Investment for a Future with More Cheers

ZB

Proudly part of ABInBev

Annual Report

2023

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.**

ZIB

Proudly part of ABInBev

The brewing business was established in Zambia in 1968 and its product range has grown to include clear beers such as Mosi Premium, Mosi Light, Castle, Castle Lite, 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.

Zambian Breweries also distributes a range of imported premium products including Budweiser, Stella Artois, Corona, Flying Fish and Brutal Fruit.

This is the Annual Report of Zambian Breweries Plc for the year ended 31st December, 2023. 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 accounting standards as issued by the International Accounting Standards Board ("IASB"). References to IFRS should be construed as references to IFRS Accounting Standards as issued by the IASB.

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Corona
Corona

Financial Highlights

K**5,406,418**

,000 Group*** revenue (incl. excise duty)

K**535,601**

,000 Loss for the year

K**4,152,666**

,000 Group revenue (exc. excise duty)

K**246,984**

,000 Retained earnings

(In Kwacha thousands)	2018	2018*	2019	2020	2021	2022**	2023	Var.
Company Revenue (incl. Excise Duty)	2,843,168	2,278,035	2,640,037	3,031,587	4,079,639	4,836,703	5,406,418	11.77%
Company Revenue (Excl. Excise Duty)	2,200,228	1,787,264	2,092,589	2,305,425	3,068,959	3,674,541	4,152,666	12.81%
Operating Profit/(loss)	1,610,040	299,282	331,954	22,902	190,180	293,967	(441,388)	-250.15%
Profit/(loss)Before Income tax	1,618,942	317,711	356,882	8,485	106,222	142,166	(794,441)	-658.81%
Profit (loss) for the year	1,456,136	216,599	274,414	5,939	147,952	99,248	(535,601)	-639.66%
Total Assets	4,931,900	4,931,900	3,062,292	3,232,039	3,578,033	4,798,732	5,977,857	24.57%
Current liabilities	3,540,971	3,540,971	1,386,930	1,630,008	1,915,654	3,068,329	5,120,845	66.89%
Retained Earnings	309,633	309,633	584,047	535,385	683,337	782,585	246,984	-68.44%

* 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.

Highlights of the year

JANUARY

Advocating for responsible drinking

Zambian Breweries signs MoU with the Lusaka City Counci to enforce the Liquor Licensing legislation and the National Alcohol Policy.

FEBRUARY

"Excellence Unleashed" Zambian Breweries' Sales Conference

Building momentum on strategy for the year.

MARCH

Zambian Breweries commemorates World Water Day

Cleaning up the Kafue River Basin under the theme of Accelerating Change.

APRIL

Mosi Day of Thunder rocks Livingstone

Thousands gathered to celebrate Zambian music and culture in the nation's touirst capital.

JUNE

Diversity and inclusion policy comes to life

Vice President launches new initiative on pregnancy personal protective equipment and a mothers' room.

Ultra-refreshing Mosi Light launched

A new low-alcohol cassava-based beer that took the market by storm.

JULY

Maintaining world-class standards

Mosi Premium Lager scoops 5th Monde Selection Gold Quality Award.

AUGUST

Boosting local value chains

Kicking off the 2023 cassava harvest season, empowering small-scale farmers and adding quality and taste to our products

SEPTEMBER

Celebrating our valued staff

Long-service awards ceremony for employees and their families

OCTOBER

Backing women in sport

Zambian Breweries sponsors Zambia Women's Rugby 7s Team

NOVEMBER

Growing smart agriculture

Enhancing local capacity in sorghum production in Zimba as an ingredient in some of our beer brands.

DECEMBER

Building capacity for the future

Completion of capacity upgrade at the Lusaka plant and commissioning of new production line.


ANNO 1366
STELLA
ARTOIS
Belgium
STELLA

Business Overview

Chairperson's Report

— Monica Musonda

"

The Board remains excited at the prospects for 2024 as the Lusaka plant capacity expansion project comes on stream, boosting supply significantly and thus presenting opportunities ...

"

Dear Shareholders,

The theme of this year's annual report is "Investment for a future with more cheers".

It is a particularly apt summary of 2023 for Zambian Breweries as we finished the year with the completion on time of the mammoth USD104 million expansion at our Mungwi Road plant in Lusaka.

The project was funded through a combination of company funds, as well as from new and existing facilities to cover both foreign and local currency costs. We used existing banking facilities with local Zambian banks and additional Term Loans or Revolving Credit Facilities.

The development represented a significant investment in the Zambian economy in response to the enabling investment climate. This investment will not only enhance the production capacity of Zambian Breweries but will also significantly contribute to the wider national economy, creating additional direct and indirect employment, procurement opportunities for local suppliers and service providers and additional contribution to the fiscus with increased revenues.

However, the year has not been without its challenges based on the macroeconomic environment, and we are in the position of declaring a net loss for the financial year 2023, in part due to financing of the upgrade and also because of the increased costs of inputs and doing business.

Economy

Despite growth in Zambia's GDP during the year, the economy faced challenges with inflation, which rose by 13.1%, reflecting the increased cost of living that impacted disposable income levels.

The year was characterised by on-going discussions with international creditors and the International Monetary Fund (IMF), adding to uncertainty and contributing to a 42% depreciation in the value of the kwacha against the US dollar, ending the year at ZMW25.71 per dollar.

In December 2023 the IMF Executive Board completed a second review under its Extended Credit Facility (ECF) arrangement, providing the country with access to USD187 million in Special Drawing Rights, having concluded that the country programme performance had been satisfactory despite a challenging domestic and global environment.

The IMF remarked that the Zambian government continued to advance policies and reforms to restore fiscal and debt sustainability, raising and safeguarding social spending, preserving financial stability, and intensifying structural and governance reforms to unlock Zambia's growth potential further.

Meanwhile, the Bank of Zambia raised the monetary policy interest rate three times during the year, from 9% in January to 11% in November, and raised the statutory reserve ratio for banks three times, from 9% to 17%.

Strategic Review

Despite supply disruption due to work on our expansion project, we maintained sales volumes. We also experienced impressive growth in our Flavoured Alcoholic Beverages category, led by Flying Fish and Brutal Fruit brands.

This demonstrates the success of the continued implementation of our strategy, which ensures we have a robust portfolio meeting our consumers' needs for different occasions, with liquid and packing options at appropriate price points.

The balance between locally produced and imported products has also enabled us to manage market dynamics, ensuring we drive relevance in the premium category spaces as well as in more mainstream channels.

We have also forged ahead with our digital transformation strategy and implemented our digital sales platform, which creates efficiencies and enables us to understand consumer needs more accurately through automation.

Overall, I am pleased to report solid growth in the share of our clear beer in the market versus opaque products.

Investment

During the year we invested USD104 million on the Lusaka expansion project plant assets including the new Heavy Fuel Oil boiler to replace reliance on coal and improve our carbon footprint together with beer production vessels, malt and casava handling equipment and glass injection (returnable glass bottles) to align with projected increase in capacity and to support our circular packaging model.

Income tax for the year was a credit of ZMW260 million, against a ZMW43 million expense in 2022, and we paid a total of ZMW948 million in excise tax.

Governance

We announced towards the end of the year that our Country Director Michelle Kilpin would be moving to take on a new role within the AB InBev Group as Country Director of its Tanzanian operations. We are happy to announce that Thais Cavinatto will take up the role in 2024 and comes with a wealth of experience in sales and marketing, having formerly held the position of Vice President of Digital Transformation at the New York Global Head Office.

We thank Michelle for her strong leadership and oversight of the production expansion project in the last two and a half years and wish her well in her new role. We welcome Thais to Zambian Breweries at this exciting new juncture in our history and look forward to supporting her and the management team to achieve even greater success in 2024.

Key Events and Achievements

In addition to completion of the Lusaka capacity upgrade, other significant milestones included the launch of Mosi Light, a truly Zambian innovation of a cassava-based beer designed to offer a low alcohol content option to our consumers as part of our locally produced range of lagers.

We continued our work in partnership with the government under the Smart Drinking theme to address alcohol abuse and emphasise the importance of responsible drinking, culminating in the launch of the 'Cheers Pa Easy' campaign in the run-up to the festive period. We also joined forces with the Road Transport and Safety Agency (RTSA) for the ever popular Mosi Day of Thunder music festival in Livingstone earlier in the year.

The Mosi Day of Thunder event continued to champion tourism, as did our partnership with the Zambia Tourism Agency (ZTA) as we were awarded the Platinum Large Award in the Green Stand Exhibitors' category at the Africa Travel Indaba 2023 in South Africa. Mosi Premium Lager also won a silver award at the prestigious 2023 African Beer Cup competition.

The Company was proud to reinforce its commitment to diversity, inclusion and equity, transforming perceptions of the local beer manufacturing industry by embracing the value that both women and men bring to the table, launching our mothers' room facilities as well as pregnancy protective clothing, an innovation within the industry.

We continued to support sorghum famers in Southern Province as part of our value chain with the official launch of the year's planting season, and again joined with government to mark the new cassava harvest season in Luapula.

Outlook

The Board remains excited at the prospects for 2024 as the Lusaka plant capacity expansion project comes on stream, boosting supply significantly and thus presenting opportunities for tax increases, direct and indirect employment generation and associated benefits to local farmers and those in the retail trade.

Monica Musonda
Chairperson of the Board of Directors

Country Director's Report

— Michelle Kilpin

"Demand remains strong in the market for both local and imported packs."

The 2023 year marked a significant milestone for Zambian Breweries as we forged ahead with the expansion programme at our Mungwi Road plant in Lusaka, resulting in the first brews coming off the new line before the end of the year.

Despite this, 2023 was a challenging year for Zambian Breweries, and even though we delivered a positive uptick in revenue we finished the year with an operating loss as a result of a combination of economic headwinds and the short-term impact of financing our expansion programme.

Depreciation of the kwacha during the year increased material costs and imports in foreign currency, while the cost of borrowing to finance the Lusaska plant capacity upgrade pushed the Company into a loss-making position.

The expansion has been a large-scale investment, which I am proud to have been involved in, as this will enable the business to continue to grow and innovate into the future. I wish to thank the management, staff and contractors who have worked on this project over the many months it has taken to bring our new capacity to life.

While there was inevitably a degree of disruption to production during the year as a result of this work, it is with a sense of satisfaction and excitement that Zambian Breweries can now move forward with the significant increase in production capacity that the expansion brings

Brand Performance

In addition, 2023 also saw a number of other significant achievements.

I am delighted to report particularly strong supply and sales performance in October, with a significantly high volume in a single month produced, delivered and sold. My sincere thanks go to all management and staff who made that a reality.

Not only did sales perform well in 2023, but we were able to do this while maintaining the quality for which our products are renowned, with Mosi lager winning another Monde Gold Medal for quality.

I am also very proud of the successful launch in April 2023 of the newest brand in our portfolio, Mosi Light. This low alcohol, extra refreshing lager, made with cassava, has been extremely well received by our consumers and is testament to our commitment of ensuring we continue to meet the needs of our consumers through our portfolio.

Overall, however, production volume remained flat, in large part due to capacity constraints and the inevitable disruption caused by expansion works on the new Lusaka facility.

Our premium imported products filled the sales gap, and we saw a significant increase in sales of Corona, Budweiser and Stella Artois. Sales of Flavoured Alcoholic Beverages, led by Flying Fish and Brutal Fruit, had a particularly strong year.

Demand remains strong in the market for both local and imported packs. However, we noted the high instances of cheap and illicit spirits in the market, which seem to be growing in availability. To mitigate the risk of the harmful effects of the abuse of alcohol on society, we continue to drive our Alcohol Responsibility Policy initiatives, such as signing a Memorandum of Understanding with the Lusaka City Council, under which we provided support for enforcement activities to prevent illegality and partnered with the Junior Council to hold roadshows to foster awareness amongst the youth in local communities.

In addition to work with the City Council, last year saw a focus on combating the harmful effects on society of illicit alcohol, which is readily available in the market and affordable, often due to tax leakage and non-compliance with health and safety regulations. To this end, we collaborated with a number of partners to share ideas and galvanise initiatives on training bar owners and youth and on bringing together health professionals to deepen our knowledge of alcohol abuse and possible strategies for mitigation. We expect these partnerships to continue in the forthcoming years, as we strive to support the National Alcohol Policy.

Financial Performance

Revenue rose 13% during 2023, bolstered by price increases in the first half of the year and positive performance from the higher margin, premium imported beers. Gross profit was negatively impacted by an increase in the price of raw materials and other consumables driven by significant weakening of the kwacha in the second half of the year.

Cost of goods sold rose by 35% compared with 2022, driven by increases in raw materials and heavy fuel oil (HFO) prices, due to forex devaluation, and escalation in costs associated with imported finished goods. This together with a more than doubling of finance costs related to our expansion as well as higher than expected overheads resulted in a ZMW536 million net loss for the year.

A ZMW260 million tax credit accrued from the government during 2023, while ZMW948 million in excise tax was paid, down 18% compared with 2022, and we paid an increased amount of import duty of ZMW846 million due to higher sales volumes of imported finished product.

