Delta Corporation LIMITED

Brighter together

Audited Financial Information

for the year ended 31 March 2021

Salient Features

	INFLATION ADJUSTED	HISTORIC COST
Revenue	Increased by **39%** to **ZW$ 40,45 billion**	Increased by **692%** to **ZW$ 33,21 billion**
Operating Income	Increased by **47%** to **ZW$ 10,71 billion**	Increased by **557%** to **ZW$ 8,65 billion**
EBITDA	Increased by **37%** to **ZW$ 12,15 billion**	Increased by **547%** to **ZW$ 9,15 billion**
Headline Earnings per share	Increased by **47%** to **ZW$ 471,02 cents**	Increased by **605%** to **ZW$ 575,11 cents**
Attributable Earnings per share	Increased by **55%** to **ZW$ 525,50 cents**	Increased by **584%** to **ZW$ 624,84 cents**
Dividend per share	Interim dividend paid **ZW$ 45,00 cents** Final dividend declared **ZW$ 105,00 cents**	Interim dividend paid **ZW$ 45,00 cents** Final dividend declared **ZW$ 105,00 cents**

Group Statement of Financial Position

	INFLATION ADJUSTED		* HISTORIC COST	
	AUDITED As At 31 March 2021 ZW$ 000	AUDITED As At 31 March 2020 ZW$ 000	**AUDITED As At 31 March 2021 ZW$ 000**	AUDITED As At 31 March 2020 ZW$ 000
ASSETS				
Non-current assets				
Property, plant and equipment	**23 236 368**	19 992 473	**7 259 288**	1 642 092
Right-of-use asset	**119 739**	87 682	**59 622**	25 747
Investments in associates	**2 301 963**	1 524 535	**661 755**	78 336
Intangible assets - Trademarks and Goodwill	**4 362 173**	1 635 279	**2 788 743**	61 849
Investments and loans	**489 192**	283 233	**489 192**	83 169
	30 509 435	23 523 202	**11 258 600**	1 891 193
Current assets				
Inventories	**7 667 510**	4 477 562	**4 457 412**	764 725
Trade and other receivables	**1 777 488**	1 220 869	**1 777 488**	364 571
Other assets	**2 690 266**	2 839 456	**2 287 822**	568 376
Current tax asset	**36 478**	47 718	**36 478**	15 685
Financial Asset at fair value	**1 615 828**	5 419 110	**1 615 828**	1 591 273
Cash and cash equivalents	**1 767 813**	763 632	**1 767 813**	225 203
	15 555 383	14 768 347	**11 942 841**	3 529 833
TOTAL ASSETS	**46 064 818**	38 291 549	**23 201 441**	5 421 026
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	**337 202**	337 061	**12 865**	12 789
Share premium	**2 278 001**	2 275 496	**88 565**	87 125
Share option reserve	**214 159**	149 438	**41 042**	9 696
Foreign currency translation reserve	**1 157 973**	217 545	**799 008**	132 714
Retained earnings and other reserves	**22 030 437**	18 260 296	**6 961 015**	1 552 359
Equity attributed to equity holders of the parent	**26 017 772**	21 239 836	**7 902 495**	1 794 683
Non-controlling interests	**757 381**	431 956	**105 496**	23 584
Shareholders' equity	**26 775 153**	21 671 792	**8 007 991**	1 818 267
Non-current liabilities				
Long term borrowings	**1 663 989**	184 599	**1 663 989**	36 397
Deferred tax liabilities	**5 087 873**	3 620 230	**1 008 175**	166 619
	6 751 862	3 804 829	**2 672 164**	203 016
Current liabilities				
Short term borrowings	**1 361 955**	4 220 827	**1 361 955**	1 254 326
Lease liability	**193 640**	96 822	**177 123**	28 431
Trade and other payables	**7 174 816**	5 909 367	**7 174 816**	1 357 069
Provisions	**1 880 251**	1 800 689	**1 880 251**	528 756
Dividend payable	**1 444 861**	293 038	**1 444 861**	86 048
Current tax liability	**482 280**	494 185	**482 280**	145 113
	12 537 803	12 814 928	**12 521 286**	3 399 743
TOTAL EQUITY AND LIABILITIES	**46 064 818**	38 291 549	**23 201 441**	5 421 026
Net asset value per share (ZW$ cents)	**2 027,08**	1 665,17	**615,69**	140,70

