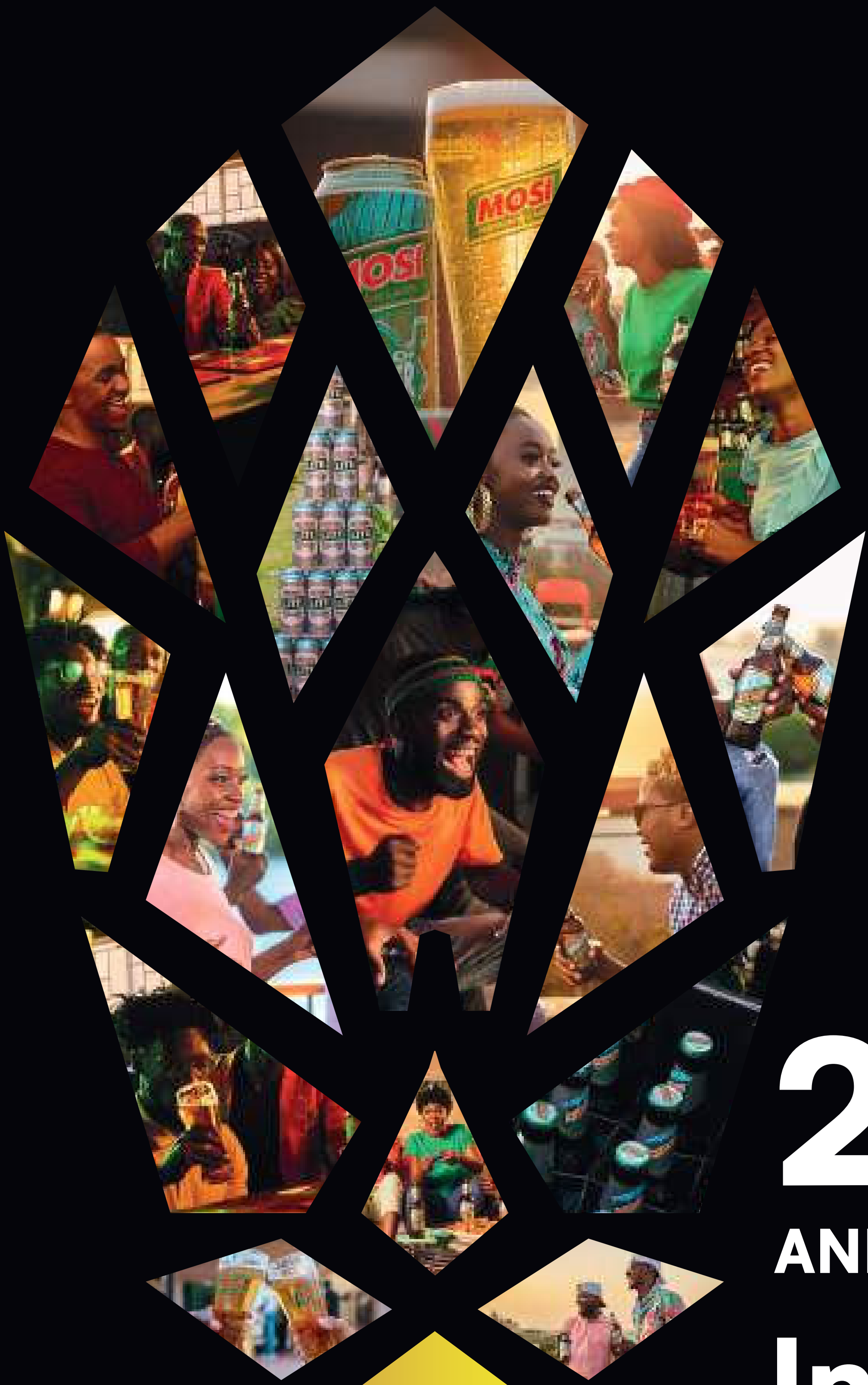

ZIB

Proudly part of ABInBev

2022
ANNUAL REPORT

Investing in a future with more cheers

ABInBev 10 PRINCIPLES

01 We dream big.
02 We are owners who think long-term.
03 We are powered by great people and build diverse teams through inclusion and collaboration.
04 We lead change and innovate for our consumers.
05 We grow when our customers grow.
06 We thrive when our communities thrive.
07 We believe in simplicity and scalable solutions.
08 We manage costs tightly and make choices to drive growth.
09 We create and share superior value.
10 We never take shortcuts.

The Company was established in Zambia in 1968 and its product range has grown to include clear beers such as Mosi Premium, Castle, Carling Black Label and Eagle lagers. Zambian Breweries Plc became part of Anheuser-Busch InBev (AB InBev) in October, 2016 the largest brewer in the world, with more than 400 beer brands and some 200,000 employees in over 50 countries.

This is the Annual Report of Zambian Breweries Plc for the year ended 31st December, 2022. This information may be updated or documented with the Securities and Exchange Commission or later amended if necessary, although Zambian Breweries Plc does not undertake to update any such information.

The Annual Report is made available to all shareholders on the Lusaka Stock Exchange website (www.luse.co.zm).

This report includes names of Zambian Breweries Plc products, which constitute trademarks or trade names which Zambian Breweries Plc owns, or which others own and license to Zambian Breweries Plc for use.

In this report, the term 'Company' and 'Zambian Breweries' refers to Zambian Breweries Plc, except as the context otherwise requires.

Zambian Breweries Plc's Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by IFRS Interpretations Committee applicable to companies reporting under IFRS. The Financial Statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). References to IFRS hereafter should be construed as references to IFRS as issued by the IASB.


MOSI
PREMIUM LAGER
THUNDEROUS
REFRESHMENT


MOSI

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Financial Highlights

K4,836,703

thousands Group revenue (incl. excise duty)

K99,248

thousands Profit for the year

K 3,674,541

thousands Group** revenue (exc. excise duty)

K782,585

thousands Retained earnings

(In Kwacha thousands)	Nine-months ended 31 December 2017	2018	2018*	2019	2020	2021	2022**	Var.
Company Revenue (incl. Excise Duty)	1,986,512	2,843,168	2,278,035	2,640,037	3,031,587	4,079,639	4,836,703	19%
Company Revenue (Excl. Excise Duty)	1,561,138	2,200,228	1,787,264	2,092,589	2,305,425	3,068,959	3,674,541	20%
Operating Profit	366,017	1,610,040	299,282	331,954	22,902	190,180	293,967	55%
Profit Before Income tax	320,029	1,618,942	317,711	356,882	8,485	106,222	142,166	34%
Profit (loss) for the year	220,820	1,456,136	216,599	274,414	5,939	147,952	99,248	-33%
Total Assets	3,062,546	4,931,900	4,931,900	3,062,292	3,232,039	3,578,033	4,798,732	34%
Current liabilities	1,126,438	3,540,971	3,540,971	1,386,930	1,630,008	1,915,654	3,068,329	60%
Retained Earnings	1,428,854	309,633	309,633	584,047	535,385	683,337	782,585	15%

* Note adjustment of 2018 financials to exclude the Coke business, which was divested in December 2018.
** A subsidiary company was incorporated in early 2022, Zambian Breweries Distribution Company Limited, to undertake the sales and distribution functions. The results reflected here are consolidated for the Group.

Business Overview

Chairperson's Report

Dear Shareholders,

Buoyed by the enabling investment and trade climate under Zambia's New Dawn Government, Zambian Breweries is committed to its US$80 million capacity expansion project in 2023.

The capital project, scheduled to be completed by the end of 2023, will double production capacity at our Lusaka plant.

The investment is also expected to expand Zambian Breweries' local agriculture purchases, provide further procurement opportunities for local suppliers and service providers, and contribute additional tax revenue to Government.

Economy

Zambia's GDP rose by 3.1% during the year, bolstered by improved macro-economic stability, approval of a US$1.3 billion International Monetary Fund (IMF) package of support measures, and renewed optimism in the mining sector prompted by the announcement of significant new investments in the industry.

The Zambian Kwacha remained relatively stable, strengthening against major trading currencies during the first three quarters of the year before softening slightly towards the end of the year. This helped Zambian Breweries reduce foreign currency exposure and the cost of importing dollar-linked inputs, specifically packaging and finished products.

Year-on-year inflation was 9.9% as of December 31, 2022, a 12.1 percentage point reduction compared with the end of 2021, in part due to the tightened fiscal regime required by the IMF package.

Strategic Review

Total volume grew 7% above prior year during 2022, driven by strong sales of core and premium lagers, as well as Flying Fish, our flavoured beer. We continue to work on executing our strategy according to our three strategic pillars. Firstly, we are focused on leading and growing the category. We have a healthy portfolio ranging from our affordable Eagle lager, through to our core lager brands as well as global beer brands and a growing flavoured alcohol brands portfolio, all playing a different role to meet a specific occasion.

Secondly, we aim to digitise and monetise our ecosystem through route-to-market transformation, bringing new digital tools to our customers, enabling end-to-end visibility throughout the order value chain, as well as ensuring we can better meet their needs.

Thirdly, our goal is to continue to optimise our business. This means running an efficient business, enabled by technology and a highly engaged team. As part of this pillar we have a particular focus on improving service levels to our customers, and driving productivity within all facets of our business.

Finance

Variable production and distribution costs rose, in line with revenue growth.

Non-current assets grew by 22% driven by capitalisation of building and expansion projects, along with reclassification of containers from inventory to non-current assets.

Cash remained positive, ending with a total balance of ZMW352.2 million, despite a 48% increase in receivables during the year, driven by increased activity in sales cascading down to receivable balances.

Trade creditors ended 46% higher than 2021, largely as a result of the clearing of capital expenditure debt relating to 2021's US$18 million capacity upgrade.

Short-term borrowing grew by 85% during the year due to settlement of inter-company trade payables and supplementing of working capital.

Profit after tax dropped to ZMW99 million as the business tax position changed from a refund to a tax expense position.

Governance

During the year our non-executive Director, Yannick Bomans, resigned when he took up other responsibilities within the Group. We thank him for his direction during his tenure and look forward to the contribution of Elisha Dhenenath, who has recently joined the Board from Group Finance.

Key Events and Achievements

Small-scale Zambian farmers remained an integral part of our supply chain, and we partnered with the Ministry of Agriculture, UN World Food Programme (WFP) and the Zambia Agricultural Research Institute (ZARI) to boost production of sorghum by small-scale farmers in Gwembe District of Southern Province.

During the year Zambian Breweries received awards for quality production, excellence in marketing, digital transformation and for advancing corporate governance and corporate leadership. Mosi Premium Lager once again received the international Monde Silver award for its outstanding quality and taste.

We were also delighted to resume the Mosi Day of Thunder music festival this year after a two-year hiatus due to COVID-19. The focus on local talent and the boost to tourism in Livingstone goes to the heart of Zambian Breweries' dream of community support and creating a future with more cheers.

Outlook

As we look towards 2023 the Board is excited by the prospect of the US$80 million expansion project coming to fruition and the opportunities presented by the associated increase in production for company revenue, the nation's tax revenue, and the livelihoods of local suppliers and trade customers.

Monica Musonda

Chairperson of the Board of Directors

Country Director's Report

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 committment 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.

Michelle Kilpin
Zambia Country Director

Sustainability Report

INVESTING FOR A SUSTAINABLE FUTURE WITH MORE CHEERS

Our Environmental, Social and Governance (ESG) agenda is key for the sustainability of both business and the planet.

In 2019 the African Development Bank identified Africa as the continent most vulnerable to climate change, and with widespread changes in weather patterns causing uncertainty for many, it is vital for businesses to step up and do their part towards ensuring sustainable development to avert this environmental crisis before it is too late.

Sustainability for business is primarily concerned with the creation of long-term value by considering how an organisation manages the environmental, social and governance aspects of its operations.

It is this kind of thinking that is powering Zambian Breweries to fulfil its parent company AB InBev's purpose of creating a future with more cheers.

As manufacturers, our vision is to create positive environmental, social and economic impact and consequently integrate sustainable business practices.

To this end, our ambition to lead and grow the clear beer sector is reinforced by our shared belief and intention to enable a sustainable and inclusive future.

We dream big to create a future with more cheers. To adopt a larger sense of leadership, to cultivate shared prosperity and long-term value creation, investing in sustainability goes beyond corporate social responsibility. It is imperative that businesses see beyond and create a better world for the communities in which they operate.

A future with more cheers means shared prosperity for our communities, the planet, and our business. It is growth that is inclusive; value that is shared; and a future filled with cheers.

Zambian Breweries' sustainability agenda revolves around six pillars: Sustainable Agriculture, Water Stewardship, Smart Drinking, Entrepreneurship, Climate Change and Circular Packaging.

Each of these pillars aims to ensure we build a resilient and agile value chain by solidifying our role as a trusted partner in our local communities, whether that be empowering farmers in our outgrower schemes with drought-resilient seeds and access to ready markets, or our strategic partnerships under Manja Pamodzi where we are encouraging businesses to be part of our recycling efforts to reduce the solid waste problem in our communities.

SMART AGRICULTURE

We look forward to a future with more cheers.

Together with our parent company AB InBev, our goal remains to ensure that by 2025, 100% of our direct farmers will be skilled, connected and financially empowered.

We believe that our products are essentially natural, local and inclusive.

This is why we recognize the importance of locally sourced raw materials in our operations. We have continued and strengthened our commitment to providing a market and support to the local farmers and communities of Zambia, empowering small to medium scale, as well as large-scale farmers, with sustainable practice solutions, farming inputs and yield support.

During 2022 we embarked on the following initiatives:

- We partnered with the UN World Food Programme (WFP) to help small scale sorghum farmers access high-yielding seed, to provide training on crop management and insurance to protect their crops from climate shocks. We also provided agricultural extension services and markets.
- Further development of our cassava outgrower scheme continued, providing a market for small-scale farmers in Luapula and Northern provinces.
- We extended the reach for skills training and financial empowerment of our small- scale farmers with one-on-one training and digital traceability through our agronomists and blockchain technology-based payment platform called BanQu.