Investment for the Future

There was a huge focus on the Lusaka expansion project throughout the year, and its satisfactory completion paves the way for a new era of enhanced production and sales. We are already ramping up production with our new brewery and packaging line, and I am confident that our team has the skills and capability to bring it fully to life, resulting in additional economies of scale that should significantly enhance profitability in the coming years.

2024 Outlook

The successful completion of the expansion project, coupled with our strong portfolio augurs well for an exciting 2024 and beyond.

The Company expects to see knock-on effects in the form of increased raw material purchases from local farmers, additional business for the retail trade, more indirect job creation, higher tax contribution, and of course greater availability of supply for our consumers.

As I bid farewell to Zambian Breweries and move to a new position in Tanzania, I thank the whole team and wish my successor, Thais Cavinatto, every success as she takes on the role of Country Director and moves the ompany into a new phase of growth and prosperity.

Michelle Kilpin
Country Director


Eagle

Sustainability Report

Investment for a Future with More Cheers: Brewing for a Lasting Legacy

Brewing quality beer starts with the best ingredients. This requires a healthy, natural environment, as well as thriving communities. We are building a company to last, bringing people together for a Better World, now and for the next 100+ years. That is why sustainability is more than just a part of our business, it is our business.

Aligned with AB InBev's Better World ethos and the 2025 United Nations Sustainable Development Goals, our focus spans six pillars:

- Smart Drinking
- Smart Agriculture
- Circular Packaging
- Water Stewardship
- Entrepreneurship
- Climate Action

These align with the United Nations Sustainable Development Goals (UNSDGs).

For us, a future filled with more cheers entails shared prosperity and value, embracing inclusive growth, and wins worth celebrating – for our communities, the planet, and our company.

Smart Agriculture

By 2025, our goal is to ensure that 100% of our direct farmers are skilled, connected, and financially empowered.

Zambian Breweries' commitment to sustainable agriculture is evident in the positive impact on local communities. Recognising the challenges posed by climate change, we focus on building resilience through crop management, improved varieties, and risk mitigation tools.

Our collaboration with farmers strengthens our supply chain, ensuring the high quality of our beers. They play a pivotal role in sustaining the excellence of our products, making local sourcing a priority.

Through collaborative initiatives like the cassava and sorghum Out-grower schemes, we've empowered farmers nationwide, particularly in Northern, Luapula and Southern Provinces. The annual Cassava Farmer Day in Luapula Province solidified our commitment to uplifting small-scale farmers.

Key Achievements in 2023:

- Direct engagement with 600 cassava farmers through our cooperatives (over 30% of which are female)
- Direct engagement with over 2,000 sorghum farmers
- We transact with close to 9,000 farmers on our electronic platform
- We contract 39 commercial farmers for barley, each of which supports on average 150 families
- Cassava use rose by 9% to 2,228 tonnes annually with the introduction of Mosi Light
- On-going efforts to enhance farmers' skills and knowledge
- WFP programme to help train and build capacity in Chirundu, Sinazongwe, Gwembe and Siavonga
- New region for buying cassava in Solwezi District

Our Smart Agriculture initiatives in 2023 have significantly contributed to community well-being and sustainable sourcing practices. The strategic enhancement of our product portfolio, including a new formulation launched in 2023 (Mosi Light) was specifically, intended to increase reliance on local content and provide a broader variety of locally-based products.

Support for local farmers

600+ Cassava Farmers

2000+ Sorghum Farmers

Smart Drinking

Ethical sales and marketing are key elements in ensuring alcohol is enjoyed responsibly and the public is protected from alcohol abuse.

Goals: Reducing under-age drinking through influencing social norms, strengthening and expanding marketing codes of practice, providing consumer information and responsible product innovation (through increasing alcohol literacy and expanding product portfolio), and reducing drinking and driving through collaboration with RTSA on road safety messaging..

The Company's approach to production, advertising and selling of its beer is to safeguard the public and to provide them with the "smart drinking choice".

Our strategy rests on five pillars, involving behaviour change through brand marketing, community-driven initiatives, increased access to low-alcohol beer, use of digital platforms for sensitisation of consumers, and advocacy for evidence-based public policies, which mitigate the harmful effects and abuse of alcohol.

In 2023, we introduced the 'Cheers Pa Easy' and 'Cheers 2 Tomorrow' smart drinking campaigns, demonstrating a commitment to Zambia's National Alcohol Policy. These initiatives support the government's agenda by promoting compliance and raising awareness about the harmful effects of alcohol abuse and underage drinking.

We have been reaching out to our consumers since 2016 through our long-standing Smart Drinking campaigns, effectively instilling a sense of responsibility in communities.

Through collaborations, the Company actively addresses alcohol abuse through education and projects to spread awareness, with a particular focus on young adults through endeavours like the 'Cheers 2 Tomorrow' campaign with the Lusaka City Council's Junior Council.

Zambian Breweries maintains its commitment to disrupting harmful drinking, promoting a culture of smart consumption, and ensuring positive alcohol experiences through strategic partnerships.

Water Stewardship

Water is the largest input in the manufacturing of our products, and we believe that water is a shared resource and its access should be secured, particularly in high stress areas.

Water, a vital resource for both communities and our brewing operations, is at the forefront of our sustainability efforts.

Recognising water as integral not only to our products, but also to global well-being, we acknowledge the challenges posed by climate, infrastructure, and governance issues. As a leading brewer, we recognize our responsibility to address these challenges.

Our proactive measures extend to safeguarding local springs, exemplified by our involvement in securing water sources like the Itawa spring in Ndola, preservation of the Kafue River basin and Zambezi Rivers.

We are a key partner to WWF, which is currently working on projects to revitalise the Kafue River basin, prioritizing community engagement, sustainable farming, and conservation.

Our overarching goal is to enhance water availability and quality, aligning with the imperative for transformative action on water conservation globally.

In our operations we have reduced water consumption through advanced recycling and technological systems.

In collaboration with Lusaka Water and Sanitation Company (LWSC) and Water and Sanitation for the Urban Poor (WASUP), we initiated a project to establish commercial boreholes in George Compound, Lusaka. This endeavour is geared towards ensuring access to water for the residents. By fostering strategic partnerships and actively involving the community, our goal is to make substantial contributions to the overall well-being of both the local and global water ecosystems.

Circular Packaging

Goal: 100% of our products will be in packaging that is returnable or made from majority recycled content.

Zambian Breweries is committed to achieving 100% circular packaging, with products either returnable or made from mostly recycled content. The responsibility extends beyond customers, aiming to boost material recycling rates through recovery and reuse while educating consumers on associated health and social benefits. Notably, over 80% of glass bottle packaging used in the past year comprised returnable bottles, emphasizing their reusability and reducing stress on post-consumer waste in the community.

The Manja Pamodzi Foundation, with over 900 participating collectors, is a driving force in advancing recycling practices, focusing on post-consumer packaging waste. Established in 2015, the foundation contributes to environmental preservation and economic empowerment. Recent collaborations with Vivo Energy and Lubona Meats strengthened industry partnerships, complementing existing initiatives with Java Foods, British American Tobacco, and Yalelo.

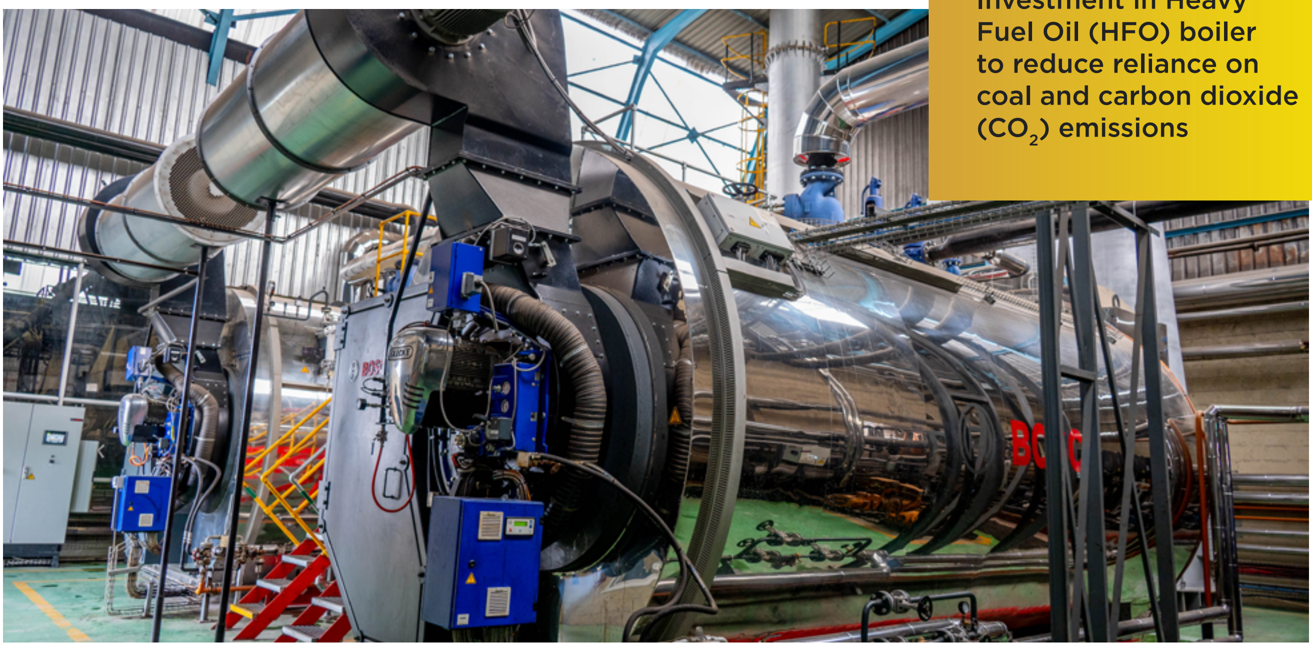
In a notable community engagement initiative, the Manja Pamodzi Foundation in collaboration with BAT, Vivo Energy, and National Breweries, conducted a district clean-up in Chawama on World Environment Day. Aligned with the theme "Beat Plastic Pollution," this effort exemplifies the Foundation's commitment to responsible waste management, contributing to a cleaner environment and involving local communities in sustainable practices.

Climate Change

Goal: By 2025, 100% of our purchased electricity will be from renewable sources and we will have a 25% reduction in CO_2 emissions across our value chain.

In our efforts towards climate action, we are actively implementing strategies to reduce our carbon footprint. As part of this commitment, our recent plant expansion incorporates a significant change, the adoption of a Heavy Fuel Oil (HFO) boiler to reduce reliance on coal. This strategic shift not only enhances operational efficiency, but also directly contributes to the reduction of carbon dioxide (CO_2) emissions. This demonstrates a tangible and intentional step towards mitigating our environmental impact and fostering sustainability in our climate action initiatives.

Investment in Heavy Fuel Oil (HFO) boiler to reduce reliance on coal and carbon dioxide (CO_2) emissions



Corporate Governance
Report

Corporate Governance Report : Dare to Lead

Challenging all our employees to take leadership on ethics and compliance

The month of September, 2023 was designated as Compliance Month, which created an opportunity to entrench ethics by holding refresher training across the various business functions on ethics and compliance and to circulate a tone at the top message from our Country Director to reinforce the importance of our policies.

OUR MISSION STATEMENT AND GOALS

#futurewithmorecheers - we dream big to create a future with more cheers.

Our purpose remains to Dream Big to Create a Future with More Cheers (see the insert inside the front cover for our 10 Principles).

THE BOARD, AUDIT AND MANAGEMENT COMMITTEES

The Board of Directors	
Monica Musonda	Independent Non-Executive (Chair)
Jito Kayumba	Independent Non-Executive
Michelle Kilpin	Executive
Obed Somali	Executive
Elisha Dhenanath	Non-Executive

ATTENDANCE	24/02/23	5/06/23	28/07/23	17/11/23
Monica Musonda	✓	✓	✓	✓
Jito Kayumba	✓	✓	✓	✓
Obed Somali	✓	✓	✓	✓
Michelle Kilpin	✓	✓	✓	✓
Elisha Dhenanath	✓	✓	✓	✓

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.

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

The Chair 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 Audit Committee	
Jito Kayumba	Independent Non-Executive
Priya Sohawon	Non-Executive
Elisha Dhenanath	Non-Executive

Attendance	24/02/23	28/07/2023
Jito Kayumba	✓	✓
Priva Sohawon	✓	✓
Elisha Dhenanath	✓	✓

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 signed by the function heads.

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.

The Management Committee

Members	Function
Michelle Kilpin (Resigned 31/01/24)*	Country Director
Thais Cavinatto (Appointed 1/2/24)	Country Director
Obed Somali (Resigned 31/03/24)	Country Lead Finance
Shula Kampamba (Resigned 28/07/23)	Head of Solutions
Makani Mweemba (appointed 1/10/23)	Head of Solutions
Thelma Kaonga	Country Head of Marketing
Bwalya Sampa (Resigned 5/12/23)	Country Head of Logistics
Tawanda Hojane (Appointed 1/5/23)	Legal Corporate Affairs Director
Nkandu Mapulanga (Appointed 1/2 /23)	Country Lead People
Simon Nyondo (Resigned 8/12/23)	Country Procurement
Albert Malunga (Resigned 23/02/24)	Lusaka Brewery Plant Manager
Esther Mapenda	Ndola Brewery Plant Manager
Deborah Bwalya	Legal Counsel/Company Secretary
Tapiwa Pasi	Malting Plant Manager
Franz Schepping	Brewing Operations Director

*Michelle Kilpin resigned as Country Director on 31/01/24 and resigned from the Board of Directors on 23/02/24.