Group Statement of Comprehensive Income

	INFLATION ADJUSTED		* HISTORIC COST	
	AUDITED Year Ended 31 March 2021 ZW$ 000	AUDITED Year Ended 31 March 2020 ZW$ 000	**AUDITED Year Ended 31 March 2021 ZW$ 000**	AUDITED Year Ended 31 March 2020 ZW$ 000
Revenue	**40 446 986**	29 074 811	**33 206 284**	4 193 260
Operating income	**10 713 853**	7 279 072	**8 646 267**	1 316 777
Finance charges	**(128 576)**	(545 479)	**(68 872)**	(82 151)
Finance income	**401 424**	225 313	**381 133**	37 567
Exchange Losses	**(804 307)**	(80 425)	**(191 540)**	(4 148)
Movement in legacy debt	**(316 632)**	(174 662)	**(316 632)**	(51 288)
Monetary loss	**(1 491 181)**	(2 001 835)	**—**	—
Share of profit of associates	**777 397**	367 302	**583 419**	34 568
Profit before tax	**9 151 978**	5 069 286	**9 033 775**	1 251 325
Income tax expense	**(2 768 393)**	(1 394 773)	**(1 534 948)**	(213 383)
Profit for the year	**6 383 585**	3 674 513	**7 498 827**	1 037 942
Other comprehensive income	**699 948**	257 985	**638 935**	125 380
Comprehensive income for the year	**7 083 533**	3 932 498	**8 137 762**	1 163 322
Profit for the year attributable to:				
Owners of the parent	**6 752 043**	4 337 251	**8 028 492**	1 165 564
Non controlling interest	**331 490**	(404 753)	**109 270**	(2 242)
	7 083 533	3 932 498	**8 137 762**	1 163 322
Weighted average shares in issue (millions)	**1 284,9**	1 275,5	**1 284,9**	1 275,5
Earnings per share (ZW$ cents)				
Headline earning basis	**471,02**	319,81	**575,11**	81,55
Attributable earnings basis	**525,50**	340,03	**624,84**	91,38

Group Statement of Cash Flows

	INFLATION ADJUSTED		* HISTORIC COST	
	AUDITED As At 31 March 2021 ZW$ 000	AUDITED As At 31 March 2020 ZW$ 000	**AUDITED As At 31 March 2021 ZW$ 000**	AUDITED As At 31 March 2020 ZW$ 000
Cash flow from operating activities				
Cash generated from operating activities	**11 669 237**	7 192 316	**7 266 022**	875 741
Increase in working capital	**(2 508 351)**	(5 669 740)	**(1 957 065)**	(477 521)
Cash generated from operations	**9 160 886**	1 522 576	**5 308 957**	398 220
Finance cost	**(128 576)**	(545 479)	**(68 872)**	(82 151)
Finance income	**401 424**	225 313	**381 133**	37 567
Foreign exchange losses	**(1 120 939)**	(255 090)	**(508 172)**	(55 436)
Effects of IAS 29	**(1 947 578)**	(6 008 847)	**—**	—
Income taxes paid	**(1 228 513)**	(121 247)	**(978 946)**	(21 713)
Net cash flow from / (utilised in) operating activities	**5 136 704**	(5 182 774)	**4 134 100**	276 487
Cash flow from investing activities				
Increase in loans and investments	**(205 959)**	(56 143)	**(406 023)**	(74 580)
Purchase of shares in subsidiary and brands	**(2 048 808)**	—	**(601 614)**	—
Purchase of property, plant and equipment to expand operations	**(1 827 130)**	(603 437)	**(1 643 040)**	(105 592)
Purchase of property, plant and equipment to mantain operations	**(622 766)**	(171 509)	**(588 683)**	(50 362)
Proceeds from disposal of property, plant and equipment	**56 588**	28 378	**56 588**	6 418
Net cash flow utilised in investing activities	**(4 648 075)**	(802 711)	**(3 182 772)**	(224 116)
Cash flow from financing activities				
Dividends paid	**(676 971)**	(272 570)	**(600 111)**	(54 650)
Repayment of borrowings	**(627 495)**	(43 252)	**(627 495)**	(40 827)
Loans raised	**1 836 041**	—	**1 836 041**	—
Increase in shareholder funding	**2 645**	82 352	**1 516**	4 218
Share buy back	**(18 668)**	—	**(18 668)**	—
Net cash generated / (utilised) in financing activities	**515 551**	(233 470)	**591 283**	(91 259)
Net increase /(decrease) in cash and cash equivalents	**1 004 181**	(6 218 955)	**1 542 610**	(38 888)
Cash and cash equivalents at beginning of year	**763 632**	6 982 587	**225 203**	264 091
Cash and cash equivalents at end of the year	**1 767 813**	763 632	**1 767 813**	225 203

