

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

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**ISSUER**

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

Company registration number: 31609  
Share Code: ZAMBREW  
ISIN: ZM0000000078  
Authorised by Deborah Bwalya – Company Secretary

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**SPONSOR**

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**Stockbrokers Zambia Limited**  
[Founder Member of the Lusaka Securities Exchange]  
[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456  
Website: [www.sbz.com.zm](http://www.sbz.com.zm)

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**APPROVAL**

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The captioned Notice or Announcement has been approved by:

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

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**RISK WARNING**

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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.

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**ISSUED: 09 March 2023**

# Final Year Results for the Year ended 31 December 2022

The Board of Directors of Zambian Breweries Plc is pleased to announce the audited results of the company for the year ended 31 December 2022

## Statement of profit or loss and other comprehensive income

Notes	Group		Company		
	2022 K'000	2021 K'000	2022 K'000	2021 K'000	
Revenue from contracts with customers	6	3,674,541	3,068,959	3,601,362	3,068,959
Cost of sales of goods	8	(2,308,245)	(2,024,857)	(2,258,392)	(2,024,857)
<b>Gross profit</b>		<b>1,366,296</b>	<b>1,044,102</b>	<b>1,342,970</b>	<b>1,044,102</b>
Other expenses	7	(345,240)	(244,307)	(590,794)	(244,307)
Net impairment (expense) / credit on financial assets	4(b)	(11,963)	12,291	(3,175)	12,291
Distribution costs	8	(215,147)	(208,749)	(86,028)	(208,749)
Administrative expenses	8	(499,970)	(413,157)	(435,984)	(413,157)
<b>Operating profit</b>		<b>293,976</b>	<b>190,180</b>	<b>226,989</b>	<b>190,180</b>
Finance income	9	33	2,978	33	2,978
Finance costs	9	(151,843)	(86,936)	(151,839)	(86,936)
<b>Profit before income tax</b>		<b>142,166</b>	<b>106,222</b>	<b>75,183</b>	<b>106,222</b>
Income tax (expense) / credit	11	(42,918)	41,730	(28,972)	41,730
<b>Profit for the year</b>		<b>99,248</b>	<b>147,952</b>	<b>46,211</b>	<b>147,952</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income:</b>		<b>99,248</b>	<b>147,952</b>	<b>46,211</b>	<b>147,952</b>
<b>Total comprehensive income for the period is attributable to:</b>					
Owners of Zambian Breweries Plc		86,475	128,911	40,263	128,911
Minority - controlling interests		12,773	19,041	5,947	19,041
		<b>99,248</b>	<b>147,952</b>	<b>46,211</b>	<b>147,952</b>
<b>Basic and diluted earnings per share</b>	20	<b>0.18</b>	<b>0.27</b>	<b>0.08</b>	<b>0.27</b>

## Statement of Changes in Equity

Group	Share capital K'000	Share premium K'000	Retained earnings K'000	Total K'000
<b>Year ended 31 December 2021</b>				
At start of year	5,460	450,207	535,385	991,052
Profit for the year	-	-	147,952	147,952
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>147,952</b>	<b>147,952</b>
<b>At end of year</b>	<b>5,460</b>	<b>450,207</b>	<b>683,337</b>	<b>1,139,004</b>
<b>Year ended 31 December 2022</b>				
At start of year	5,460	450,207	683,337	1,139,004
Profit for the year	-	-	99,248	99,248
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>99,248</b>	<b>99,248</b>
<b>At end of year</b>	<b>5,460</b>	<b>450,207</b>	<b>782,585</b>	<b>1,238,252</b>
<b>Company</b>				
<b>Year ended 31 December 2021</b>				
At start of year	5,460	450,207	535,385	991,052
Profit for the year	-	-	147,952	147,952
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>147,952</b>	<b>147,952</b>
<b>At end of year</b>	<b>5,460</b>	<b>450,207</b>	<b>683,337</b>	<b>1,139,004</b>
<b>Year ended 31 December 2022</b>				
At start of year	5,460	450,207	683,337	1,139,004
Profit for the year	-	-	46,211	46,211
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>46,211</b>	<b>46,211</b>
<b>At end of year</b>	<b>5,460</b>	<b>450,207</b>	<b>729,548</b>	<b>1,185,215</b>

The notes on pages 44 to 81 are an integral part of these annual financial statements.

