

Signature: 

Name: Raymond Mbilinyi

Title: Director

Signature: 

TANGA CEMENT PUBLIC LIMITED COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Issued capital (Note 25) TZS' 000'	Share Premium (Note 25) TZS'000'	Treasury shares (Note 21) TZS'000	Retained earnings TZS' 000'	Total TZS' 000'
COMPANY					
At 1 January 2025	1,273,421	-	(1,825,920)	10,161,871	9,609,372
Issue of share	2,546,842	201,200,502	-		203,747,344
Transaction costs relating to rights issue of shares	-	(2,009,991)	-		(2,009,991)
<i>Profit for the year</i>	-	-	-	5,149,470	5,149,470
Total comprehensive income	-	-	-	5,149,470	5,149,470
At 31 December 2025	<u>3,820,263</u>	<u>199,190,511</u>	<u>(1,825,920)</u>	<u>15,311,341</u>	<u>216,496,195</u>
At 1 January 2024	1,273,421	-	(1,825,920)	16,706,682	16,154,183
<i>Loss for the year</i>	-	-	-	(6,544,811)	(6,544,811)
Total comprehensive income	-	-	-	(6,544,811)	(6,544,811)
At 31 December 2024	<u>1,273,421</u>	<u>-</u>	<u>(1,825,920)</u>	<u>10,161,871</u>	<u>9,609,372</u>
GROUP					
At 1 January 2025	1,273,421	-	(1,825,920)	11,010,701	10,458,202
Issue of share	2,546,842	201,200,502			203,747,344
Transaction costs relating to rights issue of shares	-	(2,009,991)			(2,009,991)
<i>Profit for the year</i>	-	-	-	5,105,680	5,105,680
<i>Total comprehensive income</i>	-	-	-	5,105,680	5,105,680
At 31 December 2025	<u>3,820,263</u>	<u>199,190,511</u>	<u>(1,825,920)</u>	<u>16,116,381</u>	<u>217,301,235</u>
At 1 January 2024	1,273,421	-	(1,825,920)	17,694,331	17,141,832
<i>Loss for the year</i>	-	-	-	(6,683,630)	(6,683,630)
<i>Total comprehensive income</i>	-	-	-	(6,683,630)	(6,683,630)
At 31 December 2024	<u>1,273,421</u>	<u>-</u>	<u>(1,825,920)</u>	<u>11,010,701</u>	<u>10,458,202</u>

TANGA CEMENT PUBLIC LIMITED COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF CASHFLOW
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
OPERATING ACTIVITIES					
Cash generated from operating activities	31	67,610,010	29,169,416	67,609,979	29,055,265
Interest income received	12	-	102,136	-	102,136
Income taxes paid	14(d)	(2,861,627)	(1,557,804)	(2,861,627)	(1,557,804)
Net cash flows from operating activities		64,748,383	27,713,748	64,748,352	27,599,597
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	16	(26,794,220)	(21,956,989)	(26,794,220)	(21,956,989)
Purchase of intangible asset	17	-	(507,853)	-	(507,853)
Net cash flows used in investing activities		(26,794,220)	(22,464,842)	(26,794,220)	(22,464,842)
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	26	(141,009)	(210,839)	(141,009)	(210,839)
Lease liability interest paid	26	(16,510)	(35,714)	(16,510)	(35,714)
Interest paid - overdrafts	11	(3,972,625)	(2,463,942)	(3,972,625)	(2,463,942)
Interest paid - short term loan	28(b)	-	(2,716,058)	-	(2,716,058)
Principal repayments - short term loan	28(b)	(43,351,659)	(3,654,000)	(43,351,659)	(3,654,000)
Short term loan proceeds	28(b)	-	43,772,061	-	43,772,061
Proceeds from import loans	28(b)	-	1,828,844	-	1,828,844
Principal repayments - Group loan	28(a)	(178,849,155)	-	(178,849,155)	-
Proceeds from right issue of shares	25	203,747,344	-	203,747,344	-
Transaction costs on issue of shares	25	(2,009,991)	-	(2,009,991)	-
Net cash flows (used in)/from financing activities		(24,593,605)	36,520,352	(24,593,605)	36,520,352
Net increase in cash and cash equivalents		13,360,558	41,769,258	13,360,527	41,655,107
Net foreign exchange differences		819,669	(794,815)	819,669	(755,375)
Cash and cash equivalents at 1 January		6,577,575	(34,396,868)	6,434,009	(34,465,723)
Cash and cash equivalents at 31 Dec	24	20,757,802	6,577,575	20,614,205	6,434,009

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. CORPORATE INFORMATION

Tanga Cement Public Limited Company (the “Company”), the reporting entity, is incorporated in Tanzania under the Companies Act, 2002 of Tanzania as a limited liability company and is domiciled in Tanga, Tanzania. The Company’s shares are publicly traded on the Dar es Salaam Stock Exchange.

The principal activities of the Group are disclosed in the Report by those charged with Governance. Information about the Group is disclosed on page 1.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CDEAL) which is incorporated and domiciled in Tanzania.

Information on the ultimate parent of the Company is presented in Note 38 to the consolidated and separate financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on a historical cost basis, except for derivative financial instruments and equity instruments, which are measured at fair value.

The consolidated and separate financial statements are presented in Tanzanian Shillings (TZS), which is the Group’s functional currency, and all amounts are rounded to the nearest thousand (TZS ‘000), unless otherwise stated. These financial statements are for the year ended 31 December 2025.

Going concern

In assessing the appropriateness of the going concern assumption, management has considered the following specific factors:

- The Group reported a profit after tax of TZS 5.1 billion for the year and had a net current liabilities position of TZS 60.3 billion.
- The Group generated positive operating cash flows of TZS 64.7 billion in the current period.
- As disclosed in Note 28, liquidity needs of the Group are monitored on a daily basis. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. Currently, we have no overdraft repayments or short-term loan borrowings.
- Management prepares an annual budget and quarterly forecasts and continues to monitor actual performance against budget and forecasts throughout the reporting period.

Financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ultimate shareholder, Heidelberg Materials AG, has provided a letter of support as well as signed a standstill agreement that they will not recall on the borrowing.

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2002 of Tanzania.

The consolidated financial statements comprise the Company, its subsidiary and controlled structured entity (together, the “Group”). The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control and continues to be consolidated until the date when such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiary and consolidated structured entity are prepared for the same reporting period as the Company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION (CONTINUED)

When necessary, adjustments are made to the financial statements of the consolidated entities to bring their accounting policies in line with the Group's accounting policies.

All intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The investment in the subsidiary is measured at cost less impairment losses in the Company's separate financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; or
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Investment in subsidiary

The investment in subsidiary is measured at cost in the Company's separate financial statements. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in profit or loss.

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Fair value measurement

The Group measures certain financial instruments, such as derivatives, at fair value through profit or loss. Financial instruments classified at amortised cost are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Investment properties are accounted for using the cost model in accordance with IAS 40. Nevertheless, the Group discloses the fair values of these properties in the notes to the financial statements, as required by IAS 40.56. Other non-financial assets, such as property, plant and equipment and intangible assets, are measured using the cost model in accordance with IAS 16 and IAS 38, respectively. These assets are carried at historical cost less accumulated depreciation and impairment losses. Fair value information for these assets is not disclosed unless required in the context of impairment testing or business combinations.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Fair value measurement (Continued)

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

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

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

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

c) Foreign currency translation

The Group and Company's financial statements and Company's separate financial statements are presented in Tanzanian Shillings (TZS), which is also the Group's and Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated and separate financial statements of each entity are measured using that functional currency.

Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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

Group companies

The assets and liabilities of foreign operations are translated into Tanzanian Shilling (TZS) at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income balances are translated at exchange rates prevailing at the dates of the transaction or the average rates for the period. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers

Revenue represents income arising in the course of Group's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT) and excise duty.

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

The five-step model stipulated in IFRS 15 *Revenue from contracts with customers* is applied when accounting for revenue from contracts with customers. The Group accounts for a revenue contract with a customer only when all the following criteria are met:

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

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

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Variable consideration

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

Right of return

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers (Continued)

Volume rebates

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

Significant financing component

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment. Refer to the accounting policy on impairment of financial assets in Note 2.3(m).

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to Note 2.3(m) for the accounting policy on trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Right of return assets

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

Refund liabilities

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Revenue from contracts with customers (Continued)

Contract balances (Continued)

Cost to obtain contract

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

e) Taxation

Current income tax

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

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

Deferred tax

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

- Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Taxation (Continued)

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

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

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

Tax benefits acquired as part of a business combination but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in profit or loss.

Value Added Tax

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

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

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

f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. If there is any carrying amount remaining relating to the replaced part, the remaining carrying amount is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Asset category	Annual rate
Leasehold land	1.00% – 10.00%
Buildings, roads and railway siding	3.00% – 10.00%
Plant, machinery and equipment	4.00% – 10.00%
Motor vehicles and construction vehicles	4.00% – 20.00%
Fixtures, fittings and equipment	13.00% – 20.00%

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Property, plant and equipment (Continued)

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

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress is not depreciated, since by the definition it is not yet ready for use, but it is carried at cost less accumulated impairment.

Refurbished equipment is accounted for in accordance with IAS 16 – Property, Plant and Equipment. Refurbishment refers to significant repairs, upgrades, or replacements undertaken to restore or improve the operational capability of an asset, extend its useful life, or enhance its functionality.

Refurbishment costs are capitalized if they meet the criteria for recognition as an asset, i.e., when it is probable that future economic benefits will flow to the entity and the costs can be measured reliably. Costs that do not meet these criteria are expensed as incurred.

Where refurbishment involves the replacement of a significant part or component of an asset, the carrying amount of the replaced part is derecognized, and the cost of the new component is capitalized.

Refurbished assets are depreciated over their revised useful lives from the date they are available for use

g) Leases

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

Group as a lessee

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Leases (continued)

Group as a lessee (continued)

Right-of-use- assets

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

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

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

Lease liabilities

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

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

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

Short-term leases and leases of low value asset

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Leases (continued)

Group as a lessor

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

h) Investment property

Investment properties are initially recognised at cost, which includes the purchase price and any directly attributable transaction costs. Subsequent to initial recognition, the Group applies the cost model in accordance with IAS 40, whereby investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses.