Group Statement of Changes in Shareholders' Equity

	INFLATION ADJUSTED		* HISTORIC COST	
	AUDITED Year Ended 31 March 2021 ZW$ 000	AUDITED Year Ended 31 March 2020 ZW$ 000	**AUDITED Year Ended 31 March 2021 ZW$ 000**	AUDITED Year ended 31 March 2020 ZW$ 000
Shareholders' equity at beginning of the year	**21 671 792**	21 231 302	**1 818 267**	802 997
Profit for the year	**6 383 585**	3 674 513	**7 498 827**	1 037 942
Transactions with Owners:				
Share options exercised	**2 645**	82 352	**1 516**	4 218
Share buy back	**(18 668)**	—	**(18 668)**	—
Forfeiture of shares	**2 097**	—	**2 097**	—
Recognition of share based payments	**64 721**	45 767	**31 343**	5 775
Other comprehensive income for the year	**932 267**	70 716	**638 935**	125 380
Recognition of currency change	**—**	(33 408)	**—**	(1 263)
Deferred tax adjustment	**—**	(2 551 507)	**—**	(63 734)
Adjustment arisisng from changes in non-controlling interest	**(10 315)**	—	**(5 402)**	—
Dividends declared	**(2 252 971)**	(847 944)	**(1 958 924)**	(93 048)
Shareholders' equity at end of the year	**26 775 153**	21 671 792	**8 007 991**	1 818 267
Attributable to:				
Owners of the parent	**26 017 772**	21 239 836	**7 902 495**	1 794 683
Non-controlling interest	**757 381**	431 956	**105 496**	23 584
	26 775 153	21 671 792	**8 007 991**	1 818 267

* Refer to note 9

Supplementary Information

	INFLATION ADJUSTED		HISTORIC COST	
	AUDITED Year Ended 31 March 2021 ZW$ 000	AUDITED Year Ended 31 March 2020 ZW$ 000	**AUDITED Year Ended 31 March 2021 ZW$ 000**	AUDITED Year Ended 31 March 2020 ZW$ 000
1. Revenue				
Gross sales	**46 471 686**	33 433 729	**38 172 526**	4 822 988
Less VAT and discounts	**(6 024 700)**	(4 358 918)	**(4 966 242)**	(629 728)
Revenue	**40 446 986**	29 074 811	**33 206 284**	4 193 260
Less excise duty and levies	**(5 616 071)**	(3 619 940)	**(4 532 650)**	(532 814)
Net Sales	**34 830 915**	25 454 871	**28 673 634**	3 660 446
2. Depreciation of property, plant and equipment	**1 436 603**	1 616 030	**508 451**	98 695
3. Taxation				
Current income tax expense	**2 133 833**	1 659 697	**1 458 375**	164 898
Withholding tax	**201**	2 588	**182**	197
Deferred tax - Arising during the year	**634 359**	(267 512)	**76 391**	48 288
	2 768 393	1 394 773	**1 534 948**	213 383
4. Commitments for capital expenditure				
Authorised by directors but not contracted	**12 967 585**	6 720 420	**12 967 585**	1 973 391

The capital expenditure is to be financed out of the Group's own resources and existing facilities.