In line with the objectives of our governance architecture, the Management Committee monitors material breaches of our Code of Business Ethics through reports submitted to the Audit Committee; approves Company strategies; and monitors performance against budget and Key Performance Indicators.

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.

STATUTORY AUDITOR

The appointment of the Statutory Auditor of the Company and the determination of the Auditor's remuneration is approved by the Board and the shareholders in the Annual General Meeting.

INTERNAL CONTROLS

The Board of Directors, assisted by the management, was responsible for establishing and maintaining adequate internal controls and risk management systems during the reporting period. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Zambian Breweries has adopted AB InBev's Internal Control framework. AB InBev has established and operates its internal control and risk management systems based on guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The internal control system is based on COSO's Internal Control – Integrated Framework of 2013 and the risk management system is based on COSO's Enterprise Risk Management Framework of 2017.

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 a 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 payments outside of approved payment terms and potential duplicate payments.

The antitrust 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.

Compliance Law 360 is the platform used to automate and build up the compliance library and an effective tool in regulatory and statutory compliance management. This platform is used to upload licenses which were then regularly reviewed, and alerts sent on any licenses due to expire.

In 2023, the Ethics and Compliance team launched Compass, an internal resource housing all things ethics and compliance including, various policies, guidance on our delegation of authority guide, our protected disclosure process and various other tools and resources.

RISK MANAGEMENT

The Global Risk Management function conducts regular reviews in accordance with a risk-based plan approved by the Audit Committee and reports its findings to the Management Committee and to the Board through the Audit Committee. The Risk Register is deliberated by the Audit Committee.

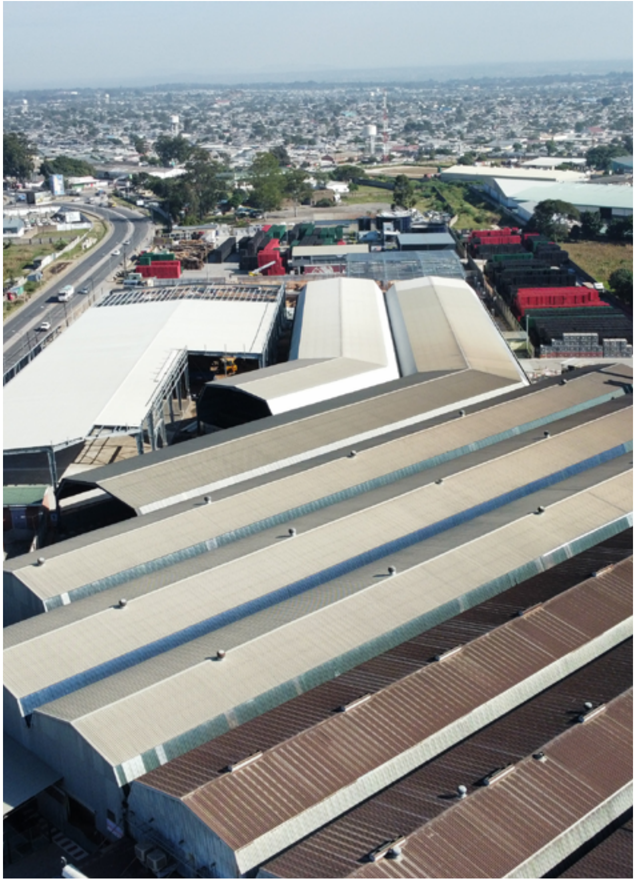
The Global Risk Management Team is responsible for reviewing the effectiveness of the internal control framework and for working with process owners to implement improvements. Framework Enterprise Risk Management (ERM) is a structured and coordinated, entity-wide governance approach to identify, quantify, respond to, and monitor the consequences of potential events.

Below is a summary of key focus areas for the year ended 31 December, 2023:

In August 2023, GRM conducted a tactical audit in Zambia. The purpose of the audit was to assess effectiveness of the key controls in the supply, logistics and procurement functions. The review aimed to provide assurance on inventory management processes, source to pay compliance with regards to variable industrial logistic cost, and raw material management including consumption and price for energy and fluids (diesel). The approach was to identify and address control failures through interviews, data analysis and independent on-site stock count execution.

A review of the balance sheet was conducted to (i) identify and assess the risk of aged items and their impact, (ii) design and implement a process to sustainably manage the risk, and (iii) remediate the associated controls.

A capital expenditure process and resource allocation review was conducted to provide the following assurance: (i) the validity of the costs booked within capex, (ii) that the assets procured through capex are delivered and booked in line with financial guidelines, and (iii) that areas for improvement in overall capex management are actioned.



SUMMARY OF 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 laws and regulations.	**GLOBAL WHISTLEBLOWER POLICY** We have a 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. We promote human rights and do not, knowingly, contribute to the violations of human rights by other parties.	**GLOBAL ANTI-HARASSMENT AND ANTI-DISCRIMINATION POLICY** 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.
RESPONSIBLE SOURCING POLICY Our 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.	**RESPONSIBLE MARKETING AND COMMUNICATIONS CODE** In all of our marketing, sales, promotion and communications including both traditional, as well as digital media, we strive to be honest, truthful, in keeping with contemporary standards of good taste, and sensitive to cultural norms.
PRODUCT QUALITY 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.	**DIVERSITY AND INCLUSION** 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 The Policy 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 our employees, partners, customers and others who use our products and services.
ENVIRONMENTAL POLICY AND PRINCIPLES 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.	**RESPONSIBLE SOURCING PRINCIPLES FOR FARMS** Our goal is to secure local, resilient high-quality supply of crops for decades to come. This involves partnering with farmers to help improve their productivity and profitability while strengthening environmental stewardship so that land can be used for generations and providing good working conditions which attract and retain people in agriculture.
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 have developed a comprehensive approach to water stewardship as part of our overall environmental management.	**PUBLIC POLICY** We actively develop strong working relationships with public officials, emerging leaders and influential members of the communities where we live and work. All of our public policy expenditures and activities comply with local laws, as well as with our own approval processes.
HEALTH POLICY We 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	**RESPONSIBLE DRINKING POLICY** We recognise that the harmful use of alcohol has a serious effect on public health, and we are concerned about alcohol abuse and the negative impact on society. We, support the WHO Global Strategy to Reduce the Harmful Use of Alcohol. We have a policy regarding drinking at work, which outlines the responsibilities of the company as well as those of the employee, and it gives clear guidelines about what is expected of both.

GOVERNANCE CHARTER

For the Company, the issue is two-fold. Corporate governance concerns both the effectiveness and the accountability of its Board of D-irectors.

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 month in September for all levels of employees, including conflict of interest and how to declare an interest, general compliance with the Code of Ethics and Anti-Bribery Policy, Sales Representatives were trained at the Sales Conference in competition law principles and we held competition law training towards the end of the year for our third party distributors. Reminders on-line for data privacy and cyber-security were circulated. All supervisors and managers completed compulsory online training on our various ethics policies.

We held a safety campaign for World Safety Day, which included training and we held additional comprehensive safety sensitization programmes for project team members during the capacity up-grade.

ALCOHOL RESPONSIBILITY

Central to our commitment to responsible alcohol practices is the alignment with the National Alcohol Policy (NAP), a cornerstone that upholds human rights, legitimate business endeavours, and the adherence to laws governing alcohol consumption. Acknowledging the imperative of political will and leadership, we champion a multi-sectorial, sustainable, and public health-oriented approach rooted in scientific evidence and objective information. The NAP underscores education, treatment, and rehabilitation for alcohol abusers, emphasizing the pivotal role of statutory bodies and key stakeholders in implementing a robust legal framework.

In consonance with the NAP, we actively engage in sensitization for harm reduction within the communities where we operate, demonstrating our dedication to fostering a culture of responsible alcohol consumption. Our strategic Smart Drinking goals, shaped by evidence-based initiatives, epitomize our commitment to educating and sensitising both consumers and bar owners.

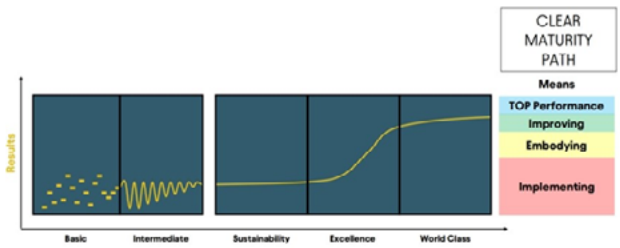
Through our commitment to these initiatives, we actively engage with stakeholders, including non-governmental organisations, private sector, Drug Enforcement Commission, local councils, the Ministry of Health, and the Zambia Revenue Authority. Our goal is to collaboratively reducehe harmful effects of alcohol abuse and continue fostering a culture of responsible drinking.

As we navigate the challenges of the current period, our focus on education, community engagement, and evidence-based initiatives remains resolute. We believe that responsible alcohol consumption, when aligned with national policies and community needs, contributes to social cohesion and overall well-being. Our Smart Drinking programmes persist in driving behaviour change through engagement and awareness, emphasising the importance of moderation for the benefit of both consumers and the public.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

Safety First, Quality Always & VPO Forever

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



The VPO Programme is based on 6 key principles:

Simplification: Keep it simple, put the fundamentals in place.

Focus on execution: Measure the right and few KPIs that drive the results to the targets.

Communication: Create the sense of ownership and accountability.

Discipline: Excellence in execution - sustainability, free time to do the important things (important/relevant x urgent).

Teamwork: Commitment, sharing of best practices, the best team with one single goal.

Leadership: Drive behaviour change, fact-based decisions, lead the way.

These principles are aligned with ABI's "**Dream, People, Culture**" concept and that drive behaviours that make the difference to achieve excellence in the results.

Results are not only measured in terms of costs. They also cover the safety and morale of our people (Behaviour), the quality and delivery of our products (Service), and the efficiency of our processes, both from a performance and sustainability/Better World standpoint (Performance).

Last year Zambian Breweries Lusaka plant underwent the USD80m expansion project to increase capacity; a project that saw an influx of both local and international contractors working together and delivering a project with zero injuries due to strong management system guided by VPO safety routines and behavioral safety culture. The expansion created an opportunity for new people to be employed and we are proud to say that the new line boasts 60% females that underwent both classroom and practical training using the VPO on-boarding process as guided by the People Pillar. We had 100% training compliance for both internal and external training.

The brewery managed to continue producing while undergoing the capacity upgrade, which was a challenge, but the team ended the year successfully with zero injuries. and improved brew and packaging volumes. The brewery VPO maturity level reached Intermediate status, which was slightly below the target of Sustainability. For 2024 our dream is to improve our employee engagement and optimise the new equipment and achieve Excellence status by November.

ENVIRONMENT

Our staff took part in the Kafue Basin clean-up operation to conserve water sources. This was in line with the theme of the 2023 UN World Water Day in March: **Accelerating Change.** The team accepted the challenge to be the change we want to see in the world.

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

Throughout the year we had various engagements and held activities with our key stakeholders. These included meetings with the Consumer Protection and Competition Commission and the Zambia Compulsory Standards Agency, liaison with the ministries of Commerce, Trade and Industry, and of Finance and the Zambia Environmental Agency. We held a stakeholder meeting for concerned parties as part of the Environmental Impact Assessment for our USD80 million capacity upgrade project in Lusaka. We were happy to host the Bar and Nightclub Owners Association and we held a Distributor Conference for third-party distributors. We signed a Memorandum of Understanding with the Lusaka City Council, which paved the way for various compliance activities relating to alcohol responsibility and we collaborated with RTSA on road safety to deter drunk driving.

RECOGNITION THOURGHOUT THE YEAR

We are proud to say that we received the following recognition from external stakeholders in the course of 2023:

- Platinum Large Award in the Green Stand Exhibitors' category at the recently-ended Africa Travel Indaba 2023 in Durban, South Africa.
- 2023 Private Sector and Environmental Stewardship - 2023 Zambia Chamber of Commerce and Industry ZACCI Gala and Awards Ceremony.
- 5th Gold Monde Award - Mosi Premium Lager
- Lusaka Water Stewardship Initiative (LuSWI) – Environmental and Water Stewardship Award for 2023

DIVERSITY AND INCLUSION

An Inclusive, Empowered and Equitable Future

Our greatest strength is our people, and we support every individual's potential to excel.

During our expansion efforts, we prioritised a culture of inclusion, with gender diversity being among the major items. The Company introduced innovative amenities, including personal protective equipment (PPE) catering for expectant female staff and a dedicated mother's room at the Lusaka plant.

This year has seen a 7.2 percentage increase in female employees.