In accordance with the disclosure requirements of IAS 40, the fair values of the investment properties—reflecting market conditions at the reporting date are disclosed in the financial statements. These fair values are determined based on an annual valuation performed by an independent, accredited external valuer, using a valuation methodology in line with the principles of the International Valuation Standards. The rate of depreciation used is:

Asset	Years
Buildings	20

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any). Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

i) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in an asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

i) Intangible assets (continued)

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

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

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

j) Financial instruments

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

Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy on Revenue recognition.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all investments in equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI.

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Financial assets (Continued)

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Financial instruments (Continued)

Impairment of financial assets (continued)

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

IAS 7.33 permits interest paid to be shown as operating or financing activities and interest received to be shown as operating or investing activities, as deemed relevant for the entity. The Group has elected to classify interest received and paid as cash flows from operating activities.

Derecognition

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

Offsetting of financial instruments

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

k) Cash and cash equivalents

Cash on hand, bank balances on demand and time deposit accounts with banks whose original maturities do not exceed three months, less bank overdraft amounts, are classified as cash and cash equivalents in the consolidated and separate statements of cash flows. Cash and cash equivalents are carried at amortised cost in the consolidated and separate statements of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

k) Cash and cash equivalents (continued)

The statement of cash flows is prepared in accordance with IAS 7 Statement of Cash Flows. The entity classifies interest paid, including interest on bank overdrafts, borrowings and lease liabilities, as cash flows from financing activities. This classification reflects the entity's view that interest paid represents a cost of obtaining financial resources. The policy is applied consistently from period to period.

l) Inventories

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

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

Raw materials

Purchase cost on a first in, first out basis.

Finished goods and work in progress

Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

m) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an assets, or cash-generating unit's (CGU), fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m) Impairment of non-financial assets (Continued)

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

n) Royalties

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

o) Provisions

General

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

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

p) Site restoration provision

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

q) Employee benefits

Pension benefits

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

Termination benefits

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

Employee bonus

Employees are entitled to annual bonuses which are performance based; the company recognises a liability and an expense for bonuses, based on a formula that takes into consideration individual's achievement on the pre-agreed annual targets. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

r) Cash dividend

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

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

s) Share capital and treasury shares

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

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

t) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

u) Uncertain income tax positions

The Group and the Company use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Group and the Company assume that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Group and the Company conclude that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group and the Company conclude that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method is based on which method provides better predictions of the resolution of the uncertainty.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

Impairment at cash generating unit level

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

Revenue from contracts with customers

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

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

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

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

Determining the timing of satisfaction of goods delivered to customers

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

Determining the method of estimating variable consideration and assessing the constraint Contracts for the sale of cement and clinker include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of cement and clinker with rights of return, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold. For more details, refer to Note 2.3(f) of the consolidated and separate financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Group as a lessee

Determining the lease term of contracts with renewal and termination options

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

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

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

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

Estimating the incremental borrowing rate

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

Lease identification

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

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

Refer to Notes 18 and 26 of the consolidated and separate financial statements for further disclosures including the carrying amounts of the right-of-use assets and lease liabilities.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Expected credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

The information about the ECLs on the Group's trade receivables is disclosed in Notes 23 and 36 (b) of the consolidated and separate financial statements.

Provision for site restoration

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

Refer to Note 27 of the consolidated and separate financial statements for further disclosures including the carrying amount of the provision for site restoration.

Contingent liabilities

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

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

Refer to Note 37 of the consolidated and separate financial statements for further disclosures on contingent liabilities.

Fair value of financial instruments

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

Refer to Notes 18, 20,21 and 39 of the consolidated and separate financial statements for further disclosures on fair value measurement.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment of non-financial assets

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

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

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

Refer to Note 20(a) of the consolidated and separate financial statements for further disclosures including the carrying amount of the non-financial asset impaired

Taxes

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

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

Refer to Note 14 of the consolidated and separate financial statements for further disclosures including the carrying amounts of current income and deferred tax.

Involvement in subsidiaries

Judgment is required in the assessment of whether the Company has control or significant influence in terms of the variability of returns from the Company's involvement in the investee or structured entity, the ability to use power to affect those returns and the significance of the Company's involvement in the investee or structured entity. The Company classified its investments and structured entities considering this assessment of control or significant influence. Refer to Note 2.3(b) of the consolidated and separate financial statements for further disclosures on the consolidated entities.

Estimating variable consideration for volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of cement and clinker with respect to volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

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

Refer to Note 30 of the consolidated and separate financial statements for further disclosures on rebate liabilities.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

i) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments had no impact on the Group's financial statements.

ii) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

ii) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities.
- A clarification that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB has made the following improvements in September 2024:

- IFRS 1, 'First-time Adoption of International Financial Reporting' – to improve consistency between IFRS 1 and IFRS 9, 'Financial Instruments', in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1;
- IFRS 7, 'Financial Instruments: Disclosures' – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, 'Fair Value Measurement';
- IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9 and IFRS 15, 'Revenue from Contracts with Customers', in relation to the term 'transaction price';
- IFRS 10, 'Consolidated Financial Statements' – to clarify the requirements in relation to determining de facto agents of an entity; and
- IAS 7, 'Statement of Cash Flows' – to replace the term 'cost method' with 'at cost', since the term is no longer defined in IFRS Accounting Standards.

The Group determined that the amendments are not expected to materially impact the group's financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
5 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Disaggregated revenue information				
Set out below is the disaggregation of the Group's revenue from contracts with customers:				
Type of goods or services				
Cement sales	210,714,803	180,633,306	210,714,803	180,633,306
Clinker sales	71,405,896	40,794,648	71,405,896	40,794,648
Freight income	16,791,631	9,418,266	16,791,631	9,418,266
Total revenue from contracts with customers	298,912,330	230,846,220	298,912,330	230,846,220
Sales revenue distribution by product:				
Simba Bora	89,918,131	94,471,199	89,918,131	94,471,199
Simba Imara	116,539,114	83,485,404	116,539,114	83,485,404
Simba Barabara	4,257,558	2,676,703	4,257,558	2,676,703
Clinker	71,405,896	40,794,648	71,405,896	40,794,648
Freight services	16,791,631	9,418,266	16,791,631	9,418,266
Total sales	298,912,330	230,846,220	298,912,330	230,846,220
Sales revenue distribution in both domestic and export markets for cement and clinker:				
Domestic sales	269,554,233	214,862,914	269,554,233	214,862,914
Export sales	12,566,466	6,565,040	12,566,466	6,565,040
Total sales	282,120,699	221,427,954	282,120,699	221,427,954
Timing of revenue recognition:				
Goods transferred at a point in time	298,912,330	230,846,220	298,912,330	230,846,220

- The performance obligation relating to selling cement and the freight services relating to bulk cement sales is satisfied upon delivery of cement and payment is generally due within 30 days from delivery. For ex-gate customers, control of the goods passes to the customer when the delivery truck crosses the Company's weighbridge and for all the other remaining customers, control of the goods and related services passes to the customer when the goods arrive at customer's specified destination.
- Customers are awarded volume rebates which are accounted for as variable consideration in determining the transaction price.
- Refer to Notes 23 and 30 of the consolidated and separate financial statements for the contract balances, that is, trade receivables and contract liabilities respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
6 COST OF SALES				
Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution and other production expenses. Depreciation incurred for plant and machinery, land and buildings and other equipment are presented separately in Note 16.				
Distribution costs	17,412,428	9,404,932	17,412,428	9,404,931
Variable costs	170,404,996	128,546,610	170,404,996	128,546,610
Fixed costs	34,780,688	21,505,833	34,780,688	21,499,431
Depreciation, amortisation, and impairment (Note 16)	20,007,949	21,061,480	20,006,742	21,060,279
Provision for obsolete inventories (Note 22)	(1,585,761)	(3,249,935)	(1,585,761)	(3,249,934)
	241,020,300	177,268,920	241,019,093	177,261,317
Included in cost of sales variable costs are:				
Raw materials	39,000,471	23,436,042	39,000,471	23,436,042
Fuel and energy	71,068,936	80,812,050	71,068,936	80,812,050
Consumables	60,335,589	24,298,518	60,335,589	24,298,518
	170,404,996	128,546,610	170,404,996	128,546,610
Included in cost of sales - fixed costs are:				
Repairs and maintenance costs	9,601,356	3,710,496	9,601,356	3,710,496
Personnel expenses [9(a)]	13,492,173	12,486,139	13,492,173	12,486,139
Consultancy and insurance costs	1,812,250	1,515,734	1,812,250	1,515,734
Other fixed production costs	9,874,909	3,793,464	9,874,909	3,787,062
	34,780,688	21,505,833	34,780,688	21,499,431
7 OTHER INCOME/(EXPENSES)				
(a) Other income				
Rental income	21,186	21,186	-	-
Sundry income	631	499,620	600	74,027
Sale of scraps	806,122	12,420	806,122	12,420
Pozzolana sales	210,976	-	210,976	-
	1,038,915	533,226	1,017,698	86,447

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

7 OTHER INCOME/(EXPENSES) (CONTINUED)

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
(b) Other expenses				
Other costs ¹	4,319,182	-	4,319,182	-
Loss on sale of property, plant and equipment	-	138,517	-	138,517
	<u>4,319,182</u>	<u>138,517</u>	<u>4,319,182</u>	<u>138,517</u>

8 SELLING EXPENSES

Other marketing and sales expenses	420,659	549,873	420,659	549,873
Personnel expenses [9(a)]	1,194,001	776,907	1,194,001	776,907
Advertising expenses	108,301	1,003,120	108,301	1,003,120
	<u>1,722,961</u>	<u>2,329,900</u>	<u>1,722,961</u>	<u>2,329,900</u>