5. Reportable segments

	Lager Beer ZW$ 000	Sparkling Beverages ZW$ 000	Sorghum Beer ZW$ 000	Wines and Spirits ZW$ 000	**Total Reportable Segments ZW$ 000**	All Other Segments ZW$ 000	**Total ZW$ 000**
INFLATION ADJUSTED							
31 March 2021							
Segment revenue	16 295 162	5 498 485	14 930 465	3 448 686	**40 172 798**	1 236 235	**41 409 033**
Inter-segment revenue	—	—	—	—	**—**	(962 047)	**(962 047)**
External revenue	16 295 162	5 498 485	14 930 465	3 448 686	**40 172 798**	274 188	**40 446 986**
Segment operating income	4 719 575	760 113	2 508 330	1 095 937	**9 083 955**	1 629 898	**10 713 853**
31 March 2020							
Segment revenue	11 530 794	4 264 646	10 922 527	2 303 387	**29 021 354**	991 347	**30 012 701**
Inter-segment revenue	—	—	—	—	**—**	(937 890)	**(937 890)**
External revenue	11 530 794	4 264 646	10 922 527	2 303 387	**29 021 354**	53 457	**29 074 811**
Segment operating income	3 093 733	945 505	3 091 088	858 977	**7 989 303**	(710 231)	**7 279 072**
HISTORIC COST							
31 March 2021							
Segment revenue	13 130 869	4 556 957	12 552 367	2 710 990	**32 951 183**	1 437 120	**34 388 303**
Inter-segment revenue	—	—	—	—	**—**	(1 182 019)	**(1 182 019)**
External revenue	13 130 869	4 556 957	12 552 367	2 710 990	**32 951 183**	255 101	**33 206 284**
Segment operating income	3 962 915	625 945	1 938 951	821 065	**7 348 876**	1 297 391	**8 646 267**
31 March 2020							
Segment revenue	1 692 416	677 536	1 498 264	319 265	**4 187 481**	143 756	**4 331 237**
Inter-segment revenue	—	—	—	—	**—**	(137 977)	**(137 977)**
External revenue	1 692 416	677 536	1 498 264	319 265	**4 187 481**	5 779	**4 193 260**
Segment operating income	654 545	207 043	393 280	119 942	**1 374 810**	(58 033)	**1 316 777**

Supplementary Information (continued)

6. Corporate Information

Delta Corporation Limited (the Company) is a public limited company which is listed on the Zimbabwe Stock Exchange and incorporated and domiciled in Zimbabwe. The principal activities of the Company and its subsidiaries (the Group) include the manufacture and distribution of cold beverages and related value-added activities.

These annual financial statements have been prepared under the supervision of A Makamure FCA(Z), Executive Director – Finance, Registered Public Accountant, PAAB Number 0318 and have been audited in terms of the Companies and Other Business Entities Act (Chapter 24:31).

7. Statement of Compliance

The financial statements of the Company and the Group have been compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.

8. Significant Accounting Policies

The condensed consolidated inflation adjusted financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements and applicable amendments to IFRS.

9. Basis of Preparation

The condensed consolidated financial statements are presented in Zimbabwean dollars. They have been prepared under the inflation adjusted accounting basis in line with the provisions of International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced on 11 October 2019 that the Zimbabwean economy was trading under hyperinflationary conditions. The Directors have applied the guidelines provided by the PAAB and accounting bodies and applied the hyperinflation accounting principles.

