

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

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: 26 July 2023



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[Incorporated in the Republic of Zambia]

Company registration number: 4999

Share Code: NATBREW

ISIN: ZM0000000086

(“Natbrew” or “the Company”)

FINANCIAL RESULTS

The Directors of National Breweries PLC (“Natbrew” or “the Company”) present the audited financial results for the year ended 31st March 2023.

Statement of Comprehensive Income For The Year Ended 31 March 2023

	2023 K' 000	2022 K' 000
Revenue	254,298	231,654
Operating loss	(194,317)	(88,211)
Net finance charges	(43,280)	(32,071)
Loss before tax	(237,597)	(120,282)
Taxation	(2)	(9)
Total comprehensive loss	(237,599)	(120,291)
Basic and Diluted Loss Per Share (K)	(3.77)	(1.91)

Statement of Financial Position
As At 31 March 2023

	2023	2022
	K' 000	K' 000
ASSETS		
Non-Current Assets		
Property, plant & equipment	179,662	182,127
Intangible assets	174	379
Total Non-Current Assets	179,836	182,506
Current Assets		
Inventories	28,132	20,448
Trade and other receivables	19,962	9,993
Current tax	-	108
Amounts due from related parties	-	3,729
Cash and cash equivalents	23,555	3,519
Total Current Assets	71,649	37,797
Total Assets	251,485	220,303
EQUITY		
Share capital	630	630
Accumulated losses	(544,687)	(307,088)
Total Equity	(544,057)	(306,458)
LIABILITIES		
Non-Current Liabilities		
Long-term borrowings	630	17,696
Shareholder loans	71,570	-
Total Non-Current Liabilities	72,200	17,696
Current Liabilities		
Trade and other payables	180,656	94,999
Short-term borrowings	24,772	33,651
Current tax	2	-
Amounts due to related parties	517,912	380,415
Total Current Liabilities	723,342	509,065
Total Equity & Liabilities	251,485	220,303

**Statement of Changes in Equity
For The Year Ended 31 March 2023**

	Share Capital K' 000	Accumulated Losses K' 000	Total K' 000
Balance at 31 March 2021	630	(186,797)	(186,167)
Total Comprehensive Loss For The Year Ended 31 March 2022	-	(120,291)	(120,291)
Balance at 31 March 2022	630	(307,088)	(306,458)
Total Comprehensive Loss For The Year Ended 31 March 2023	-	(237,599)	(237,599)
Balance at 31 March 2023	630	(544,687)	(544,057)

**Statement of Cash Flows
As At 31 March 2023**

	2023 K' 000	2022 K' 000
Cash flow from operating activities		
Cash utilised in operating activities	(162,732)	(43,777)
Net changes in working capital	209,338	(37,198)
Net finance costs	(43,280)	(30,288)
Income tax paid	-	(13)
Net cash generated/(utilised) in operating activities	3,326	(111,276)
Cash flow from investing activities		
Purchase of property, plant & equipment	(3,313)	(11,667)
Net movement in containers	(20,416)	-
Net cash utilised in investing activities	(23,729)	(11,667)
Cash flow from financing activities		
Net decrease in borrowings	(25,945)	(38,621)
Increase in shareholder borrowings	71,570	168,717
Net cash generated from financing activities	45,625	130,096
Net increase in cash and cash equivalents	25,222	7,153
Effects of unrealised exchange differences	(5,186)	(5,662)
Cash and cash equivalents at the beginning of the year	3,519	2,028
Cash and cash equivalents at the end of the year	23,555	3,519

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2023

Overview

The implementation of the turnaround strategy continued during the second half which saw the launch of a new product offering, Chibuku Super Banana, continued expansion of depot footprint in strategic areas around the country and deployment of competitive packs to fight competition in the congested trading space of Traditional African Beer.

- The volume recovery registered in the second quarter continued in the third and fourth quarters resulting in the second half volume closing 66% above prior and annual volumes closing 28% up on the prior year.
- The affordable offerings contributed the larger sales volumes during the year.
- The fourth quarter however saw an increased acceptance of the mainstream products, providing opportunities to recover profitable volume.

The Company continued to face headwinds arising from:

- The weakening Kwacha which increased production costs of imported packaging materials.
- The increase in the price of maize due to the opportunistic and speculative pricing due to the maize supply situation in the country.
- The impact of petroleum products pricing resulting in higher distribution costs.
- The impact of the Excise Duty regime that was increased at the beginning of 2022.

The Company posted an operating loss of K194.3m during the period against a loss of K88.2m in the prior year. This resulted in a loss after tax of K237.6m (2022 : K120.3m) and loss per share of K3.77 (2022 : K1.91) on account of higher finance costs and higher exchange losses on foreign currency liabilities due to the depreciating Kwacha.

Corporate Governance

National Breweries Plc. remains committed to regulatory compliance with a strict corporate governance culture. The Company achieved zero breaches of corporate governance and anti-bribery codes in the period under review.

Prospects

- The excitement around our diversified product portfolio provides the business with a good base to grow volumes.
- The expansion of the distribution footprint and improvement of customer service in areas presently underserved.
- 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.

By Order of the Board

Simbarashe Banga

Company Secretary

Issued in Lusaka, Zambia on 26 July 2023

Lusaka Securities Exchange Sponsoring Broker	
 STOCKBROKERS ZAMBIA LIMITED	<p>T +260-211-232456 E advisory@sbz.com.zm W www.sbz.com.zm</p> <p>Stockbrokers Zambia Limited (SBZ) is a founder member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.</p>

First Issued on 26 July 2023