9 ADMINISTRATION EXPENSES

Personnel expenses (a)	2,577,283	7,617,369	2,577,283	7,282,090
Third party services	1,388,117	3,667,521	1,388,117	3,667,521
Other administration expenses	18,955,027	9,845,558	18,939,963	9,860,879
Depreciation, amortisation and impairment (Note 17, Note 18&Note19)	222,991	228,725	174,255	179,988
	<u>23,143,418</u>	<u>21,359,173</u>	<u>23,079,618</u>	<u>20,990,478</u>

(a) Personnel expenses under:

Cost of sales	13,492,173	12,486,139	13,492,173	12,486,139
Selling expenses	1,194,001	776,907	1,194,001	776,907
Administrative expenses	2,577,283	7,617,369	2,577,283	7,282,090
	<u>17,263,457</u>	<u>20,880,415</u>	<u>17,263,457</u>	<u>20,545,136</u>

Personnel expenses is made up of:

Wages and salaries and bonuses	11,567,117	14,931,962	11,567,117	14,931,962
Statutory obligations	502,237	753,749	502,237	753,749
Social security costs	1,249,779	1,460,377	1,249,779	1,460,377
Staff allowances	1,094,722	65,488	1,094,722	65,488
Medical, training, meals and beverages	1,556,846	1,418,430	1,556,846	1,418,430
Staff benefits	849,901	1,598,629	849,901	1,598,629
Other employment costs	442,855	651,780	442,855	316,501
	<u>17,263,457</u>	<u>20,880,415</u>	<u>17,263,457</u>	<u>20,545,136</u>

Included in third party services are:

Consultancy	646,752	755,627	646,752	755,627
Security costs	251,729	261,137	251,729	261,137
Rent and rates	105,385	147,520	105,385	147,520
Other third-party services	384,251	160,050	384,251	160,050
Re-organisation costs ²	-	2,343,187	-	2,343,187
	<u>1,388,117</u>	<u>3,667,521</u>	<u>1,388,117</u>	<u>3,667,521</u>

¹ Other costs relate to tax provisions for prior year assessments

² Re-organisation costs as a result of changes in group structure in 2024

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	2025	2024
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
9 ADMINISTRATION EXPENSES (CONTINUED)				
<i>Included in other administration expenses are:</i>				
Audit fees	220,000	215,000	198,000	190,000
Group consultancy	3,357,251	3,381,767	3,357,251	3,381,767
Information technology	1,485,940	1,282,280	1,485,940	1,282,280
Legal costs	271,102	1,104,923	271,102	1,104,923
Other costs	1,881,777	904,543	1,881,777	904,543
Levies and fees ²	1,569,804	764,044	1,569,804	764,044
Technical assistance ³	5,316,471	659,721	5,316,471	659,721
Bank charges	964,497	537,403	964,497	537,403
Directors' remuneration	44,135	33,218	44,135	33,218
Hotel expenses	118,240	533,060	118,240	533,060
Donations and corporate social responsibility	94,119	49,030	94,119	49,030
Alternative Minimum Tax - current year	2,735,200	-	2,735,200	-
Other administration expenses ⁴	896,491	380,569	903,427	420,890
	18,955,027	9,845,558	18,939,963	9,860,879
10 (DECREASE)/INCREASE IN EXPECTED CREDIT LOSS				
(Decrease)/increase in ECL for trade receivables	(1,534,603)	996,302	(1,534,603)	797,699
Decrease in ECL for bank balances	-	(1,349)	-	(1,490)
	(1,534,603)	994,953	(1,534,603)	796,209
11 INTEREST EXPENSE				
Interest expense on bank overdrafts	3,972,625	2,463,942	3,972,625	2,463,942
Interest expense on short term loans	-	4,216,173	-	4,216,173
Interest expense on leases	16,510	35,714	16,510	35,714
Interest expense on group loan	24,972,240	26,799,684	24,972,240	26,799,684
Interest expense charged to profit or loss	28,961,375	33,515,513	28,961,375	33,515,513
12 FINANCE INCOME				
Income from Interest Rate Cap	-	102,136	-	102,136
	-	102,136	-	102,136
13 FOREIGN EXCHANGE AND FAIR VALUE GAIN				
Net foreign exchange and fair value gain	2,787,068	2,302,945	2,787,068	2,313,501
<i>This comprises of:</i>				
Fair value gain - interest rate cap	-	226,090	-	226,090
Foreign exchange (losses)/gains on term loans	(1,132,925)	1,921,300	(1,132,925)	1,921,300
Net other foreign exchange gains	3,919,993	155,555	3,919,993	166,111
	2,787,068	2,302,945	2,787,068	2,313,501

All payments denominated in foreign currencies were paid using foreign currencies purchased from the spot market and collections from cement export sales.

² Levies and fees include turnover levy from cement sales

³ Technical assistance includes group overhead charges and shared service costs

⁴ Other administration expenses include hotel and travel charges, motor vehicle maintenance, training, security etc.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
14 INCOME TAX				
(a) Income tax charge				
Current tax charge – current year	-	4,861,181	-	4,861,181
	<u>-</u>	<u>4,861,181</u>	<u>-</u>	<u>4,861,181</u>
<p>In 2024, the Group recognised a current tax charge arising from the application of the tax loss restriction rule, as stipulated under Tanzania Income Tax Act and Finance Act, 2020, and as amended by the Finance Act, 2024, that require entities that incurred tax losses for four consecutive years, in the fifth year, the utilisation of carried-forward tax losses is limited to 60% of the taxable profit. The remaining 40% of the profit becomes taxable, regardless of the total accumulated losses. This rule was applicable to the Group during the current financial year, resulting in a current tax expense.</p>				
(b) Deferred tax (assets)/liabilities				
Accelerated depreciation	44,371,053	45,016,261	44,259,039	44,986,556
Provisions	(8,966,697)	(23,343,258)	(8,726,729)	(23,273,564)
Current income tax losses carried forward	(55,308,730)	(44,797,181)	(55,205,374)	(44,687,600)
IFRS 16 adjustments	(372,192)	(345,433)	(372,192)	(345,433)
	<u>(20,276,566)</u>	<u>(23,469,611)</u>	<u>(20,045,256)</u>	<u>(23,320,041)</u>
Deferred tax asset not recognised				
TCPLC- Company	20,996,039	24,270,825	20,996,039	24,270,824
CDEAL - Tanzania	231,310	149,569	-	-
	<u>21,227,349</u>	<u>24,420,394</u>	<u>20,996,039</u>	<u>24,270,824</u>
Net deferred tax liability recognised	<u>950,783</u>	<u>950,783</u>	<u>950,783</u>	<u>950,783</u>

In accordance with IAS 12 Income Taxes, the Company has not recognised deferred tax assets in respect of unused tax losses and deductible temporary differences, as management has determined that it is not probable that sufficient future taxable profits will be available to utilise these amounts. The assessment involves significant judgement and is based on current and projected financial performance. The Company will continue to reassess the recognition of deferred tax assets at each reporting date and will recognise such assets to the extent that it becomes probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax (assets)/liabilities movement:

At 1 January	(23,469,611)	(28,787,853)	(23,320,041)	(28,222,468)
Charge to profit and loss not recognised	3,193,045	5,318,242	3,274,785	4,902,427
Closing balance	(20,276,566)	(23,469,611)	(20,045,256)	(23,320,041)
Deferred tax asset not recognised	21,227,349	24,420,394	20,996,039	24,270,824
Net deferred tax liability recognised	<u>950,783</u>	<u>950,783</u>	<u>950,783</u>	<u>950,783</u>

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FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
14 INCOME TAX (CONTINUED)				

(c) Tax rate reconciliation

A reconciliation between the income tax credit and the accounting loss multiplied by the domestic tax rate is as follows:

	%	%	%	%
Standard rate applicable on tax allowable loss	(30.00)	(30.00)	(30.00)	(30.00)
The standard rate has been affected by:				
- Expenses not deductible for tax purposes*	12.96	7.94	12.85	8.56
- Non-deductible interest expense (thin cap)*	-	532.38	-	586.06
- Adjustments in respect of prior years deferred tax	22.35	(525.43)	22.22	(590.50)
- Depreciation on non-qualifying assets	0.51	0.47	0.5	0.52
Movement of insurance spares	-	(88.37)	-	(97.28)
Unreconciled difference in FAR	-	8.69	-	9.57
Underestimation interest	1.45	-	1.44	-
Effective tax rate	7.27	(94.32)	7.01	(113.07)

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

*The significant reduction in non-deductible interest expense is primarily attributable to the repayment of outstanding loan balance during the period.

(d) Income tax recoverable/(payable)

At 1 January	(141,015)	3,489,887	(616,727)	2,953,688
Payment made during the year	2,861,627	1,528,987	2,861,627	1,528,987
Withholding credit - tax deducted at source	-	28,817	-	28,817
Income tax expense - current year	-	(4,861,181)	-	(4,861,181)
Reclassification to other receivables	-	(327,525)	-	(267,038)
At 31 December	2,720,612	(141,015)	2,244,900	(616,727)

15 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no dilutive shares as at year-end (2024: None). As such, the basic and diluted loss per share were the same as indicated below.