Inflation adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index(CPI) prepared by the Zimbabwe Central Statistical Office.

The conversion factors used to restate the financial statements are as follows:

	Index	Conversion Factor
31 March 2021	2 759,8	1,00
31 March 2020	810,4	3,41
Average CPI for the 12 months to:		
31 March 2021	2 083,5	1,49
31 March 2020	382,9	10,63

IAS 29 discourages the publication of historical cost results as the inflation adjusted results are the primary records. However, the historical cost results are included as supplementary information to allow for comparability during the transitional phase of applying the Standard and to meet most user requirements and therefore the auditors do not express an opinion on the historic figures.

10. Currency of account

The financial statements are presented in the ZW$ currency that was designated as the sole transactional, functional and reporting currency through Statutory Instrument 33 of 2019 (SI33/19) dated 22 February 2019 and Statutory Instrument 142 of 2019 (SI142/19) dated 24 June 2019.

The Government of Zimbabwe promulgated Statutory Instrument 85 of 2020 (SI85/20) which permitted the use of foreign currencies for domestic transactions. The Monetary Authorities introduced the Foreign Exchange Auction Trading System in June 2020. Whilst the Company was able to access foreign currency for some period during the year, it was not able to access this platform due to the rules relating thereto. There is a significant disparity between the auction exchange rates and the rates reflected by comparing the market prices of goods and services quoted in alternative currencies. The Zimbabwe businesses have relied mostly on foreign currency obtained through the sale of products on the domestic market in line with the multicurrency framework. International Accounting Standard 21 (IAS21) requires an entity to determine the functional currency based on the economic environment in which it operates. The entity does not believe that the official exchange rates prevailing during the financial year were, at all times, fairly reflective of the currency exchangeability and as such, has used an estimation process, which is allowed by IAS 21, with reference to the selling prices of goods in ZW$ compared to US$. Therefore, the exchange rate applied in translating the revenues to the reporting currency and as the spot rate used in translating other foreign currency denominated transactions has at times differed from the official rates.

The Directors have concluded that it is appropriate to report in the ZW$ currency. The Directors would, however, like to advise users to exercise caution in the use of these condensed consolidated inflation adjusted financial statements in relation to the reporting currency and conversion to comparative currencies.

11. Legacy Foreign Liabilities

The Group has legacy foreign liabilities of US$18,8 million, being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/19 which introduced the ZW$ currency, as distinct from the US$, as the functional currency. The Group has registered these liabilities with the Reserve Bank of Zimbabwe and transferred to the Reserve Bank the ZW$ equivalent of the foreign debts based on the USD/ZW$1:1 exchange rate in line with Directives RU102/19 and RU28/19 and as agreed with the Reserve Bank of Zimbabwe.

The cash cover deposits at the Reserve Bank of Zimbabwe have been disclosed as a financial asset. The following exchange losses and revaluation gains have been recorded in the statement of profit and loss:

	ZW$ 000
Exchange losses on revaluation of foreign liabilities	(1 865 815)
Exchange gain on revaluation of financial asset	1 549 183
Net Loss	(316 632)

An amount of ZW$ 1,56 billion was recorded as an unrealised foreign exchange loss relating to the legacy foreign debt amounts of US$18,8 million. In compliance with IFRS, the deposit at the Reserve Bank of Zimbabwe represents a commitment to pay equivalent value in US$ and has therefore been treated as a financial derivative translated at closing rate and discounted to Net Present Value of ZW$ 1,57 billion. The difference between the Net Present Value and the face value of the financial asset of ZW$ 12,7 million has been expensed. This unrealised net loss is expected to reverse on settlement of the instrument.

The Board notes that the authorities have not fully articulated the policy framework on the settlement of these liabilities. The divergence of market exchange rates and the interbank exchange rate creates a further risk that the "blocked funds" liabilities could be paid at exchange rates that are above the Reserve Bank of Zimbabwe settlement rates. The Board is confident that the Reserve Bank of Zimbabwe will continue to settle the legacy debts as per agreed framework.