SMART DRINKING

Our Smart Drinking Goals are a set of programmes and initiatives focused on shifting social norms, consumer behaviours, and our own business practices to make a tangible contribution to the reduction of harmful use of alcohol.

As the nation's largest brewer, we are aware of the positive economic and social building impact of beer. We are also aware that alcohol can be abused, and we continue to make efforts to educate on responsible consumption to ensure a future with more cheers.

We are also working across sectors to disrupt harmful drinking through influencing social norms, strengthening and expanding marketing codes of practice, providing consumer information, and enhancing responsible product innovation.

Objectives:

- To drive consumer behavior change and positive conversations on responsible alcohol consumption
- To educate and create awareness on the effects of harmful use of alcohol
- To forge community and stakeholder partnerships that mitigate alcohol abuse, responsible selling and control of illicit alcohol trading

Over the course of the year our initiatives included:

- A continued collaboration with Chibolya Media Farm and Barefeet Theatre on our Mentorship Programme, which is a platform that sensitises youth on underage drinking and harmful alcohol use, and deters them from negative vices by providing skills, information and positive engagement opportunities.
- The AB InBev Foundation and Zambian Breweries partnered with the Churches Health Association of Zambia (CHAZ) to implement a Screening and Brief Intervention (SBI) programme. The programme in collaboration with the Zambian Government through the Ministry of Health is aimed at addressing the harmful consumption of alcohol through the training of healthcare workers in implementation of systemised identification of high alcohol risk patients and referring them to counselling and rehabilitation.
- We also partnered with the Road Transport and Safety Agency (RTSA) and Zambia Road Safety Trust (ZRST) to enhance road safety at two schools in Lusaka. We implemented small-scale

infrastructure improvements such as road signs, speed calming facilities, marked zebra crossings and paved walkways at Chibolya Primary School and Kabwata Primary School, which were identified as high-risk schools with regards to road traffic accidents and injuries.

- During the 2022 Mosi Day of Thunder, we partnered with RTSA and the Zambian Police Service as part of embedding our smart drinking agenda in our marketing events. The partnership urged the public to enjoy alcohol responsibly during the music festival in Livingstone.
- Launched in 2018, our Smart Drinking Campaign sensitises the public to responsible alcohol consumption as well as the negative effects of alcohol abuse that include gender-based violence, underage drinking, drink driving, binge drinking and mental illness. This year we branded the campaign under the theme "Cheers Pa Easy" which emphasises to our consumers the importance of pacing, alternating consumption with non-alcoholic beverages, eating meals with their alcohol and not drinking and driving.
- We alco continued to strengthen our partnerships with the Bar and Nightclub Owners Association of Zambia (BNCOAZ), other Government agencies, and private sector organisations to form strong partnerships that address alcohol abuse and the effects of irresponsible alcohol consumption.

WATER STEWARDSHIP

Our Goal: 100% of our communities in high-stress areas will have measurably improved water availability and quality. Water is the largest input in the manufacturing of our products, and we believe that water is a shared resource and its access must be secured, particularly in high-stress areas.

We continued to build new partnerships and strengthen existing ones to enhance the safe and clean water supply of the communities in areas where we operate.

The conservation of both the Kafue and Zambezi river basins continues to be an area of focus in our partnership with WWF. This year we collaborated in a workshop with the objective of strengthening watershed protection initiatives and creating a working model to ensure the quality and measurable impact of our initiatives.

We also remained engaged on the board of Lusaka Water Security Initiative and continued in joint action to celebrate World Water Day and World Environment Day, which called for transformative action on a global scale to protect the planet. Through this joint action we also supported various initiatives towards raising awareness and enhancing water access and security in communities around the City of Lusaka.

At the Itawa Springs project site, we completed phase 2 of the project to enhance the sewer management system for the housing developed in the area. The project aims to ensure improved water quality in the watershed as well as adequate water and sanitation access for the surrounding community.

CIRCULAR PACKAGING

Zambian Breweries aspires to have 100% of its products in packaging that is returnable or made from a majority of recycled content.

To that end, the company's Manja Pamodzi ('Hands Together') initiative advocates teamwork in promoting green, clean and healthy cities in Zambia.

Since its inception in 2014, the community-based recycling programme has played a critical role in not only cleaning the city streets, but has also created more than 900 entrepreneurs in local communities who earn a living by collecting post-consumer waste and selling it to recyclers.

- Over the course of this year, Manja Pamodzi's activities included the strengthening of a partnership with Java Foods in collecting recyclable waste from its factories and premise as part of a contribution to Extended Producer Responsibility requirements.
- Through the recycling initiative, Zambian Breweries and British American Tobacco (Zambia) held a clean-up exercise in Kabwata where 100 volunteers gathered to clean up their environment and collect as much waste as possible for recycling. The exercise was also preparation for the establishment of a collection network and aggregator site in the area.
- The partnership with Yalelo Zambia also continued as the company put sustainability at the heart of its operations and supported a circular economy practice in order to reduce pollution and cut down its carbon footprint.
- Manja Pamodzi signed an MOU with MTN to create a sustainable value chain and awareness of the benefits of recycling post-consumer solid waste such as plastic, cardboard and paper. The programme also has a focus on women's empowerment to assist vulnerable women to make make a steady source of income to support their families.

CLIMATE CHANGE

Our Goal: We aim to have 100% of our purchased electricity generated from renewable sources and a 25% reduction in CO_2 emissions across our value chain (science-based).

We are committed to driving de-carbonisation and building climate resilience in our operations through our sustainability agenda.

Our framework, Voyager Plant Optimization (VPO), drives efficiency at our plants through uniform processes and measurable standards of operation, quality, and safety, as well as consideration for the environment.

We continued to track and manage our water and energy usage in all our plant operations and distribution. Sustainability and efficiency are also at the heart of the US$80 million investment in the expansion of our Mungwi Road plant in Lusaka with the introduction of green technology and infrastructure in our water heating processes.

Corporate Governance

ENTRENCHING GOVERNANCE: MAKING COMPLIANCE A HABIT

01. We dream big.

02. We are owners who think long-term.

03. We are powered by great people and build diverse teams through inclusion and collaboration.

04. We lead change and innovate for our consumers.

05. We grow when our customers grow.

06. We thrive when our communities thrive.

07. We believe in simplicity and scalable solutions.

08. We manage costs tightly and make choices to drive growth.

09. We create and share superior value.

10. We never take shortcuts.

In October, we held a compliance week with the theme “Make Compliance a Habit”, focusing on the acronym **H**onesty, **A**ccountability, **B**oldness, **I**ntegrity and **T**olerance. This was an opportunity to conduct refresher training on our key governance policies, including diversity and inclusion.

During the year we revised our 10 Principles to better reflect our continued drive to deliver our consumer satisfaction, innovating by digitising and transforming our route to market, and optimising operations for maximum efficiency and sustainability.

OUR MISSION STATEMENT AND GOALS

#futurewithmorecheers

Our purpose is to Dream Big to Create a Future with More Cheers, a future that everyone can celebrate and everyone can share, where we dream big to serve up new ways to meet life's moments, move our industry forward, and make a meaningful impact in our communities and the world.

A Strong Vision for the Future

We believe in celebrating life. Millions enjoy our products every day, and we strive to make sure every experience with beer is positive. We are also committed to improving the communities we are a part of and playing a positive role within them. Sustainability is not just related to our business, it is our business.

THE BOARD, AUDIT AND MANAGEMENT COMMITTEES

The Board of Directors Composition

MEMBERS	
Monica Musonda	Independent Non-Executive
Jito Kayumba	Independent Non-Executive
Michelle Kilpin	Executive
Yannick Bomans	Non-Executive (resigned 10/10/22)
Obed Somali	Executive
Elisha Dhenanath	Non-Executive (appointed 10/10/22)

ATTENDANCE	25th February 2022	27th May, 2022	3rd August 2022	21st November 2022
Monica Musonda	✓	✓	✓	✓
Jito Kayumba	✓	✓	✓	✓
Obed Somali	✓	✓	✓	✓
Michelle Kilpin	✓	✓	✓	✓
Yannick Bowman (resigned 10/10/22)	✓	✓	-	-
Elisha Dhenanath (appointed 10/10/22)				✓

The Audit Committee

MEMBERS	
Jito Kayumba	Independent Non-Executive
Priya Sohawon	Committee Member
Yannick Bomans	Non-Executive (resigned 10/10/22)
Elisha Dhenanath	Non-Executive (appointed 10/10/22)

ATTENDANCE	25th February 2022	29th July 2022
Jito Kayumba	✓	-
Yannick Bomans (resigned 10/10/22)	✓	✓
Priva Sohawon	✓	✓
Elisha Dhenanath (appointed 10/10/22)	-	-

The Management Committee

MEMBERS	FUNCTION
Michelle Kilpin	Country Director
Obed Somali	Country Lead Finance
Shula Kampampa	Head of Solutions
Sibajene Munkombwe (resigned 9/11/22)	Head of Marketing
Thelma Kaonga (Appointed 12/12/2022)	Head of Marketing
Bwalya Sampa (Appointed 14/02 /2022)	Head of Logistics and Planning
Ezekiel Sekele (resigned 31/12/22)	Corporate Affairs Director
Sharon Lima (resigned1/06/22)	Country Lead People
Simon Nyondo	Head of Procurement
Albert Malunga	Lusaka Brewery Plant Manager
Esther Mapenda	Ndola Brewery Plant Manager
Tapiwa Pasi	Malting Plant Manager
Franz Schepping	Director Brewing Operations
Deborah Bwalya	Legal Counsel

The Audit Committee sat to review, make recommendations and provide assurance to the Board as to the state of the company's internal control environment and financial management adequacy. The Audit Committee relies on Management Representation Letters as giving assurance from various funtions.

Both the Board and Audit Committee comprise independent non-executive members with a broad balance of skills, and knowledge of the business and the environment.

Nominations to the Board were approved by the full Board of Directors, taking into consideration the skills balance on the Board.

The Chairman of the Board is an independent non-executive Director and Board members retire and are re-elected at the Annual General Meeting in line with the Company's Articles of Association and the Companies Act.

The appointment of the statutory Auditor of the company and the determination of the Auditor remuneration is approved by the Board and the shareholders in the Annual General Meeting.

The separation of responsibilities between the Board Chair and the Country Director is set out in a formal Delegation of Authority document approved by the Board to ensure that no single individual has unfettered decision-making powers. Corporate acts, strategic planning, capital expenditure and annual budget approval, asset disposals and borrowing powers remain the remit of the Board.

The Management Committee implements strategy and provides operational oversight. The Committee met on a monthly basis during the period under review. Each function head sits on the Management Committee and is accountable to the Board regarding compliance of operational risks and implementation of control measures.

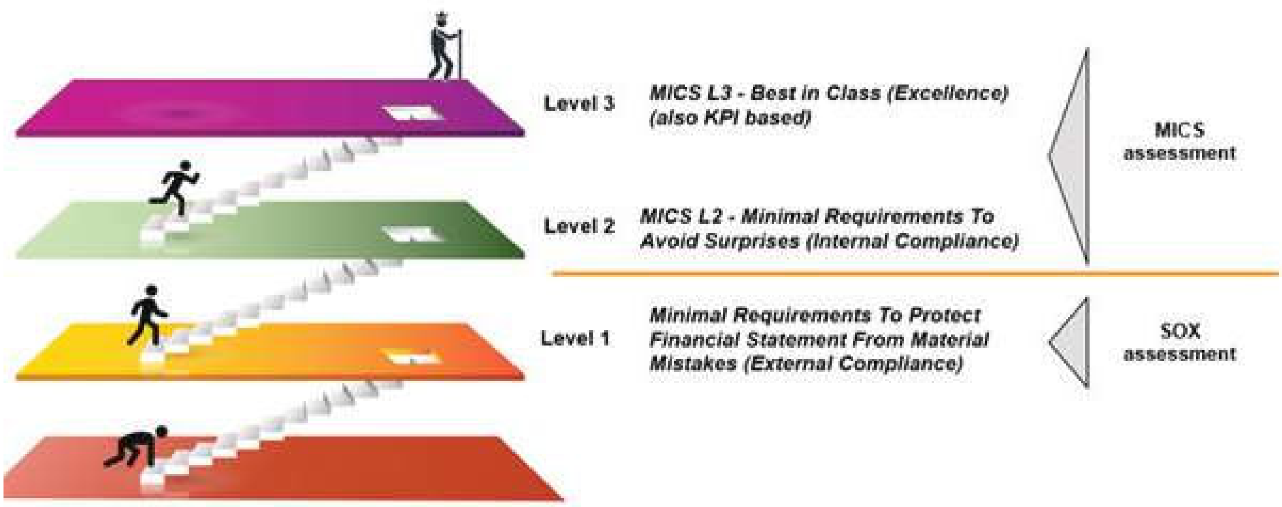
INTERNAL CONTROLS

In compliance with Securities and Exchange Commission requirements, the Board and Management has assessed the internal controls over financial reporting as of 31st December, 2022.

The Management of Zambian Breweries is responsible for establishing and maintaining adequate internal controls over financial reporting. To achieve this, the company has adopted the AB InBev's financial control framework.

In 2022, we amended our Internal Control framework to assess the maturity of our controls for automation and standardisation.

We differentiate between minimum requirements (SOX) and internal requirements to assess automation and standardisation of controls. For Internal purposes, we now measure the compliance of our minimum control framework (MICS) to controls described as level 2: minimum requirements and gaps; and level 3: best in class controls implementation.



ABI Internal Control framework

AB InBev's financial internal control framework is based on four pillars:

1. Minimum Internal Control Standards (MICS) and SOX Certification
2. Global Internal Control policies
3. Delegation of Authority Guide (DAG)
4. Finance Sustainability Index (FSI)

Compliance Platforms

BrewRight is a data analytics platform designed to assist in identifying, monitoring, analysing and remediating compliance risks across various parts of the business. It serves the company's longer term compliance and internal controls objectives by providing global users with timely access to key compliance and transactional data.