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Earnings/(loss) attributable to ordinary shareholders (TZS' 000)	5,105,680	(6,683,630)	5,149,470	(6,544,811)
Total weighted average number of ordinary shares	78,952,096	63,671,045	78,952,096	63,671,045
Treasury shares	(703,152)	(703,152)	(703,152)	(703,152)
Basic and diluted weighted average number of ordinary shares less treasury shares	78,248,944	62,967,893	78,248,944	62,967,893
Basic and diluted earnings/(loss) per share (TZS/share)	65	(106)	66	(104)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

16 PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Land and buildings	Plant and machinery	Motor vehicles	Capital items in stock	Furniture fittings and equipment	Capital work in progress (CWIP)	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cost							
At 1 January 2025	36,009,763	415,704,727	2,227,519	1,502,799	1,830,373	22,620,452	479,895,633
Additions	-	-	-	-	997,898	25,796,322	26,794,220
Transfer from Capital Work In Progress (CWIP)	3,222,098	12,743,077	2,538,983	-	55,254	(18,559,412)	-
Transfer to intangible assets	-	-	-	-	-	(1,331)	(1,331)
Standby spares utilised ⁵	-	-	-	(1,013,599)	-	-	(1,013,599)
At 31 December 2025	39,231,861	428,447,804	4,766,502	489,200	2,883,525	29,856,031	505,674,924
At 1 January 2024	36,009,763	416,528,158	2,007,456	-	1,830,373	6,964,357	463,340,107
Additions: Cash transactions	-	-	-	-	-	21,956,989	21,956,989
Additions: Non-cash transactions	-	-	-	1,502,799	-	-	1,502,799
Transfer from Capital Work In Progress (CWIP)	-	6,080,831	220,063	-	-	(6,300,894)	-
Standby spares utilised	-	(5,592,009)	-	-	-	-	(5,592,009)
Disposals	-	(1,312,253)	-	-	-	-	(1,312,253)
At 31 December 2024	36,009,763	415,704,727	2,227,519	1,502,799	1,830,373	22,620,452	479,895,633
Depreciation and impairment							
At 1 January 2025	15,250,142	188,762,575	2,092,310	1,502,799	1,760,711	-	209,368,537
Charge for the year	849,873	18,598,762	198,259	-	361,055	-	20,007,949
Standby spares utilised	-	-	-	(1,013,599)	-	-	(1,013,599)
Transfers	-	(1,890,761)	1,859,519	-	31,242	-	-
At 31 December 2025	16,100,015	205,470,576	4,150,088	489,200	2,153,008	-	228,362,887
At 1 January 2024	14,369,334	171,512,430	1,839,519	-	1,759,504	-	189,480,787
Charge for the year	880,808	18,423,881	252,791	1,502,799	1,207	-	21,061,486
Disposals	-	(1,173,736)	-	-	-	-	(1,173,736)
At 31 December 2024	15,250,142	188,762,575	2,092,310	1,502,799	1,760,711	-	209,368,537
Net carrying amount							
At 31 December 2025	23,131,846	222,977,229	616,414	-	730,517	29,856,031	277,312,037
At 31 December 2024	20,759,621	226,942,152	135,209	-	69,662	22,620,452	270,527,096

⁵ Standby spares are critical spare parts that are used once the need arises. The Group and the Company adopted accounting policy of the Ultimate Parent on recognition of spare parts as inventory for spare parts with an individual acquisition value of more than 10kEUR but less than 50kEUR. Subsequently these spare parts were transferred from property plant and equipment to inventory for utilisation.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

16 PROPERTY, PLANT AND EQUIPMENT

(b) COMPANY

	Land and buildings	Plant and machinery	Motor vehicles	Capital items in stock	Furniture Fittings and equipment	Capital work in progress (CWIP)	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cost							
At 1 January 2025	32,573,136	416,067,315	1,483,841	1,502,799	1,885,365	22,620,452	476,132,908
Additions	-	-	-	-	997,898	25,796,322	26,794,220
Transfer from Capital Work In Progress (CWIP)	3,222,098	15,337,314	-	-	-	(18,559,412)	-
Transfer to intangible assets	-	-	-	-	-	(1,331)	(1,331)
Standby spares utilised	-	-	-	(1,013,599)	-	-	(1,013,599)
Transfers	-	(2,594,237)	2,538,983	-	55,254	-	-
At 31 December 2025	35,795,234	428,810,392	4,022,824	489,200	2,938,517	29,856,031	501,912,198
At 1 January 2024	32,573,136	416,890,745	1,263,778	-	1,885,365	6,964,357	459,577,381
Additions: Cash transactions	-	-	-	-	-	21,956,989	21,956,989
Additions: Non-cash transactions	-	-	-	1,502,799	-	-	1,502,799
Additions to standby spares	-	-	-	-	-	-	-
Transfer from Capital Work In Progress (CWIP)	-	6,080,831	220,063	-	-	(6,300,894)	-
Standby spares utilised	-	(5,592,009)	-	-	-	-	(5,592,009)
Disposals	-	(1,312,253)	-	-	-	-	(1,312,253)
At 31 December 2024	32,573,136	416,067,314	1,483,841	1,502,799	1,885,365	22,620,452	476,132,907
Depreciation							
At 1 January 2025	12,228,557	188,716,220	1,347,629	1,502,799	1,812,223	-	205,607,428
Charge for the year	849,873	18,598,762	198,259	-	359,848	-	20,006,742
Disposals	-	-	-	(1,013,599)	-	-	(1,013,599)
Transfers	-	(1,890,761)	1,859,519	-	31,242	-	-
At 31 December 2025	13,078,430	205,424,221	3,405,407	489,200	2,203,313	-	224,600,571
At 1 January 2024	11,347,749	171,466,075	1,094,838	-	1,812,223	-	185,720,885
Charge for the year	880,808	18,423,881	252,791	1,502,799	-	-	21,060,279
Disposals	-	(1,173,736)	-	-	-	-	(1,173,736)
At 31 December 2024	12,228,557	188,716,220	1,347,629	1,502,799	1,812,223	-	205,607,428
Net carrying amount							
At 31 December 2025	22,716,804	223,386,171	617,417	-	735,204	29,856,031	277,311,627
At 31 December 2024	20,344,579	227,351,095	136,211	-	73,142	22,620,452	270,525,479

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Information relating to property, plant and equipment:

- i) The property, plant and equipment are pledged as security for facilities provided by Heidelberg Materials AG. Carrying amounts of these assets amounts to TZS 277.3 billion (2024: 270.5 billion).
- ii) Included in Capital items in stock as at 31 December 2025 is TZS 0.5 billion (2024: TZS 1.5 billion) relating to standby equipment or significant components transferred from inventories to plant and machinery.
- iii) No significant item of property, plant and equipment was temporarily idle/not in use as at 31 December 2025 (2024: None).
- iv) Land comprised of the cost incurred in acquiring certificates of occupancy of land held by the Group. The cost was not depreciated.
- v) CWIP comprises the cost of property, plant and equipment under construction, not yet ready for use, not yet delivered and/or installed and assets which cannot be used until certain other assets are acquired and installed.

17 INTANGIBLE ASSETS	GROUP		COMPANY	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Cost				
At 1 January	746,903	239,050	746,903	239,050
Additions	-	507,853	-	507,853
Transfer from property, plant and equipment	1,331	-	1,331	-
At 31 December	748,234	746,903	748,234	746,903
Amortization				
At 1 January	(239,050)	(239,050)	(239,050)	(239,050)
Charge for the year	(101,546)	-	(101,546)	-
At 31 December	(340,596)	(239,050)	(340,596)	(239,050)
Net carrying amount				
At 31 December	407,638	507,853	407,638	507,853

Intangible assets comprise of computer software.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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18 RIGHT-OF-USE ASSETS

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

The Group also has certain leases with lease terms of 12 months or less and some with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the year:

GROUP AND COMPANY	Leased space TZS'000'	Land occupancy rights TZS'000'	Printers TZS'000'	Total TZS'000'
Cost				
At 1 January 2025	1,024,060	84,643	518,911	1,627,614
Derecognition	-	-	(177,547)	(177,547)
At 31 December 2025	1,024,060	84,643	341,364	1,450,067
Depreciation				
At 1 January 2025	(947,657)	(4,435)	(452,382)	(1,404,474)
Depreciation charge	(71,228)	(1,457)	-	(72,685)
Derecognition	-	-	111,018	111,018
At 31 December 2025	(1,018,885)	(5,892)	(341,364)	(1,366,141)
<i>Net carrying amount</i>				
At 31 December 2025	5,175	78,751	-	83,926
Cost				
At 1 January 2024	881,604	84,643	417,671	1,383,918
Additions (Note 26)	142,456	-	101,240	243,696
At 31 December 2024	1,024,060	84,643	518,911	1,627,614
Depreciation				
At 1 January 2024	(878,632)	(2,978)	(342,876)	(1,224,486)
Depreciation charge	(69,025)	(1,457)	(109,506)	(179,988)
At 31 December 2024	(947,657)	(4,435)	(452,382)	(1,404,474)
<i>Net carrying amount</i>				
At 31 December 2024	76,403	80,208	66,529	223,140

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

18 RIGHT-OF-USE ASSETS (CONTINUED)

The following are the amounts recognised in profit or loss:

	Note	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Depreciation expense of right-of-use assets		(72,685)	(179,988)	(72,685)	(179,988)
Interest expense on lease liabilities	26	16,510	(35,714)	16,510	(35,714)
Expense relating to short-term and low value leases (included in cost of sales)		(6,792,042)	(3,820,225)	(6,792,042)	(3,820,225)
Total amount recognised in profit or loss		(6,848,217)	(4,035,927)	(6,848,217)	(4,035,927)
Cash outflows on lease arrangements					
Payments relating to the recognised lease liabilities	26	(157,519)	(246,553)	(157,519)	(246,553)
Payments for short-term leases		(6,792,042)	(3,820,225)	(6,792,042)	(3,820,225)
		(6,949,561)	(4,066,778)	(6,949,561)	(4,066,778)

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

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

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

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	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
19 INVESTMENT PROPERTY				
Cost				
At 1 January	1,298,682	1,298,682	-	-
Additional investment	-	-	-	-
At 31 December	1,298,682	1,298,682	-	-
Depreciation				
At 1 January	(335,196)	(286,465)	-	-
Charge for the year	(48,736)	(48,731)	-	-
At 31 December	(383,932)	(335,196)	-	-
Net carrying amount	914,750	963,486	-	-

The investment property comprises three commercial properties located in Moshi, Arusha and Mwanza. Management determined that the investment property consists of one class of asset, warehouses, based on the nature, characteristics and risks. Before 2018, the property was previously owner occupied and hence recognised as part of property, plant and equipment. Following the change in the Group's business model in 2018, the properties were rented to third parties and hence recognised as investment property. The amount transferred from property, plant and equipment was the net carrying amount of the assets and the property continues to be measured at cost less depreciation and impairment.