12 Acquisitions

12.1 Acquisition of United National Breweries Private Limited (SA)

On 1 April 2020, the Company acquired 100% of the issued shares in United National Breweries (SA), a manufacturer of Traditional African Sorghum Beer in South Africa, for a consideration of ZW$ 923 million in historic cost (ZAR636 million). The acquisition is expected to increase the group's market share and reduce cost through economies of scale.

Delta Corporation LIMITED

Audited Financial Information | for the year ended 31 March 2021

Supplementary Information (continued)

12 Acquisitions (continued)

12.1 Acquisition of United National Breweries Private Limited (SA) (continued)

Details of the purchase consideration in historic cost are as follows:

	ZW$ 000
Purchase consideration	
Cash paid	596 212
Long-term liability – vendor funding	326 250
Total purchase consideration	922 462

Goodwill realised is ZW$285,53 million.

12.2 Expansion of Coca-Cola franchise territory

The company acquired the bottling assets of Mutare Bottling Company and The Coca-Cola Company (TCCC) has extended the franchise arrangement to cover the entire country.

13. Contingencies

13.1 Assessed Taxes

The Special Court for Income Tax Appeal in October 2019 ruled in favour of the Company and reversed the tax assessments for the periods 2009 to 2014 of ZW$27,8 million previously reported as a contingent liability. The Zimbabwe Revenue Authority has appealed against the judgement.

13.2 Uncertain Tax Positions

There have been significant currency changes in Zimbabwe since 2018. These changes create some uncertainties in the treatment of transactions for taxes due to the absence of clear guidelines and transitional measures. There are further complications arising from the wording of the legislation in relation to the currency of settlement of certain taxes which give rise to interpretations that may differ with those of the tax authorities, giving rise to uncertainties in tax positions.

14. Going Concern

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these inflation adjusted consolidated financial statements on a going concern basis is appropriate.

The Board is concerned about the unstable operating environment as indicated by hyperinflation, frequent changes to the policy environment, a weak local currency and the existence of multiple and disparate exchange rates. The access to foreign currency has however improved following the introduction of a foreign currency auction system and partial re-dollarisation. The legacy foreign liabilities are covered by the Reserve Bank of Zimbabwe arrangements as explained under Note 11, although the policy framework is not in place.

National Breweries Zambia recorded losses in the last three financial years and is reflecting a net liability position which includes amounts owed to the Parent. This is attributed mainly to declining demand and competition from illegal bulk beer and other forms of alcohol. The performance in the current year also reflects the impacts of exchange losses on amounts due to the Parent and the COVID-19 restrictions on trading and consumer activity and spending. Management is implementing various business recovery measures. In the short-term, the entity will require support from the Parent to ensure business continuity. It is expected that the entity will return to profitability in the near term. The funding gap reflected in the financial budgets for the coming year are within the credit limits approved by the Parent. This indicates uncertainty in relation to going concern having noted that the support from the Parent requires certain regulatory approvals, which are not yet in place. Management maintain that it is appropriate to report the entity on a going concern basis.

United National Breweries (RSA) was adversely affected by the prolonged alcohol bans during the lockdown measures imposed in that country to mitigate the pandemic. This has resulted in a depleted working capital position. Management is confident that the business will recover as the measures are relaxed. In the meantime, the entity has accessed some financial support from the Parent. There are uncertainities around going concern for the entity because of the ban on sale of alcohol due to COVID-19 restrictions.

The Coronavirus (COVID-19) pandemic that spread through all countries of the world has materially altered the operating environment and the Group's business prospects. The pandemic will have negative impacts on business operations arising from the restrictions in social and economic activities, heightened safety and health requirements and changes in demand patterns of the Group's products. The severity of the impacts cannot be reasonably estimated. The recent rollout of vaccination programs is expected to alleviate the spread and severity of the pandemic. The Group will adopt mitigatory measures to minimize the adverse impacts of the pandemic.