Recognising the strength that lies in a diverse workforce, Zambian Breweries remains dedicated to fostering an inclusive workplace in alignment with its 2025 Sustainability Goals for holistic environmental and social impact, ensuring everyone has the opportunity to excel.

The Vice President of the Republic of Zambia launched the mothers' room and PPE in June


Sparkling
RUBY APPLE SPRITZER
BRUTAL
FRUIT
Sparkling
RUBY APPLE
SPRITZER
FRUIT INFUSED
ALE

Board of Directors and Management Committee

Board of Directors

Monica Musonda

Chairperson Independent Non-Executive

Appointment: 2019

Founder of Java Foods, an agro-processing business. She has over 18 years' experience in private legal practice and as in-house corporate counsel in the UK, South Africa, US and Nigeria. She sits on several boards.

2017 African Agribusiness Entrepreneur of the Year Award

Young Global Leader (World Economic Forum) Archbishop Desmond Tutu Leadership Fellow.

LLB - University of Zambia; LLM University of London

Michelle Kilpin

Executive Director

Appointment: 2021 - 2023

Joined South Africa Breweries in 2004 as a Sales Representative, progressing to Formal on-Premise Channel Manager and under AB InBev as Regional Director, Trade Marketing Director - South Africa and Innovation Director – Africa Zone for AB InBev. She joined Zambian Breweries as Country Director in 2021 and resigned from the Board in February 2024.

Bachelor of Commerce (Hons.) - University of Johannesburg

Jito Kayumba

Audit Committee Chairperson Independent Non-Executive

Appointment: 2019

Formerly a partner at Kukula Capital, a venture capital company. He has served on boards in various sectors, including the financial sector and is currently Special Advisor to the President of the Republic of Zambia.

Certified investment advisor, degree in Political Science - Concordia University, Canada, MBA - ALU School of Business

Elisha Dhenanath

Non-Executive

Appointment: 2022

Finance Director for the Group's Business Unit in South-East Africa with extensive experience in company financial functions across Africa in audit and risk management, budget processes, and in local and international trading foreign exchange, money market, derivative, equity and debt capital market activity.

BSc. Actuarial Science - University of the Witwatersrand - South Africa

Obed Somali

Executive

Appointment: 2020

Having grown through the company since 2013 in various accounting and finance functions, including Accounts Payable, Treasury, Tax, Asset Management and Planning, He resigned as the Country Lead Finance in March 2024.

Chartered Institute of Management Accountants (CIMA)
Zambia Institute of Chartered Accountants (ZICA)
Chartered Global Management Accountant

Thais Cavinatto

Executive Director

Appointment: 2024

Commenced her career as an analyst within the Investment Banking Division of Goldman Sachs (Brazil), founded a professional chauffeuring company within Brazil, held positions in sales and distribution, strategy and technology in AB InBev and was promoted to Global Head Office Frontline Digital Transformation Vice-President in New York.

BSc in Business Administration - Fundacao Getulio Vargas – Brazil, MBA - University of Chicago School of Business

Management Committee

Michelle Kilpin

Country Director
(Outgoing)

Joined South Africa Breweries in 2004 as a Sales Representative, progressing to Formal on-Premise Channel Manager and under AB InBev as Regional Director, Trade Marketing Director - South Africa and Innovation Director – Africa Zone for AB InBev. She joined the brewery as Country Director in 2021 and resigned in January 2024.

Bachelor of Commerce (Hons.) - University of Johannesburg

Thais Cavinatto

Country Director
(Incoming)

Joined in February 2024. Commenced her career as an analyst within the Investment Banking Division of Goldman Sachs (Brazil), founded a professional chauffeuring company within Brazil, held positions in sales and distribution, strategy and technology in AB InBev and was promoted to Global Head Office Frontline Digital Transformation Vice-President in New York.

BSc in Business Administration - Fundacao Getulio Vargas – Brazil, MBA - University of Chicago School of Business

Franz Schepping

Brewery Operations Director

Franz was originally appointed Technical and Supply Chain Director for Zambian Breweries Plc in December 2011. He is currently Brewery Operations Director overseeing various Group companies. He has an extensive career globally in brewing.

Master's degree - Technical University in Munich in Brewing and Beverage Technology

Obed Somali

Country Lead Finance
(Resigned)

Appointed: 2020 Having grown through the company since 2013 in various accounting and finance functions, including Accounts Payable, Treasury, Tax, Asset Management and Planning, He resigned as the Country Lead Finance in March 2024.

Chartered Institute of Management Accountants (CIMA)
Zambia Institute of Chartered Accountants (ZICA)
Chartered Global Management Accountant

Deborah Bwalya

Legal Counsel and Company Secretary

Joined the Company in 2014 as Legal Counsel and Company Secretary and currently Legal Counsel – Zambia, Botswana and Namibia. Has 18 years' experience in the legal profession in private practice at Corpus Legal Practitioners and formerly at Konkola Copper Mines Plc.

BA Hons. French – University of Exeter, LLB University of London, Advocate of the High Court of Zambia, UK Chartered Company Secretary, MBA - University of Birmingham, LLM in International Economic Law - University of South Africa

Tawanda Hojane

Legal & Corporate Affairs Director

Joined in May 2023, with over 20 years' experience in customer service and IT roles at Kavar IMCA, FNB Zambia Limited, Standard Chartered Bank Plc, Airtel Zambia Plc, Finca Zambia, Hydro Corp Enterprises Limited (Johannesburg) and Investrust Bank Plc.

BSc Computer Science – Copperbelt University

Bwalya Sampa

Head of Logistic and Planning

Joined in 2022 as Head of Logistics, previously Head of Management Control at Lactalis Zambia Ltd, Logistics Business Analyst at Lafarge Zambia Plc, various management roles at Standard Chartered Bank Zambia Plc and an Associate Tax Consultant at PwC, with over 15 years' experience. She resigned in December 2023.

Fellow of the Association of Chartered Certified Accountants (ACCA), Associate of the Zambia Institute of Chartered Accountants (ZICA)

Thelma Kaonga

Head of Marketing

Head of Marketing since December 2022, with a 13 year career history in FMCG managing local and regional brands at Zambian Breweries. She has considerable experience in new product launches and driving brand growth through creative strategies.

BA Development Studies – University of Zambia. Chartered Institute of Marketing Professional Diploma, MBA in Strategic Management (pursuing) - University of Zambia

Makani Mweembe

Country Solutions Manager (Incoming)

Joined in October 2023, with 8 years' experience in project management, technical operations and innovation as IT Project Manager and Systems Innovation Analyst for Digital PayGo and Technical Operations Manager for Nsano.

BSc (Hons) Management Information Systems – Asesi University – Ghana, Certificate in Business and Financial Modelling, Member of ICTAZ

Shula Kampamba

Head of Solutions (Outgoing)

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 resigned in July 2023.

BSc in Computing, MSc in Information Systems - University of Greenwich, UK

Nkandu Mapulanga

Country Lead People

Nkandu joins us with a background in operations management, administration and sales, later specializing in the human resources field. She joined the brewery in 2014 as Human Resources Administration Officer, rising to People Business Partner in November 2020, when she took up a role in the South African Head Office, returning to join the Management Team in February, 2023.

BSc in Management from Monash University in South Africa

Simon Nyondo

Head Procurement

Country Procurement Head since October, 2021 with over 8 years' management experience in the procurement function. He resigned in December 2023.

Bachelor's degree in Purchasing and Supply Chain Management - Copperbelt University, member of Zambia Institute of Purchasing and Supply

Tapiwa Pasi

Malting Plant Manager

Joined in 2017 with 25 years' experience in the malting and brewing industry. He has worked as Technical Trainee at Delta Beverages in Zimbabwe, where he rose to Maltings Plant Manager for sorghum and barley malting plants and has been instrumental in turning around the fortunes of the operations.

BSc (Hons) Applied Biology and Biochemistry – National University of Science and Technology, Zimbabwe, MBA - Midlands State University, Zimbabwe, Diploma, Institute of Guild and Brewing – UK, Malt Master Diploma – Maltsters Association of Great Britain, AB InBev Malt Masters Diploma, Diploma Institute of Marketing Management - Zimbabwe

Albert Malunga

Plant Manager - Lusaka

Albert joined the Management Committee in 2020. He has extensive experience in manufacturing, having worked for TAP, Zambian Breweries and Coca Cola in different technical functions. He resigned in February 2024.

Bachelor's degree in Production Management - Copperbelt University

Esther Mapenda

Plant Manager - Ndola

Joined the Company in 2005 as a Quality Assurance Superintendent, she held various leadership roles in the quality function culminating in a regional role from 2017 before being appointed Plant Manager at the Ndola site in 2021.

Diploma in Brewing from the Institute of Brewing and Distilling, Bachelor of Food Science and Technology UNZA, MSc in Quality Assurance - California State University, Member of the Institute of Directors

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 2023, which disclose the state of affairs and performance of Zambian Breweries Plc and its subsidiary, Zambian Breweries Distribution Company (together "the Group").

Principal Activities

The principal activities of the Group are the manufacture and distribution of alcoholic beverages.

Share Capital and Beneficial Ownership Information

The authorised share capital of the Group 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.

The Group shareholding and beneficial ownership is represented as follows:

Name Of Shareholder	Percentage Of Shareholding	Beneficial Owners
AB InBev Africa BV	87.13%	AB InBev Africa BV
Public Free Float (Lusaka Stock Exchange)	12.87%	Public Free Float

There were no changes in the beneficial owners during the year (2022: Nil).

Significant Events During the Year

The were no significant events during the year impacting the operations of the Group.

Results and Dividend

The loss for the year of K536 million (2022: Profit K99 million) has been added to retained earnings. The Directors have not declared a dividend (2022: Nil) nor have any dividends been paid during the year (2022: 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	Resigned on 31 March 2024
Michelle Nicola Kilpin	Executive Director	Resigned on 23 February 2024
Elisha Dhenanath	Non-executive Director	
Thais Cavinatto	Executive Director	Appointed on 1 February 2024

During the year, the total Directors remuneration was K11 million (2022: K10 million), comprised of K10 million (2022: K9 million) for services rendered by executive directors, and K0.88 million (2022: K0.86 million) for services rendered by non-executive directors.

Interests Register Information

During the year, the Group officers (Directors, Group Secretary or Executive Officers of the Group) did not declare any interest in the Group transactions and business (2022: Nil).

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 K180 million (2022: K177 million) and the averagenumber of employees was as follows:

Month	Average number of employees	Month	Average number of employees
January	818	July	812
February	816	August	806
March	815	September	811
April	810	October	816
May	803	November	812
June	809	December	811

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 K73,519 (2022: K30,000) to various charitable and sporting events.

Research and Development

During the year the Group incurred costs of K318,763 on research and development (2022: Nil).

Exports

During the year, the Group did not export any goods or services (2022: K19 million).

Property, Plant and Equipment

During the year, the Group purchased property, plant and equipment amounting to K1.9 billion (2022: K1 billion). 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 remuneration for the year was K4.2 million (2022: K3.7 million) as regards audit services.

Signed on behalf of the Board of Directors,

Thais Cavinatto
Director

Monica Musonda
Chairperson of the Board

Date: 2nd April, 2024

Statement of Directors' Responsibilities

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 IFRS Accounting Standards 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 48 to 89 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.

As set out in Note 2 (b) of the accompanying financial statements, the Group made a loss of K535 million for the year ended 31 December 2023 and the Group's current liabilities exceed its current assets by K3.6 billion. The incremental growth in current liabilities is primarily attributed to loans and overdraft facilities amounting to K2.0 bn. Most facilities are placed with local banks to avoid exposure to foreign exchange devaluation risks in light of the material fluctuations at year end.

This was a strategic decision to expand the Group's capacity in Lusaka. This investment aims to drive organic growth by modernizing equipment, thereby lowering maintenance costs, and improving production efficiency. While this investment has temporarily impacted the Group's balance sheet, the Directors believe it will yield long-term benefits by enhancing the Group's competitiveness and operational capabilities.

Looking ahead, the Group's strategic focus includes prioritising discharging its debt obligations in 2024 to improve the Group's overall gearing and balance sheet outlook. By reducing the debt burden, the Group aims to strengthen its financial position and enhance shareholder value.

Consequently, the Directors are confident that the Group will generate sufficient resources from operations to discharge its debt obligations in the normal course of business for at least 12 months from the date of these annual financial statements.

Signed on behalf of the Board of Directors

Thais Cavinatto
Director

Monica Musonda
Chairperson of the Board

Date: 2nd April, 2024

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 Group and Company financial position of Zambian Breweries Plc (the "Company") and its Subsidiary (together the "Group") as at 31 December 2023, and of the Group and Company financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards 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 which are set out on pages 48 to 89 and comprise:

- the Group and Company statements of financial position as at 31 December 2023;
- the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company statements of cash flows for the year then ended; and
- the notes to the Group and Company annual financial statements, comprising material accounting policies and other explanatory information.

Basis of 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.

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
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 of the long terminal 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 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 Accounting Standards 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.

pwc

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 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 annual financial statements.

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 are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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; and

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.