It scores transactions with vendors the business interacts with and scores each transaction on a points basis with specific at-risk criteria being taken into consideration. Vendors who get a high risk score through due diligence are referred for oversight and an investigative process by the compliance team to assess the risk. An example is potential Touch Point Vendors (TPVs), these are vendors who have Government interactions and always go through a due diligence process on their transactions with the company. Other transactions we assess are rushed payments and duplicate payments.

The anti-trust dashboard assesses risk based on anti-competitive conduct, active competition cases or fines for anti-competitive conduct. The results of competition compliance audits are also reviewed and uploaded on this platform and any potentially risky conduct identified on the platform mitigated.

ComplianceLaw 360 is the platform used to automate and build the compliance library and an effective tool in regulatory and statutory compliance management. This platform is used to upload licences that are then regularly reviewed, and alerts sent on any licences due to expire.

What is the role of Global Risk Management (GRM) at ABI?

The Global Risk Management Team is responsible for reviewing the effectiveness of ABI's internal control framework and for working with process owners to implement improvements.

Management
What is Enterprise Risk Management?

Framework ERM is a structured and coordinated, entity-wide governance approach to identify, quantify, respond to, and monitor the consequences of potential events.

It is not a process, a tool, a department, or a list of risks, it is how an organisation makes better business decisions.

POLICIES

CODE OF ETHICS We must always adhere to the highest standards of business integrity and ethics, as well as respect and comply with all applicable national and supra-national laws and regulations.	**GLOBAL WHISTLEBLOWER POLICY** We believe that the true measure of success is not just the results we achieve, but how we achieve them. For this reason, there should be no gap between what we say and what we do. A crucially important element of this is the commitment to an open culture where people feel secure in seeking advice and raising concerns.
HUMAN RIGHTS POLICY We are committed to business practices that support and respect human rights and align with the UN Global Compact principles. Our Global Human Rights policy sets out standards, expectations and commitments in relation to our responsibility to respect and promote human rights within our own company and to not, knowingly, contribute to the violations of human rights by other parties.	**GLOBAL ANTI-HARASSMENT AND ANTI-DISCRIMINATION POLICY** We believe each of us is responsible for promoting a culture that results in a safe, positive, diverse and inclusive work environment where people can flourish. We are committed to ensuring our colleagues can thrive in an inclusive workplace free from all forms of harassment, including unfair discrimination, sexual harassment and sexual misconduct.
GLOBAL RESPONSIBLE SOURCING POLICY We look at our entire value chain for opportunities to reduce costs, limit environmental impacts and improve economic stability among our many suppliers and surrounding communities. Our third party contractors undertake to abide by our contractual provisions on ethical trading, including: Anti-Bribery, Human Rights and Labour Standards, Sustainable Development Priorities, No discrimination, submission to compliance and risk assessments, including the investigating and closing of any non-compliance issues and any ethically-related on-site audits.	**RESPONSIBLE MARKETING AND COMMUNICATIONS CODE** As a leading brewer, we take great pride in producing and marketing our beers with quality and care. Our Responsible Marketing and Communications Code helps us strive to ensure that our communications are honest, truthful, in keeping with contemporary standards of good taste, and sensitive to cultural differences between markets. Compliance with the Code is mandatory for all of our marketing, sales, promotion and communications efforts, and includes both traditional, as well as digital media.
PRODUCT QUALITY Our passion for beer transfers to our uncompromising commitment to quality that ensures our consumers enjoy the freshest, best-tasting beers. We follow a comprehensive quality management system at our breweries and facilities to maintain product safety, and we extend these standards to our suppliers as well. If consumers should have any questions, comments or issues, they may call our toll-free customer service number printed on our packaging and speak to a company representative.	**DIVERSITY AND INCLUSION** We believe that our greatest strength is our diverse team of people. We are committed to a work environment where all colleagues are respected and valued, and feel comfortable being their authentic selves at work every day.
ANTI-CORRUPTION POLICY This Global Anti-Corruption Policy supplements the general provisions set out in the Company's Code of Business Conduct and is designed to help colleagues comply with the U.S. Foreign Corrupt Practices Act, UK Bribery Act and other applicable laws relating to bribery and corruption, government conflict of interest and public disclosure laws.	**RESPONSIBLE DISCLOSURE POLICY** We strive to protect the data of its employees, partners, customers and others who use our products and services. We dream big about the future we want to shape and how we can do our part to realize it, which is why we are committed to supporting the security research community acting in good faith to help us maintain a high standard for the security and privacy of our users. This includes encouraging responsible vulnerability research and disclosure.
RESPONSIBLE SOURCING We look at our entire value chain for opportunities to reduce costs, limit environmental impacts and improve economic stability among our many suppliers and surrounding communities. This includes ensuring that the companies from which we purchase products and services are operating in an ethical and responsible manner. Our responsible sourcing policy communicates our expectations in these areas and how we are assessing our suppliers' performance through a variety of engagements.	**RESPONSIBLE SOURCING PRINCIPLES FOR FARMS** We take great pride in producing and marketing our beers with quality and care.

POLICIES CONTINUED

ENVIRONMENTAL POLICY AND PRINCIPLES

Our purpose is to Dream Big to Create a Future with More Cheers. In support of this objective, we strive for shared prosperity for our company, communities and nature. We work vigorously to achieve a high standard of environmental performance throughout our organization and set clear, measurable goals guided by the following principles and standards:

- Climate change and zero emissions
- Water stewardship
- Eliminate waste and maximize co-products
- Circular packaging
- Sustainable agriculture
- Legal compliance

These principles and standards guiding our operations are reflected in our Voyager Process Optimization tool (our frontline management system) and cascaded to all operations. Our progress and governance of the management of these principles and standards are included in our annual reporting.

WATER POLICIES AND PRINCIPLES

Water is a key ingredient in our products, and a critical resource for the health and well-being of every community around the world. We aim to make a positive contribution to watershed health across our operations and value chain. We are committed to the principles and guidance contained in the UN Guiding Principles on Business and Human Rights which acknowledges access to water and sanitation as a human right. With water as a key component of our purpose to Dream Big to Create a Future with More Cheers, we developed a comprehensive approach to water stewardship as part of our overall environmental management.

RESPONSIBLE MARKETING AND COMMUNICATIONS

Our Responsible Marketing and Communications Code helps us strive to ensure that our communications are honest, truthful, in keeping with contemporary standards of good taste, and sensitive to cultural differences between markets. Compliance with the Code is mandatory for all of our marketing, sales, promotion and communications efforts, and includes both traditional, as well as digital media.

PUBLIC POLICY

We actively develop strong working relationships with public officials, emerging leaders and influential members of the communities where we live and work. In many cases, we work with outside consultants who are familiar with the legislative process, as well as local laws relevant to the company's business.

All of our public policy expenditures and activities comply with local laws, as well as with our own approval processes. We strive to ensure that our actions work to support the best interests of our company, employees, shareholders, and consumers, as well as the communities in which we do business.

SMART DRINKING AND HEALTH POLICIES

SMART DRINKING & HEALTH POLICIES

Producers of beer, wine, and spirits recognise that the harmful use of alcohol has a serious effect on public health and is a risk factor for non-communicable diseases. We are concerned about individuals who abuse alcohol and the negative impact this behaviour has on them, their families and on society. We, therefore, support the WHO Global Strategy to Reduce the Harmful Use of Alcohol and are committed to its vision for improved health and social outcomes for individuals, families and communities.

We furthermore take seriously the important positive role Member States have identified for producers, distributors, marketers, and sellers of beer, wine, and spirits in enhancing global action on this important issue.

RESPONSIBLE DRINKING POLICY

As a responsible employer, our employees' safety and welfare at work is a top priority. That is why we have a policy regarding drinking at work. This policy outlines the responsibilities of the company as well as those of the employee, and it gives clear guidelines about what is expected of both.

HEALTH POLICY

In support of this dream, we will work vigorously to achieve high standards of occupational Health and Safety throughout the organization. We will strive to prevent all accidents, injuries and occupational illnesses within our operations.

GOVERNANCE CHARTER

For the company, the issue is twofold. Corporate governance concerns both the effectiveness and the accountability of its Board of Directors.

Effectiveness, and therefore the quality of leadership and direction that the Board provides, is measured by performance, which is ultimately reflected in enhanced shareholder value.

Accountability, including all the issues surrounding disclosure and transparency, is what provides legitimacy to the Board's actions. Shareholders elect directors to run the company on their behalf and the Board is accountable to shareholders for its actions. Rules of corporate governance have been established by the Board to reinforce its standards for the company. As part of these rules, the company has adopted a Code of Business Conduct, supplemented by a global anti-corruption policy.

The Corporate Governance Charter aims at providing a transparent disclosure of the Company's governance, which is further detailed in the Company's Articles of Association. It will be periodically reviewed and updated as required.

TRAINING

In addition to training and reinforcement activities conducted during our compliance week in October, the year saw the completion of various training initiatives for managers and employees generally, including conflict of interest and how to declare an interest, general compliance with the Code of Ethics and Anti-Corruption Policy, Competition Law awareness for Sales Representatives at our Sales Academy and reminders online for data privacy and cyber-security.

ALCOHOL RESPONSIBILITY

At the core of the National Alcohol Policy (NAP) is the upholding of human rights, including protection from abuse, the right to do legitimate business and consume alcohol in accordance with the law, recognising the need for political will and leadership, a multi-sectorial, sustainable and public health-oriented approach that is based on science and objective information.

The NAP further focuses on education, treatment and rehabilitation of abusers of alcohol, and the role of statutory bodies and key players in implementing the legal framework. Despite lax enforcement of legislative measures and illicit alcohol, alcohol which is manufactured, distributed, sold legally and consumed responsibly, mitigates the harmful effects of alcohol.

We adopt policies and initiatives that align with the NAP and facilitate sensitization for harm reduction in the communities in which we operate.

Our smart drinking goals aim to educate and sensitize consumers and bar owners through implementation of evidence-based initiatives such as:

- **Road Safety:** enhance road safety through responsible consumption awareness programmes and small scale infrastructure improvement through collaborations with the local Road Safety and Transport Agency (RTSA)
- **Influencing Social Norms:** dedicated social marketing campaigns, social intervention programmes, retailer awareness and youth empowerment programs such as the Smart Drinking campaign, the Mentorship Programme and Screening and Brief Intervention Program as well as retailer engagements in collaboration with Local Councils, which all seek to influence social norms and behaviours around alcohol consumption.
- **Expanding Portfolio:** invest in research and market insights to create access to No- and Lower-Alcohol options giving consumers choice alternatives to the traditional clear beer.
- **Increasing Alcohol Literacy:** enhance information sharing through our guidance labels and social platforms. Increase awareness amongst the youth and broader consumers on the dangers of alcohol abuse through thought leadership activities.

Through our initiatives we continue to liaise with various stakeholders, including the Non-Government sector, Private Sector, Drug Enforcement Commission, Local Councils, the Ministry of Health, the Zambia Revenue Authority with the aim of collaborating to reduce the harmful effects of alcohol abuse. We believe that alcohol consumed in moderation creates social cohesion and our Smart Drinking programmes focus on driving consumer and general public behaviour change through engagement and awareness.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

VPO Dream & Mission

Voyager Plant Optimization (VPO) is the AB InBev way to operate our facilities and it has the objective to achieve sustainable results by creating a culture of continuous improvement and empowerment within the supply organization.

The Management Pillar handbook supports the dream and mission of Voyager Plant Optimization by creating a culture of continuous improvement and empowerment within the facilities.

VPO Maturity Levels

We have six VPO Maturity Levels to drive evolution and high performance in our facilities.

The Lusaka plant is currently at sustainability level: the facility has shown sustainability in its means (VPO) to improve its results (KPIs) year-over-year. The Sustainability Index is the way that we measure year-over-year improvement and results stability at an operation. It measures each facility to determine that the results have been achieved through the correct application of the means.

QUALITY

The company ensures that it maintains independent product certification for its manufacturing operations from Zambia Compulsory Standards Agency (ZS 430 Clear Beer Manufacturing).

SHAREHOLDER COMMUNICATION AND WIDER STAKEHOLDERS

The Shareholder Communication and Wider Stakeholders diagram demonstrates the breadth of our wider stakeholder engagement. We are mindful of the fact that we have a licence to trade from the community and that the sustainability of our business depends on our contribution to Government policies, the economy, our consumers and all our stakeholders.

Shareholder Communication and Wider Stakeholders

RECOGNITION THROUGHOUT THE YEAR

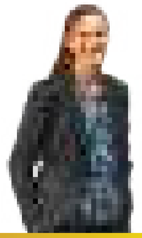
We are proud to say that we received the following recognition from external stakeholders in the course of 2022:

1. Public Relations Association of Zambia awards: Best Digital Media award— 2022
2. Quality Awards: Mosi Brand wins 2022— Silver Award in the Monde International Awards
3. Zambia Man of the Year Awards: Sept/Oct 2022: Marketing Director- Sibajene Munkombwe the Best Man of Year— Marketing category.
4. Zambia Bureau of Standards Quality Award— SADC: Best Product for 2020

Board of Directors

Monica Musonda

Monica Musonda joined the Board as Chair in 2019. Founder of Java Foods, she is a corporate lawyer turned entrepreneur. She has over 17 years' post-qualification experience (having worked both in private practice and as in-house corporate counsel in the UK, South Africa, US and Nigeria). She sits on several boards as non-executive director. She was the recipient of the 2017 African Agribusiness Entrepreneur of the Year Award, a Young Global Leader (World Economic Forum) and is an Archbishop Desmond Tutu Leadership Fellow. She holds an LLB from the University of Zambia and an LLM from the University of London.



Michelle Kilpin

As Country Director Michelle has been an executive Board Director since July 2021. She joined South Africa Breweries in 2004 as a Sales Representative, progressing to Formal on-Premise Channel Manager before working under AB InBev as Regional Director, Trade Marketing Director - South Africa and Innovation Director — Africa Zone for AB InBev. She holds a Bachelor of Commerce (Hons.) from the University of Johannesburg.

