

SENS ANNOUNCEMENT
("the notice" or "the announcement")

THE ISSUER



Zambeef Products Plc.

Incorporated in the Republic of Zambia

Company Registration Number: 31824

Share code: ZAMBEEF

ISIN: ZM0000000201

THE SPONSORING BROKER



AUTUS SECURITIES LIMITED

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APPROVALS

The captioned Notice or Announcement has been approved by:

- The Lusaka Securities Exchange Plc.
- The Securities and Exchange Commission
- Zambeef Products Plc

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

First issued on: 05 December 2022



Zambeef Products PLC
 ("Zambeef" or the "Group")
 [INCORPORATED IN THE REPUBLIC OF ZAMBIA] [COMPANY REGISTRATION NUMBER: 31824]
 SHARE CODE: ZAMBEEF | ISIN: ZM0000000201

FULL YEAR 2022 FINANCIAL RESULTS

In accordance with the requirements of the Securities & Exchange Act No. 41 of 2016, Zambeef Products PLC announces its results for the year ended 30 September 2022.

| ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME | 30-Sep-22 | 30-Sep-21 | ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION | 30-Sep-22 | 30-Sep-21 |
|--|---------------------|---------------------|---|---------------------|---------------------|
| | Audited ZMW'000s | Audited ZMW'000s | | Audited ZMW'000s | Audited ZMW'000s |
| Revenue | 5,394,761 | 4,974,351 | ASSETS | | |
| Cost of sales | (3,761,575) | (3,503,635) | Goodwill | 25,015 | 166,801 |
| Gross profit | 1,633,186 | 1,470,716 | Property, plant and equipment | 3,139,236 | 3,071,735 |
| Administrative expenses | (1,234,271) | (1,154,163) | Biological assets | 320,696 | 358,997 |
| Distribution Expenses | (65,596) | (66,848) | Inventories | 1,441,912 | 1,197,846 |
| Impairment of goodwill | (141,786) | | Trade and other receivables | 289,300 | 238,278 |
| Net impairment losses on financial assets | (17,869) | (3,306) | Assets held for disposal | 170,091 | 170,550 |
| Operating profit | 173,664 | 321,049 | Cash and cash equivalents | 223,972 | 201,539 |
| Share of loss equity accounted investment | (3,503) | (3,358) | Other Assets | 64,729 | 83,751 |
| Net Finance costs | (114,997) | (71,019) | Total Assets | 5,674,951 | 5,489,497 |
| Profit before taxation | 55,164 | 172,022 | Equity | 3,693,331 | 3,685,742 |
| Taxation charge | (63,283) | (31,953) | Long-Term Interest-bearing liabilities | 426,222 | 195,555 |
| Group profit for the period from continued operations | (8,119) | 140,069 | Long-Term leases | 12,597 | 7,253 |
| Profit from discontinued operations * | 39,697 | 28,754 | Short-Term Interest-bearing liabilities | 525,325 | 700,913 |
| Total profit/(loss) for the period | 31,578 | 168,823 | Short-Term leases | 5,046 | 12,418 |
| Group profit/(loss) attributable to: | | | Trade and other payables | 649,573 | 514,205 |
| Owners of Zambeef Products PLC | 29,152 | 167,980 | Contract liabilities | 97,400 | 119,206 |
| Non-controlling interests | 2,426 | 843 | Other equity and liabilities | 265,457 | 254,205 |
| | 31,578 | 168,823 | Total Equity and Liabilities | 5,674,951 | 5,489,497 |
| Total comprehensive income for the period | | | ABRIDGED GROUP STATEMENT OF CASH FLOW | 30-Sep-22 | 30-Sep-21 |
| Equity holders of the parent | 4,970 | 95,066 | | Audited ZMW'000s | Audited ZMW'000s |
| Non-controlling interest | 2,685 | (2,099) | Net cash inflow/(outflow) from/on operating activities | 198,662 | 152,791 |
| | 7,655 | 92,967 | Net cash inflow/(outflow) on investing activities | (219,490) | (103,051) |
| Earnings per share | Ngwee | Ngwee | Net Cash (outflow)/inflow from financing activities | 181,825 | (101,871) |
| Continued operations | (3.51) | 46.60 | Effects of exchange gains on balances held | (40) | 375 |
| Discontinued operations | 13.21 | 9.56 | Cash and cash equivalents at the beginning of the period | (288,665) | (236,909) |
| Total basic earnings per share | 9.70 | 56.17 | Cash and cash equivalents at the end of the period | (127,708) | (288,665) |

*Profit from discontinued operations relate to profits from the Chiawa farm assets that are currently held for held for sale