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 the Zambian Breweries Plc and its subsidiary (the Group and Company) we report on whether:

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

ii) the 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 profit or loss and other comprehensive income, together with the Company statement of financial position and Company statement of profit or loss and other comprehensive income are in agreement with the Group and Company'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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants **28 March 2024**
Lusaka

Martin Bamukunde
Practicing Certificate Number: AUD/A009933
Partner signing on behalf of the firm

Financial Statements

Annual Financial Statements

For the year ended 31 December 2023

Consolidated and Company statement of profit or loss and other comprehensive income

	Notes	Group		Company	
		2023 K'000	2022 K'000	2023 K'000	2022 K'000
Revenue from contracts with customers	6	4,152,666	3,674,541	3,816,306	3,601,362
Cost of goods sold	8	(3,113,013)	(2,308,245)	(3,116,215)	(2,258,392)
Gross profit		**1,039,653**	**1,366,296**	**700,091**	**1,342,970**
Other income	7	40,803	278,293	39,324	31,326
Other expenses	7	(717,256)	(623,532)	(972,226)	(622,120)
Administrative expenses	8	(581,833)	(418,198)	(364,900)	(357,252)
Distribution costs	8	(235,808)	(299,073)	(74,611)	(166,912)
Net impairment reversal / (losses) on financial assets	4(b)	13,053	(9,810)	5,062	(1,023)
Operating (loss) / profit		**(441,388)**	**293,976**	**(667,260)**	**226,989**
Finance income	9	32	33	32	33
Finance costs	9	(354,085)	(151,843)	(354,073)	(151,839)
(Loss) / profit before income tax		**(795,441)**	**142,166**	**(1,021,301)**	**75,183**
Income tax credit / (expense)	11	259,840	(42,918)	339,434	(28,972)
(Loss) / profit for the year		(535,601)	99,248	(681,867)	46,211
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**(535,601)**	**99,248**	**(681,867)**	**46,211**
Basic and diluted earnings per share	21	(0.98)	0.18		

The notes on pages 52 to 89 are an integral part of these annual financial statements

Consolidated and Company statements of financial position

	Notes	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Assets					
Non-current assets					
Property, plant and equipment	12	4,501,731	3,015,178	4,481,910	2,989,153
Investment in subsidiary	13	-	-	22,576	-
Intangible assets	14	20,002	41,792	20,002	41,792
		4,521,733	**3,056,970**	**4,524,488**	**3,030,945**
Current assets					
Inventories	15	735,404	922,647	717,736	800,697
Other current assets	16	73,471	116,455	73,259	96,402
Trade and other receivables	17	288,203	237,118	707,508	327,081
Current income tax receivable	11	57,341	113,292	90,066	94,544
Cash at bank and in hand	18	301,705	352,252	233,345	299,825
		1,456,124	**1,741,764**	**1,821,914**	**1,618,549**
Total Assets		**5,977,857**	**4,798,734**	**6,346,402**	**4,649,494**
Equity and liabilities					
Equity attributable to owners					
Share capital	19	5,460	5,460	5,460	5,460
Share premium	19	450,207	450,207	450,207	450,207
Retained earnings		246,984	782,585	47,681	729,548
Total equity		**702,651**	**1,238,252**	**503,348**	**1,185,215**
Liabilities					
Non current liabilities					
Deferred income tax	22	154,361	492,153	153,041	500,992
Current liabilities					
Trade and other payables	24	3,085,470	1,776,656	3,654,638	1,694,190
Borrowings	23	2,035,375	1,291,673	2,035,375	1,291,673
		5,120,845	3,068,329	5,690,013	2,985,863
Total Equity and liabilities		**5,977,857**	**4,798,734**	**6,346,402**	**4,672,070**

The annual financial statements on pages 48 to 51 were approved and authorised for issue by the Board of Directors on 28th March, 2024 and signed on its behalf by:

Thais Cavinatto
Director of the Board
2nd April, 2024

Monica Musonda
Chairperson of the Board
2nd April, 2024

The notes on pages 52 to 89 are an integral part of these annual financial statements

Consolidated and Company statement of changes in equity

Group **Year ended 31 December 2022**	**Share capital** K'000	**Share premium** K'000	**Retained earnings** K'000	**Total** K'000
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**
Year ended 31 December 2023				
At start of year	5,460	450,207	782,585	1,238,252
Loss for the year	-	-	(535,601)	(535,601)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(535,601)**	**(535,601)**
At end of year	**5,460**	**450,207**	**246,984**	**702,651**
Company **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**
Year ended 31 December 2023				
At start of year	5460	450,207	729,548	1,185,215
Loss for the year	-	-	(681,867)	(681,867)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	**(681,867)**	**(681,867)**
At end of year	**5,460**	**450,207**	**47,681**	**503,348**

The notes on pages 52 to 89 are an integral part of these annual financial statements

Consolidated and Company statement of cash flows

		Group		Company	
	Notes	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Cashflows from operating activities					
Cash generated from operations	25	1,513,871	905,751	1,479,949	730,654
Interest income	9	32	33	32	33
Interest paid bank loans and overdrafts	9	(354,085)	(151,843)	(354,073)	(151,839)
Income tax paid	11	(22,000)	(97,899)	(4,039)	(56,366)
Net cash inflow from operating activities		**1,137,818**	**656,042**	**1,121,869**	**522,482**
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(1,944,940)	(1,009,450)	(1,944,940)	(1,009,450)
Proceeds from disposal of property, plant and equipment	13	10,796	85,140	10,796	85,140
Investment in subsidiary		-	-	-	(15)
Net cash outflow from investing activities		**(1,934,144)**	**(924,310)**	**(1,934,144)**	**(924,325)**
Cash flows from financing activities					
Proceeds from borrowings	25(ii)	1,892,500	270,000	1,892,500	270,000
Loan principal repayments	25(ii)	(905,000)	-	(905,000)	-
Net cash inflow from financing activities		987,500	270,000	987,500	270,000
Net increase / (decrease) in cash and cash equivalents		**191,174**	**1,732**	**175,225**	**(131,843)**
Movement in cash and cash equivalents					
Cash and cash equivalents at the beginning of the financial year		(34,421)	67,319	(86,848)	67,319
Net increase/decrease		191,174	1,732	175,224	(131,843)
Effects of exchange rate changes on cash and cash equivalents		2,077	(103,472)	2,094	(22,324)
Cash and cash equivalents at end of year	18	**158,830**	**(34,421)**	**90,470**	**(86,848)**

The notes on pages 52 to 89 are an integral part of these annual financial statement

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 material 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

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

Historical cost convention

The annual 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 when assessed as immmaterial.

In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2023 have been approved for issue by the Directors.

The preparation of annual financial statements in conformity with IFRS Accounting Standards 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.

(b) Going concern

As set out in Note 2 (b) of the accompanying financial statements, the Group made a loss of K535 million for the year ended 31 December 2023 and the Group's current liabilities exceed its current assets by K3.6 billion. The incremental growth in current liabilities is primarily attributed to loans and overdraft facilities amounting to K2.0 bn. Most facilities are placed with local banks to avoid exposure to foreign exchange devaluation risks in light of the material fluctuations at year end.

This was a strategic decision to expand the Group's capacity in Lusaka. This investment aims to drive organic growth by modernizing equipment, thereby lowering maintenance costs, and improving production efficiency. While this investment has temporarily impacted the Group's balance sheet, the Directors believe it will yield long-term benefits by enhancing the Group's competitiveness and operational capabilities.

Looking ahead, the Group's strategic focus includes prioritising discharging its debt obligations in 2024 to improve the Group's overall gearing and balance sheet outlook. By reducing the debt burden, the Group aims to strengthen its financial position and enhance shareholder value.

Consequently, the Directors are confident that the Group will generate sufficient resources from operations to discharge its debt obligations in the normal course of business for at least 12 months from the date of these annual financial statements.

Basis of consolidation

The annual 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

2. Summary of material accounting policies (Continued)

Basis of consolidation (Continued)

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

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 statements 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. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

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. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Zambian Breweries Plc.

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 Accounting 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.

(C) Changes In accounting policy and disclosures

(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.

2. Summary of material accounting policies (Continued)

(C) Changes In accounting policy and disclosures (Continued)

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

The Group has applied the following standards and amendments for the first time for their annual reporting period

Number	Effective date	Executive summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 (Published May 2017)	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.Aside from this general model, the standard provides, as asimplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less. For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. Under IFRS 17, the general model requires entities to measure an insurance contract at initial
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard.
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. (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 material accounting policies (Continued)

(C) Changes In accounting policy and disclosures (Continued)

(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.

Name	Effective Date	Executive Summary
Amendments to IAS 1 - Non- current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2024)	The amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cashflows and exposure to liquidity risk. The disclosure requirements are theIASB's response to investors' concerns that some companies' suppliers finance arrangements are not sufficiently visible, hindering investors'analysis.
Amendments to IAS 21 - Lack of Exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Zambian Breweries PLC has appointed an Executive committee which assesses the financial performance and position of the Group and makes strategic decisions. The committee, which has been identified as being the CODM, consists of the Chief Executive Officer and the Chief Financial Officer

(e) 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.

2. Summary of material accounting policies (Continued)

(e) Foreign currency translation (Continued)

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'.

(f) 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

Sales of locally produced and imported beverages 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.

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.

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.

(g) 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.

(h) 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.

2. Summary of material accounting policies (Continued)

(h) Property, plant and equipment (Continued)

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

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.

(i) Intangible assets

i) Goodwill

Goodwill arose on the acquisition of alcoholic segments and represented the excess of the consideration transferred over the Group's interest in 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 segment level.

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.

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.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cashgenerating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts

2. Summary of material accounting policies (Continued)

(k) 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.

(l) 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 cases where 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.

(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).

(ii) 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, security deposits from customers on containers, 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.

(iii) Other receivables

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.

Financial liabilities

The Group's financial liabilities are classified as amortised cost. Financial liabilities are recognised initially at fair value and inclusive of directly attributable transaction costs. The Group's financial liabilities, and trade and other payables, and borrowings.

(i) 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

2. Summary of material accounting policies (Continued)

(I) Financial instruments(Continued)

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.

(ii) 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.

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.

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.

2. Summary of material accounting policies (Continued)

(l) Financial instruments(Continued)

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.

(m) Other current assets

Other current assets include prepayments which 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

ii) 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.

2. Summary of material accounting policies (Continued)

(r) 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

i) Current income tax (Continued)

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 statements. 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.

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 judgments

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

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.

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 Group 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 Group holds bank balances in the relevant foreign currencies and continuously monitor markets and purchase any foreign currency required at the spot rate.

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

	Exposure			Total
Group	**ZAR** K'000	**USD** K'000	**EUR** K'000	
As at 31 December 2023				
Cash and cash equivalents	35,358	68,596	8,570	112,525
Trade and other payable	(915,580)	(1,156,330)	(52,524)	(2,124,434)
	(880,222)	**(1,087,734)**	**(43,954)**	**(2,011,909)**
As at 31 December 2023				
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**

	Exposure			Total
Company	**ZAR** K'000	**USD** K'000	**EUR** K'000	
As at 31 December 2023				
Cash and cash equivalents	34,248	68,593	8,567	111,407
Trade and other payable	(915,580)	(1,156,330)	(52,524)	(2,124,434)
	(881,332)	**(1,087,737)**	**(43,957)**	**(2,013,027)**
As at 31 December 2023				
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)

Sensitivity

At 31 December 2023, if the Zambian Kwacha had weakened / strengthened by 1.4% (2022: 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 K70.4 million (2022: K13 million) higher/lower for the Group and K70.4 million (2022: 13 million) for the Company, mainly as a result of the ZAR denominated trade payables and bank balances.

4. Financial risk management (Continued)

a) Market risk (Continued)

At 31 December 2023, if the Zambian Kwacha had weakened / strengthened by 25.73% (2022: 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 K141.4million (2022: K2.5 million) higher/lower for the Group and K141.4 million (2022: K34 million) for the Company, 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 28.38% (2022: 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 K44 million (2022: K0.17 million) higher/lower for the Group and K44 (2022:K2 million) for the Company mainly as a result of the Euro denominated trade payables and bank balances.

(ii) Cash flow and fair value Interest rate risk

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. As at the end of the reporting period and unchanged from prior, the Group is exposed to interest rate risk. Management is still in the process of assessing measures to manage the risk.

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

Group	2023 K'000	% of Total Loans	2022 K'000	% of Total Loans
Variable rate borrowings	1,892,500	100%	905,000	100%
Company				
Variable rate borrowings	1,892,500	100%	905,000	100%

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 2023, with all other variables held constant, a 2% (2022: 2%) decrease/increase in the base interest rate would have resulted in change in post-tax profit for the year and shareholders' equity by K37.9 million (2022 : K18.1 million).

b) Credit risk

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

i) Risk management

The Group'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 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 Group 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 Group 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 Group 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

4. Financial risk management (Continued)

b) Credit risk (Continued)

on shared credit risk characteristics and the days past due. The Group'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.

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 Group'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).