In 2019, the Moshi property was leased by the subsidiary to the Company and was hence thereafter owner occupied in the context of the Group. Consequently, in 2019, the cost and accumulated depreciation of the Moshi warehouse was transferred to property, plant and equipment while the land occupancy rights were transferred to right-of-use assets.

	2025 TZS'000'	2024 TZS'000'
Rental income from investment property	21,186	21,186

The Group has no restrictions on the realizability of the investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

The rental agreements for the investment property are on annual basis with an option to renew. The agreements are cancellable with notice of three months. No contingent rent was recognised during the year (2024: None).

The fair value of the investment property as at year-end was estimated at TZS 5,950 million (2024: TZS 5,573 million) using both comparative and replacement cost methods. The Group engaged an independent professional valuer to determine the fair value of the property. The location and state of the property have an impact on the value of the property. The key inputs into the valuation were the estimated land occupancy rights value, cost of construction per square meter and cost of site works. The fair value was most sensitive to the estimated cost of construction per square meter

Group	Group		Company	
	2025	2024	2025	2024
Square meters	2,899	2,899	-	-
Cost per square meter (TZS'000)	550	500	-	-
Change (%)	10%	(5%)	-	-
Change in cost per square meter (TZS'000)	50	(96)	-	-
Change in value (TZS'000)	333,900	(278,304)	-	-

Although the Group determines fair value of its items of Investment Property every year, such valuation are for informational purposes only as the Group carries Investment Property at cost less accumulated depreciation.

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	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
20 INVESTMENT IN SUBSIDIARY				
(a) Investment in subsidiary				
Cost				
At 1 January	-	-	11,596,812	11,596,812
Additional investment	-	-	-	-
At 31 December	-	-	11,596,812	11,596,812
Impairment				
At 1 January	-	-	(11,175,817)	(11,175,817)
At 31 December	-	-	(11,175,817)	(11,175,817)
Net carrying amount	-	-	420,995	420,995

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

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

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

(b) Other disclosures on interests in other entities

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

TANGA CEMENT PUBLIC LIMITED COMPANY

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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		<u>Company</u>	
		2025	2024
		TZS' 000'	TZS' 000'
21	TREASURY SHARES		
	At 31 December	<u>1,825,920</u>	<u>1,825,920</u>

The amount was advanced to the Trust established by the Company's employees under Chapter 375 of the laws of Tanzania to purchase shares of the Company for the benefit of the Company's employees.

From the Group's perspective, the Trust is a consolidated structured entity. The Trust was set up in order to facilitate the delivery of shares to the Company's employees. The Trust holds shares that may be allocated to employees in the future. The 703,152 (2024: 703,152) shares held by the Trust are accounted for as treasury shares in the Group and Company financial statements.

The Trust Deed requires the Company to finance the expenses incurred by the Trust until when the Trust is wound up. The Trustees resolved to close this scheme and wind up the Trust once the necessary legal and regulatory procedures are completed.

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

22 INVENTORY	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Raw materials (at cost)	8,069,232	4,961,657	8,069,232	4,961,657
Semi-finished and finished products (at cost)	18,097,471	39,214,311	18,097,471	39,214,311
Fuels (at cost)	12,819,193	11,398,255	12,819,193	11,398,255
Parts and consumables (at cost)	43,788,940	40,205,911	43,788,940	40,205,911
Total cost	82,774,836	95,780,134	82,774,836	95,780,134
Provision for obsolete inventories	(11,292,512)	(12,878,273)	(11,292,512)	(12,878,273)
Total inventory at the lower of cost and net realisable value	71,482,324	82,901,861	71,482,324	82,901,861

Movement in the provision for obsolete inventory:

At 1 January	12,878,273	16,128,207	12,878,273	16,128,207
Decrease for the year	(1,585,761)	(3,249,934)	(1,585,761)	(3,249,934)
At 31 December	11,292,512	12,878,273	11,292,512	12,878,273

The obsolete inventory provision is computed on spare parts not used for a period above two-years percentage wise. The change in the provision during the year is recognised under cost of sales. The table below indicates how the provision was arrived at:

Calculation for the provision for obsolete inventory as at 31 December 2025

<u>Group and Company</u>	<u>Amount in TZS '000'</u>	<u>% Provision</u>	<u>Provision in TZS '000'</u>
Inventory with no movement in less than two years	64,413,891	-	-
Inventory with no movement between 2 - 3 years	4,337,910	(20%)	(867,582)
Inventory with no movement between 3 - 4 years	3,426,766	(40%)	(1,370,706)
Inventory with no movement between 4 - 5 years	1,201,591	(60%)	(720,955)
Inventory with no movement between 5 - 6 years	1,219,413	(80%)	(975,531)
Inventory with no movement for the past 6+ years	8,175,265	(90%)	(7,357,738)
Obsolete Inventory written off	-	(100%)	-
	82,774,836		(11,292,512)

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

<u>Group and Company</u>	<u>Amount in TZS '000'</u>	<u>% Provision</u>	<u>Provision in TZS '000'</u>
Inventory with no movement in less than two years	77,115,225	0	-
Inventory with no movement between 2 - 3 years	3,820,818	(20%)	(764,164)
Inventory with no movement between 3 - 4 years	1,494,488	(40%)	(597,795)
Inventory with no movement between 4 - 5 years	1,389,573	(60%)	(833,744)
Inventory with no movement between 5 - 6 years	1,020,288	(80%)	(816,230)
Inventory with no movement for the past 6+ years	10,734,014	(90%)	(9,660,613)
Obsolete Inventory written off	205,727	(100%)	(205,727)
	95,780,134		(12,878,273)

The provisioning rates are based on management's estimates of the rate at which spare parts are written off based on experience. During 2025, no expense was recognised for inventory carried at net realisable value (2024: Nil). The unrealised profit for the year relating to inventory held by the subsidiary was nil (2024: Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
23 TRADE AND OTHER RECEIVABLES				
Trade receivables from third party	26,233,424	17,934,347	25,817,229	17,514,652
Trade receivables from related parties (Note 33)	4,728,047	78,148	5,526,321	1,191,060
Allowance for expected credit losses (ECLs)	(6,057,691)	(7,592,294)	(6,237,867)	(7,772,470)
	24,903,780	10,420,201	25,105,683	10,933,242
Prepaid expenses	6,112,569	3,175,537	6,109,069	2,829,690
Advance payments to suppliers	5,739,128	1,711,092	5,752,335	1,715,695
Other receivables ⁶	9,669,050	7,086,492	9,585,504	7,024,133
	21,520,747	11,973,121	21,446,908	11,569,518
Net trade and other receivables	46,424,527	22,393,322	46,552,591	22,502,760
Movement in ECL				
At 1 January	7,592,294	6,603,001	7,772,470	6,981,780
(Decrease)/increase in ECLs (Note 10)	(1,534,603)	996,302	(1,534,603)	797,699
Written off	-	(7,009)	-	(7,009)
At 31 December	6,057,691	7,592,294	6,237,867	7,772,470
The allowance for ECL is made up as follows:				
Trade receivables	6,054,083	7,588,686	6,234,259	7,768,862
Other receivables	3,608	3,608	3,608	3,608
	6,057,691	7,594,294	6,237,867	7,772,470
The ECLs are based on the Company's provisioning matrix. The matrix considers the historical default rate by analysing monthly aging analysis for the past three years and taking into consideration strongly correlated forward looking macro-economic factors like GDP growth rate and inflation rate. Default is defined as debtors past due by more than 120 days.				
Trade receivables are non-interest bearing and are generally on terms of 7 days, 14 days and 30days. The increase in trade receivables is due to increased sales during the year.				
Days sales outstanding were	36	28	37	29

⁶ Includes non-income tax deposits

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables was as follows:

	Group		Company	
	2025 TZS'000'	2024 TZS'000'	2025 TZS'000'	2024 TZS'000'
Current	412,395	4,494,208	412,395	4,494,208
Up to 30 days	10,668,280	4,177,700	10,668,280	4,177,700
31 - 60 days	4,604,328	1,242,840	4,604,328	1,242,840
61 - 120 days	5,949,662	1,511,886	5,949,662	1,511,886
121-180 days	2,859,846	299,228	2,859,846	299,228
Over 180 days	6,466,960	6,286,633	6,849,039	6,979,850
At 31 December	30,961,471	18,012,495	31,343,550	18,705,712

For details on the Group's and the Company's Credit risk management processes and the carrying amounts of the Company's and Group's trade and other receivables which are denominated in different currencies, refer to Note 36 (b).

The carrying amounts of the above receivables approximate to their fair values because they are short term in nature and there is no additional credit risk that has not been considered in the ECL allowance.

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables presented above. As at year-end, the Group and the Company held bank guarantees, cash deposits and letters of credit as security for some of the trade receivables.

