

**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: Simbarashe Banga – Company Secretary

**SPONSOR**



**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: 18 November 2022**



# NATIONAL BREWERIES PLC

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[Incorporated in the Republic of Zambia]

Company registration number: 4999

Share Code: NATBREW

ISIN: ZM0000000086

("Natbrew" or "the Company")

## INTERIM FINANCIAL RESULTS

The Directors of National Breweries PLC ("Natbrew" or "the Company") present the interim unaudited financial results for the period ended 30<sup>th</sup> September 2022.

### Statement of Comprehensive Income For The Half Year Ended 30 September 2022

	<b>September 2022 K' 000</b>	<b>September 2021 K' 000</b>
<b>Revenue</b>	<b>111,878</b>	<b>144,694</b>
<b>Operating loss</b>	<b>(81,553)</b>	<b>(67,062)</b>
Net finance income/(charges)	27,082	54,542
<b>Loss before tax</b>	<b>(54,471)</b>	<b>(12,520)</b>
Taxation	-	0
<b>Total comprehensive loss</b>	<b>(54,471)</b>	<b>(12,520)</b>
<b>Basic and Diluted Loss Per Share (K)</b>	<b>(0.86)</b>	<b>(0.20)</b>

**Statement of Financial Position  
As At 30 September 2022**

	<b>September 2022 K' 000</b>	<b>March 2022 K' 000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	185,353	182,127
Intangible assets	264	279
<b>Total Non-Current Assets</b>	<b>185,617</b>	<b>182,506</b>
<b>Current Assets</b>		
Inventories	19,363	20,448
Trade and other receivables	16,138	9,993
Current tax asset	12	108
Cash and cash equivalents	3,058	3,519
<b>Total Current Assets</b>	<b>38,572</b>	<b>34,068</b>
<b>Total Assets</b>	<b>224,189</b>	<b>216,574</b>
<b>EQUITY</b>		
Share capital	630	630
Accumulated losses	(361,335)	(307,088)
<b>Total Equity</b>	<b>(360,705)</b>	<b>(306,458)</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long-term Borrowings	12,899	17,696
Shareholder Loans	61,893	-
<b>Total Non-Current Liabilities</b>	<b>74,792</b>	<b>17,696</b>
<b>Current Liabilities</b>		
Short-term borrowings	24,733	33,651
Trade and other payables	128,989	94,999
Amounts due to related parties	356,379	376,686
<b>Total Current Liabilities</b>	<b>510,102</b>	<b>505,336</b>
<b>Total Equity &amp; Liabilities</b>	<b>224,189</b>	<b>216,574</b>

**Statement of Changes in Equity  
For The Half Year Ended 30 September  
2022**

	<b>Share Capital K' 000</b>	<b>Accumulated Losses K' 000</b>	<b>Total K' 000</b>
<b>Balance at 31 March 2021</b>	<b>630</b>	<b>(186,797)</b>	<b>(186,167)</b>
Total Comprehensive Loss For The Half Year Ended 30 September 2021	-	(12,520)	(12,520)
<b>Balance at 30 September 2021</b>	<b>630</b>	<b>(199,317)</b>	<b>(198,687)</b>
Total Comprehensive Loss For The Half Year Ended 31 March 2022	-	(107,771)	(107,771)
<b>Balance at 31 March 2022</b>	<b>630</b>	<b>(307,088)</b>	<b>(306,458)</b>
Total Comprehensive Loss For The Half Year Ended 30 September 2022	-	(54,471)	(54,471)
<b>Balance at 30 September 2022</b>	<b>630</b>	<b>(361,559)</b>	<b>(360,929)</b>

**Statement of Cash Flows  
For The Half Year Ended 30 September 2022**

	<b>2022 K' 000</b>	<b>2021 K' 000</b>
<b>Cash flow from operating activities</b>		
Cash utilised in operating activities	(26,508)	8,867
Net increase in working capital	8,623	31,501
Finance costs	(20,400)	(14,248)
<b>Net (cash utilised in)/generated from operating activities</b>	<b>(38,285)</b>	<b>26,120</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant & equipment	(10,356)	(518)
Net movement in containers		(1,500)
<b>Net cash utilised in investing activities</b>	<b>(10,356)</b>	<b>(2,018)</b>
<b>Cash flow from financing activities</b>		
Net decrease in borrowings	(13,714)	(23,042)
Increase in shareholder loans	61,893	-
<b>Net cash generated from/(utilised in) financing activities</b>	<b>48,179</b>	<b>(23,042)</b>
Net (decrease)/increase in cash and cash equivalents	(461)	1,060
Cash and cash equivalents at the beginning of the period	3,519	2,028
Cash and cash equivalents at the end of the period	3,058	3,088

## COMMENTARY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### Overview

The Company commenced implementation of its turnaround strategy at the beginning of 2022 following the relaxation of COVID-19 public health protocols which permitted longer trading hours and increased opportunities to activate our expanded product offerings. However, an increase in product prices following the upward adjustment of excise duty on opaque beer initially dented these initiatives. Nonetheless the Company expanded its depot footprint in strategic areas around the country and deployed its new packs to grow its market share of Traditional African Beer which remains very competitive.

- After a weak first quarter, volumes recovered in the second quarter resulting in the first half volume remaining flat compared to prior year.
- The affordable offerings contributed the larger sales volumes during the half, but increased acceptance of the mainstream products provided an opportunity to recover profitable volume.
- Chibuku Super performance was hampered by an initial resistance to an upward price adjustment and a strengthening Kwacha exchange rate which negatively affected uptake in some markets. However, the Company has mitigated this by exporting to Zimbabwe with the support of the parent company.
- Excise duty, which rose from 15 Ngwee per litre to 25 Ngwee per litre at the beginning of 2022, impacted negatively the Company's net revenues and margins.
- Disruptions to the global oil supplies, which saw petroleum products increase in price, resulted in higher distribution costs.
- Production costs did benefit from the strengthening of the Kwacha as well as decelerating annual inflation.

The Company posted an operating loss of K81.6m during the period against a loss of K67m in the prior year. This resulted in a loss after tax of K54.5m (2021: K12.5m) and loss per share of K0.86 (2021 : K0.20) on account of higher finance costs and lower exchange gains on foreign currency denominated liabilities.

### 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 period under review.

### Prospects

- The expansion of the distribution footprint and improvement of customer service, as well as exports into Zimbabwe have set a strong foundation for improved volume growth going forward.
- The Company is focused on increasing the volume performance of both mainstream and Chibuku Super offerings to deliver value for the business whilst the affordable category, targeted at the lower end of the market, will enhance volume and efficiencies.
- Development of local suppliers for reduced costs and lead times of supplies will be a key lever to improving margins during second half.
- New product innovations are anticipated to be launched during the second half to increase excitement and appeal of the category to an increased base of future consumers.

**By Order of the Board  
Simbarashe Banga**

**Company Secretary**

**Issued in Lusaka, Zambia on 18 November 2022**

<b>Lusaka Securities Exchange Sponsoring Broker</b>	
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**First Issued on 18 November 2022**