Changes in the aged gross carrying amounts of trade receivables impacting the loss allowance are as disclosed below. There was no collateral held for any of the assets held by the Company. Further, there was no contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

4. Financial risk management (Continued)

b) Credit risk (Continued)

The loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables:

Group 31 December 2023	Current K'000	31 - 60 days past due K'000	61 - 90 days past due K'000	91 -120 days past due K'000	Over 120 days past due K'000	Total K'000
Gross carrying amount	173,426	1,951	840	577	441	177,235
Expected Loss rate	0.026%	12.170%	30.778%	26.592%	100%	
Loss allowance	(46)	(237)	(259)	(153)	(441)	(1,136)
Net carrying amount	**173,380**	**1,714**	**581**	**424**	**-**	**176,099**

Group 31 December 2022	Current K'000	31 - 60 days past due K'000	61 - 90 days past due K'000	91 -120 days past due K'000	Over 120 days past due K'000	Total K'000
	206,721	13,559	4,408	-	901	225,589
	3.28%	22.41%	78.70%	0.00%	100.00%	
	(6,780)	(3,039)	(3,469)	-	(901)	(14,189)
Net carrying amount	**199,941**	**10,520**	**939**	**-**	**-**	**211,400**

Company 31 December 2023	Current K'000	31 - 60 days past due K'000	61 - 90 days past due K'000	91 -120 days past due K'000	Over 120 days past due K'000	Total K'000
Gross carrying amount	-	108	97	-	302	507
Expected Loss rate	0.00%	9.75%	28.12%	0.00%	100.00%	
Loss allowance	-	(11)	(27)	-	(302)	(340)
Net carrying amount	**-**	**97**	**70**	**-**	**-**	**167**

Company 31 December 2022	Current K'000	31 - 60 days past due K'000	61 - 90 days past due K'000	91 -120 days past due K'000	Over 120 days past due K'000	Total K'000
Gross carrying amount	294,105	11,190	3,831	-	901	310,027
Expected Loss rate	0.00%	13.26%	78.75%	0.00%	100.00%	
Loss allowance	-	(1,484)	(3,017)	-	(901)	(5,402)
Net carrying amount	**294,105**	**9,706**	**814**	**-**	**-**	**304,625**

4. Financial risk management (Continued)

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

b) Credit risk (Continued)

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
At start of year	14,189	4,379	5,402	4,379
Impairment (credit) / charge recognised in profit or loss	(13,053)	11,963	(5,062)	3,175
Recoveries	-	(2,153)	-	(2,152)
	1,136	14,189	340	5,402

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 Group, and a failure to make contractual payments for a period of greater than 120 days past due.

An entity shall disclose the contractual amounts outstanding on financial assets that were written off during the reporting period and are still subject to enforceability activity. During the year, the Group had no such financial assets (2022: Nil).

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.

The loss allowance recognised is categorised as follows

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Performing debtors	695	13,288	38	4,501
Non-performing debtors (over 120 days)	441	901	302	901
	1,136	14,189	340	5,402

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 theGroup'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. The Group has the right to net-off receivables from related parties with amounts due to related parties.

.

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 Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

4. Financial risk management (Continued)

c) Liquidity risk (Continued)

i) Financing arrangements

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

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Expiring within one year (bank loan & overdrafts)	2,252,000	649,962	2,252,000	649,962

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

ii) Maturities of financial liabilities

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

Group	Less than 1 year K'000
At 31 December 2023	
Trade and other payables (excluding statutory liabilities)	3,035,707
Borrowings	2,373,450
	5,409.157
At 31 December 2022	
Trade and other payables (excluding statutory liabilities)	1,515,623
Borrowings	1,494,466
	3,010,089

Company	
At 31 December 2023	
Trade and other payables (excluding statutory liabilities)	3,643,580
Borrowings	2,373,451
	6,017,031
At 31 December 2022	
Trade and other payables (excluding statutory liabilities)	1,682,382
Borrowings	1,494,466
	3,176,848

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 2023, the Group's strategy, which was unchanged from 2022, 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 2023 (2022) was as follows:

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Net debt (25ii)	1,733,670	939,421	1,802,030	991,848
Total equity (as presented in the statement of financial position)	**702,651**	**1,238,252**	**503,348**	**1,185,215**
	247%	**76%**	**358%**	**84%**

The group net debt to equity ratio increased from 76% to 247% as a result of additional bank loans and overdrafts facilities drawn during the year as shown in Note 25(ii).

e) Fair value measurements

The Company has short term financial instruments. Accordingly, the carrying amount is a reasonable approximation of fair value. As at the end of the reporting period, there were no non-financial instruments measured at fair value (2022: nil)

f) Financial instruments by category

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Financial assets at amortised cost				
Trade and other receivables	288,203	237,118	707,508	327,081
Cash and cash equivalents	301,705	352,252	233,345	299,825
	589,908	589,370	940,853	626,906
Financial liabilities at amortised cost				
Borrowings	2,035,375	1,291,673	2,035,375	1,291,673
Trade and other payables (excluding statutory liabilities)	3,035,707	1,515,623	3,643,580	1,682,382
	5,071,082	2,807,296	5,678,955	2,974,055

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	
Alcoholic	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Segment revenue	4,152,666	3,674,541	3,816,306	3,601,362
Fixed and variable expenses	(4,129,637)	(3,006,524)	(4,025,353)	(3,004,287)
EBITDA	23,029	668,017	(209,047)	597,075
Interest income	32	33	32	33
Interest expense	(354,085)	(151,843)	(354,073)	(151,839)
Depreciation	(443,277)	(370,998)	(437,073)	(367,043)
Amortisation	(21,140)	(3,043)	(21,140)	(3,043)
Income tax credit / (expense)	259,840	(42,918)	339,434	(28,972)
(Loss)/Profit after income tax	(535,601)	99,248	(681,867)	46,211
Total assets	5,977,857	4,798,734	6,346,402	4,672,070
Total liabilities	5,275,206	3,560,482	6,193,361	3,486,855

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	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Alcoholic beverages - locally produced	3,266,922	2,922,579	2,930,562	2,849,400
Alcoholic beverages - impaired	885,744	751,962	885,744	751,962
	4,152,666	3,674,541	3,816,306	3,601,362

7. Other income and expenses

Other Income	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Foreign exchange gain other than financing	1,186	903	-	903
Equipment hire	30,855	30,423	30,855	30,423
Release of provision	8,469	-	8,469	-
Warehouse and storage charges	293	246,967	-	-
	40,803	278,293	39,324	31,326

7. Other income and expenses (Continued)

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Loss on disposal of property, plant and equipment	2,172	4,393	2,157	4,393
Foreign exchange losses other than financing	466,265	370,756	465,904	369,420
Write off of obsolete assets	221,528	-	221,528	-
Warehousing and storage charges	-	248,383	255,346	248,307
Warehouse maintenance	27,291	-	27,291	-
	717,256	623,532	972,226	622,120

8. Breakdown of expenses by nature

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Cost of goods sold				
Provision for inventory charge	2,629	10,678	2,629	10,678
Raw materials and consumables used	2,117,324	1,677,493	2,128,966	1,629,143
Royalties	197,175	201,616	197,175	201,616
Depreciation	410,364	361,108	409,031	361,044
Employee benefits (Note 10)	61,324	48,942	60,787	47,624
Repairs and maintenance	6,532	6,616	6,436	6,496
Research and development costs	319	-	319	-
Other miscellaneous direct expenses	317,346	1,792	310,872	1,791
	3,113,013	2,308,245	3,116,215	2,258,392
Distribution expenses				
Transportation	166,604	176,488	15,924	51,594
Depreciation	29,973	30,011	25,183	26,417
Consumables used	-	5,447	-	4,816
Expenses on short term leases	609	609	609	609
Employee benefits (Note 10)	7,538	2,241	7,538	2,241
Marketing	24,816	83,926	22,361	80,884
Repairs and maintenance	127	121	113	121
Other miscellaneous expenses	6,141	230	2,883	230
	235,808	299,073	74,611	166,912
Administrative expenses				
Management fees	178,371	147,834	178,371	147,834
Employee benefits (Note 10)	97,266	126,603	38,469	81,026
Repairs and maintenance	11,664	35,377	2,503	34,783
Bank charges	16,216	8,661	1,043	7,909
Depreciation	2,926	8,705	2,861	8,408
Insurance	5,854	5,472	4,837	5,349
Consulting services	27,304	3,839	333	2,912
Amortisation (Note 14)	21,140	3,043	21,140	3,043
Auditor's remuneration	4,222	3,712	3,324	3,712
Impairement	19,475	-	19,475	-
Other miscellaneous expenses	197,395	74,952	92,544	62,276
	581,833	418,198	364,900	357,252
Total cost of sales of goods; Distribution and admin expenses	3,930,654	3,025,516	3,555,726	2,782,556

Expenses that are individually immaterial have been aggregated into other miscellaneous expenses

9. Finance income / (costs)

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Finance income				
Interest income	32	33	32	33
Finance cost				
Interest expense on bank overdrafts	(135,457)	(58,641)	(135,457)	(58,641)
Interest expense on bank loans (Note 25ii)	(218,628)	(93,202)	(218,616)	(93,198)
	(354,085)	(151,843)	(354,073)	(151,839)
Net finance costs	(354,053)	(151,810)	(354,041)	(151,806)

10. Employee benefits

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Salaries and other staff costs	142,005	161,904	90,880	117,779
Retirement benefits costs:				
NAPSA and Saturnia pension scheme contributions	17,473	13,632	10,843	11,912
Medical aid contributions	6,650	2,250	5,071	1,200
	166,128	177,786	106,794	130,891
Allocated as:				
Cost of sales of goods	61,324	48,942	60,787	47,624
Distribution expenses	7,538	2,241	7,538	2,241
Administrative expenses	97,266	126,603	38,469	81,026
	166,128	177,786	106,794	130,891

11. Income tax expense/ (Credit)

	Group 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
Current income tax expense	77,952	74,140	8,517	51,355
Deferred income tax credit (Note 22)	(303,951)	(31,222)	(306,339)	(22,383)
Over provision of income tax from prior year	(33,841)	-	(41,612)	-
	(259,840)	42,918	(339,434)	28,972

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 2023 K'000	Group 2022 K'000	Company 2023 K'000	Company 2022 K'000
(Loss)/profit before income tax	(795,441)	142,166	(1,021,301)	75,183
Tax calculated at the statutory income tax rates of 30% (2022 - 30%)	(238,632)	42,650	(306,390)	22,555
Tax effect of:				
Expenses not deductible for tax purposes	12,633	28,847	8,568	34,181
Effect of a lower tax rate - ZDA incentive	-	(17,115)	-	(17,115)
Over provision of deferred income tax in prior year	(33,841)	(11,464)	(41,612)	(10,649)
Income tax expense (credit)/expense	(259,840)	42,918	(339,434)	28,972

ZDA incentive

*The Company has an incentive license under the Zambia Development Agency (ZDA) Section 56 of the ZDA Act, No. 11 of 2006. Under the Act, all business activities will be taxed at the following rates:

i. Zero per centum of the enacted tax rate for a period of five years starting from the first year of profits are returned.
ii. Fifty per centum of the enacted tax rate from the sixth year after profits are returned.
iii. Seventy five per centum from the ninth to the tenth year after profits are returned.
iv. At one hundred per centum from the tenth year after profits are returned.
v. Taxation to be deducted from any declared dividends at the rate of zero percent for a period of five years from date of its first declaration.
vi. Taxation to be deducted at zero percent on import duty arising on capital goods and machinery, including specialized vehicles for a period of five years.

However, in 2023, the incentive expired and the Company income has been taxed at 30%.