24 CASH AND BANK BALANCES

Cash on hand	898	14,074	898	14,074
Bank balances	20,760,513	19,481,478	20,616,916	19,337,912
Gross cash and bank balances	20,761,411	19,495,552	20,617,814	19,351,986
Expected credit losses:				
At 1 January	(3,609)	(2,260)	(3,609)	(2,119)
Increase for the year (Note 10)	-	(1,349)	-	(1,490)
At 31 December	(3,609)	(3,609)	(3,609)	(3,609)
Net carrying amount	20,757,802	19,491,943	20,614,205	19,348,377

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

	Notes				
Cash and cash equivalents as above		20,757,802	19,491,943	20,614,205	19,348,377
Bank overdrafts	28(c)	-	(12,914,368)	-	(12,914,368)
Net cash and cash equivalents		20,757,802	6,577,575	20,614,205	6,434,009

TANGA CEMENT PUBLIC LIMITED COMPANY

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FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
25 ISSUED CAPITAL				
(a) Authorised				
191,013,135 (2024: 63,671,045) ordinary shares of TZS 20 each	<u>3,820,263</u>	<u>1,273,421</u>	<u>3,820,263</u>	<u>1,273,421</u>
(b) Issued and fully paid				
63,671,045 ordinary shares of TZS 20 each	<u>1,273,421</u>	<u>1,273,421</u>	<u>1,273,421</u>	<u>1,273,421</u>
127,342,090 ordinary shares of TZS 20 each	<u>2,546,842</u>	<u>-</u>	<u>2,546,842</u>	<u>-</u>
	<u>3,820,263</u>	<u>1,273,421</u>	<u>3,820,263</u>	<u>1,273,421</u>
(c) Share premium				
127,342,090 shares of 1,580 each	201,200,502	-	201,200,502	-
Transaction costs for issued share capital	<u>(2,009,991)</u>	<u>-</u>	<u>(2,009,991)</u>	<u>-</u>
	<u>199,190,511</u>	<u>-</u>	<u>199,190,511</u>	<u>-</u>

During the year, Tanga Cement PLC raised TZS 203.75 billion by way of a rights issue of 127,342,090 new ordinary shares. The proceeds of the rights issue were used to repay term borrowings and bank loans, which improved the company's capital structure and liquidity. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out as below:

	%	%	%	%
Scancem International	74.87	68.33	74.87	68.33
The Registered Trustees of the TCCL				
Employees' Share Trust	1.10	1.10	1.10	1.10
General public	<u>24.03</u>	<u>30.57</u>	<u>24.03</u>	<u>30.57</u>
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

26 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

At 1 January	299,630	279,943	299,630	279,943
Additions (Note 18)	-	243,696	-	243,696
Derecognition	(52,982)	(13,170)	(52,982)	(13,170)
Interest expense on lease liabilities	16,510	35,714	16,510	35,714
Payments – interest (Note 18)	(16,510)	(35,714)	(16,510)	(35,714)
Payments - principal (Note 18)	<u>(141,009)</u>	<u>(210,839)</u>	<u>(141,009)</u>	<u>(210,839)</u>
At 31 December	<u>105,639</u>	<u>299,630</u>	<u>105,639</u>	<u>299,630</u>

Maturity analysis of the lease liabilities:

Current	25,118	299,630	25,118	299,630
Non-current	<u>80,521</u>	<u>-</u>	<u>80,521</u>	<u>-</u>
	<u>105,639</u>	<u>299,630</u>	<u>105,639</u>	<u>299,630</u>

The Group and the Company have no significant leasing arrangements with restrictions or purchase options (2024: None). The leases have no escalation clauses.

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

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
27 PROVISION FOR SITE RESTORATION				
At 1 January	30,328	30,328	30,328	30,328
Additional provision during the year	29,246	-	29,246	-
At 31 December	59,574	30,328	59,574	30,328

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

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 50 years, and the provision is made based on the discounted expected cost of closure at the end of this period.
- The discount rate used was 13.75% (2024: 15.95%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 3.6% (2024: 3.2%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 6 billion (2024: TZS 5.1 billion).

The expected timing of the provision is to be utilised over periods after more than one year from the reporting date.

28 BORROWINGS

The details of the external borrowing facilities as at year-end were as set out below:

(a) Term Borrowing – Heidelberg Materials AG

	Group		Company	
	2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Heidelberg Materials AG Loan A & B				
At 1 January	249,976,078	233,408,082	249,976,078	233,408,082
Interest accrued	24,972,240	26,799,684	24,972,240	26,799,684
Repayment of principal	(178,849,155)	-	(178,849,155)	-
Reclassification of WHT to other payables*	(2,618,528)	(8,310,388)	(2,618,528)	(8,310,388)
Foreign exchange differences	1,132,925	(1,921,300)	1,132,925	(1,921,300)
At 31 December	94,613,560	249,976,078	94,613,560	249,976,078
Current	94,613,560	249,976,078	94,613,560	249,976,078

*Reclassification of withholding tax (WHT) to other payables represents withholding tax obligations arising on interest accrued on the loan during the year. In accordance with applicable tax regulations, such amounts are deducted from the interest payable to the lender and recognized separately as payable to the tax authority and therefore reclassified from borrowings to other payables.

TANGA CEMENT PUBLIC LIMITED COMPANY

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

28 BORROWINGS (CONTINUED)

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

Security pledged

- (i) Secured by fixed and floating assets
- (ii) Legal Mortgage over Title No. 1802 registered in the name of Tanga Cement Factory, Maweni.
- (iii) Legal Mortgage over Title No. 33155 registered in the name of Tanga Cement Factory, Pongwe.
- (iv) Legal Mortgage over Title No. 33049 registered in the name of Tanga Cement Factory, Raskazone.

(b) Standard Chartered loan

Details

In 2024, the Company had entered into an agreement with Standard Chartered bank for the provision of the below facility relating to working capital requirements of the business. The loan is a short-term loan with a December 2025 maturity date.

	Group and Company	
	2025	2024
	TZS' 000'	TZS' 000'
Opening balance	43,351,659	-
Additions during the year		43,772,061
Foreign exchange revaluation at year end	-	(95,361)
Total principal amount	43,351,659	43,676,700
Interest accrued	-	4,216,173
Loan repayment	(43,351,659)	(3,654,000)
Interest paid	-	(2,716,058)
Reclassification from other payables	-	1,828,844
Total amount outstanding	-	43,351,659
Current	-	43,351,659

(c) Bank overdraft facilities

	Group		Company	
	2025	2024	2025	2024
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Standard Chartered Bank Tanzania Limited	-	12,914,368	-	12,914,368
	<u>-</u>	<u>12,914,368</u>	<u>-</u>	<u>12,914,368</u>
Current	-	12,914,368	-	12,914,368

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

29 TRADE AND OTHER PAYABLES	Group		Company	
	2025	2024	2025	2024
	TZS' 000	TZS' 000	TZS' 000	TZS' 000
a. Trade Payables and other payables				
Trade accounts payable to third parties	17,176,293	17,246,432	17,164,731	17,226,267
Trade accounts payable to related parties (Note 33)	9,490,966	725,117	9,682,316	725,117
Freight and duty clearing	6,405,124	2,991,836	6,405,124	2,991,836
Dividend payable	857,195	857,195	857,195	857,195
Accrued expenses	11,320,592	10,405,172	11,230,433	10,330,076
Volume rebates	4,501,068	4,063,525	4,501,068	4,063,525
Other payables	28,858,626	29,903,286	28,359,721	29,564,523
	78,609,864	66,192,563	78,200,588	65,758,539
b. Provisions				
At 01 January	9,469,520	17,208,785	9,698,426	16,990,869
Net movement in provisions during the year	15,551,485	(7,739,265)	15,551,485	(7,292,443)
At 31 December	25,021,005	9,469,520	25,249,911	9,698,426

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 19.6 billion (2024: TZS 14.8 billion). The remaining balance includes provisions for excise duty tax, VAT payables, litigation, leave pay and other general provisions.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Advances from customers are non-interest bearing and have an average term of 30 days. (Refer to Note 29).
- Other payables are non-interest bearing and have an average term of three to six months.
- For terms and conditions relating to related parties, refer to Note 33.

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

30 CONTRACT LIABILITIES

Contract liabilities comprise advance payments received from customers for services and goods not delivered by year-end and volume rebates payable to customers upon meeting the set purchase targets.

The contract liabilities are made up as follows:

Advance payments from customers	3,441,956	3,224,555	3,441,956	3,224,555
	3,441,956	3,224,555	3,441,956	3,224,555

Movement in contract liabilities:

Advances payments from customers

At 1 January	3,224,555	3,805,730	3,224,555	3,805,730
Advances received during the year	52,217,930	43,549,915	52,217,930	43,549,915
Advances amortised to revenue	(52,000,529)	(44,131,090)	(52,000,529)	(44,131,090)
At 31 December	3,441,956	3,224,555	3,441,956	3,224,555

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

TANGA CEMENT PUBLIC LIMITED COMPANY

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FOR THE YEAR ENDED 31 DECEMBER 2025

31	CASH GENERATED FROM OPERATING ACTIVITIES	Group		Company	
		2025 TZS' 000	2024 TZS' 000	2025 TZS' 000	2024 TZS' 000
	Reconciliation of operating profit to cash flows from operating activities:				
	Profit/(loss) before tax	5,105,680	(1,822,449)	5,149,470	(1,683,630)
	Adjusted for non-cash items:				
	Depreciation charge*	20,230,916	21,290,205	20,180,973	21,240,267
	Standby spares utilised	16	5,592,009	-	5,592,009
	Unrealised forex loss/(gain)	28 (a)	(1,921,300)	1,132,925	(1,921,300)
	Inventory write off	-	205,727	-	205,727
	Increase in ECL on bank balances	10	1,349	-	1,490
	(Decrease)/increase in ECL on trade receivables	10	996,302	(1,534,603)	797,699
	Interest income	12	(102,136)	-	(102,136)
	Interest expense		33,515,513	28,961,375	33,515,513
	Fair value gain - interest rate cap	13	(226,090)	-	(226,090)
	(Gain)/loss from sale of scraps	7	138,517	(806,122)	138,517
	Decrease in provision for obsolete inventories	22	(3,249,934)	(1,585,761)	(3,249,934)
	Decrease in site restoration provision	27	29,246	29,246	-
	Operating profit before working capital changes	51,533,656	54,417,713	51,527,503	54,308,132
	Increase/(decrease) in inventories - less provisions	13,005,298	(28,695,812)	13,005,298	(28,695,812)
	(Increase)/decrease in trade and other receivables - gross	(22,496,602)	5,551,689	(22,515,228)	5,568,323
	Increase/(decrease) in trade and other payables	25,350,257	(1,522,998)	25,375,005	(1,544,202)
	Increase in contract liabilities	217,401	(581,176)	217,401	(581,176)
	Cash generated from operating activities	67,610,010	29,169,416	67,609,979	29,055,265
	* Depreciation charge includes:				
	- Charge on property, plant, and equipment (Note 16)	20,007,949	21,061,486	20,006,742	21,060,279
	- Charge on intangibles (Note 17)	101,546	-	101,546	-
	- Charge on right-of-use assets (Note 18)	72,685	179,988	72,685	179,988
	- Charge on investment property (Note 19)	48,736	48,731	-	-
		20,230,916	21,290,205	20,180,973	21,240,267

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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32 DIVIDENDS

No dividend was proposed, approved or paid during the year (2024: None).