## Statement of Financial Position

Notes	Group		Company		
	2022 K'000	2021 K'000	2022 K'000	2021 K'000	
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	3,015,178	2,488,670	2,989,153	2,488,670
Investment in subsidiary	13	-	-	22,576	-
Intangible assets	14	41,792	22,661	41,792	22,661
		<b>3,056,970</b>	<b>2,511,331</b>	<b>3,053,521</b>	<b>2,511,331</b>
<b>Current assets</b>					
Inventories	15	922,647	609,424	800,697	609,424
Trade and other receivables	16	353,573	238,316	423,483	238,316
Current income tax receivable	11	113,292	89,533	94,544	89,533
Cash and cash equivalents	17	352,252	129,429	299,825	129,429
		<b>1,741,764</b>	<b>1,066,702</b>	<b>1,618,549</b>	<b>1,066,702</b>
<b>Total Assets</b>		<b>4,798,734</b>	<b>3,578,033</b>	<b>4,672,070</b>	<b>3,578,033</b>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners</b>					
Share capital	18	5,460	5,460	5,460	5,460
Share premium	18	450,207	450,207	450,207	450,207
Retained earnings		782,585	683,337	729,548	683,337
		<b>1,238,252</b>	<b>1,139,004</b>	<b>1,185,215</b>	<b>1,139,004</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Deferred income tax	21	492,153	523,375	500,992	523,375
<b>Current liabilities</b>					
Trade and other payables	23	1,776,656	1,218,544	1,694,190	1,218,544
Borrowings	22	1,291,673	697,110	1,291,673	697,110
		<b>3,068,329</b>	<b>1,915,654</b>	<b>2,985,863</b>	<b>1,915,654</b>
<b>Total Equity and liabilities</b>		<b>4,798,734</b>	<b>3,578,033</b>	<b>4,672,070</b>	<b>3,578,033</b>

## Statement of Cash Flows

Notes	Group		Company		
	2022 K'000	2021 K'000	2022 K'000	2021 K'000	
<b>Cash generated from operating activities</b>					
Cash generated / (used in) from operations	24	794,345	(182,845)	653,369	(182,845)
Interest income	9	33	831	33	831
Interest paid	9	(151,839)	(86,936)	(151,839)	(86,936)
Income tax paid	11	(97,899)	(71,536)	(56,366)	(71,536)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>544,640</b>	<b>(340,486)</b>	<b>445,197</b>	<b>(340,486)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	12	(1,009,450)	(641,442)	(1,009,450)	(641,442)
Assets transferred to subsidiary		-	-	(29,980)	-
Proceeds from disposal of property, plant and equipment		-	9,519	85,140	9,519
Investment in subsidiary	13	-	-	(15)	-
Purchase of intangible assets	14	-	(2,763)	-	(2,763)
<b>Net cash outflow from investing activities</b>		<b>(1,009,450)</b>	<b>(634,686)</b>	<b>(954,305)</b>	<b>(634,686)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	22(i)	270,000	635,000	270,000	635,000
Loan principal repayments	22(i)	-	(35,000)	-	(35,000)
<b>Net cash inflow from financing activities</b>		<b>270,000</b>	<b>600,000</b>	<b>270,000</b>	<b>600,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(194,810)</b>	<b>(375,172)</b>	<b>(239,108)</b>	<b>(375,172)</b>
<b>Movement in cash and cash equivalents</b>					
At start of year		(92,795)	280,803	(92,795)	280,803
Net increase / (decrease)		(194,810)	(375,172)	(239,108)	(375,172)
Foreign exchange gains on cash and cash equivalents		581	1,574	581	1,574
<b>At end of year</b>	17	<b>(287,024)</b>	<b>(92,795)</b>	<b>(331,322)</b>	<b>(92,795)</b>

After a challenging two years of COVID-19 restrictions, we at Zambian Breweries joined the nation in celebrating emergence from the pandemic in 2022 with a renewed sense of optimism about the growth of Zambia's economy.