Jito Kayumba

Jito Kayumba was appointed to the Board in July 2019 and chairs the Audit Committee. He was a partner at Kukula Capital. He serves on boards in various sectors, including the financial sector. He is a certified investment advisor, holds a degree in Political Science from Canada's Concordia University and a Master's degree in Business Administration from ALU School of Business. He is currently Special Advisor to the President of the Republic of Zambia.

Yannick Bomans

Yannick Bomans was Finance Director South East Africa at Anheuser-Busch InBev and held various executive positions in finance and strategy since 2009. He joined the Group with an audit background, having begun his career with Deloitte Touche in 2006. He holds a Masters degree in Commercial Engineering from KU Leuven in Belgium. Having joined the Board in 2021, he resigned in October, 2022 to take up a new Group position.

Board of Directors

Elisha Dhenanath

Elisha is currently the Finance Director for the Group's Business Unit in South-East Africa with extensive experience in company financial functions across Africa i.e. managing finance teams, audit and risk management, and overview of budget processes, board and auditor engagement. In addition, she has exposure to trading foreign exchange, money market, derivative and equity as well as debt capital market activity, both internationally and locally. She is an Actuarial Science graduate. She was appointed to the Board in October 2022.

Obed Somali

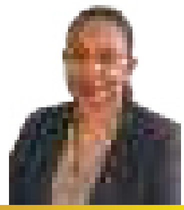
Obed assumed the position of Country Lead Finance in 2020. He has grown through the company with a solid track record in various accounting and finance functions, having joined in 2013. He has held positions in Accounts Payable, Treasury, Tax, Asset Management and Planning. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA), the Zambia Institute of Chartered Accountants (ZICA) as well as a Chartered Global Management Accountant.

Management Committee

Country Director

Michelle Kilpin

Michelle took up the role of Country Director in July 2021. She joined South Africa Breweries in 2004 as a Sales Representative, progressing to Formal on-Premise Channel Manager before working under AB InBev as Regional Director, Trade Marketing Director - South Africa and Innovation Director — Africa Zone for AB InBev. She holds a Bachelor of Commerce (Hons.) from the University of Johannesburg.



Plant Manager Ndola

Esther Mapenda

Esther was appointed as Plant Manager at our Ndola site in May 2021. She commenced her career with the business in 2005 as a Quality Assurance Superintendent. She has since held various positions in the quality function including a regional role which she took up in 2017 with the AB InBev Group. She holds a Diploma in Brewing from the Institute of Brewing and Distilling, a Bachelor of Food Science and Technology degree from the University of Zambia, and a Master of Science in Quality Assurance from the California State University.

Head of Logistics and Planning

Bwalya Sampa

Bwalya joined the team in February 2022 as Head of Logistics and Planning having previously served as Head of Management Control at Lactalis Zambia Ltd (formerly known as Parmalat), Logistics Business Analyst at Lafarge Zambia Plc, various management roles at Standard Chartered Bank Zambia Plc and an Associate Tax Consultant at PricewaterhouseCoopers Zambia Ltd (PwC). She is a seasoned Finance and Operations Professional with over 14 years of experience, a Fellow of the Association of Chartered Certified Accountants (ACCA) and an Associate of the Zambia Institute of Chartered Accountants (ZICA).

Country Lead Finance

Obed Somali

Obed assumed the position of Country Lead Finance in 2020. He has grown through the Company with a solid track record in various accounting and finance functions, having joined in 2013. He has held positions in Accounts Payable, Treasury, Tax, Asset Management and Planning. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA), the Zambia Institute of Chartered Accountants (ZICA) as well as a Chartered Global Management Accountant.

Head of Marketing

Thelma Kaonga (appointed December 2022)

Thelma took up the position of Head of Marketing in December 2022, having 12 years' experience in FMCG, and she previously worked as Brand Manager for regional beer brands and prior to that for Coca-Cola at Zambian Breweries Plc. She has considerable experience in driving brand growth through creative and innovative strategies. She holds a Bachelor of Arts Degree in Development Studies (University of Zambia), a Chartered Institute of Marketing Professional Diploma and is pursuing a Master of Business Administration in Strategic Management, (University of Zambia).

Head of Marketing

Sibajene Munkombwe (resigned November 2022)

Sibajene Munkombwe was appointed Country Head of Marketing in January 2018 and resigned from the company in November 2022. Having joined the business in 2012 as Marketing Insights Manager and Business Planning Manager, he held diverse positions mainly in the Government and NGO sectors. He has a degree in Business Administration from the Copperbelt University. He is a member of the Zambia Institute of Marketing.

Head Procurement

Simon Nyondo

Simon has been in the role of Country Procurement Head since October, 2021 and has over 7 years' management experience in the procurement function. He holds a Bachelor's degree in Purchasing and Supply Chain Management from the Copperbelt University. He is also a full member of the Zambia Institute of Purchasing and Supply.

Plant Manager Lusaka

Albert Malunga

Albert joined the Management Committee in 2020. He has an extensive wealth of experience in manufacturing, having worked for TAP, Zambian Breweries and Coca Cola in different technical functions of manufacturing and completed the business management traineeship programme, He currently heads the manufacturing process for the Lusaka plant. He holds a Bachelor's Degree in Production Management from the Copperbelt University.

Country Lead People

Sharon Lima
(resigned June 2022)

Sharon joined the company and the Management Committee as Country Lead People in May 2019 and resigned in June 2022. She had eight years' experience in the Human Resources field in Zambia with a background of eight years in the UK Civil Service. Sharon holds a BA Hons degree in Human Resources and Business Law from the University of North London, UK (2001) and she is a member of the Zambia Institute of Human Resources Management.

Legal Counsel

Deborah Bwalya

Deborah joined the company in 2014 as Legal Counsel and Company Secretary. She has 17 years' experience in the legal profession, working in private practice and at Konkola Copper Mines Plc. She is an Advocate of the High Court of Zambia, a UK Chartered Company Secretary and holds an MBA from the University of Birmingham in the UK and an LLM in International Economic Law from the University of South Africa.

Malting Plant Manager

Tapiwa Pasi

Tapiwa has extensive experience in the malting and brewing industry. He joined Zambian Breweries as the Plant Manager for the Malting Plant in 2017. He has worked in different roles having started as Technical Trainee at Delta Beverages, a part of Delta Corporation Plc in Zimbabwe, where he rose to become the Maltings Plant Manager looking after the Sorghum Malting and Barley Malting Plants. During his 24 years in the industry Tapiwa has been exposed to different malting process technologies and has been instrumental in turning around the fortunes of malting plant operations.

Corporate Affairs Director

Ezekiel Sekele
(resigned Decmeber 2022)

Ezekiel was appointed Corporate Affairs Director in April 2015 and resigned in December 2022. He is a Fellow of ZICA, ACCA, Institute of Directors Zambia (IoDZ) and an Associate member of the Chartered Governance Institute UK and Ireland. He holds an MBA (Oxford Brookes University, UK), a Masters of Commerce in Development Finance (University of Cape Town, South Africa) and a Post-Graduate Diploma in Corporate Governance. He is the Immediate Past President of the Zambia Association of Manufacturers (ZAM) and served as Chairman for the Mulungushi University Council (2020 — 2021).

Brewery Operations Director

Franz Schepping

Franz was originally appointed Technical and Supply Chain Director for Zambian Breweries Plc in December 2011. He has an extensive career globally in brewing. He holds a Master's Degree from the Technical University in Munich in Brewing and Beverage Technology.

Head of Solutions

Shula Kampamba

Shula took up the position of Head of Solutions in 2018 and was appointed to the Management Committee in 2019, having joined Zambian Breweries Plc in 2014. Shula has 20 years' experience in the Information Technology sector. He holds a BSc in Computing and an MSc in Information Systems from the University of Greenwich, UK (2013).

Annual Report of the Directors of the Board

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2022, which disclose the state of affairs and performance of Zambian Breweries Plc (the "Company") and its subsidiary (together "the Group").

Principal activities

The principal activities of the Group are the manufacture and distribution of alcoholic beverages and transportation and storage through Zambian Breweries Distribution Company Limited.

Share capital and beneficial ownership information

The authorised share capital of the Company remained unchanged at 600 million ordinary shares of K0.01 each. The issued and fully paid-up share capital remained at 546 million ordinary shares of K0.01 each.

Zambian Breweries Plc shareholding and beneficial ownership is represented as follows:

Name of shareholder	Percentage of shareholding	Ultimate Beneficial Ownership
AB InBev Africa BV	87.13%	Anheuser-Busch InBev SA/NV
Public Free Float	12.87%	Public Free Float

There were no changes in the beneficial owners during the year (2021: None).

Significant events during the year

A new company was opened (Zambian Breweries Distribution Company Limited) to carry out the Distribution, Sales and Marketing operations. The Company was incorporated on 3rd February 2022 in Zambia and is wholly owned by Zambian Breweries Plc (AB InBev Africa BV holds one nominal share). The issued share capital is 22,576,008 ordinary shares at K1 each.

Results and dividend

The profit for the year of K99 million (2021: K148 million) has been added to retained earnings. The Directors have not declared a dividend (2021: Nil) nor have any dividends been paid during the year (2021: Nil).

Directors and remuneration

The Directors who held office during the year and to the date of this report were:

Name	Position	
Monica Musonda	Chairperson	
Jito Kayumba	Non-executive Director	
Obed Somali	Executive Director	
Michelle Nicola Kilpin	Executive Director	
Elisha Dhenanath	Executive Director	Appointed 10 October 2022
Yannick Nicolas Bomans	Executive Director	Resigned 10 October 2022

During the year, the total Directors' remuneration was K10.3 million (2021: K7.1 million), comprised of K9.4 million (2021: K6 million) for services rendered by executive Directors, and K0.86 million (2021: K0.7 million) for services rendered by non-executive directors.

Interests register information

During the year, the Group officers (directors, company secretary or executive officers of the Group) did not declare any material interest in the Group transactions and business (2021: None).

The interests' register, as required by the Companies Act, 2017 of Zambia, that should contain particulars of the interests declared, is available for inspection at the Company's registered office.

Annual Report of the Directors of the Board (Continued)

Average number of employees and remuneration

The total remuneration for employees during the year amounted to K177 million (2021: K179 million) and the average number of employees was as follows:

Month	Number	Month	Number
January	883	July	876
February	856	August	874
March	865	September	864
April	883	October	844
May	880	November	839
June	884	December	838

The Group has policies and procedures to safeguard the occupational health, safety, and welfare of its employees.

Gifts and donations

During the year the Group made donations of K0.03 million (2021: K5.7 million) to various charitable and sporting events.

Research and development

The Group did not incur any costs on research and development during the year (2021: Nil).

Exports

During the year, the Group exported K19 million (2021: Nil) worth of goods to Tanzania and Mozambique.

Property, plant and equipment

During the year, the Group purchased property, plant and equipment amounting to K1 billion (2021: K641 million). In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

Company Auditor and remuneration

The Auditor, PricewaterhouseCoopers Zambia, has indicated its willingness to continue in office and a resolution for their reappointment will be proposed at the next Annual General Meeting.

The Auditor remuneration for the year was K3.7 million (2021: K2.3 million) as regards audit services.

Signed on behalf of the Board of Directors,

Monica Musonda
Chairperson of the Board

7th March 2023

Michelle Kilpin
Country Director

7th March 2023

Statement of Directors' Responsibilities

For the year ended 31 December 2022

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group. They are also responsible for safeguarding the assets of the Group. The Directors are further required to ensure the Group adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 40 to 81 give a true and fair view of the state of the financial affairs of the Group and of its financial performance in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of these annual financial statements.

In the event the Group becomes unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these annual financial statements.

Signed on behalf of the Board of Directors

Monica Musonda
Chairperson of the Board

7th March 2023

Michelle Kilpin
Country Director

7th March 2023

Independent Auditor's Report

Independent auditor’s report

To the Shareholders of Zambian Breweries Plc

Report on the audit of the Group and Company annual financial statements

Our opinion

In our opinion, the Group and Company annual financial statements give a true and fair view of the Group and Company financial position of Zambian Breweries Plc (the “Company”) and its subsidiary (together the “Group”) as at 31 December 2022, and of the Group and Company financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia.

What we have audited

Zambian Breweries Plc’s Group and Company annual financial statements are set out on pages 40 - 81 and comprise:

- the Group and Company statement of financial position as at 31 December 2022;
- the Group and Company statement of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the Group and Company annual financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the Group and Company annual financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, PwC Place, Stand No. 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia
T: +260 (0) 211 334000, F: +260 (0) 211 256474, www.pwc.com/zm

A list of Partners is available from the address above

Report on the audit of the Group and Company annual financial statements (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Company annual financial statements of the current period. These matters were addressed in the context of our audit of the Group and Company annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1. Impairment of Goodwill	
The annual impairment assessment of goodwill requires the application of assumptions and judgements in order to estimate the recoverable amount of the Cash Generating Units (CGUs) to which the goodwill recognised is attributed. The recoverable amount of the CGU has been determined based on a value in use calculation. Key assumptions used in the calculation include: • estimating the cash flows that will be generated in the future; • estimating the long-term growth rate; and • determining the discount rate to be used We determined this to be an area of focus for the audit on account of the significance of the judgments applied by the directors in determining the recoverable amount of this Cash Generating Unit ("CGU'). Refer to Note 3 (Critical accounting estimates and assumptions) and Note 14 (Intangible Assets).	In assessing the reasonableness of the assumptions applied by the directors, we performed the following procedures: ● agreed the cash flow forecasts to the most recently approved budgets; ● tested the appropriateness of assumptions used in preparing the cash flow forecasts and Company budget; ● assessed the reasonableness of the projected cash outflows arising on repairs and maintenance expenditure against historic performance and commitments ● assessed the reasonableness the long-term growth rate against the historical growth rate of the business; ● assessed the discount rate used to ensure that it was representative of the risks specific to the CGU; ● we evaluated the sensitivity of the Company's goodwill to fluctuations in the key assumptions applied to ascertain the extent to which the key inputs would have to change before goodwill would be considered impaired; ● we tested the mathematical accuracy of the goodwill assessment performed and agreed information used to the general ledger and financial statements, and ● tested the financial statement disclosures.