Movement in current income tax on the statement of financial position

	Group 2023	Group 2022	Company 2023	Company 2022
At start of year	(113,292)	(89,533)	(94,544)	(89,533)
Current income tax charge	77,951	74,140	8,517	51,355
Payments during the year	(22,000)	(97,899)	(4,039)	(56,366)
At end of year	(57,341)	(113,292)	(90,066)	(94,544)

During the year, the Group carried forward tax losses of K758 million (2021: K758 million). Unutilised losses expire after 5 years as shown in the table below:

Analysis of losses

Period end	Tax loss c/f K'000	Expiry date
31 December 2019	24,442	December 2024
31 December 2020	124,767	December 2025
31 December 2021	409,453	December 2026
31 December 2022	199,369	December 2027
	758,031	

12. Property, plant and equipment

Group	Right of Use	Buildings	Motor vehicles	Plant and machinery	Computer equipment	Furniture and fittings	Containers	Capital work in progress	Total
	K'000	K'000	K'000	K'000		K'000			K'000
Year ended 31 December 2022									
Opening net book value	49,451	446,295	36,315	1,351,386	21,121	12,782	437,931	133,389	2,488,670
Additions	-	-	-	-	-	-	-	1,009,450	1,009,450
Transfers	-	35,093	6,181	107,880	6,785	4,301	399,844	(560,084)	-
Assets reclassified to intangible assets	-	-	-	-	-	-	-	(22,401)	(22,401)
Disposals	-	(2,854)	(19)	(85,746)	(153)	-	(771)	-	(89,543)
Depreciation charge	(659)	(18,253)	(10,121)	(121,648)	(7,549)	(3,436)	(209,332)	-	(370,998)
Closing net book amount	48,792	460,281	32,356	1,251,872	20,204	13,647	627,672	560,354	3,015,178
At 31 December 2022 (restated)									
Cost	65,275	522,580	132,538	1,958,885	45,009	23,938	1,253,218	560,354	4,561,797
Accumulated depreciation	(16,483)	(62,299)	(100,182)	(707,013)	(24,986)	(10,297)	(625,359)	-	(1,546,619)
Net book value	48,792	460,281	32,356	1,251,872	20,023	13,641	627,859	560,354	3,015,178
Year ended 31 December 2023									
Opening net book value	48,792	460,281	32,356	1,251,872	20,023	13,641	627,859	560,354	3,015,178
Additions	-	-	-	-	-	-	-	1,944,940	1,944,940
Transfers	-	9,499	9,759	111,928	1,362	1,408	321,488	(455,444)	-
Disposals	-	(15)	-	(744)	(755)	(547)	(13,049)	-	(15,110)
Depreciation charge	(659)	(18,447)	(8,825)	(130,199)	(5,872)	(4,163)	(275,112)	-	(443,277)
Closing net book value	48,133	451,318	33,290	1,232,857	14,758	10,339	661,186	2,049,850	4,501,731
At 31 December 2023									
Cost	65,275	532,064	142,297	2,070,069	22,707	21,858	1,197,363	2,049,850	6,101,483
Accumulated depreciation and impairment	(17,142)	(80,746)	(109,007)	(837,212)	(7,949)	(11,519)	(536,177)	-	(1,599,752)
Net book value	48,133	451,318	33,290	1,232,857	14,758	10,339	661,186	2,049,850	4,501,731

12. Property, plant and equipment (Continue)

Group	Right of Use	Buildings	Motor vehicles	Plant and machinery	Computer equipment	Furniture and fittings	Containers	Capital work in progress	Total
	K'000	K'000	K'000	K'000		K'000			K'000
Year ended 31 December 2022									
Opening net book amount	49,451	446,295	36,315	1,351,386	21,121	12,782	437,931	133,389	2,488,670
Additions	-	-	-			-	-	1,009,450	1,009,450
Transfers	-	35,093	6,181	107,880	6,785	4,301	399,844	(560,084)	-
Asset reclassification	-	-	-	-	-	-	-	(22,401)	(22,401)
Disposal	-	(2,854)	(19)	(85,746)	(153)	-	(771)	-	(89,543)
Assets transferred to subsidiary	-	-	(28,994)		(834)	(6)	(146)	-	(29,980)
Depreciation charge	(659)	(18,253)	(6,230)	(121,648)	(7,549)	(3,436)	(209,268)	-	(367,043)
	48,792	460,281	7,253	1,251,872	19,370	13,641	627,590	560,354	2,989,153
At 31 December 2022 (restated)									
Cost	65,275	522,580	103,544	1,958,885	44,066	23,938	1,253,218	560,354	4,531,860
Accumulated depreciation	(16,483)	(62,299)	(96,291)	(707,013)	(24,696)	(10,297)	(625,628)	-	(1,542,707)
Net book value	48,792	460,281	7,253	1,251,872	19,370	13,641	627,590	560,354	2,989,153
Year ended 31 December 2023									
Opening net book value	48,792	460,281	7,253	1,251,872	19,370	13,641	627,590	560,354	2,989,153
Additions	-	-	-	-	-	-	-	1,944,940	1,944,940
Transfers	-	9,499	9,759	111,928	1,362	1,408	321,488	(455,444)	-
Disposals	-	(15)	-	(744)	(755)	(547)	(13,049)	-	(15,110)
Depreciation charge	(659)	(18,447)	(3,041)	(130,199)	(5,872)	(4,163)	(274,692)	-	(437,073)
Closing net book value	48,133	451,318	13,971	1,232,857	14,105	10,339	661,337	2,049,850	4,481,910
At 31 December 2023									
Cost	65,275	532,064	113,303	2,070,069	21,764	21,858	1,197,363	2,049,850	6,071,546
Accumulated depreciation and impairment	(17,142)	(80,746)	(99,332)	(837,212)	(7,659)	(11,519)	(536,026)	-	(1,589,636)
Net book value	48,133	451,318	13,971	1,232,857	14,105	10,339	661,337	2,049,850	4,481,910

Assets classified as capital work in progress mainly relate to the costs incurred for the ongoing plant 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.

Included in the net carrying amount of property, plant and equipment are right-of-use assets relating to prepaid land.

In Zambia, land is held on lease from the Government of the Republic of Zambia for a period of 99 years. IFRS 16 requires that for any lease, a right of use asset and lease liability be recognised unless the Group deems the lease as short-term lease or of low

Advance payments made in acquiring the land are added to right of use assets and amortised over the period of the lease on a straight-line basis and therefore there is no corresponding lease liability. The effect of discounting the ground rates is immaterial and these have been expensed to profit or loss as incurred. As at the end of the reporting period, and unchanged from prior year, the Group had insignificant leasing arrangements. Therefore, the Group has taken the exemption under the standard, and these have been expensed to profit or loss as incurred. Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

The movement in the right of use assets is a presented in the note property, plant and equipment. Expenses relates to short term leases are as disclosed in Note 8.

13. Investment in subsidiary

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

	Number of shares K'000	Value K'000	Effective shareholding %
Share capital			
Authorised at K1 par value	22,576	22,576	100
Issued at k1 par value	22,576	22,576	100

The authorised share capital of the Company is 22 million ordinary shares at a par value of K1 each. The issued and fully paid-up share capital remained at 22 million ordinary shares at a par value of K1 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.

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

During the year, there were no movements in the investment in subsidiary (2022 : K22.6 million).

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.

14. Intangible assets

Group and Company	Goodwill K'000	Computer software K'000	Capital work in progress K'000	Total K'000
Year ended 31 December 2022				
Opening net book value	17,061	5,600	-	22,661
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
Year ended 31 December 2023				
Opening net book value	17,061	5,256	19,475	41,792
Impairment	-	-	(19,475)	(19,475)
Amortisation charge	-	(2,315)	-	(2,315)
Closing net book value	17,061	2,941	-	20,002
As at 31 December 2023				
Cost	17,061	27,849	-	44,910
Accumulated depreciation and Impairment	-	(24,908)	-	(24,908)
Closing net book value	17,061	2,941	-	20,002

The balance of the impairment charges on intangible assets (none of which were individually material) relate to specific assets where the projects were no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these projects was impaired.

i) Goodwill

As a result of the amalgamation of the subsidiaries of Zambian Breweries Plc in 2012, (Zambia Bottlers, Copperbelt Bottling and Northern Breweries) into one entity, the Directors had ceased monitoring the business on the basis of these units and do this on an entity level. Consequently, the total goodwill had been allocated to a single Cash Generating Unit (CGU), namely Zambian Breweries Plc.

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.

14. Intangible assets (Continued)

i) Goodwill (Continued)

Assumptions

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

	Group		Company	
	2023	2022	2023	2022
Discount rate	33.8%	23.1%	33.8%	23.1%
Terminal growth rate	7.3%	11.0%	7.3%	11.0%
Revenue growth rate	13.0%	11.0%	13.0%	11.0%
Earnings before interest and tax	13.0%	0.0%	13.0%	0.0%

Management has determined the values assigned to each of the above key assumptions as follows:

- Discount rates: Reflects specific risks relating to the relevant segments and the countries in which they operate;
- Terminal growth rate: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
- Revenue growth rate: Reflect the historical growth rate of the business;

The sensitivity of Goodwill (excluding the CGU impaired) to changes in the weighted principal assumptions is:

	Impact on headroom	
	2023 K'000	2022 K'000
Discount rate (+5%)	(935,210)	(845,768)
Terminal growth rate (-3%)	(252,337)	(238,048)
Revenue growth rate (-3%)	(45,665)	(41,534)
Earnings before interest and tax growth rate (-3%)	(373,153)	(350,754)

The budgeted profit for 2024 is K2 billion.

The recoverable amount of the cash generating unit (CGU) calculated based on value in use exceeded the carrying value of the net assets by K6 billion (2022 : K3 billion).

15. Inventories

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Raw materials	448,423	445,838	455,488	445,838
Work in progress	27,830	32,796	27,830	32,796
Finished goods	85,125	141,464	74,460	98,443
Goods in transit	19,864	130,298	2,159	79,711
General stores and consumables	154,162	172,251	157,799	143,909
	735,404	922,647	717,736	800,697

Inventories recognised as an expense during the year ended 31 December 2023 amounted to K2.12 billion (2022: K1.69 billion).

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

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
At start of year	13,710	3,032	13,710	3,032
Charge	2,629	10,678	2,629	10,678
At end of year	16,339	13,710	16,339	13,710

16. Other current assets

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Prepayments	15,739	24,178	15,527	4,125
VAT receivable	57,732	92,277	57,732	92,277
	73,471	116,455	73,259	96,402

17. Trade and other receivables

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Trade receivables	177,235	225,589	507	310,027
Loss allowance (Note 4(b))	(1,136)	(14,189)	(340)	(5,402)
	176,099	211,400	167	304,625
Amounts due from related parties (26(ii))	18,055	-	658,368	-
Loan receivable from related parties (Note 26(iii))	3,276	2,798	3,276	2,798
Other receivables	90,773	22,920	45,697	19,658
	288,203	237,118	707,508	327,081

Other receivables relates to income from from sales of by products, advance payments, accrued income, withholding tax receivable and staff loans.

18. Cash at bank and in hand

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Cash at bank	301,562	352,106	233,202	299,700
Cash in hand	143	146	143	125
	301,705	352,252	233,345	299,825

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 follows:

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Balances as above	301,705	352,252	233,345	299,825
Bank overdrafts (Note 23)	(142,875)	(386,673)	(142,875)	(386,673)
Balances per cash equivalents	158,830	(34,421)	90,470	(86,848)

(ii) Classification 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

During the year, the Group did not have any restricted cash (2022: Nil).

19. Share capital and share premium

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Share capital				
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.

20. Dividends per share

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

21. 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	
	2023 K'000	2022 K'000
(Loss) / profit attributable to equity holders of the Company	(535,601)	99,248
Weighted average number of ordinary shares in issue ('000)	546,000	546,000
Basic and diluted earnings per share (in Kwacha)	(0.98)	0.18

22. 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	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
At start of year	492,153	523,375	500,992	523,375
Credit to profit or loss	(33,841)	(31,222)	(41,612)	(22,383)
Over provision of deferred income tax from prior year	(303,951)	-	(306,339)	-
Balance at year end	154,361	492,153	153,041	500,992

22. 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	Over Provison K'000	Profit or loss K'000	At end of year K'000
Year ended 31 December 2023				
Deferred income tax liabilities				
Property,plant and equipment	606,393	(2,961)	10,477	613,909
ZDA profit - IFRIC 23 tax exposure	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(211,613)	(15,796)	(113,062)	(340,471)
General provisions	(8,083)	(1,006)	(1,082)	(10,171)
Unrealised foreign exchange losses	(60,820)	(1,815)	(68,668)	(131,303)
Non deductible interest	(7,000)	(12,263)	(131,616)	(150,879)
Net deferred income tax liability	492,153	(33,841)	(303,951)	154,361
Year ended 31 December 2022				
Deferred income tax liabilities				
Property,plant and equipment	569,049	-	37,344	606,393
ZDA provision - IFRIC 23 tax exposure	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(167,952)	-	(43,661)	(211,613)
General provisions	(4,323)	-	(3,760)	(8,083)
Unrealised foreign exchange losses	(42,143)	-	(18,677)	(60,820)
Non deductible interest	(4,533)	-	(2,467)	(7,000)
Net deferred income tax liability	523,374	-	(31,221)	492,153
Company				
Year ended 31 December 2023				
Deferred income tax liabilities				
Property,plant and equipment	611,677	(10,732)	(10,537)	611,482
ZDA provision - IFRIC 23 tax exposure	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(211,613)	(15,796)	(113,062)	(340,471)
General provisions	(4,528)	(1,006)	(3,530)	(9,064)
Unrealised foreign exchange losses	(60,820)	(1,815)	(68,668)	(131,303)
Non deductible interest	(7,000)	(12,263)	(131,616)	(150,879)
Net deferred income tax liability	500,992	(41,612)	(306,339)	153,041
Year ended 31 December 2022				
Deferred income tax liabilities				
Property,plant and equipment	569,049	-	42,628	611,677
ZDA provision - IFRIC 23 tax exposure	173,276	-	-	173,276
Deferred income tax assets				
Tax losses carried forward	(167,952)	-	(43,661)	(211,613)
General provisions	(3,323)	-	(1,205)	(4,528)
Unrealised foreign exchange losses	(43,143)	-	(17,677)	(60,820)
Non deductible interest	(4,533)	-	(2,467)	(7,000)
Net deferred income tax liability	523,374	-	(22,382)	500,992

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 where these relate to the same taxation authority, Zambia Revenue Authority (ZRA).

