

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. National Breweries Plc

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: 21 June 2024



NATIONAL BREWERIES PLC

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[Incorporated in the Republic of Zambia]
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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 2024.

Statement of Comprehensive Income For The Year Ended 31 March 2024

	2024 K' 000	2023 K' 000
Revenue	532,799	254,298
Operating loss	(488,397)	(194,317)
Net finance charges	(57,065)	(43,280)
Loss before tax	(545,462)	(237,597)
Taxation	(80)	(2)
Total comprehensive loss	(545,542)	(237,599)
Basic and Diluted Loss Per Share (K)	(8.66)	(3.77)

Statement of Financial Position
As At 31 March 2024

	2024 K' 000	2023 K' 000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	174,140	179,662
Intangible assets	6	174
Total Non-Current Assets	174,146	179,836
Current Assets		
Inventories	44,435	28,132
Trade and other receivables	55,912	19,962
Cash and cash equivalents	11,988	23,555
Total Current Assets	112,335	71,649
Total Assets	286,481	251,485
EQUITY		
Share capital	630	630
Accumulated losses	(1,090,229)	(544,687)
Total Equity	(1,089,599)	(544,057)
LIABILITIES		
Non-Current Liabilities		
Long-term Borrowings	-	630
Shareholder Loans	90,911	71,570
Total Non-Current Liabilities	90,911	72,200
Current Liabilities		
Short-term borrowings	630	180,656
Trade and other payables	359,583	24,772
Current tax	82	2
Amounts due to related parties	924,874	517,912
Total Current Liabilities	1,285,169	723,342
Total Equity & Liabilities	286,481	251,485

**Statement of Changes in Equity
For The Year Ended 31 March 2024**

	Share Capital K' 000	Accumulated Losses K' 000	Total K' 000
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)
Total Comprehensive Loss For The Year Ended 31 March 2024	-	(545,542)	(545,542)
Balance at 31 March 2024	630	(1,090,229)	(1,089,599)

**Statement of Cash Flows
For The Year Ended 31 March 2024**

	2024 K' 000	2023 K' 000
Cash flow from operating activities		
Cash utilised in operating activities	(469,396)	(162,732)
Net changes in working capital	533,636	209,338
Net finance costs	(57,065)	(43,280)
Net cash generated from operating activities	7,175	3,326
Cash flow from investing activities		
Purchase of property, plant & equipment	(13,173)	(3,313)
Net movement in containers	(1,008)	(20,416)
Net cash utilised in investing activities	(14,181)	(23,729)
Cash flow from financing activities		
Net decrease in borrowings	(24,772)	(25,945)
Increase in shareholder borrowings	19,341	71,570
Net cash (utilised in)/generated from financing activities	(5,431)	45,625
Net (decrease)/increase in cash and cash equivalents	(12,437)	25,222
Effects of unrealised exchange differences	870	(5,186)
Cash and cash equivalents at the beginning of the year	23,555	3,519
Cash and cash equivalents at the end of the year	11,988	23,555

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2024

Overview

The Company achieved its highest volume in 7 years, growing 33% compared to the year ended 31 March 2023, as the foundations of the turnaround strategy on the commercial front began to bear fruit. The strategic expansion of the depot footprint has helped grow volumes in a still congested trading space of Traditional African Beer.

A strong growth in contribution to the sales mix of mainstream packs compared to the economy offerings coupled with pricing adjustments during the year saw Gross Sales increasing by 103% compared to the prior year.

However, headwinds continued to be encountered.

- A weaker Kwacha exchange rate negatively affected the cost of imported raw materials;
- Maize pricing which effectively doubled over the past twelve (12) months due to the opportunistic and speculative pricing and inconsistency of maize supply; and
- The impact of petroleum products pricing resulting in higher distribution costs.

The Company posted an operating loss of K488m during the period against a loss of K194m in the prior year. This resulted in a loss after tax of K546m (2023 : K238m) and loss per share of K8.66 (2023 : K3.77) on account of Kwacha depreciation against the United States dollar and inflation impacting negatively the cost of core raw materials such as maize for production, diesel for distribution, as well as the landed cost of imported materials and finished products.

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

Despite the challenges, the Board is excited about its business' future prospects.

- During the financial year, the Company engaged smallholder and commercial farmers to mitigate against the cereal pricing and availability challenges of the current year. The contracts have generated excitement due to the guarantee of an off taker for farm produce which the company anticipates will trickle down into the greater economy.
- Development of local suppliers for reduced costs and lead times of supplies has been successful for some key raw materials which will result in increased local manufacturing incomes.
- The expansion of the distribution footprint and improvement of customer service will continue to set a strong foundation for improved volume growth going forward.
- The Company is focused on increasing the volume performance of all its product offerings to deliver value for the business. In addition, the affordable category, targeted at the lower end of the market, will enhance both volume and efficiencies.
- New product innovations are anticipated to be launched during the second half to increase excitement and appeal of the products to a larger consumer base.

By Order of the Board

Simbarashe Banga
Company Secretary

Issued in Lusaka, Zambia on 21 June 2024

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 21 June 2024