Report on the audit of the Group and Company annual financial statements (continued)

Other matter

Following the incorporation of the subsidiary, Zambian Breweries Distribution Company Limited on 3 February 2022, the year ended 31 December 2022 is the first time Group and Company annual financial statements have been prepared. Sufficient appropriate audit evidence was obtained regarding the comparatives of the Group and Company annual financial statements as the Company was audited in prior years.

Other information

The Directors are responsible for the other information. The other information comprises the Group's Annual Report but does not include the Group and Company annual financial statements and our auditor's report thereon.

Our opinion on the Group and Company annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group and Company annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Group and Company annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Group and Company annual financial statements

The Directors are responsible for the preparation of the Group and Company annual financial statements that give a true and fair view in accordance with IFRS as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Securities Act, 2016 of Zambia and for such internal control as the Directors determine is necessary to enable the preparation of Group and Company annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company annual financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Report on the audit of the Group and Company annual financial statements (continued)

Auditor's responsibilities for the audit of the Group and Company annual financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company annual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and Company annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Group and Company annual financial statements, including the disclosures, and whether the Group and Company annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group and Company annual financial statements. We are responsible for the direction, supervision and performance of the Group. We remain solely responsible for our audit opinion.

Report on the audit of the Group and Company annual financial statements (continued)

Auditor's responsibilities for the audit of the Group and Company annual financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the Group and Company annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Zambian Breweries Plc, we report on whether:

i. as required by section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Group and Company Auditor, have in the Group and Company;

ii. as required by section 259 (3)(b), there are serious breaches by the Group's and Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia;

iii. in accordance with section 250 (2), as regards loans made to a Group or Company Officer (a director, group or company secretary or executive officer of the group or company), the Group or Company does not state the:

   - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or

   - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.

Report on other legal and regulatory requirements (continued)

The Securities Act, 2016 of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Zambian Breweries Plc we report on whether:

i) the Group and Company annual financial statements of the Bank have been properly prepared in accordance with Securities and Exchange Commission rules;

ii) the Group and Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;

iii) the Group and Company statement of financial position and Group and Company statement of comprehensive income are in agreement with the Bank's accounting records; and

iv) we have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Chibuye.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

7 March 2023

Andrew Chibuye
Practicing Certificate Number: AUD/F002378
Partner signing on behalf of the firm

Financial Statements

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Statement of profit or loss and other comprehensive income

		Group		Company	
		2022	2021	2022	2021
	Notes	K'000	K'000	K'000	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)
Gross profit		1,366,296	1,044,102	1,342,970	1,044,102
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)
Operating profit		293,976	190,180	226,989	190,180
Finance income	9	33	2,978	33	2,978
Finance costs	9	(151,843)	(86,936)	(151,839)	(86,936)
Profit before income tax		142,166	106,222	75,183	106,222
Income tax (expense) / credit	11	(42,918)	41,730	(28,972)	41,730
Profit for the year		99,248	147,952	46,211	147,952
Other comprehensive income		-	-	-	-
		99,248	147,952	46,211	147,952
Total comprehensive income:					
Total comprehensive income for the period is attributable to:					
Owners of Zambian Breweries Plc		86,475	128,911	40,263	128,911
Minority - controlling interests		12,773	19,041	5,947	19,041
		99,248	147,952	46,211	147,952
Basic and diluted earnings per share	20	0.18	0.27	0.08	0.27

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

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Statement of Financial Position

	Notes	Group 2022 K'000	Group 2021 K'000	Company 2022 K'000	Company 2021 K'000
Assets					
Non-current assets					
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
		3,056,970	**2,511,331**	**3,053,521**	**2,511,331**
Current assets					
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
		1,741,764	1,066,702	1,618,549	1,066,702
Total Assets		**4,798,734**	**3,578,033**	**4,672,070**	**3,578,033**
Equity and liabilities					
Equity attributable to owners					
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
		1,238,252	**1,139,004**	**1,185,215**	**1,139,004**
Liabilities					
Non current liabilities					
Deferred income tax	21	492,153	523,375	500,992	523,375
Current liabilities					
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
		3,068,329	1,915,654	2,985,863	1,915,654
Total Equity and liabilities		**4,798,734**	**3,578,033**	**4,672,070**	**3,578,033**

The annual financial statements and the notes which form an integral part thereof on pages 40 to 81 were approved for issue by the Board of Directors on 7th March 2023 and signed on its behalf by:

Monica Musonda
Chairperson of the Board

7th March 2023

Michelle Kilpin
Country Director

7th March 2023

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

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Statement of Changes in Equity

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

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

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Statement of Cash Flows		**Group**		**Company**	
		2022	**2021**	**2022**	**2021**
	Notes	**K'000**	**K'000**	**K'000**	**K'000**
Cash generated from operating activities					
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)
Net cash inflow / (outflow) from operating activities		**544,640**	**(340,486)**	**445,197**	**(340,486)**
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(1,009,450)	(641,442)	(1,009,450)	(641,442)
Assets transferred to subsidairy		-	-	(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)
Net cash outflow from investing activities		**(1,009,450)**	**(634,686)**	**(954,305)**	**(634,686)**
Cash flows from financing activities					
Proceeds from borrowings	22(i)	270,000	635,000	270,000	635,000
Loan principal repayments	22(i)	-	(35,000)	-	(35,000)
Net cash inflow from financing activities		**270,000**	**600,000**	**270,000**	**600,000**
Net increase / (decrease) in cash and cash equivalents		**(194,810)**	**(375,172)**	**(239,108)**	**(375,172)**
Movement in cash and cash equivalents					
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
At end of year	17	**(287,024)**	**(92,795)**	**(331,322)**	**(92,795)**

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

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements

1. General information

Zambian Breweries Plc is incorporated in Zambia under the Zambia Companies Act as a public limited company, listed on the Lusaka Stock Exchange and is domiciled in Zambia. The Company's registered office is:

Plot Number 6438
Mungwi Road Heavy Industrial Area
Lusaka
Zambia

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

Compliance with IFRS

Theannual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The annual financial statements comply with IFRS as issued by the International Accounting Standard Board (IASB).

Historical cost convention

Theannual financial statements have been prepared on historical cost basis, except where otherwise stated in the accounting policies below. The annual financial statements are presented in Zambia Kwacha (K). Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2022 have been approved for issue by the Directors.

The preparation ofannual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Basis of consolidation

Theannual financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated annual financial statmentss from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries where applicable.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(i) New and amended standards adopted by the Group

The Group has adopted the applicable new, revised or amended accounting pronouncements as issued by the International and Accounting Standards Board (IASB), which were effective for the Company from 1 January 2022.

The amendments to accounting standards below effective for the reporting period 1 January 2022 did not have any material impact on the Group's accounting policies and required no retrospective adjustments to the annual financial statements of the Group.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022.

Number	Effective date	Executive summary
Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Group (continued)

Number	Effective date	Executive summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	These amendments include minor changes to: •IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS. •IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. •IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

(ii) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 1 January 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These standards are not expected to have a material impact on the annual financial statements.

Number	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (Published Jan 2020))	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

i) Functional and presentation currency

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in Zambia Kwacha, which is the Group's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

(c) Revenue from contracts with customers

The Group's contracts with customers exist in various forms and typically take the form of signed agreements, approved customer purchase orders, invoices to customers, terms and conditions documents and customary business practices, all of which have commercial substance and impact the Group's future cash flows.

Sale of products

The Group manufactures and sells beverages to both direct customers (retail stores and supermarkets) and indirect customers (wholesalers and distributors).

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Therefore, management has determined that the performance obligation is the sale of finished goods by the Group to its customers.

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(c) Revenue from contracts with customers (continued)

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No significant element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

Accordingly, revenue is recognised at point in time upon delivery of products and customer acceptance. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Consideration payable to a customer

Gross-to-net reductions (GTN reduction) are generally payments and other considerations given to the trade (trade spending) or passed through to the consumer (consumer investment spending) or given to the customer (customer investment) and are presumed to be a reduction in the selling price of the Group's product. Trade spending typically involves discounts based on volume, early payment of invoices. All GTN reduction are accrued at the time of sell-in i.e. when the products are sold to the customers. Management estimates and accrues the cost of price concessions offered to the customer under the variable consideration guidance at the time of sell-in.

Contract modifications

Any subsequent purchase order/invoice is submitted at a future time and is independent from any previous or future order. Given that the contracts are for a single performance obligation and short-term in nature, contract modifications are generally not applicable to the Group.

Contract assets and liabilities

Contract assets primarily relate to the Group's right to consideration for the products delivered but not billed at the reporting date on the customer contracts. The contract assets are transferred to trade receivables when the rights become unconditional. Contract liabilities primarily relate to consideration received from the customer for which revenue is recognised when the goods and services are provided.

As at the reporting period, the Group had no contract assets and liabilities.

(d) Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income. Interest income is recognised using the effective interest method.

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(e) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. All assets are subsequently shown at cost less accumulated depreciation and accumulated impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Buildings	25 - 40 years
Plant and machinery	15 - 20 years
Containers and crates	3 - 5 years
Motor vehicles	4 - 5 years
Furniture and fittings and computer equipment	5 - 10 years

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use. Capital work in progress is measured at cost less impairments.

The asset's residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

2. Summary of significant accounting policies (continued)

(f) Intangible assets

i) Goodwill

Goodwill arose on the acquisition of subsidiaries and represented the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. On hive-up of operations, the Group allocated the goodwill to the operating segment or the CGU at alcoholic and non-alcoholic segments.

The unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill recognised has an indefinite useful life on which impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

In determining the useful life of Goodwill, the Directors have taken into consideration the following factors:

- The expected usage by the entity - the entity expects to make use of the assets for an indefinite period of time. In this regard, the entity has made massive investments in terms of plant and equipment over the years to ensure that the entity's operations continue;

- The typical product life cycle for the assets and published information about useful lives of similar assets that are used in a similar way - the treatment adopted by the Directors is in line with companies in the similar businesses in the same industry;

- The stability of the industry in which the asset operates and changes in market demand for the products or services from or related to the asset - Directors are of the view that the industry in which the entity operates is stable and hence the assets are more likely to be of use indefinitely;

- Expected actions by actual or potential competitors - there are no actual or potential competitors that will affect the market share of the entity.

ii) Computer software

Computer software licences are carried at cost less accumulated amortisation and the amortisation is calculated using the straight-line method. These costs are amortised over their estimated useful lives of three years. Costs associated with maintaining computer software program are recognised as an expense in profit or loss as incurred.

(g) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of raw materials, work in progress (WIP), finished goods and engineering spares is determined using the weighted average cost method less provision for impairment. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Financial instruments

Financial instruments comprise trade and other receivables (excluding prepayments), cash and cash equivalents, lease liabilities, borrowings and trade and other payables.

Financial assets and liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at reporting period satisfy the conditions for classification at amortised cost under IFRS 9.

The Group's financial assets include trade receivables, other receivables and cash and cash equivalents.

Financial liabilities

The Group's financial liabilities are classified as amortised cost. except for those derivative liabilities that are measured at fair value through profit and loss. Financial liabilities are recognised initially at fair value and inclusive of directly attributable transaction costs. The Group's financial liabilities trade and other payables, payables to customers, borrowings and Derivative financial instruments.

Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach to determine impairment of receivables. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the reporting period, there were no assets and liabilities off-set relating to financial instruments.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 4(b).

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(j) Other receivables and prepayments

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Prepayments are amounts paid in advance during the accounting period for an underlying asset that will be consumed in a future period. When the asset is used or consumed, the prepayments are amortised, and costs are recognised in operating expenses. Prepayments are stated at their nominal values in the financial statements.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

(m) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(p) Investment in subsidiary

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company accounts for investments in subsidiaries under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. The carrying amount of equity-accounted investments is tested for impairment.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) Employee benefits

i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented within trade and other payables in the statement of financial position.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

i) Retirement benefit obligations

The Group operates defined contribution retirement benefit schemes for its employees. The Group and all its employees also contribute to the National Pension Scheme Fund, which is a defined contribution scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees.

The Group's contributions to the defined contribution schemes are charged to profit or loss in the year in which they fall due.

(s) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statmentss. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

As disclosed in Note 21, deferred tax assets and liabilities are offset as there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority.

2. Summary of significant accounting policies (continued)

(s) Income tax (continued)

ii) Deferred income tax (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. Critical accounting estimates and judgements

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the annual financial statements.

The estimates and assumptions that have significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy stated in Note f(i). The recoverable amount of cash-generating units have been determined using the value in use model. The assumptions used in the calculations are as set out in Note 14(i).

ii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4(b).

iii) Estimation of deferred tax liability and current tax expense in relation to an uncertain tax position

The Group has an investment incentive license under the Zambia Development Agency (ZDA), Section 56 of the ZDA Act, No. 11 of 2006. Under the Act, the Group's Brewery plant located in Lusaka is taxed at a lower rate than the enacted tax rate.

Management considers it probable that a tax deduction will be available and has calculated the current tax charge on this basis. However, as the tax authority, the Zambia Revenue Authority (ZRA) is yet to confirm its interpretation, management has adopted a prudent approach by recognising a liability for anticipated taxes in deferred tax such that in the event that the tax authority will interpret the tax benefits differently, the tax expense will not be materially impacted. Refer to Note 21 for liability recognized.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's risk management framework and governance structures are intended to provide comprehensive controls and ongoing management of its major risks. The Board of Directors exercises oversight through delegation from the Board to various sub-committees, notably the Audit Committee and the Executive Committee, which are organised in line with risk management policies of AB InBev Africa BV, the parent company.