33 RELATED PARTY DISCLOSURES

Refer to Note 38 for the disclosures on the ultimate holding company.

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

		Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
(a) Sales to related parties					
Related party	Relationship				
Tanzania Portland Cement Company	Fellow subsidiary	33,081,016	33,952,892	33,081,016	33,952,892
(b) Purchases from related parties					
Related party	Relationship				
CDEAL - Management service fees	Subsidiary	-	425,592	-	425,592
Heidelberg Materials AG - interest expense	Shareholder	24,972,240	26,799,684	24,972,240	26,799,684
Heidelberg Materials AG	Shareholder	5,170,249	4,041,288	5,170,249	4,041,288
		30,142,489	31,266,564	30,142,489	31,266,564

- Sales to related parties include transactions relating to sales of clinker to sister company, Tanzania Portland Cement Company.
- While purchases from related parties include transactions relating to interest expenses for the loan and shared services such as ICT, technical assistance & other group overheads from our parent company, Heidelberg Materials AG and Finance, Procurement and Marketing from our sister company. Refer to note 9 of the consolidated and separate financial statements.

(c) Key management personnel

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

Compensation for key management personnel

Short-term employee benefits (salary)	1,527,689	1,078,272	1,527,689	1,078,272
Post-employee benefits (Defined contribution plans)	101,497	115,280	101,497	115,280
	1,629,186	1,193,552	1,629,186	1,193,552

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2025, there was no outstanding amount with key management personnel (2024: Nil).

Directors' emoluments

Non-executive Directors	44,135	33,218	44,135	33,218
	44,135	33,218	44,135	33,218

As at 31 December 2025, there were no outstanding balance with the directors (2024: Nil).

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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33 RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amounts due to/from related parties

Balances due to/from related parties were as follows:

	Note	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Due from related parties					
Tanzania Portland Cement Company	23	4,707,284	78,148	4,707,284	78,148
Heidelberg Materials Suez CE	23	20,763	-	20,763	-
Cement Distributors (EA) Limited	23	-	-	798,274	1,112,912
		4,728,047	78,148	5,526,321	1,191,060
Due to related companies					
Cement Distributors (EA) Limited		-	-	191,350	-
Heidelberg Materials AG - term loan	28	94,613,560	249,976,078	94,613,560	249,976,078
Heidelberg Materials AG	29	6,416,385	718,067	6,416,385	718,067
Heidelberg Materials Suez CE	29	-	7,050	-	7,050
Tanzania Portland Cement Company	29	3,074,581	-	3,074,581	-
		104,104,526	250,701,195	104,295,876	250,701,195

Except for the Heidelberg Materials AG term loan of TZS 94 million (2024: 249 million), the outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables

The ECL assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

34 COMMITMENTS

Capital commitments

As at the reporting date, there were no major capital commitments during the year.

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

35 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 31 December 2024.

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

		Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Lease liabilities	26	105,639	299,630	105,639	299,630
Bank overdrafts	28(c)	-	12,914,368	-	12,914,368
Term borrowings	28(a)	94,613,560	293,327,737	94,613,560	293,327,737
Less: Cash and bank balances	24	(20,757,802)	(19,491,943)	(20,614,205)	(19,348,377)
Net debt		73,961,397	287,049,792	74,104,994	287,193,358
Total capital		217,301,235	10,458,202	216,496,195	9,609,372
Capital and net debt		291,262,632	297,507,994	290,601,189	296,802,730
Gearing ratio		25%	96%	26%	97%

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

Net Debt Reconciliation:

Net debt comprises lease liabilities and borrowings. Changes in these financing liabilities, in line with the requirements of IAS 7, are disclosed in the respective notes and reflect both cash and non-cash movements during the year. Detailed reconciliations of the movements in lease liabilities and borrowings are provided in Notes 26 and 28 of the consolidated and separate financial statements, respectively.

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL RISK MANAGEMENT

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

At 31 December 2025	Group			Company		
	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'
Financial assets						
Trade and other receivables	24,903,780	-	24,903,780	25,105,683	-	25,105,683
Cash and bank balances	20,757,802	-	20,757,802	20,614,205	-	20,614,205
	45,661,582	-	45,661,582	45,719,888	-	45,719,888
Financial liabilities						
Lease liabilities	105,639	-	105,639	105,639	-	105,639
Term borrowings	94,613,560	-	94,613,560	94,613,560	-	94,613,560
Trade and other payables	72,802,169	-	72,802,169	72,472,093	-	72,472,093
	167,521,368	-	167,521,368	167,191,292	-	167,191,292

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

At 31 December 2024	Group			Company		
	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Trade and other receivables	10,420,201	-	10,420,201	10,933,242	-	10,933,242
Cash and bank balances	19,491,943	-	19,491,943	19,348,377	-	19,348,377
	29,912,144	-	29,912,144	30,281,619	-	30,281,619
Financial liabilities						
Lease liabilities	299,630	-	299,630	299,630	-	299,630
Term borrowings	293,327,737	-	293,327,737	293,327,737	-	293,327,737
Trade and other payables	53,765,422	-	53,765,422	53,410,598	-	53,410,598
Bank overdrafts	12,914,368	-	12,914,368	12,914,368	-	12,914,368
	360,307,157	-	360,307,157	359,952,333	-	359,952,333

Financial risk management policies

The main purpose of the Group's financial liabilities is to raise finance for the Group's operations. The Group's financial assets arise directly from operations. The main risks arising from the Group's and the Company's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Group and the Company do not have significant exposure to price risk since no price sensitive financial instruments are held.

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks relevant to the Group and the Company comprise of two types of risks: interest rate risk and foreign currency risk.

The sensitivity analysis in the following sections relate to the positions as at 31 December in 2025 and 31 December 2024. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis is done for financial instruments.

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Interest rate risk

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

2025 Group and Company	Effect on loss before tax		Effect on equity	
	1% increase	1% decrease	1% increase	1% decrease
	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Variable interest-bearing financial instruments				
Term borrowings	(946,136)	946,136	(662,295)	662,295
	(946,136)	946,136	(662,295)	662,295
2024 Group and Company				
Term borrowings	(2,933,277)	2,933,277	(2,053,294)	2,053,294
Bank overdraft	(129,144)	129,144	(90,401)	90,401
	(3,062,421)	3,062,421	(2,143,695)	2,143,695

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when expenses are denominated in a different currency from the Group's and the Company's functional currency.

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

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

<u>Group</u>	2025		2024	
	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000	Increase/ (decrease) in the value of TZS vs. USD	Effect on loss and equity TZS'000
Net effect based on statement of financial position	+10%	8,460,044	10%	28,048,789
Net effect based on statement of financial position	(10%)	<u>(8,460,044)</u>	(10%)	<u>(28,048,789)</u>
 <u>Company</u>				
Net effect based on statement of financial position	+10%	8,460,044	10%	28,048,789
Net effect based on statement of financial position	(10%)	<u>(8,460,044)</u>	(10%)	<u>(28,048,789)</u>

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

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Foreign currency risk (continued)

The various currencies to which the Group and the Company were exposed as 31 December 2025, and 31 December 2024 are summarised in the table below (All amounts expressed in TZS '000).

	Group - At 31 December 2025			Total
	Exposure in USD	Exposure in EURO	Exposure in ZAR	
Financial assets				
Trade and other receivables	497,701	-	-	497,701
Cash and bank balances	9,515,420	1,538,523	249,453	11,303,396
	10,013,121	1,538,523	249,453	11,801,097
Financial liabilities				
Term borrowings	94,613,560	-	-	94,613,560
Trade and other payables	-	9,466,946	1,968	9,468,914
	94,613,560	9,466,946	1,968	104,082,474
Net exposure	(84,600,439)	(7,928,423)	247,485	(92,281,377)

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

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign currency risk (continued)

	Company - At 31 December 2025			Total in TZS
	Exposure in USD	Exposure in EURO	Exposure in ZAR	
Financial assets				
Trade and other receivables	497,701	-	-	497,701
Cash and bank balances	9,515,420	1,538,523	249,453	11,303,396
	10,013,121	1,538,523	249,453	11,801,097
Financial liabilities				
Term borrowings	94,613,560	-	-	94,613,560
Trade and other payables	-	9,466,946	1,968	9,468,914
	94,613,560	9,466,946	1,968	104,082,474
Net exposure	(84,600,439)	(7,928,423)	247,485	(92,281,377)

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

Applicable exchange rates:	USD	Euro	ZAR
Average for the year ended 31 December 2025	2,603	3,037	161
At 31 December 2025	<u>2,520</u>	<u>3,027</u>	<u>167</u>
Average for the year ended 31 December 2024	2,655	2,812	145
At 31 December 2024	<u>2,500</u>	<u>2,502</u>	<u>129</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk management

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

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

	Notes	Group		Company	
		2025 TZS' 000'	2024 TZS' 000'	2025 TZS' 000'	2024 TZS' 000'
Trade and other receivables (excluding prepayments & advances to suppliers) – gross amount	23	30,961,471	18,012,495	31,343,550	18,705,712
Less: Allowance for expected credit losses (ECLs)	23	(6,057,691)	(7,592,294)	(6,237,867)	(7,772,470)
		24,903,780	10,420,201	25,105,683	10,933,242
Bank balances	24	20,760,513	19,481,479	20,616,916	19,337,912
		51,721,984	37,493,974	51,960,466	38,043,624

Trade receivables

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

Group	2025		2024	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	20,175,733	81%	10,342,053	99%
Due from related parties	4,728,047	19%	78,148	1%
	24,903,780	100%	10,420,201	100%

Company	2025		2024	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	19,579,362	78%	9,742,182	89%
Due from related parties	5,526,321	22%	1,191,060	11%
	25,105,683	100%	10,933,242	100%

The terms and conditions for the amounts due from related parties are indicated in Note 33.