The Group's businesses in Zimbabwe and Zambia were allowed to operate, albeit at reduced levels during the lockdowns implemented by the authorities from April 2020. The businesses are adapting their operating models particularly to align product offerings and route to market to available distribution channels and consumption patterns.

15. Audit Opinion

These condensed inflation adjusted consolidated financial results should be read in conjunction with the complete set of inflation adjusted consolidated financial statements for the year ended 31 March 2021, which have been audited by Deloitte & Touche. An unmodified opinion has been issued thereon. The auditor's report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office and ZSE website. The engagement partner responsible for the audit was Brian Mabiza (PAAB Practice Certificate Number 0447).

16. Subsequent Events

There are no subsequent events to report.

17. Impairment Assessment of National Breweries Plc

Natbrew Plc has recorded losses in the last three reporting periods and reflects a net liability position. The performance was affected by the increased competition from the illegal bulk beer category, the increased cost of imported raw materials driven by the depreciation of the Kwacha and the impacts of the COVID-19 pandemic which affects consumer disposable incomes and access to the market. Management have concluded that the business remains a going concern as supported by the business recovery plan. The entity accessed working capital support from the parent company. The entity has booked an impairment loss against property, plant and equipment in compliance with International Accounting Standard 36 (Impairment of Assets), which was considered to have no material impact at Group level.

Consequently, the investment amount carried in the Parent and balances due to other Group entities have not been impaired. This is indicated at historical value of ZW$ 895 million and inflation adjusted of ZW$ 2,1 billion. This is compared to the market capitalization of the entity of ZW$ 2,6 billion.

Chairman's Letter to Shareholders

Dear Shareholder

The trading conditions during the year under review were largely driven by the world-wide restrictions to social and economic activity implemented by authorities in response to the advent of the novel coronavirus (COVID-19) pandemic. The measures included lockdowns, restrictions on travel and social gatherings and limiting the sale or consumption of alcoholic beverages.

The Zimbabwean economy was affected by the depreciation of the local currency and prevalence of multiple exchange rates, hyperinflation, and the reduced business activity arising from the COVID-19 lock downs. Consumer disposable incomes were further eroded by high inflation and low pay increases.

Some measure of macro-economic stability was registered following the relaxation of the use of foreign currency for domestic transactions and implementation of the foreign currency auction system. There were improvements in business performance during periods when the lockdown restrictions were relaxed, particularly during the last quarter of the calendar year 2020.

South Africa implemented bans on the sale of or trading in alcoholic beverages for most of the financial period. The Zambian economy was adversely affected by the depreciation of the Kwacha, high inflation and weakening economic fundamentals.

Effects of Coronavirus (COVID-19) on the business

The World Health Organisation (WHO) declared COVID-19 as a pandemic on 11 March 2020. The pandemic has significantly impacted global, domestic, and human economic activity as governments implement measures to mitigate the transmission of the virus. In Zimbabwe and Zambia, the businesses were permitted to operate albeit at reduced levels during the various phases of lockdowns. South Africa adopted more stringent measures including bans on the sale of alcohol and restricting trading hours. The selling and distribution of beverages has been curtailed by the restrictions on movement and social gatherings, closure of on-premise consumption outlets and prohibition of other commercial and social activities that were deemed to pose a risk of spreading COVID-19. Business performance improved as the restrictions were relaxed, following declining infection rates in most countries.

The Group will continue to adjust its operating model and response to the COVID-19 pandemic, based on the best available medical and safety advice in order to avoid or reduce transmission of the disease through its activities. The Group recorded a total of 5 fatalities attributed to COVID-19 out of 175 confirmed positive cases since the advent of the pandemic in March 2020.

Trading Performance

Lager Beer

Lager beer volume grew by 17% compared to prior year. The volume recovery was mostly during the second and third quarters following the relaxation of the COVID-19 restrictions. The Group adopted strategies to stimulate demand through competitive pricing in an environment of weak consumer demand and currency related distortions in value chain costs.

