

SENS ANNOUNCEMENT
(the “Notice” or “Announcement”)

ISSUER



NATIONAL BREWERIES PLC

NATIONAL BREWERIES PLC (“NATBREW”)

[Incorporated in the Republic of Zambia]

Company registration number: 4999

Share Code: NATBREW

ISIN: ZM0000000086

Authorised by: Vongai Chiwaridzo – Company Secretary

SPONSOR



STOCKBROKERS ZAMBIA LIMITED

Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price-sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

ISSUED: 16 December 2021



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("Natbrew" or "the Company")

INTERIM FINANCIAL RESULTS

The Directors of National Breweries Plc ("Natbrew") present the interim unaudited financial results for the half year ended 30th September 2021.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 30th September 2021

	2021 K'000	2020 K'000
Total products volumes sold (HL'000)	<u>388,250</u>	<u>496,244</u>
Revenue	144,694	167,803
Operating loss	(67,062)	(39,131)
Net Finance income/charges	54,542	(37,821)
Loss before tax	(12,520)	(76,953)
Taxation	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(12,520)</u>	<u>(76,953)</u>
Basic and diluted loss per share (Kwacha)	<u>(0.20)</u>	<u>(1.22)</u>

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	2021	2020
	K'000	K'000
ASSETS		
Non-current assets		
Property, plant and equipment	180,645	229,230
Intangible assets	620	1,101
	<u>181,265</u>	<u>230,331</u>
Current assets		
Inventories	22,397	25,858
Trade and other receivables	4,719	9,653
Other assets	7,526	8,064
Current tax asset	7,926	10,352
Cash and cash equivalents	3,088	8,174
Total Current Assets	<u>45,656</u>	<u>62,102</u>
Total assets	<u><u>226,921</u></u>	<u><u>292,433</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	630	630
Accumulated loss/Retained earnings	(199,314)	(70,420)
Total equity	<u>(198,684)</u>	<u>(69,790)</u>
Non-current liabilities		
Long term borrowings	37,835	22,152
	<u>37,835</u>	<u>22,152</u>
Current liabilities		
Provisions	57,111	51,146
Short term borrowings	29,090	82,640
Trade and other payables	79,628	105,221
Amounts due to related parties	221,940	101,063
	<u>387,770</u>	<u>340,070</u>
Total liabilities	425,605	362,222
Total Equity and liabilities	<u><u>226,921</u></u>	<u><u>292,433</u></u>

STATEMENT OF CASH FLOWS

for the half year ended 30 September 2021

	2021	2020
	K'000	K'000
Cash flows utilised in operating activities		
Cash utilised in operating activities	(59,923)	(29,634)
Decrease in working capital	31,501	81,790
Finance Income/(Expenses)	54,542	(37,819)
Net cash flow from operating activities	26,119	14,337
Cash utilised in investing activities		
Purchase of property, plant & equipment to maintain operations	(518)	(2,316)
Net movement in containers	(1,500)	-
Net cash utilised in investing activities	(2,017)	(2,316)
Net cash flows utilised in financing activities		
Increase/ (Decrease) in short term borrowings	14,131	(7,911)
(Decrease) in long term borrowings - Non Group	(37,174)	(1,820)
Net cash flows utilised in financing activities	(23,042)	(9,731)
Movement in cash and cash equivalents		
Increase in cash and cash equivalents	1,060	2,290
Cash and cash equivalents at the beginning of the year	2,028	5,884
Cash and cash equivalents at the end of the year	3,088	8,174

STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 September 2021

Kwacha'000

	Share Capital	Retained earnings	Total
Balance at 31 March 2020	630	6,529	7,159
Total comprehensive loss for the 6 months ended 30 September 2020	-	(76,949)	(76,949)
Balance at 30 September 2020	630	(70,420)	(69,790)
Total comprehensive loss for October 2020 to March 2021	-	(116,374)	(116,374)
Balance at 31 March 2021	630	(186,794)	(186,164)
Total comprehensive loss for the 6 months ended 30 September 2021	-	(12,520)	(12,520)
Balance at 30 September 2021	630	(199,314)	(198,684)

COMMENTARY FOR THE HALF YEAR ENDED 30 SEPTEMBER 2021

Overview

The company's portfolio of products significantly improved during the half year, laying a strong foundation for improved volume growth going forward. It now includes more affordable products targeted at the lower end of the market and less impacted by rising costs of packaging. Packaged products continued to contribute a significant part of the business; however, rising costs driven by inflation negatively impacted volumes from this category. The main driver, Chibuku Super, benefitted from COVID-19 restrictions last year but much less so this year. The strengthening exchange rate in the last month of the half year also negatively affected Chibuku Super volumes in some markets.

The lower volumes resulted in a 14% reduction in company revenue compared to last year. Margins were under pressure from the depreciating Kwacha during most of the half year. They were also depressed by distribution costs which peaked during the half year because of high demand for transport to move the national agricultural produce.

The company therefore posted a half year operating loss of K67m against a loss of K39m for the prior year.

Financing costs increased by K3.3m because of increased borrowings after conversion of the balance due to the major shareholder into a loan; however, the strengthening Kwacha resulted in an exchange gain of K69m on revaluation of foreign currency liabilities. The company, therefore posted a loss after tax of K13m and loss per share of K0.20 versus a loss after tax and loss per share respectively of K77m and K1.22 for prior year.

Corporate Governance

National Breweries Plc. remains committed to regulatory compliance with a strict corporate governance culture. The company achieved nil breaches of corporate governance and anti-bribery codes in the financial half-year under review.

Prospects

Good progress was achieved in the company's efforts to grow volumes during the half year under review, raising prospects of increasing benefits in the medium to long term. The company entered the affordable draught sector during the period under review in addition to introducing exciting new long shelf-life products with potential to grow volumes and significantly reduce distribution costs. Efforts to build capacity and expand the distribution footprint are progressing well and will guarantee better availability of all products across more markets than before.

The company will continue to work closely with the authorities to ensure that all players in the industry comply with the relevant statutes so that the industry begins to make its rightful contribution to the fiscus and to national development.

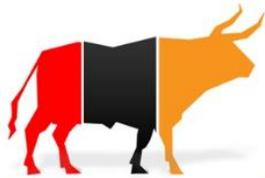
In the short term, there are growing threats of a fourth wave of the Covid-19 pandemic driven by the new Omicron 'variant of concern'. The company is most pleased by the overwhelming response to its efforts to get all employees vaccinated. There is still work to do but with clear direction and concerted efforts from the Government, the company is confident to achieve its 100% vaccination target among all employees.

By Order of the Board

Vongai Chiwaridzo
COMPANY SECRETARY

Issued in Lusaka, Zambia on 16 December 2021

Lusaka Securities Exchange Sponsoring Broker



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Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.

First Issued on 16 December 2021