TANGA CEMENT PUBLIC LIMITED COMPANY

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk management

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

Group	2025		2024	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	138	84%	128	88%
Owed more than TZS 200 million	26	16%	16	12%
	164		144	

Company	2025		2024	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	138	84%	128	88%
Owed more than TZS 200 million	27	16%	17	12%
	165		145	

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

Group	2025		2024	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	14,365,750	46%	9,300,000	50%

Company	2025		2024	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	14,365,750	46%	9,300,000	50%

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

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk management

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

Group

	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
At 31 December 2025							
Gross carrying amount (TZS'000) *	412,395	10,668,280	4,604,328	5,949,662	2,859,846	6,466,960	30,961,471
Expected credit loss rate (%)	0%	1%	3%	6%	6%	83%	
Expected credit loss (TZS'000)	0	48,261	146,287	327,232	168,758	5,367,153	6,057,691

	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
At 31 December 2024							
Gross carrying amount (TZS'000) *	4,494,208	4,177,700	1,242,840	1,511,886	299,228	6,286,633	18,012,495
Expected credit loss rate (%)	1%	12%	15%	20%	100%	100%	
Expected credit loss (TZS'000)	23,729	492,969	186,426	302,377	299,228	6,257,997	7,592,294

Company

	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
At 31 December 2025							
Gross carrying amount (TZS'000)*	412,395	10,668,280	4,604,328	5,949,662	2,859,846	6,849,039	31,343,550
Expected credit loss rate (%)	0%	1%	3%	2%	6%	84%	
Expected credit loss (TZS'000)	0	48,261	135,218	139,898	168,758	5,745,732	6,237,867

	<30 days	0 - 30 days	31 - 60 days	61 - 120 days	121 - 180 days	Over 180 days	Total
At 31 December 2024							
Gross carrying amount (TZS'000)*	4,808,845	4,177,700	1,242,840	1,511,886	299,228	6,665,213	18,705,712
Expected credit loss rate (%)	0%	2%	10%	40%	100%	100%	
Expected credit loss (TZS'000)	0	83,554	124,284	604,754	299,228	6,660,650	7,772,470

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

36. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk management (continued)

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

Generally, trade receivables are written off if past due and are not subject to enforcement activity.

Refer to Note 23 for further disclosures on trade and other receivables.

Gross carrying amount excludes fully collateralized receivables of TZS 14,665 million (2024: TZS 9,300 million)

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. The amounts are set in a manner that minimizes the concentration of idle cash but yet ensuring there is enough free cash to meet the day-to-day business operations.

The Groups maximum exposure to credit risk from balances with banks and financial institutions at December 2025 and 2024 is the carrying amounts as illustrated in Note 24.

As required by IFRS 9, the Group used the simplified approach in calculating ECL for bank balances.

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

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

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

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

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

	On demand TZS' 000'	Less than 1 year TZS' 000'	>1 to 5 years TZS' 000'	Total TZS' 000'
Group				
At 31 December 2025				
Lease liabilities	-	27,092	730,767	757,859
Term borrowings	-	102,792,726	-	102,792,726
Trade and other payables	72,802,169	-	-	72,802,169
	<u>72,802,169</u>	<u>102,819,818</u>	<u>730,767</u>	<u>176,352,754</u>
At 31 December 2024				
Lease liabilities	-	110,905	757,859	868,764
Term borrowings	-	318,461,677	8,179,166	326,640,843
Trade and other payables	53,765,422	-	-	53,765,422
Bank overdrafts	12,914,368	-	-	12,914,368
	<u>66,679,790</u>	<u>318,572,582</u>	<u>8,937,025</u>	<u>394,189,397</u>
Company				
At 31 December 2025				
Lease liabilities	-	27,092	730,767	757,859
Term borrowings	-	102,792,726	-	102,792,726
Trade and other payables	72,472,093	-	-	72,472,093
	<u>72,472,093</u>	<u>102,819,818</u>	<u>730,767</u>	<u>176,022,678</u>
At 31 December 2024				
Lease liabilities	-	110,905	757,859	868,764
Term borrowings	-	318,461,677	8,179,166	326,640,843
Trade and other payables	53,410,598	-	-	53,410,598
Bank overdrafts	12,914,368	-	-	12,914,368
	<u>66,324,966</u>	<u>318,572,582</u>	<u>8,937,025</u>	<u>393,834,573</u>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

37 CONTINGENT LIABILITIES

(a) Litigation

There are court cases instituted against the Group by some of its ex-employees whose services ceased as part of a specific redundancy exercise and others due to termination of employment or retirement. The total claims amount to approximately TZS 3.8 billion. Based on legal advice and management's assessment, a provision of TZS 630 million has been recognised and disclosed under Note 29 Trade and Other Payables, with the remaining balance of TZS 3.2 billion as a contingent liability in accordance with IAS 37.

As at 31 December 2025, there was an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company. (2024: TZS 7 billion)

The directors, based on the advice of external legal counsel, expect the above cases will not result into material liabilities. Furthermore, the chances that they will result to outflow of benefits are remote.

(b) Taxation

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

As at 31 December 2025, the Group had unresolved tax assessments (CIT, VAT, WHT, and PAYE& SDL), total exposure amounting to TZS 47 billion, with a provision made amounting to TZS 17.5 billion.

38 ULTIMATE HOLDING COMPANY

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

39 FAIR VALUE MEASUREMENTS

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

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

The fair values of the financial instruments measured at fair value in the consolidated and separate financial statements, that is, the derivative asset resulting from the interest rate cap and the derivative financial liabilities arising from the forward currency contracts, are based on inputs independently sourced from the vendor and spot foreign exchange rates from bankers, respectively. The fair values are based on quoted values as provided by the vendor or banker at the reporting date being the values that the vendor sold similar instruments in an active market. There were no forward currency contracts derivatives during the year 2025.

TANGA CEMENT PUBLIC LIMITED COMPANY

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

39 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

For valuation techniques on investment property, the Group engaged an independent professional valuer to determine the fair value of the property. Further details are in Note 19 of these financial statements.

GROUP	Carrying Amount (by measurement basis)				
	Amortised Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
Fair values as of 31 December 2025					
Current financial assets					
Cash and cash equivalents	20,757,802	-	20,757,802	-	20,757,802
Trade receivables	24,903,780	-	-	24,903,780	24,903,780
Non-current financial assets					
Investment property	914,750	-	914,750	914,750	914,750
Current financial liabilities					
Trade payables - third parties	17,176,293	-	-	17,176,293	17,176,293
Trade payables – intercompany	9,682,316	-	-	9,682,316	9,682,316
Accruals	11,320,592	-	-	11,320,592	11,320,592
Term borrowings: Current portion	94,613,560	-	94,613,560	-	94,613,560
Fair values as of 31 December 2024					
Current financial assets					
Cash and cash equivalents	19,491,943	-	19,491,943	-	19,491,943
Trade receivables	10,420,201	-	-	10,420,201	10,420,201
Non-current financial assets					
Investment property	963,486	-	-	963,486	963,486
Current financial liabilities					
Trade payables - third parties	17,246,432	-	-	17,246,432	17,246,432
Trade payables – intercompany	725,117	-	-	725,117	725,117
Accruals	10,405,172	-	-	10,405,172	10,405,172
Term borrowings: Current portion	293,327,737	-	293,327,737	-	293,327,737

TANGA CEMENT PUBLIC LIMITED COMPANY

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

39 FAIR VALUE MEASUREMENTS (CONTINUED)

COMPANY	Carrying Amount (by measurement basis)				Total TZS'000
	Amortised Cost	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	
	TZS'000	TZS'000	TZS'000	TZS'000	
Fair values as of 31 December 2025					
Current financial assets					
Cash and cash equivalents	20,614,205	-	20,614,205	-	20,614,205
Trade receivables	25,105,683	-	-	25,105,683	25,105,683
Current financial liabilities					
Trade payables - third parties	17,164,731	-	-	17,164,731	17,164,731
Trade payables – intercompany	9,682,316	-	-	9,682,316	9,682,316
Accruals	11,230,433	-	-	11,230,433	11,230,433
Term borrowing: current portion	94,613,560	-	94,613,560	-	94,613,560
Fair values as of 31 December 2024					
Current financial assets					
Cash and cash equivalents	19,348,377	-	19,348,377	-	19,348,377
Trade receivables	10,933,242	-	-	10,933,242	10,933,242
Current financial liabilities					
Trade payables - third parties	17,226,267	-	-	17,226,267	17,226,267
Trade payables – intercompany	725,117	-	-	725,117	725,117
Accruals	10,330,076	-	-	10,330,076	10,330,076
Term borrowing: current portion	293,327,737	-	293,327,737	-	293,327,737

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

40 CLIMATE CHANGE

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

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

▪ *Useful life of property, plant and equipment*

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

▪ *Impairment of non-financial assets.*

The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. The Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

▪ *Fair value measurement.*

For investment properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings.

▪ *Provision for site restoration.*

The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of restoration of one of the Group's manufacturing facilities.

41 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, geopolitical developments in the Middle East, including events relating to Iran, have continued to evolve and have contributed to increased volatility in global markets. These developments have resulted in significant increases in global fuel prices and heightened uncertainty in energy supply chains.

These events were assessed in accordance with IAS 10 *Events after the Reporting Period* and are non-adjusting events, as they relate to conditions that arose after the reporting date. As a result, no adjustments have been made to the figures recognised in the financial statements as at 31 December 2025.

The Group may be exposed to the effects of higher fuel and transportation costs, as well as broader macro-economic impacts, in future periods. Management continues to monitor developments and assess their potential impact on the Group's operations, financial performance and liquidity.

Based on information available at the date of authorisation of these financial statements, management has concluded that these events do not give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

There were no other events after the reporting period which require adjustment to or disclosure in the consolidated and separate financial statements.

42 APPROVAL OF FINANCIAL STATEMENTS

The consolidated and separate financial statements were authorised for issue by the Board of Directors on the date shown under the statement of financial position. They are subject to approval by the shareholders during the Annual General Meeting