

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: Vongai Chiwaridzo – 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: 05 August 2021



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[Incorporated in the Republic of Zambia]

Company registration number: 4999

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ISIN: ZM0000000086

(“Natbrew” or “the Company”)

ABRIDGED FINANCIAL STATEMENTS

The Directors of National Breweries Plc (“Natbrew” or “the board”) wish to present the audited financial results for the year ended 31 March 2021.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31st March 2021

	Year-Ended 31 March 2021 K'000	Year-Ended 31 March 2020 K'000	
Total products volumes sold (HL'000)	815,892	773,058	6%
Revenue	280,942	226,552	24%
Cost of Sales	(209,435)	(168,316)	-24%
Gross Profit	71,507	58,236	23%
Distribution costs	(25,278)	(18,535)	-36%
Administrative expenses	(168,304)	(109,613)	-54%
Operating loss	(122,075)	(69,912)	-75%
Miscellaneous Expenses/Income	3,876	61	6454%
Net exchange losses	(46,171)	(18,223)	-153%
Finance costs	(22,679)	(22,731)	0%
Loss before tax	(187,049)	(110,805)	-69%
Taxation	(6,277)	(3,365)	-87%
Loss after tax	(193,326)	(114,170)	-69%
Total comprehensive loss	(193,326)	(114,170)	-69%
Basic and diluted loss per share (Kwacha)	(3.07)	(1.81)	-70%

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	As at 31 March 2021	As at 31 March 2020
	K'000	K'000
ASSETS		
Non-current assets		
Property, plant and equipment	185,524	236,173
Intangible assets	860	1,341
	<u>186,384</u>	<u>237,514</u>
Current assets		
Inventories	14,872	19,654
Trade and other receivables	7,197	8,436
Current tax asset	4,088	10,331
Amounts due from related parties	1,642	642
Cash and cash equivalents	2,028	6,452
Total Current Assets	<u>29,827</u>	<u>45,515</u>
Total assets	<u>216,211</u>	<u>283,029</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	630	630
Accumulated loss/Retained earnings	<u>(186,797)</u>	<u>6,529</u>
Total equity	<u>(186,167)</u>	<u>7,159</u>
Non-current liabilities		
Long term borrowings	<u>262,964</u>	<u>35,479</u>
	<u>262,964</u>	<u>35,479</u>
Current liabilities		
Bank overdraft	-	49,659
Short term borrowings	14,959	29,953
Trade and other payables	120,643	102,694
Amounts due to related parties	3,812	58,085
	<u>139,414</u>	<u>240,391</u>
Total liabilities	<u>402,378</u>	<u>275,869</u>
Total Equity and liabilities	<u>216,211</u>	<u>283,029</u>

STATEMENT OF CASH FLOWS
for the year ended 31 March 2021

	Year-Ended 31 March 2021 K'000	Year-Ended 31 March 2020 K'000
Cash flows from operating activities		
Loss before income tax	(187,049)	(110,805)
Adjustment for:		
Interest income	(37)	(61)
Interest expense	22,679	22,731
Depreciation expense	17,783	18,867
Impairment loss - PPE	33,383	-
Amortisation - containers	2,518	1,143
Profit on sale of property, plant and equipment	-	(455)
Impairment recognised on trade receivables	1,219	400
Amortisation of intangible assets	481	474
Unrealised exchange losses	27,663	12,521
Net cash flow used in operating activities before movement in working capital	(81,360)	(55,185)
Movement in working capital		
Decrease/increase in trade and other receivables	20	9,643
Decrease/(Increase) in inventories	4,782	(1,648)
Decrease in amounts due from a related party	(1,000)	-
Increase in amounts due to related parties	133,682	47,155
Increase in trade and other payables	17,949	16,752
Cash generated from operations	74,073	16,717
Interest received	37	61
Interest paid	(22,679)	(22,731)
Income tax paid	(34)	-
Net cash generated / (used) in operating activities	51,397	(5,953)
Cash from investing activities		
Purchase of property, plant & equipment	(3,035)	(13,705)
Proceeds from disposal of property, plant and equipment	-	1,084
Purchase of intangible assets	-	(100)
Net cash utilised in investing activities	(3,035)	(12,722)
Cash from financing activities		
Borrowings received	49,000	79,600
Borrowings repaid	(24,464)	(54,168)
Net cash flows from financing activities	24,536	25,432
Movement in cash and cash equivalents		
Increase in cash and cash equivalents	72,898	23,475
Cash and cash equivalents at the beginning of the year	(43,207)	(37,443)
Effect of foreign exchange rate changes	(27,663)	(12,521)
Cash and cash equivalents at the end of the year	2,028	(26,490)

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

Kwacha'000

	Share Capital	Retained earnings	Total
Balance at 31 March 2019	630	120,699	121,329
Total comprehensive loss for the period	-	(114,170)	(114,170)
Balance at 31 March 2020	630	6,529	7,159
Total comprehensive loss for the period	-	(193,326)	(193,326)
At 31 March 2021	630	(186,797)	(186,167)

COMMENTARY FOR THE YEAR ENDED 31 MARCH 2021

Overview

The company posted a 24% growth in revenue against a background of deteriorating macro-economic conditions and disruptions caused by the COVID-19 pandemic. This growth was achieved on the back of a modest product price increase and improved volume performance compared to the prior year.

On the downside, packaging material costs increased due to the depreciation of the Kwacha against major foreign currencies, and this negatively affected the company's margins. The margins also remained under significant pressure resulting from the continued unabated competition from the illegal trading in bulk beer.

The company consequently posted a full year operating loss of K122m against an operating loss of K70m for the prior year.

In addition, the company underwent an impairment review resulting in a charge of K33m. The depreciation of the Kwacha further resulted in a significant exchange loss of K46m whereas finance costs remained flat at K22.6 m during the year due to the restructuring of the facilities. These factors all negatively impacted the company's performance resulting in a Loss After Tax of K193m and Loss Per Share of K3.07.

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 financial year under review.

Prospects

The company will intensify efforts to drive volume growth by offering quality and competitively priced products to its consumers and adopting appropriate route to market strategies in order to improve product availability around the country.

In the short term the focus will be on formulating strategies to increase market share in the face of competition and a difficult economic environment.

By Order of the Board

Vongai Chiwaridzo
Company Secretary

Issued in Lusaka, Zambia on 05 August 2021

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.

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