

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

**ISSUER**



**ZAMBIAN BREWERIES PLC (“ZAMBREW”)**  
[Incorporated in the Republic of Zambia]

Company registration number: 31609  
Share Code: ZAMBREW  
ISIN: ZM0000000078  
Authorized by: Deborah Bwalya – 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.

## Interim Results for the six-month period ended 30 June 2023

The Board of Directors of Zambian Breweries Plc., in compliance with the requirements of the Securities Act No.41 of 2016 and the Listings Requirements of the Lusaka Securities Exchange is pleased to announce the unaudited results of the company for the six-month period ended 30 June 2023.

| <b>STATEMENT OF COMPREHENSIVE INCOME</b>   |                       |                      |               |
|--|-----------------------|----------------------|---------------|
| <b>For the six months to 30 June 2023</b>  |                       |                      |               |
|  | <b>30-Jun-23</b>      | <b>30-Jun-22</b>     | <b>%</b>      |
|  | <b>K'000</b>          | <b>K'000</b>         | <b>Change</b> |
| <b>Revenue</b>   | 1,839,358             | 1,638,587            | 12%           |
| <b>Gross Profit</b>  | <u>915,923</u>        | <u>645,001</u>       | 42%           |
| <b>Profit from ordinary activities before exchange losses, interest and taxation</b> | 517,483               | 300,423              | 72%           |
| Realised exchange (loss)/gain  | (21,595)              | (133,093)            | -84%          |
| Unrealised exchange (loss)/gain  | <u>6,710</u>          | <u>5,295</u>         | -27%          |
| <b>Operating profit</b>  | 502,598               | 172,625              | 191%          |
| Net Finance (cost)/ income   | <u>(129,824)</u>      | <u>(70,610)</u>      | 84%           |
| <b>Profit before tax</b>   | 372,774               | 102,015              | 265%          |
| Income tax expense   | (3,308)               | (22,897)             | -86%          |
| Deferred tax asset   | <u>(120,531)</u>      | <u>(6,205)</u>       | 1842%         |
| <b>Profit after tax</b>  | <b>248,935</b>        | <b>72,913</b>        | 241%          |
| Other comprehensive income/(loss) after tax  | -                     | -                    |               |
| <b>Total comprehensive income/(loss) after tax</b>                                   | <u><b>248,935</b></u> | <u><b>72,913</b></u> |               |
| Total comprehensive (loss)/income attributable to:                                   |                       |                      |               |
| Majority shareholders  | 216,897               | 63,529               |               |
| Minority shareholders  | 32,038                | 9,384                |               |
| <b>Total comprehensive income/(loss)</b>   | <u><b>248,935</b></u> | <u><b>72,913</b></u> |               |
| <b>Earnings per share (Kwacha)</b>   | <b>0.44</b>           | <b>0.13</b>          | 241%          |

| <b>STATEMENT OF CHANGES IN EQUITY</b>           |                      |                      |                          |                     |
|---|----------------------|----------------------|--------------------------|---------------------|
|   | <u>Share capital</u> | <u>Share premium</u> | <u>Retained earnings</u> | <u>Total equity</u> |
| As at 1 January 2022                            | 5,460                | 450,207              | 683,337                  | 1,139,004           |
| Comprehensive income:                           |                      |                      |                          |                     |
| Profit for the year to 30 June 2022             | -                    | -                    | 248,935                  | 248,935             |
| <b>Total comprehensive income for half year</b> | <u>-</u>             | <u>-</u>             | <u>248,935</u>           | <u>248,935</u>      |
| <b>Transactions with owners</b>                 |                      |                      |                          |                     |
| Dividends                                       | -                    | -                    | -                        | -                   |
| <b>Total transactions with owners</b>           | <u>-</u>             | <u>-</u>             | <u>-</u>                 | <u>-</u>            |
| <b>At end of the six months to 30 June 2023</b> | <b>5,460</b>         | <b>450,207</b>       | <b>932,272</b>           | <b>1,387,939</b>    |

**STATEMENT OF FINANCIAL POSITION****As at 30 June 2023**

|                                     | <u>30-Jun-23</u><br>K'000 | <u>30-Jun-22</u><br>'K000 | <u>%</u><br>Change |
|-------------------------------------|---------------------------|---------------------------|--------------------|
| <b>ASSETS EMPLOYED</b>              |                           |                           |                    |
| Property, plant and equipment       | 3,961,511                 | 2,577,680                 | 54%                |
| Current assets                      | 1,404,904                 | 1,186,534                 | 18%                |
| <b>Total assets</b>                 | <b><u>5,366,415</u></b>   | <b><u>3,764,214</u></b>   | 43%                |
| <b>EQUITY &amp; LIABILITIES</b>     |                           |                           |                    |
| Shareholder funds                   | 1,387,939                 | 1,139,004                 | 22%                |
| Non-current liabilities             | 1,790,449                 | 1,378,153                 | 30%                |
| Current liabilities                 | 2,188,026                 | 1,174,144                 | 86%                |
| <b>Total equity and Liabilities</b> | <b><u>5,366,415</u></b>   | <b><u>3,691,301</u></b>   | 45%                |