Financial risk management is carried out by the finance department and AB InBev under policies approved by the Board of Directors. An overview of the key aspects of risk management and use of financial instruments is provided below.

a) *Market risk*

(i) *Foreign exchange risk exposure*

Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), South African Rand (ZAR) and EURO (EUR). To manage foreign exchange risk, the Company holds bank balances in the relevant foreign currencies and continuously monitor markets and purchase any foreign currency required at the spot rate.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Group		**Exposure**		**Total**
	ZAR	**USD**	**EUR**	
As at 31 December 2022	**K'000**	**K'000**	**K'000**	**K'000**
Cash and cash equivalents	61,662	73,034	17,668	152,364
Trade and other payable	(222,554)	(321,862)	(24,163)	(568,579)
	(160,892)	(248,828)	(6,495)	(416,215)
As at 31 December 2021				
Cash and cash equivalents	11,148	73,176	3,270	87,594
Trade and other payable	(275,529)	(102,173)	(62,794)	(440,496)
	(264,381)	(28,997)	(59,524)	(352,902)

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

a) *Market risk (continued)*

(i) *Foreign exchange risk exposure (continued)*

Company		**Exposure**		**Total**
	ZAR	**USD**	**EUR**	
As at 31 December 2022	**K'000**	**K'000**	**K'000**	**K'000**
Cash and cash equivalents	49,463	62,379	4,012	115,854
Trade and other payable	(222,554)	(321,862)	(24,163)	(568,579)
	(173,091)	(259,483)	(20,151)	(452,725)
As at 31 December 2021				
Cash and cash equivalents	11,148	73,176	3,270	87,594
Trade and other payable	(275,529)	(102,173)	(62,794)	(440,496)
	(264,381)	(28,997)	(59,524)	(352,902)

Sensitivity

At 31 December 2022, if the Zambian Kwacha had weakened/strengthened by 8% (2021: 8%) against the South African Rand (ZAR) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K13 million (2021: K37 million) higher/lower, mainly as a result of the ZAR denominated trade payables, other receivables and bank balances.

At 31 December 2022, if the Zambian Kwacha had weakened/strengthened by 13% (2021: 13%) against the United States Dollar (USD) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K2.5 million (2021: K48 million) higher/lower, mainly as a result of the USD denominated trade payables and bank balances.

At 31 December 2022, if the Zambian Kwacha had weakened/strengthened by 10% (2021: 10%) against the Euro (EUR) with all other variables held constant, the effect on post-tax profit for the year and shareholders' equity would have been K0.17 million (2021: K1.2 million) higher/lower, mainly as a result of the ZAR denominated trade payables and bank

(ii) *Cash flow and fair value Interest rate risk*

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

Group	**2022 K'000**	**% of total loans**	**2021 K'000**	**% of total loans**
Variable rate borrowings	905,000	100%	635,000	100%
Company				
Variable rate borrowings	905,000	100%	635,000	100%

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

a) Market risk (continued)

i) Cash flow and fair value Interest rate risk (continued)

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings. None of the borrowings are referenced to a benchmark interest rate subject to interbank offered rates (IBOR) reform.

As at 31 December 2022, with other variables unchanged, a 2% (2021: 2%) decrease/increase in the base interest rate would have resulted in an immaterial effect on post-tax profit for the year and shareholders' equity (2021: Immaterial change in post-tax profit for the year and shareholders' equity).

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

i) Risk management

For banks and financial institutions, the Company only accepts reputable well-established financial institutions. The Company's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

ii) Security

For some trade receivables, the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

iii) Impairment of financial assets

The Company has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Cash and cash equivalents
- Other financial assets at amortised cost

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables is not disaggregated into further risk profiles other than days past due.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. However, as at period end and unchanged from prior year, management determined that the impact of generally observable macro-economic factors such as inflation, GDP, and interest rates on the loss rate was not material.

The amount that best represents the Company's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position less non financial assets (refer to note 16).

The loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables;

Group

31 December 2022	Current	31 - 60 days past due	61 - 90 days past due	91 -120 days past due	Over 120 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount	206,721	13,559	4,408	-	901	225,589
Expected Loss rate	3.28%	22.41%	78.70%	-	100%	
Loss allowance	(6,780)	(3,039)	(3,469)	-	(901)	(14,189)
Net carrying amount	199,941	10,520	939	-	-	211,400

31 December 2021	Current	31 - 60 days past due	61 - 90 days past due	91 -120 days past due	Over 120 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount	107,615.00	491.00	163.00	408.00	423.00	109,100
Expected Loss rate	3.1%	42.6%	59.5%	77.0%	100.0%	
Loss allowance	(3,336)	(209)	(97)	(314)	(423)	(4,379)
Net carrying amount	104,279	282	66	94	-	104,721

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

Credit risk (continued)

Company

31 December 2022	Current	31 - 60 days past due	61 - 90 days past due	91 -120 days past due	Over 120 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount	294,105	11,190	3,831	-	901	310,027
Expected Loss rate	0.01%	26.45%	52.45%	77.76%	100.00%	
Loss allowance	-	(1,484)	(3,017)	-	(901)	(5,402)
Net carrying amount	294,105	9,706	814	-	-	304,625

31 December 2021	Current	31 - 60 days past due	61 - 90 days past due	91 -120 days past due	Over 120 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount	107,615	491	163	408	423	109,100
Expected Loss rate	3.1%	42.6%	59.5%	77.0%	100.0%	
Loss allowance	(3,336)	(209)	(97)	(314)	(423)	(4,379)
Net carrying amount	104,279	282	66	94	-	104,721

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
At start of year	4,379	16,670	4,379	16,670
Impairment charge / (credit) recognised in profit or loss	11,963	(12,291)	3,176	(12,291)
Recoveries	(2,153)	-	(2,153)	-
	14,189	4,379	5,402	4,379

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

Credit risk (continued)

The loss allowance recognised is categorised as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Performing debtors	13,288	3,956	4,501	3,956
Non-performing debtors	901	423	901	423
	14,189	4,379	5,402	4,379

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other financial assets at amortised cost

Other financial assets at amortised cost relate to receivables from related parties, staff debtors, and sundry debtors. All of the Group's other financial assets at amortised cost are considered to have a low risk of default and the counter parties have a strong capacity to meet their contractual cash flow obligations in the near term.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining availability under committed credit lines and monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Expiring within one year (bank loan & overdrafts)	649,962	375,411	649,962	375,411

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

ii) *Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	**Less than 1 year K'000**	**Total K'000**
At 31 December 2022:		
Trade and other payables (excluding statutory liabilities)	1,515,623	1,515,623
Borrowings	1,291,673	1,291,673
	2,807,296	2,807,296
At 31 December 2021:		
Trade and other payables (excluding statutory liabilities)	1,168,611	1,168,611
Borrowings	721,936	721,936
	1,890,547	1,890,547
Company		
At 31 December 2022:		
Trade and other payables (excluding statutory liabilities)	1,682,382	1,682,382
Borrowings	1,291,673	1,291,673
	2,974,055	2,974,055
At 31 December 2021:		
Trade and other payables (excluding statutory liabilities)	1,168,611	1,168,611
Borrowings	721,936	721,936
	1,890,547	1,890,547

*Trade and other payables exclude statutory liabilities as these are imposed by law and therefore do not meet the definition of financial instruments.

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For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio which is calculated as Net debt divided by Total 'equity' (as shown in the statement of financial position).

During 2022, the Group's strategy, which was unchanged from 2021, was to maintain a gearing ratio of less than 50%. The gearing ratio is not part of the contractual debt covenants imposed by the lenders. Therefore, there is no adverse financing implications on the Group in the event that the ratio deteriorates. The gearing ratio at 31 December 2022 (2021) was as follows:

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Cash and cash equivalents	352,252	129,429	299,825	129,429
Borrowings	(1,291,673)	(697,110)	(1,291,673)	(697,110)
Net debt	(939,421)	(567,681)	(991,848)	(567,681)
Total equity	1,238,252	1,139,004	1,185,215	1,139,004
	76%	50%	84%	50%

The group net debt to equity ratio increased from 50% to 78% as a result of additional bank loans and overdrafts facilities drawn during the year as shown in Note 22(i). The increase is partially due to current expansion plans to increase capacity under the Lusaka plant including significant capex spend which will help drive the growth seen in the market. Post this, the debt is expected to start reducing and only normalise towards the end of 2024. The Group is additionally reviewing the capital structure of the business through the Treasury department to ensure that they have a sustainable funding plan in place.

e) Financial instruments by category

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Financial assets at amortised cost				
Trade and other receivables*	237,118	194,515	327,081	194,515
Cash and cash equilavents	352,252	129,429	299,825	129,429
	589,370	323,944	626,906	323,944
Financial liabilities at amortised cost				
Borrowings	1,291,673	697,110	1,291,673	697,110
Trade and other payables*	1,515,623	1,168,612	1,682,382	1,168,612
	2,807,296	1,865,722	2,974,055	1,865,722

*A prepayment represents a right to receive a good or service and not cash or a financial asset. Statutory liabilities are imposed by law. Therefore, these do not meet the definition of financial instruments and have been excluded in the table

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

5 Segment reporting

The Executive Committee (the "Committee") is the Group's chief operating decision-maker. The Board of Directors have determined the operating segments based on the information reviewed by the Executive Committee for the purposes of allocating resources and assessing performance. The Board considers the activities of the Group to substantially fall within the same product range and within the same geographic region (Zambia).

The products are distributed to similar classes of customers using similar distribution channels. The Executive Committee assesses the performance of the Company based on EBITDA. The Company does not incur any non-recurring expenditure and therefore does not adjust EBITDA.

The segment information provided to the Executive Committee for the reportable segment for the year ended 31 December is as follows:

	Group		Company	
	2022	2021	2022	2021
Alcoholic beverages	K'000	K'000	K'000	K'000
Revenue from external customers	3,674,541	3,068,959	3,601,362	3,068,959
Fixed and variable expenses	(3,006,524)	(2,596,628)	(3,004,287)	(2,596,628)
EBITDA	668,017	472,331	597,075	472,331
Interest income	33	1,404	33	1,404
Interest expense	(151,843)	(86,936)	(151,839)	(86,936)
Depreciation	(370,998)	(277,086)	(367,043)	(277,086)
Amortisation	(3,043)	(2,918)	(3,043)	(2,918)
Income tax (credit) / expense	(42,918)	41,730	(28,972)	41,730
Profit after income tax	99,248	148,525	46,211	148,525
Total assets	4,798,734	3,578,033	4,672,070	3,578,033
Total liabilities	3,560,482	2,439,029	3,486,855	2,439,029

6 Revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major revenue lines:

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Alcoholic beverages - locally produced	2,922,579	2,310,117	2,849,400	2,310,117
Alcoholic beverages - imported	751,962	758,842	751,962	758,842
	3,674,541	3,068,959	3,601,362	3,068,959
Timing of revenue recognition				
At a point in time	3,674,541	3,068,959	3,601,362	3,068,959

7 Other expenses

Loss on disposal of property, plant and equipment	(4,393)	(4,892)	(4,393)	(4,892)
Foreign exchange losses on working capital	(370,434)	(242,786)	(369,098)	(242,786)
Sundry income/(expenses)	29,587	3,371	(217,303)	3,371
	(345,240)	(244,307)	(590,794)	(244,307)

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For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

		Group		Company	
8	**Breakdown of expenses by nature**	**2022**	**2021**	**2022**	**2021**
		K'000	**K'000**	**K'000**	**K'000**
	Cost of sales of goods				
	Raw materials and consumables used	1,688,171	1,510,945	1,639,821	1,510,945
	Royalties	201,616	171,981	201,616	171,981
	Container write-down	219,066	148,859	219,066	148,859
	Depreciation	142,042	115,741	141,978	115,741
	Employee benefits (Note 10)	48,942	43,315	47,624	43,315
	Repairs and maintenance	6,616	22,550	6,496	22,550
	Other miscellaneous direct expenses	1,792	11,466	1,791	11,466
		2,308,245	2,024,857	2,258,392	2,024,857
	Distribution expenses				
	Transportation	176,488	151,006	51,594	151,006
	Depreciation	30,011	28,317	26,417	28,317
	Consumables used	5,447	17,429	4,816	17,429
	Employee benefits (Note 10)	2,241	6,551	2,241	6,551
	Repairs and maintenance	121	1,334	121	1,334
	Other miscellaneous expenses	839	4,112	839	4,112
		215,147	208,749	86,028	208,749
	Administrative expenses				
	Management fees	147,834	112,890	147,834	112,890
	Employee benefits (Note 10)	126,603	128,881	81,026	128,881
	Marketing	83,925	71,750	80,884	71,750
	Repairs and maintenance	35,377	19,535	34,783	19,535
	Bank charges	8,661	7,527	7,909	7,527
	Depreciation	8,705	7,484	8,408	7,484
	Insurance	5,472	5,058	5,349	5,058
	Consulting services	3,839	3,509	2,912	3,509
	Amortisation (Note 14)	3,043	2,918	3,043	2,918
	Auditor's remuneration	3,712	2,300	3,712	2,300
	Other miscellaneous expenses	72,799	51,305	60,124	51,305
		499,970	413,157	435,984	413,157
	Total cost of sales of goods; Distribution and Admin expenses	3,023,362	2,646,763	2,780,404	2,646,763
9	**Finance income / (costs)**				
	Finance income				
	Interest income	33	1,404	33	1,404
	Foreign exchange gains on cash and cash equivalents	-	1,574	-	1,574
		33	2,978	33	2,978
	Finance cost				
	Interest expense on bank overdrafts	(58,641)	(26,049)	(58,641)	(26,049)
	Interest expense on bank loans (Note 22)	(93,202)	(60,887)	(93,198)	(60,887)
		(151,843)	(86,936)	(151,839)	(86,936)
	Net finance costs	(151,810)	(83,958)	(151,806)	(83,958)
10	**Employee benefits**				
	Salaries and other staff costs	161,904	171,314	117,779	171,314
	Retirement benefits costs:				
	NAPSA and Saturnia pension scheme contributions	13,632	14,933	11,912	14,933
	Medical aid contributions	2,250	882	1,200	882
		177,786	187,129	130,891	187,129