23. Borrowings

	Group		Company	
	2023 K'000	**2022** K'000	**2023** K'000	**2022** K'000
Bank loans				
Stanbic Bank loan	1,032,000	655,000	1,032,000	655,000
First National Bank (FNB) loan	400,000	250,000	400,000	250,000
Standard Chartered Bank Zambia Limited	160,500	-	160,500	-
ABSA Plc	300,000	-	300,000	-
	1,892,500	905,000	1,892,500	905,000
Bank overdrafts				
Citibank Zambia Limited	-	24,555	-	24,555
Standard Chartered Bank Zambia Limited	-	27,173	-	27,173
United Bank for Africa Zambia Limited	-	89,712	-	89,712
Access Bank	3,062	91,894	3,062	91,894
Zambia National Commercial Bank Plc	99,997	85,552	99,997	85,552
ABSA Plc	39,816	67,787	39,816	67,787
	142,875	386,673	142,875	386,673
Total borrowings	2,035,375	1,291,673	2,035,375	1,291,673

Stanbic Bank loan

The Kwacha denominated short-medium term loan facility was increased to K1,243 billion (2022: K655 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 11% (2022: 9%) plus a margin of 5.5% (2022: 3.5%). The loan is unsecured and is repayable in June 2024. As at period end, the effective interest rate was 16.5% (2022:12.5%).The loan is unsecured.

First National Bank (FNB) loan

The Kwacha denominated short-medium term loan facility was increased to K400 million (2022: K250 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 11% (2022: 9%) plus a margin of 6% (2022: 7.5%). The loan is unsecured and is repayable in April 2024. As at period end, the effective interest rate was 17% (2022:16.5%). The loan is unsecured.

Standard Chartered Bank Zambia Limited loan

This is a K330 million unsecured short-medium term loan facility obtained 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 11% (2022: 9%) plus a margin of 5.5% (2022: 7.5%). The loan is unsecured and is repayable in December 2024. As at period end, the effective interest rate was 16.5% (2022:16.5%).The loan is unsecured.

ABSA Plc loan

The Kwacha denominated unsecured short-medium term loan facility of K300 million obtained 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 11% (2022: 9%) plus a margin of 5.75% (2022: 7.5%). The loan is unsecured and is repayable in November 2024. As at period end, the effective interest rate was 16.75% (2022:16.5%).

Bank-overdrafts

The bank overdraft facilities are held with three (2022 : six) different banks namely, as disclosed above.

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 9% to 11%. The effective interest rate during the period averaged 16.3% (2022: 16.5%)

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.

24. Trade and other payables

	Group		Company	
	2023 K'000	**2022** K'000	**2023** K'000	**2022** K'000
Trade payables	210,860	36,768	171,022	277,349
Amounts due to related parties (Note 26(ii))	1,611,236	835,451	2,913,927	860,227
Statutory liabilities	49,763	261,033	11,058	11,808
Dividend payable	54,259	54,528	54,259	54,528
Security deposits from customers on containers	231,557	252,603	223,564	244,747
Other payables	927,795	336,273	280,808	245,531
	3,085,470	1,776,656	3,654,638	1,694,190

Trade payables are unsecured and are usually paid within 30 days of recognition. Other payables include, but are not limited to leave pay, payroll related expenses, security deposits.

25. Cash generated from operations

i) Cash generated from operations

	Group		Company	
	2023 K'000	**2022** K'000	**2023** K'000	**2022** K'000
(Loss) / profit before income tax	(795,441)	142,166	(1,021,301)	75,183
Adjustments for:				
Loss on sale of property, plant and equipment (Note 7)	2,172	4,393	2,157	4,393
Assets transferred to subsidiary	-	-	-	29,980
Interest income (Note 9)	(32)	(33)	(32)	(33)
Interest expense on bank loans and over draft (Note 9)	354,085	151,843	354,073	151,839
Depreciation on property, plant and equipment (Note 12)	443,277	370,998	437,073	367,043
Impairment of intangible assets (Note 14)	19,475	-	19,475	-
Amortisation of intangible asset (Note 14)	2,315	3,043	2,315	3,043
Changes in working capital				
- Other current assets	42,984	(72,654)	23,143	(72,654)
- Trade and other receivables	(51,085)	(57,594)	(380,427)	(112,513)
- Inventories	187,243	(209,514)	82,961	(191,273)
- Trade and other payables	1,308,814	573,103	1,960,448	475,646
Cash generated from operations	1,513,871	905,751	1,479,949	730,654

25. Cash generated from operations (Continued)

ii) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Cash and cash equivalents (Note 17)	301,705	352,252	233,345	299,825
Bank loans (Note 22)	(1,892,500)	(905,000)	(1,892,500)	(905,000)
Bank overdrafts (Note 22)	(142,875)	(386,673)	(142,875)	(386,673)
Net debt	(1,733,670)	(939,421)	(1,802,030)	(991,848)

Group 2022	Bank loans K'000	Cash/(bank overdraft) K'000	Total K'000
At start of year	(635,000)	67,319	(567,681)
Financing cashflows	(270,000)	1,732	(268,268)
Interest charged	(93,202)	(58,641)	(151,843)
Principal repayments	-		-
Interest paid	93,202	58,641	151,843
Foreign exchange differences	-	(103,472)	(103,472)
At end of year	**(905,000)**	**(34,421)**	**(939,421)**
2023			
At start of year	(905,000)	(34,421)	(939,421)
Financing cashflows	(1,892,500)	191,110	(1,701,390)
Interest charged	(210,792)	(135,457)	(346,249)
Principal repayments	905,000	-	905,000
Interest paid	210,792	135,457	346,249
Foreign exchange differences	-	2,141	2,141
At end of year	**(1,892,500)**	**158,830**	**(1,733,670)**

25. Cash generated from operations (Continued)

ii) Net debt reconciliation (Continued)

Company 2022	Bank loans K'000	Cash/(bank overdraft) K'000	Total K'000
At start of year	(5,000)	67,319	(567,681)
Financing cashflows	(270,000)	(131,843)	(401,843)
Interest charged	(93,198)	(58,641)	(151,839)
Interest paid	93,198	58,641	151,839
Foreign exchange differences	-	(22,324)	(22,324)
At end of year	**(905,000)**	**(86,848)**	**(991,848)**
2023			
At start of year	(905,000)	(86,848)	(991,848)
Financing cashflows	(1,892,500)	175,160	(1,717,340)
Interest charged	(210,792)	(135,457)	(346,249)
Principal repayments	905,000	-	905,000
Interest paid	210,792	135,457	346,249
Foreign exchange differences	-	2,158	2,158
At end of year	**(1,892,500)**	**90,470**	**(1,802,030)**

26. 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	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Purchase of goods				
South African Breweries(Pty) Limited - Fellow subsidiary	596,105	541,371	596,105	541,371
Mubex- fellow subsidiary	1,443,449	313,428	1,443,449	313,428
Kgalagadi Beverages	1,257	1,900	1,257	1,900
Tanzania Breweries Plc	41,149	23,629	41,149	23,629
	2,081,960	880,328	2,081,960	880,328
Purchase of management services				
AB Inbev Africa (Pty) Limited. - fellow subsidiary	-	131,126	-	131,126
Mubex- fellow subsidiary	-	16,707	-	16,707
Purchase of brand services (royalties)	22,678	-	22,678	-
AB InBev International Brands Ltd - fellow subsidiary	46,790	201,616	46,790	201,616
	69,468	349,449	69,468	349,449
Sale of goods				
Zambian Breweries Distribution Company	-	-	4,774,027	1,613,272
Tanzania Breweries Plc	-	-	-	-
Mubex- fellow subsidiary	-	19,000	-	19,000
South African Breweries(Pty) Limited - Fellow subsidiary	-	-	-	-
	-	19,000	4,774,027	1,632,272
	2,151,428	1,248,777	6,925,455	2,862,049

26. Related party transactions (Continued)

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	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Receivables				
Zambian Breweries Distribution Company Limited	-	-	640,313	-
South African Breweries (Pty) Ltd	847	-	847	-
Mubex	17,208	-	17,208	-
	18,055	-	658,368	-
Payables				
South African Breweries (Pty) Ltd	27,125	6,522	27,125	6,522
AB InBev International Brands Ltd	18,252	33,011	18,252	33,011
ZB InterCompany HBL	-	164,169	-	164,169
Mubex	-	90,506	-	90,506
Heinrich Syndicate Limited	159,662	-	159,662	-
ABInbev Services	-	972	-	972
AB Inbev Africa (Pty) Limited.	41,606	8,700	41,606	8,700
Zambian Breweries Distribution Company Limited	-	-	2,667,282	553,420
Tanzania Breweries Plc	-	146	-	146
Cervejas De Mocambique	1,364,591	531,425	-	2,781
	1,611,236	835,451	2,913,927	860,227

Terms and conditions
Goods sold and purchased from related parties during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

The inter-company balances are interest free , unsecured and payable on demand.

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% per annum, is unsecured and payable on demand. The group has plans to extend this facility as it facilitates part of its corporate social responsibility activities in the community.

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Current portion				
Loan receivable- Manja Pamodzi Foundation Limited	3,276	2,798	3,276	2,798

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

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
At start of year	2,798	2,223	2,798	2,223
Interest received	478	575	478	575
	3,276	2,798	3,276	2,798

26. Related party transactions (Continued)

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	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Salaries and short-term emoluments	22,474	17,267	21,454	17,267
Other emoluments	-	-	-	-
Retirement benefit cost -NAPSA contributions	111	85	105	85
	22,585	17,352	21,559	17,352

iv) Directors' remuneration

	Group		Company	
	2023 K'000	2022 K'000	2023 K'000	2022 K'000
Non-executive Director fees	875	860	875	860
Executive Director salaries and short-term emoluments	10,000	9,400	10,000	9,400
Other emoluments	-	-	-	-
Retirement benefit costs – NAPSA contributions	35	31	35	31
	10,910	10,291	10,910	10,291

27. 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 2023 is K10 million (2022: K10 million).

Transfer pricing

Following the transfer pricing (TP) audit that was conducted on the Group by the Zambia Revenue Authority (ZRA) for the charge years 2014 to 2018, findings revealed a payable of K325 million communicated to the Group on 13 May 2023 on account of incosistencies in the treatment of TP regulation and guidance. An amount of K131 million of total exposure relates to interest and penalties which has been assessed as out of scope of IAS 12 and IFRIC 23. Given that transfer pricing is not an 'exact science', management engaged Deloitte as tax specialists in ascertaining the TP tax exposure. Based on the expert's professional judgement of risk and experience, management has not recognised the provision.

At the end of each reporting period, management re-assess this position whenever new information is obtained from the tax authority.

28. Commitments

i) Capital commitments

During the year, there was no significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities (2022: K1.2 million).

ii) Operating commitments

During the year, there was no contractual obligation for future purchase of raw materials recognised as a liability (2022: K1.1 million).

29. Comparatives

Comparative figures and disclosures have been adjusted to conform to changes in presentation in the current period for the following:

- Other income/(expenses)
- Presentation of NCI on the face of profit or loss
- Foreign exchange differences on cash and cash equivalents.

30. Events occurring after the reporting period

As at the end of the financial period and date of this report, the Directors are not aware of any item, transaction, or event of a material and unsual nature likely, in the opinion of the Directors of the Group, to affect substantially the operations of the Group,the results of its operations or financial position of the Group in subsequent financial years.

Corporate Information

Principal shareholders

The ten largest shareholdings in the Company and the respective number of shares held at 31 December 2023 is as follows:

Rank	LuSE ID	Shareholder Name	Shareholding	%
1	229857	AB INBEV AFRICA BV	475,732,350	87.13
3	332119	SATURNIA REGNA PENSION FUND	14,926,660	2.73
2	409448	STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LTD	17,186,736	3.15
4	459847	STANBIC NOMINEES ZAMBIA LIMITED-459847	9,236,726	1.69
5	332135	KCM PENSION TRUST SCHEME	4,872,870	0.89
6	419265	ZAMBIA SUGAR PENSION TRUST -SCHEME	2,284,327	0.42
7	459915	ABSA BANK ZAMBIA PLC STAFF PENSION FUND	1,978,388	0.36
8	332208	STANBIC BANK PENSION TRUST FUND	1,853,932	0.34
9	332178	ABSA BANK ZAMBIA PLC STAFF PENSION FUND	1,587,045	0.29
10	408042	ZANACO PLC DC PENSION SCHEME	1,227,272	0.22
		Share Selected	530,886,306	97.23
		Not Selected	15,120,494	2.77
		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	385,554	0.07	920	60.85
2	1001 - 5,000	893,571	0.16	408	26.98
3	5,001 - 10,000	492,334	0.09	69	4.56
4	10,001 - 100,000	2,191,769	0.40	71	4.70
5	100,001 - 1,000,000	9,507,499	1.74	26	1.72
6	>1,000,001	532,536,073	97.53	18	1.19
TOTALS		**546,006,800**	**100.00**	**1,512**	**100.00%**

Directorate and Corporate Information

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Jito Kayumba*
Obed Somali*
Elisha Dhenanath**
Michelle Kilpin**
Thais Cavinatto***

COMPANY SECRETARY
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Zambia National Commercial Bank
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* Zambian ** South African *** Brazilian

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