We have again seen the resilience of our product offering, demonstrated by strong consumer demand throughout the year. We are positive that our strong portfolio of brands and packs will continue to meet our diverse consumer needs and we will indeed continue to evolve along with our consumers as we continue to lead and grow the category.

I am pleased to say that we are now going ahead with the milestone US\$80 million capital expenditure strategy that will help meet market demand through the doubling of capacity at our Lusaka plant.

The expansion is expected to be complete by the end of 2023.

This commitment lies at the heart of our strategy of investing for the long-term strengthening of our business.

As we continue the journey to digitise and monetise our ecosystem, we will expand the base of distributors

using our proprietary distributor management system, Kuja, which we launched in the fourth quarter of 2022.

This will lay the foundation for further digital expansion of online ordering through our customised application at a later stage.

To this purpose, we have created a sales and distribution subsidiary which gives us greater flexibility to expand our product offering to customers, and ultimately serve them better.

### Financial Performance

Despite some supply challenges, beer volumes in 2022 grew by high single digits compared with 2021.

Net revenue grew by 19.7% compared with the previous year, driven by both price and mix, with a healthy increase in margins, resulting in an operating profit for the year of ZMW294 million, which was an increase of 55% on our 2021 performance.

Higher margin imports, particularly cans, gave net revenue a further boost, although the core local brands continued to see strong demand and thus dominated the sales mix. We also saw strong growth from our brands in the Flavoured Alcoholic Beverage category

and have added to our portfolio with the launch of Brutal Fruit Ruby Apple Spritzer in November.

On the cost side, the average prices of electricity and fuel, coupled with fuel price volatility, impacted direct costs, with the reinstatement of VAT on petroleum products making it harder to plan for logistics costs. Overall, variable production and marketing costs remained in line with revenue increases.

We paid ZMW1.162 million in excise tax to the Government, up 15% compared with 2021 due to overall volume and price growth as well as the increase in premium and core brand sales.

Operating profit for the period under review was 55% higher than the prior year, driven by volume growth, positive margins and overall better controlled variable costs.

### Investment for the Future

We announced our US\$80 million capacity expansion plans in 2022. This project is expected to double the capacity of our plant in Mungwi Road, Lusaka, following completion towards the end of 2023. It will also enable us to make cassava-based products in Lusaka that are currently only produced in Ndola.

### 2023 Outlook

We are optimistic about the future. We will at the same time need to remain disciplined in managing our costs as we continue to see commodity and energy price volatility. We remain committed to our transformation journey in 2023, to ensure we get even closer to our customers and consumers and remain focused on meeting their needs.

Local sourcing and value addition within Zambia are also continued priorities. Our capacity expansion plans herald an exciting new chapter for our production capacity and capabilities, as we continue investing to create a future with more cheers. This means we are always looking for ways to move our industry forward, make a meaningful impact in our communities, and remain committed to building a future that everyone can celebrate, and everyone can share in.

### Dividend

At a meeting of the Board of Directors held on 24th February, 2023 the Directors resolved not to declare a final dividend for the year ended 31st December, 2022.

### By Order of the Board

**Deborah Bwalya**  
Company Secretary  
Issued in Lusaka, Zambia on 09 March 2023

**Issued in Lusaka, Zambia on 09 March 2023**

**Lusaka Securities Exchange Sponsoring Broker**



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**First Issued on 09 March 2023**