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

		Group		Company	
10	**Employee benefits (continued)**	**2022**	**2021**	**2022**	**2021**
		K'000	**K'000**	**K'000**	**K'000**
	Allocated as:				
	Cost of sales of goods	48,942	43,315	47,624	43,315
	Distribution expenses	2,241	6,551	2,241	6,551
	Administrative expenses	126,603	128,881	81,026	128,881
		177,786	178,747	130,891	178,747

11 Income tax expense

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Current income tax expense	74,140	45,874	51,355	45,874
Deferred income tax credit (Note 21)	(31,222)	(375)	(22,383)	(375)
Impact of change in tax rate (Note 21)	-	(87,229)	-	(87,229)
	42,918	(41,730)	28,972	(41,730)

i) *Numerical reconciliation of income tax expense to prima facie tax payable*

The tax on the Group' profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Profit before income tax	142,166	106,222	75,183	106,222
Tax calculated at the statutory income tax rates of 30% (2021 - 35%)	42,650	37,178	22,555	37,178
Tax effect of:				
Expenses not deductible for tax purposes	28,579	23,066	27,764	23,066
Effect of a lower tax rate - ZDA incentive	(17,115)	(14,745)	(17,115)	(14,745)
Over / (under) provision current year - deferred tax	(11,464)	-	(10,649)	-
Impact of change in tax rate (Note 20)	-	(87,229)	-	(87,229)
Income tax expense	42,650	(41,730)	22,555	(41,730)

ii) **Movement in current income tax on the statement of financial position**

	Group 2022	Group 2021	Company 2022	Company 2021
At start of year	(89,533)	(79,152)	(89,533)	(79,152)
Current income tax charge	74,140	45,874	51,355	45,874
VAT and excise duty payable netted off with tax asset	-	15,281	-	15,281
Payments during the year	(97,899)	(71,536)	(56,366)	(71,536)
At end of year	(113,292)	(89,533)	(94,544)	(89,533)

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

12 Property, plant and equipment

Group	Buildings K'000	Motor vehicles K'000	Plant,containers, fixtures and fittings K'000	Capital work in progress K'000	Total K'000
Year ended 31 December 2022					
Opening net book value	495,746	36,315	1,823,220	133,389	2,488,670
Additions	-	-	-	1,009,450	1,009,450
Transfers	35,093	6,181	518,810	(560,084)	-
Asset reclassification	-	-	-	(22,401)	(22,401)
Disposals	(2,854)	(19)	(86,670)	-	(89,543)
Depreciation charge	(18,912)	(10,121)	(341,965)	-	(370,998)
Closing net book value	509,073	32,356	1,913,395	560,354	3,015,178
At 31 December 2022					
Cost	587,855	132,538	3,281,094	560,354	4,561,841
Accumulated depreciation	(78,782)	(100,182)	(1,367,699)	-	(1,546,663)
Net book value	509,073	32,356	1,913,395	560,354	3,015,178
At 1 January 2021					
Cost	466,281	109,122	2,262,500	210,531	3,048,434
Accumulated depreciation	(44,363)	(78,234)	(775,982)	-	(898,579)
Net book value	421,918	30,888	1,486,518	210,531	2,149,855
Year ended 31 December 2021					
Opening net book value	421,918	30,888	1,486,518	210,531	2,149,855
Additions	18	-	160,649	480,775	641,442
Transfers	90,412	17,358	450,147	(557,917)	-
Disposals	-	-	(14,411)	-	(14,411)
Write-offs	(1,095)	(104)	(9,931)	-	(11,130)
Depreciation charge	(15,507)	(11,827)	(249,752)	-	(277,086)
Closing net book amount	495,746	36,315	1,823,220	133,389	2,488,670
At 31 December 2021					
Cost	555,616	126,376	2,848,954	133,389	3,664,335
Accumulated depreciation	(59,870)	(90,061)	(1,025,734)	-	(1,175,665)
Net book value	495,746	36,315	1,823,220	133,389	2,488,670

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

12 Property, plant and equipment

Company	Buildings K'000	Motor vehicles K'000	Plant,containers, fixtures and fittings K'000	Capital work in progress K'000	Total K'000
Year ended 31 December 2022					
Opening net book value	495,746	36,315	1,823,220	133,389	2,488,670
Additions	-	-	-	1,009,450	1,009,450
Transfers	35,093	6,181	518,810	(560,084)	-
Asset reclassification	-	-	-	(22,401)	(22,401)
Disposals	(2,854)	(19)	(86,670)	-	(89,543)
Assets transferred to subsidi	-	(28,994)	(986)	-	(29,980)
Depreciation charge	(18,912)	(6,230)	(341,901)	-	(367,043)
Closing net book amount	509,073	7,253	1,912,473	560,354	2,989,153
At 31 December 2022					
Cost	587,855	103,544	3,280,108	560,354	4,531,861
Accumulated depreciation	(78,782)	(96,291)	(1,367,635)	-	(1,542,708)
Net book amount	509,073	7,253	1,912,473	560,354	2,989,153
At 1 January 2021					
Cost	466,281	109,122	2,262,500	210,531	3,048,434
Accumulated depreciation	(44,363)	(78,234)	(775,982)	-	(898,579)
Net book value	421,918	30,888	1,486,518	210,531	2,149,855
Year ended 31 December 2021					
Opening net book amount	421,918	30,888	1,486,518	210,531	2,149,855
Additions	18	-	160,649	480,775	641,442
Transfer	90,412	17,358	450,147	(557,917)	-
Disposal	-	-	(14,411)	-	(14,411)
Write-off	(1,095)	(104)	(9,931)	-	(11,130)
Depreciation charge	(15,507)	(11,827)	(249,752)	-	(277,086)
Closing net book amount	495,746	36,315	1,823,220	133,389	2,488,670
At 31 December 2021					
Cost	555,616	126,376	2,848,954	133,389	3,664,335
Accumulated depreciation	(59,870)	(90,061)	(1,025,734)	-	(1,175,665)
Net book value	495,746	36,315	1,823,220	133,389	2,488,670

Assets classified as capital work in progress mainly relate to the costs incurred for the ongoing building expansion projects at the Group's locations and trade equipment which need to be branded prior to being used.

The register showing the details of property as required by Section 30 of the Companies Act, 2017 of Zambia is available during the business hours at the registered office of the Company.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

13 Investment in subsidiary

The principle subsidiary of the Company is as follows:

Zambian Breweries Distribution Company Limited

Zambian Breweries Distribution Company Limited is a wholly owned subsidiary of the Company. It was incorporated on 3rd February 2022 in Zambia and is a registered transportation and storage company. Zambian Breweries Distribution Company Limited commenced its operations on 1st October 2022.

	Number of shares	Issued capital	Effective shareholding	Value of investment 2022	2021
		K'000	%	K'000	K'000
Zambian Breweries Distribution Company Limited	22,596	22,596	100	22,576	-

Analysed as follows:	Cash K'000	Non-cash K'000	Total K'000
Zambian Breweries Distribution Company Limited	15	22,561	22,576

Movement in the year was as follows:

	2022 K'000	2021 K'000
At start of year	-	-
Additional investment in the year	22,561	-
At end of year	22,561	-

In the opinion of the Directors, the value of the Company's interests in the subsidiary companies is not less than the amounts at which they are stated in these financial statements.

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For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

14 Intangible assets

	Goodwill K'000	Computer software K'000	Capital work in progress K'000	Total K'000
Group and Company				
As at 31 December 2020				
Cost	17,061	22,387	-	39,448
Accumulated depreciation	-	(16,632)	-	(16,632)
Closing net book value	17,061	5,755	-	22,816
Year ended 31 December 2021				
Opening net book value	17,061	5,755	-	22,816
Additions	-	2,763	-	2,763
Amortisation charge	-	(2,918)	-	(2,918)
Closing net book value	17,061	5,600	-	22,661
As at 31 December 2021				
Cost	17,061	25,150	-	42,211
Accumulated depreciation	-	(19,550)	-	(19,550)
Closing net book value	17,061	5,600	-	22,661
Year ended 31 December 2022				
Opening net book value	17,061	5,600	-	22,661
Additions	-	-	-	-
Asset reclassification		(227)	22,401	22,174
Transfers		2,926	(2,926)	-
Amortisation charge	-	(3,043)	-	(3,043)
Closing net book value	17,061	5,256	19,475	41,792
As at 31 December 2022				
Cost	17,061	27,849	19,475	64,385
Accumulated depreciation	-	(22,593)	-	(22,593)
Closing net book value	17,061	5,256	19,475	41,792

i) Goodwill

Goodwill is allocated to the Company's cash-generating units (CGUs) identified according to operating segment, being alcoholic beverages. The Directors monitor the business on the basis of the operating segments and have thus allocated the goodwill on that basis.

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on the financial budgets approved by management covering a five-year period. Within the five-year period, revenue growth rates are based on past experience and expected future developments in the Company's CGUs. The weighted average growth rates used are consistent with the forecasts included in industry reports. Cash flows beyond the five-year period were valued using the estimated terminal growth rates stated below. The terminal growth rates did not exceed the long-term average growth rate for the business in which each CGU operates.

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

14 Intangible assets (continued)

i) Goodwill (continued)

Assumptions

The key assumptions to the value-in-use calculations are:

	Group		Company	
	2022	**2021**	**2022**	**2021**
Discount rate	23.1%	25.7%	23.1%	25.7%
Terminal growth rate	11.0%	14.0%	11.0%	14%
Revenue	11.0%	14.0%	11.0%	14%

Sensitivity analysis

The recoverable amount of the Goodwill is estimated to exceed the carrying amount of the CGU at 31 December 2022 by K2.2 million (2021: K10.2 million).

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2022		2021	
	From	**To**	From	To
Discount rate	23.1%	33.4%	25.7%	0.0%
Terminal growth	11.0%	-12.9%	14.0%	0.0%
Revenue	11.0%	-5.5%	14.0%	0.0%

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

15 Inventories

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Raw materials	445,838	401,192	445,838	401,192
Work in progress	32,796	19,630	32,796	19,630
Finished goods	141,464	65,338	98,443	65,338
Goods in transit	130,298	33,351	79,711	33,351
General stores and consumables	172,251	89,913	143,909	89,913
	922,647	609,424	800,697	609,424

Inventories recognised as an expense during the year ended 31 December 2022 amounted to K10.6 million (2021: K1.4 million).

Movements on the provision for impairment of inventories are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
At start of year	3,032	4,458	3,032	4,458
Charge / (released)	10,678	(1,426)	10,678	(1,426)
At end of year	13,710	3,032	13,710	3,032

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For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

16 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Trade receivables	225,589	109,100	310,027	109,100
Loss allowance (Note 4(b))	(14,189)	(4,379)	(5,402)	(4,379)
	211,400	104,721	304,625	104,721
Amounts due from related parties (25(ii))	-	33,104	-	33,104
Loan receivable from related parties (Note 25(iii))	2,798	2,223	2,798	2,223
	214,198	140,048	307,423	140,048
Non financial assets				
Prepayments	24,178	7,689	4,125	7,689
VAT receivable	92,277	36,112	92,277	36,112
Other receivables	22,920	54,467	19,658	54,467
	353,573	238,316	423,483	238,316

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Cash and cash equivalents	352,252	129,429	299,825	129,429

i) Reconciliation to cashflow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Balances as above	352,252	129,429	299,825	129,429
Bank overdrafts (Note 22)	(386,673)	(62,110)	(386,673)	(62,110)
Security deposits from customers on containers (Note 23)	(252,603)	(160,114)	(244,474)	(160,114)
Cash and bank balances	(287,024)	(92,795)	(331,322)	(92,795)

ii) Classifications as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

iii) Restricted cash

The cash and cash equivalents disclosed above include security deposits of K244 million (2021: K160 million) from customers on containers meant to be returned to the Company upon the next purchase of beverages. The Company recognizes a corresponding liability in trade and other payables. These deposits are therefore not available for general use except where there is evidence that the customer will not return the containers and liability portion is waived and recognised in profit or loss

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

18 Share capital and share premium

	Group		Company	
	2022	**2021**	**2022**	**2021**
Share capital	**K'000**	**K'000**	**K'000**	**K'000**
Ordinary shares - paid up	5,460	5,460	5,460	5,460
Share premium				
Ordinary shares	450,207	450,207	450,207	450,207

The authorised share capital of the Company remained unchanged at 600 million ordinary shares at a par value of K0.01 each. The issued and fully paid-up share capital remained at 546 million ordinary shares at a par value of K0.01 each. Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

19 Dividends per share

During the year, there were no dividends declared by the Directors.