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

| ZMW' 000 | Issued share capital | Share premium | Preference Share Capital | Foreign exchange reserve | Revaluation reserve | Retained earnings | Total attributable to owners of the parent | Minority interest | Total equity |
|--|----------------------|------------------|--------------------------|--------------------------|---------------------|-------------------|--|-------------------|------------------|
| At start of year | 3,006 | 1,125,012 | 1,000 | 720,131 | 1,160,653 | 678,559 | 3,688,361 | (2,619) | 3,685,742 |
| Profit for the year | - | - | - | - | - | 29,152 | 29,152 | 2,426 | 31,578 |
| Other comprehensive income: | | | | | | | | | |
| Transfer of excess depreciation | - | - | - | - | (53,928) | 53,928 | - | - | - |
| Actuarial remeasurement losses | - | - | - | - | - | (3,150) | (3,150) | - | (3,150) |
| Deferred income tax | - | - | - | - | 6,394 | | 6,394 | - | 6,394 |
| Translation losses on foreign operations | - | - | - | (27,426) | - | - | (27,426) | 259 | (27,167) |
| Total other comprehensive income | - | - | - | (27,426) | (47,534) | 50,778 | (24,182) | 259 | (23,923) |
| Total comprehensive income for the year | - | - | - | (27,426) | (47,534) | 79,930 | 4,970 | 2,685 | 7,655 |
| At year end | 3,006 | 1,125,012 | 1,000 | 692,705 | 1,113,119 | 758,489 | 3,693,331 | 66 | 3,693,397 |

Performance Overview

- The financial year ended 30 September 2022 saw macroeconomic fundamentals stabilise. The exchange rate remained largely stable and the inflation rate steadily reduced. However, constrained consumer spending negatively impacted volume growth in our Retail and Cold Chain Food Products, particularly in the first half of the financial year. The period saw an escalation in key input prices such as fuel, chemicals, and fertiliser which impacted margins. In addition, the Group saw outbreaks of contagious bovine pleuropneumonia (CBPP) and African swine fever (ASF), which respectively impacted our beef and pork divisions.
- Despite these headwinds, performance in Cropping, Milling, and Stockfeed enabled the Group to achieve normalised EBITDA* in line with market expectations owing to high grain prices, market share gains, and cost containment.
- Despite the myriad of country and global deterrents directly affecting the business, through resilient financial and operational performance, Zambeef established itself, once again, as a dependable asset for our shareholders.
- The group remains committed to its strategic imperatives of focussing on core business and Divest from non-core assets to free up resources. As such, the Group exited pig and layer farming during the financial year.

Outlook

- We anticipate macroeconomic stability to continue, supported by improved investor sentiment leading to increased Foreign Direct Investment. The Kwacha and inflation rates are also expected to remain stable across the 2023 financial year.
- Our strong brands will help us maintain customer loyalty while the vertically integrated business model positions us well to secure both supply and a market for our products. The anticipated future recovery in the economy and a strong management team have positioned us well for shareholder value maximisation in the coming years. The group will capitalise on the positive economic outlook and invest for the future in anticipation of improved consumer spending.

Key Financial Highlights

- Revenue and gross profit increased by 8.5% and 11% respectively in Kwacha. The marginal top line growth was mainly on account of volume pressures in Retail and cold chain food Products.
- The period saw a rise in input commodity prices, particularly crude oil, fertilisers and grain, escalated as a consequence of the Russia - Ukraine conflict. The resultant increase in input costs in the Cold chain business which was offset by higher grain prices in Cropping. The higher grain prices in Cropping coupled with strong margins in the Stockfeed business drove the Group's performance.
- The Group delivered a profit before tax of ZMW55 million (USD3 million), representing a decline of 68% in Kwacha (61% in US dollar terms), compared to ZMW172 million (USD8 million) in the prior year. The above results posted are after the recognition of goodwill impairment amounting to ZMW141.8 million on the fair value of Zamchick Limited's asset. Adjusting for this non-cash impairment, the Group delivered a profit before tax of ZMW197 million (USD11.5 million) representing a growth of 15%.
- A higher tax expense and goodwill impairment loss resulted in profit after tax being K31.5 million (2021: K168.8 million)

*Normalised EBITDA is defined as Earnings before interest, tax, depreciation, amortisation, fair value adjustments, loss from equity accounted investments, loss on disposal and net unrealised foreign exchange losses.

For further information on Company and Group Financials, please visit www.zambeefplc.com

About Zambeef Products plc

Zambeef Products plc is the largest integrated cold chain food products and agribusiness company in Zambia and one of the largest in the region, involved in the primary production, processing, distribution and retailing of beef, chicken, pork, milk, dairy products, fish, flour and stockfeed, throughout Zambia and the surrounding region, as well as Nigeria and Ghana.

It has 236 retail outlets throughout Zambia and West Africa.

The Company is one of the largest suppliers of beef in Zambia. Five beef abattoirs and three feedlots are located throughout Zambia, with a capacity to slaughter 230,000 cattle a year. It is also one of the largest chicken producers in Zambia, with a capacity of 8.8m broilers and 22.4 million-day-old chicks a year. It is one of the largest piggeries, pig abattoirs and pork processing plants in Zambia, with a capacity to slaughter 75,000 pigs a year, while its dairy has a capacity of 120,000 litres per day.

The Group is also one of the largest cereal row cropping operations in Zambia, with approximately 7,787 hectares of row crops under irrigation, which are planted twice a year, and a further 8,694 hectares of rainfed/dry-land crops available for planting each year.

For further information, please visit www.zambeefplc.com or contact:

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Autus Securities Limited is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.