**STATEMENT OF CASHFLOWS****As at 30 June 2023**

| K'million  | <u>30-Jun-23</u>          | <u>31-Dec-22</u>          |
|--|---------------------------|---------------------------|
| Cash flows from operating activities                             | 648,736                   | 794,345                   |
| Interest received  | -                         | 33                        |
| Interest paid (arising on operating financing)                   | (129,824)                 | (151,839)                 |
| Income tax paid  | (17,962)                  | (97,899)                  |
| <b>Net cash generated from operating activities</b>              | <b><u>500,950</u></b>     | <b><u>544,640</u></b>     |
| <b>Investing activities</b>                                      |                           |                           |
| Purchase of property, plant and equipment                        | (1,264,955)               | (1,009,450)               |
| Proceeds from sale of property, plant and equipment              | -                         | -                         |
| Purchase of intangible assets                                    | -                         | -                         |
| Advance of loan to related party                                 | -                         | -                         |
| <b>Net cash from (outflow)/ inflow from investing activities</b> | <b><u>(1,264,955)</u></b> | <b><u>(1,009,450)</u></b> |
| <b>Financing activities</b>                                      |                           |                           |
| Interest paid (arising on longterm borrowings)                   | -                         | -                         |
| Proceeds from borrowings   | 885,449                   | 270,000                   |
| Repayment of bank loans  | -                         | -                         |
| Dividends paid to shareholders                                   | -                         | -                         |
| <b>Net cash used in financing activities</b>                     | <b><u>885,449</u></b>     | <b><u>270,000</u></b>     |
| <b>Net increase/ decrease in cash and cash equivalents</b>       | <b><u>121,443</u></b>     | <b><u>(194,810)</u></b>   |
| <b>Movement in cash and cash equivalents</b>                     |                           |                           |
| At start of the year   | (287,024)                 | (92,795)                  |
| <b>Increase in cash and cash equivalents</b>                     | <b>121,443</b>            | <b>(194,810)</b>          |
| Exchange difference in cash and cash equivalents                 | 721                       | 581                       |
| <b>Cash and cash equivalents at the end of the period</b>        | <b><u>(164,860)</u></b>   | <b><u>(287,024)</u></b>   |

## **Financial Review**

The 2023 financial year has been positive especially towards the end of the half year, ending with strong double-digit growth both in revenue and gross margin lines relative to prior year. Strong demand for both locally produced and imported brands across all categories continues to drive positive results in topline performance. The general economic environment was fairly stable during the first half year, with marginal change in factors such as inflation resulting in a steady but manageable growth in costs. Average exchange rate movements likewise remained favorable for the business, this coupled with better controlled exchange loss risk exposure, resulted in a material benefit to performance over prior year.

A high-level summary of results for the first half year relative to prior year (PY) is as follows:

- Net Revenue grew 12% over PY owing to volume growth driven by high margin core and premium global brands.
- Operating profit grew over 100% relative to PY owing to the already noted strong topline performance along with tightly managed operating costs and effective management of exchange risk.
- Net finance cost grew 84% over PY driven by growth in borrowings.
- Bottom line profit ended 241% higher than PY as a result of an upside in results across all major performance indicators above.

Growth in Assets and Liabilities on the balance sheet is largely driven by the capacity expansion project at the Lusaka plant, which is now at its peak and on schedule for completion before the end of 2023.

## **Strategic Review and Prospects**

After a slow first quarter driven primarily by sales during the month of February, we saw a recovery in the second quarter. Volumes grew 2.6% in the second quarter versus prior year and were. Net Revenue grew 15% against prior year.

For the period ended June 2023 we were relatively flat against prior year on volumes with slight growth of 0.3% and the interim period. However, we delivered a solid half year with Net Revenue growing 12% against prior year through some tactical timing of price increases as well as mix management.

Overall demand through the second quarter remained buoyant and this is the case for both local and imported packs. We are seeing healthy growth in our premium portfolio as well as very strong growth in the Flavored Alcoholic Beverages category, with Flying Fish growing strongly and Brutal Fruit, which was launched at the end of 2022, continued to be on high demand.

We launched our innovation product Mosi Light in April this year, a low alcohol content, cassava-based beer, which has been well received by the market and has exceeded our projections. We have since increased our production plan to better meet consumer demand.

We are focused on delivering growth for the remaining quarters. We are working towards a strong year end performance as a result of the expansion project.

## Sustainability Up-date

Creating a future with more cheers requires us to look at our sustainability and environmental impact. We undertook various initiatives during the period January to June 2023 as detailed below:

**Smart Agriculture:** the introduction of our innovative cassava-based low alcohol beverage, Mosi Light, further strengthening market access for our cassava farmers; the launch of the cassava buying harvest in Luapula and Northern Provinces together with the sorghum buying season in Southern Province; and leveraging partnerships to create market strengthening opportunities for small scale farmers as part of our value chain.

**Smart Drinking:** commissioning research for the development of a public health white paper relating to understanding the social impact of alcohol; partnership with the Churches Health Association of Zambia (CHAZ) in conjunction with the Zambian Government to set up a Screening and Brief Intervention programme in selected Lusaka clinics for alcohol related health conditions.

**Water Stewardship:** initiating phase 3 of our partnership with WWF which seeks to secure improved water quality and quantity within the Kafue Flats to implement key water and soil conservation measures and to foster a community of positive water stewardship throughout the public and private sectors.

**Circular Packaging:** collaboration with various private sector players on recycling and community projects; the roll-out of a school campaign on waste management in line with the World Environment Day theme, "Solutions to Plastic" Pollution; holding a community workshop with the Zambia Environmental Mangement Agency for participants of the recycling programme.

## Dividend Declaration

At a meeting held on 28th July 2023 the Board of Directors resolved not to declare a dividend for the period ended 30th June 2023.

## **By Order of the Board**

**Deborah Bwalya**

**Company Secretary**

**Issued in Lusaka, Zambia on 18 August 2023**

### Lusaka Securities Exchange Sponsoring Broker

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| <br><b>STOCKBROKERS ZAMBIA LIMITED</b> | <p><b>T</b>   +260-211-232456</p> <p><b>E</b>   <a href="mailto:advisory@sbz.com.zm">advisory@sbz.com.zm</a></p> <p><b>W</b>   <a href="http://www.sbz.com.zm">www.sbz.com.zm</a></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> |
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