20 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2022	**2021**	**2022**	**2021**
Profit attributable to equity holders of the Company ('000)	99,248	147,952	46,211	147,952
Weighted average number of ordinary shares in issue ('000)	546,000	546,000	546,000	546,000
Basic and diluted earnings per share (in Kwacha)	0.18	0.27	0.08	0.27

21 Deferred income tax

The balances have been measured using the substantively enacted rate of 30% for 2022 (2021; 30%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
At start of year	523,375	610,979	523,375	610,979
Charge / (credit) to income statement	(31,222)	(375)	(22,383)	(375)
Impact of change in tax rate	-	(87,229)	-	(87,229)
Balance at year end	492,153	523,375	500,992	523,375

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

21 Deferred income tax (continued)

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in profit or loss are attributable to the following items:

Group

	At start of year K'000	Impact of change in tax rate K'000	Profit or loss K'000	At end of year K'000
Year ended 31 December 2022				
Deferred income tax liabilities				
Property,plant and equipment	569,049	-	37,344	606,393
Provision against ZDA benefit	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(167,952)	-	(43,661)	(211,613)
Other temporary differences	(50,998)	-	(24,905)	(75,903)
Net deferred income tax liability	523,375	-	(31,222)	492,153
Year ended 31 December 2021				
Deferred income tax liabilities				
Property,plant and equipment	572,553	(94,842)	91,338	569,049
Provision against ZDA benefit	177,073	(28,879)	25,082	173,276
Deferred income tax assets				
Tax losses carried forward	(53,743)	27,992	(142,201)	(167,952)
Other temporary differences	(84,904)	8,500	25,406	(50,998)
Net deferred income tax liability	610,979	(87,229)	(375)	523,375

Company

	At start of year K'000	Impact of change in tax rate K'000	Profit or loss K'000	At end of year K'000
Year ended 31 December 2022				
Deferred income tax liabilities				
Property,plant and equipment	569,049	-	42,628	611,677
Provision against ZDA benefit	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(167,952)	-	(43,661)	(211,613)
Other temporary differences	(50,998)	-	(21,350)	(72,348)
Net deferred income tax liability	523,375	-	(22,383)	500,992
Year ended 31 December 2021				
Deferred income tax liabilities				
Property,plant and equipment	572,553	(94,842)	91,338	569,049
Provision against ZDA benefit	177,073	(28,879)	25,082	173,276
Deferred income tax assets				
Tax losses carried forward	(53,743)	27,992	(142,201)	(167,952)
Other temporary differences	(84,904)	8,500	25,406	(50,998)
Net deferred income tax liability	610,979	(87,229)	(375)	523,375

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

22 Borrowings

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Bank loans				
Stanbic Bank loan	655,000	475,000	655,000	475,000
First National Bank (FNB) loan	250,000	160,000	250,000	160,000
	905,000	635,000	905,000	635,000
Bank overdrafts				
Citibank Zambia Limited	24,555	36,980	24,555	36,980
Standard Chartered Bank Zambia Limited	27,173	25,130	27,173	25,130
United Bank for Africa Zambia Limited	89,712	-	89,712	-
Access Bank	91,894	-	91,894	-
Zambia National Commercial Bank Plc	85,552	-	85,552	-
ABSA Plc	67,787	-	67,787	-
	386,673	62,110	386,673	62,110

Stanbic Bank loan

The Kwacha denominated short-medium term loan facility was increased to K655 million (2021: 475 million) during the year for the purpose of working capital requirements. The interest is charged at a rate determined by the prevailing Bank of Zambia Policy Rate 9% (2021: 8.5%) plus a margin of 3.5% (2021: 3.5%). The loan is unsecured and is repayable in May 2023. As at period end, the effective interest rate was 12.5% (2021:12%).

First National Bank (FNB) loan

The Kwacha denominated short-medium term loan facility was increased to K250 million (2021: 160 million) during the year for the purpose of working capital requirements. The interest is charged at a rate determined by the prevailing Bank of Zambia Policy Rate 9% (2021: 8.5%) plus a margin of 7.5 (2021: 8.5%). The loan is unsecured and is repayable in October 2023. As at period end, the effective interest rate was 16.5% (2021:17%)

Bank-overdrafts

The bank overdraft facilities are held with six different banks namely, Citi Bank Zambia Limited, Access Bank,United Bank for Africa Zambia Limited,Zambia National Commercial Bank,Plc ABSA Plc Zambia and Standard Chartered Bank Zambia Limited.

The bank overdraft facilities are all unsecured. Interest on the bank overdrafts are payable at the prevailing Bank of Zambia (BoZ) Monetary Policy Rate plus a liquidity premium and a margin ranging from 7% to 8.5%. The effective interest rate during the period averaged 16.5% (2021: 13%).

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

22 Borrowings (continued)

i) *Movement in borrowings on the statement of financial position*

This section sets out an analysis of the movements in bank loans for each of the periods presented.

	Stanbic loan K'000	FNB loan K'000	Total K'000
Year ended 31 December 2021			
At start of year	35,000	-	35,000
Loan advanced	475,000	160,000	635,000
Loan principal repayments	(35,000)	-	(35,000)
Interest charged	48,007	12,880	60,887
Interest paid	(48,007)	(12,880)	(60,887)
	475,000	160,000	635,000
Year ended 31 December 2022			
At start of year	475,000	160,000	635,000
Loan advanced	180,000	90,000	270,000
Loan principal repayments	-	-	-
Interest charged	69,021	24,177	93,198
Interest paid	(69,021)	(24,177)	(93,198)
	655,000	250,000	905,000

ii) *Loan covenants*

As at the reporting period, and unchanged from prior year, there were no financial covenants under the terms of the borrowing facilities.

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

23 Trade and other payables

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Trade payables	36,768	205,268	277,349	205,268
Amounts due to related parties (Note 25(ii))	835,451	518,896	860,227	518,896
Statutory liabilities	261,033	49,933	11,808	49,933
Dividend payable	54,528	54,605	54,528	54,605
Security deposits from customers on containers	252,603	160,114	244,747	160,114
Other payables	336,273	229,728	245,531	229,728
	1,776,656	1,218,544	1,694,190	1,218,544

Trade payables are unsecured and are usually paid within 30 days of recognition.

24 Cash generated from operations

	Group		Company	
	2022	**2021**	**2022**	**2021**
	K'000	**K'000**	**K'000**	**K'000**
Profit before income tax	142,166	106,222	75,183	106,222
Adjustments for:				
Loss on sale of property, plant and equipment (Note 7)	4,393	4,892	4,393	4,892
Interest income (Note 9)	(33)	(1,404)	(33)	(1,404)
Interest expense on bank loans and overdrafts (Note 9)	151,839	86,936	151,839	86,936
Depreciation on property, plant and equipment (Note 12)	370,998	277,086	367,043	277,086
Foreign exchange gains on cash and cash equivalents	(581)	-	(581)	-
Write off of property, plant and equipment (Note 12)	-	11,130	-	11,130
Amortisation of intangible asset (Note 14)	3,043	2,918	3,043	2,918
Foreign exchange gains on cash and cash equivalents	-	(1,574)	-	(1,574)
Non-cash movement on VAT and excise duty (Note 11(ii))	-	15,281	-	15,281
		-		
Changes in working capital		-		
- Trade and other receivables	(115,257)	(87,842)	(185,167)	(87,842)
- Inventories	(209,514)	(182,784)	(191,273)	(182,784)
- Trade and other payables	447,291	(413,706)	428,922	(413,706)
Cash generated / (used in) from operations	794,345	(182,845)	653,369	(182,845)

*The movement in trade payables excludes the security deposits from customers on containers

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

25 Related party transactions

The Group's ultimate parent is AB InBev NV/SA while AB InBev Africa BV is the immediate parent company. The Group is related to various companies through its relationship with both the immediate and Ultimate parent:

i) Transactions with other related parties

The following transactions occurred with related parties:

	Group		Company	
	2022 K'000	2021 K'000	2022 K'000	2021 K'000
Purchase of goods				
South African Breweries(Pty) Limited - Fellow subsidiary	541,371	589,224	541,371	589,224
Cervejas De Mocambique	-	14,005	-	14,005
Mubex- fellow subsidiary	313,428	677,897	313,428	677,897
Kgalagadi Beverages	1,900	-	1,900	-
Tanzania Breweries Plc	23,629		23,629	
Purchase of management services				
AB Inbev Africa (Pty) Limited. - fellow subsidiary	131,126	112,890	131,126	112,890
Mubex- fellow subsidiary	16,707	-	16,707	-
Purchase of brand services (royalties)				
AB InBev International Brands Ltd - fellow subsidiary	201,616	171,982	201,616	171,982
Sale of goods				
Zambian Breweries Distribution Company	-	-	1,613,272	-
Tanzania Breweries Plc	-	-	-	-
Mubex- fellow subsidiary	19,000	-	19,000	-
South African Breweries(Pty) Limited - Fellow subsidiary	-	-	-	-
	1,248,777	1,565,998	2,862,049	1,565,998

ii) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Group		Company	
	2022 K'000	2021 K'000	2022 K'000	2021 K'000
Receivables				
Tanzania Breweries Plc	-	30,562	-	30,562
Mozambique Breweries Ltd	-	419	-	419
South African Breweries (Pty) Ltd	5,101	2,123	2,217	2,123
Zambian Breweries Distribution Company Limited	-	-	265,678	-
AB Inbev Africa (Pty) Limited.	16,850			
Mubex	12,952	-	12,952	-
	34,903	33,104	280,847	33,104
Payables				
South African Breweries (Pty) Ltd	6,522	162,201	6,522	162,201
AB InBev Management Limited	-	35,957	-	35,957
AB InBev International Brands Ltd	97,078	29,398	97,078	29,398
Business connexion Pty Ltd	-	124	-	124
Mubex	417,781	141,169	417,781	141,169
Heinrich Syndicate Limited	-	150,047	-	150,047
AB InBev UK Limited T/A Budweiser	869	-	869	-
ABInbev Services	972	-	972	-
AB Inbev Africa (Pty) Limited.	9,568	-	9,568	-
Zambian Breweries Distribution Company Limited	24,795		24,795	
Tanzania Breweries Plc	146	-	146	-
Cervejas De Mocambique	2,781	-	2,781	-
		-		
	560,512	518,896	560,512	518,896

Annual Financial Statements

For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

25 Related party transactions (continued)

iii) *Loans to related parties*

On 28 August 2020, the Company entered into a two year facility agreement with an entity, Manja Pamodzi Foundation Limited (MPFL) related by common directorship. The Company made available to MPFL a revolver facility of K2.5 million. The facility has an interest rate of 5%, is unsecured and was repayable on 28 August 2022. The group has plans to extend this facility as it facilitates part of its corporate social responsibility activities in the community.

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Non-current portion				
Loan receivable- Manja Pamodzi Foundation Limited	-	-	-	-
Current portion				
Loan receivable- Manja Pamodzi Foundation Limited	2,798	2,223	2,798	2,223

This section sets out an analysis of the movements in the loan receivable for each of the periods presented.

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
At start of year	2,223	2,095	2,223	2,095
Loan advanced	-	-	-	-
Interest accrued				
Interest received	575	128	575	128
	2,798	2,223	2,798	2,223

iii) Key management compensation

Key management includes Directors (Executive and Non-Executive) and members of senior management personnel as below:

- Country Director
- Country Lead People
- Corporate Affairs Director
- Country Lead Finance
- Head of Marketing
- Technical Director
- Head of Solutions
- Head of Procurement
- Head of Logistics and Planning

The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2022	2021	2022	2021
	K'000	K'000	K'000	K'000
Salaries and short-term emoluments	17,267	15,051	17,267	15,051
Other emoluments	-	1,227	-	1,227
Retirement benefit cost -NAPSA contributions	85	400	85	400
	17,352	16,678	17,352	16,678

iv) Directors' remuneration

Non-executive Director fees	860	665	860	665
Executive Director salaries and short-term emoluments	9,400	5,919	9,400	5,919
Other emoluments	-	422	-	422
Retirement benefit costs – NAPSA contributions	31	73	31	73
	10,291	7,079	10,291	7,079

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For the year ended 31 December 2022 (All amounts are stated in thousands of Kwacha unless otherwise stated)

Notes to the annual financial statements (continued)

26 Contingencies

The Company is party to various legal cases whose outcome is dependent on the conclusion of the Zambian judicial process. Management makes estimates for the outcomes of these cases based on professional advice. There are some cases where, based on professional advice received, the directors have not made any provision. The value of potential claims against the Company that would likely result in an unfavourable outcome as at 31 December 2022 is K10 million (2021: K10 million).

Transfer pricing

Following the transfer pricing audit that was conducted on the Company by the Zambia Revenue Authority (ZRA) for the charge years 2013 to 2018, findings revealed a payable of K380 million communicated to the Company on 22 July 2022 on account of inadequacies in the transfer pricing documentation. Management has contested the liability and further investigations and discussions with the ZRA are underway. Management is of the view that the liability is unlikely to hold.

27 Commitments

i) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities was K1.2 million (2020: K0.5 million).

ii) Operating commitments

Contractual obligation for future purchase of raw materials not recognised as a liability was K1.1 million (2021: K1 million).

28 Events occurring after the reporting period

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report which would require adjustment or disclosure in these annual financial statements.

Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2022 is as follows:

Rank	LuSE ID	Shareholder Name	Hold	%
1	229857	AB INBEV AFRICA BV	475,732,350	87.13
3	332119	SATURNIA REGNA PENSION TRUST FUND	14,926,004	2.73
2	409448	STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LTD	8,538,763	1.56
4	332135	KCM PENSION TRUST SCHEME	5,851,481	1.07
5	459847	STANBIC BANK ZAMBIA	5,776,212	1.06
6	377562	STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LTD	4,143,295	0.76
7	419265	ZAMBIA SUGAR PENSION TRUST SCHEME	2,284,327	0.42
8	410055	STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	2,154,972	0.39
9	429830	STANBIC NOMINEES ZAMBIA LIMITED	2,148,121	0.39
10	459915	BARCLAYS BANK ZAMBIA STAFF PENSION FUNDPPMZ	1,978,388	0.36
		Share Selected	523,533,913	95.88
		Not Selected	22,472,887	4.12
		Issued Shares	**546,006,800**	**100.00**

Distribution of shareholders

Range No.	Shareholding Range	Shares In the Range	%	Holders in the Range	%
1	1- 1000	378,645	0.07	890	59.77
2	1001- 5,000	906,825	0.17	417	28.01
3	5,001- 10,000	502,411	0.09	71	4.77
4	10,001- 100,000	2,296,496	0.42	71	4.77
5	100,001- 1,000,000	7,805,889	1.43	22	1.48
6	>1,000,001	534,116,534	97.82	18	1.21
TOTALS		**546,006,800**	**100.00**	**1,489**	**100.00%**

Directorate and Corporate Information

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Jito Kayumba*
Obed Somali*
Elisha Dhenanath**
Michel Kilpin**
Yannick Bomans***

COMPANY SECRETARY
Deborah Bwalya*

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