There are ongoing efforts to inject additional glass bottles to drive volume and enhance consumer choice of brand and pack. The business will benefit from the opening of more trade channels as the COVID-19 restrictions are eased.

Sorghum Beer

In Zimbabwe, the sorghum beer volume declined by 7% compared to prior year, reflecting a notable recovery in the second half of the year. The sector was adversely affected by the limited access to key trade channels such as bars, beerhalls and bottle stores which were closed during most phases of lockdowns. The business relied on imported maize for most of the year.

Sorghum beer volume at Natbrew Plc (Zambia) grew by 6% over last year. The business faces significant competitive pressure from the illegal trading in bulk beer in addition to the cost pressures arising from the escalation in the cost of imported materials due to the impact of currency depreciation.

The South African entity, United National Breweries, was closed for extended periods as the authorities implemented very strict prohibitions on the sale and consumption of alcohol under the COVID-19 national lockdown measures. The entity is implementing volume recovery measures.

Sparkling Beverages

Sparkling beverages volume grew by 33% over last year, albeit from a low base. The business recorded a notable recovery in market share on the back of consistent product supply and competitive pricing. The category benefits from increased social and economic activities which were significantly curtailed during lockdowns.

The Group had its franchise territory extended to cover Manicaland Province at the end of the financial period. There were some constraints in the supply of key raw materials such as sugar and carbon dioxide which affected market supply during the period under review.

African Distillers

The entity recorded a volume growth of 31% compared to the prior year, driven by the spirits and ready to drink categories. The wine category was adversely affected by the limited trading through on-premise consumption outlets during hard lockdowns.

Schweppes Holdings Africa

The beverage volume was 1% below prior year indicating a notable recovery in main line crushes and syrups and the benefits from the relaunch of the Minute Maid Juice drinks. Volume was further impacted by the limited supply of sugar in addition to the extended COVID-19 lock downs.

Nampak Zimbabwe Limited

The entity is benefiting from the volume recovery in the beverages sector. The order fulfillment rate has been negatively impacted by the shortages of key raw materials such as resins and tinplate from the international markets and the COVID-19 related disruptions to international shipping and freighting.

Financial Performance

In inflation adjusted terms, the reported earnings before interest and tax (EBIT) of ZW$10,7 billion is 32% above prior year. This reflects benefits from the volume recovery, inflation driven stock holding gains and tighter cost management.

In historic cost terms, the Group recorded revenue of ZW$33 billion to achieve a 692% growth on the comparative year. The revenue growth was driven by inflation induced pricing across all product categories. Earnings before interest and tax grew by 557% over last year. Net finance cost of ZW$195,9 million is a result of settlement discounts on foreign liabilities and foreign exchange gains. The Group remained cash generative closing the year with a net funding of ZW$1,3 billion. The Group foreign currency exposure from legacy debt arrangement reduced to US$18,8 million. Capital expenditure of ZW$2,2 billion was below planned replacement levels due to forex constraints at the front end of the year. This includes the acquisition of the bottling assets of Mutare Bottling Company.

Outlook

The Zimbabwean economy is projected to recover as the impact of the COVID-19 pandemic declines in response to the mitigatory measures and as the population adapts to living with the virus. The easing of the lockdown restrictions across the region is expected to rekindle economic activity and consumer spending. The improved cereals harvest will restore food security, reduce pressure on foreign currency required for imports and unlock discretionary spending. The businesses in Zimbabwe are expected to record a recovery in volume on the back of improved access to foreign currency through domestic Nostro sales, a stable exchange rate and slower inflation.

The business in Zambia is expected to benefit from the election related activities during the year.

The Company will continue placing the safety and health of its workers first, abiding by best practice and protocols dictated by the authorities while seeking to leverage any opportunities to recover volume and achieve profitability.

Management Changes

The Board, announced in a notice on 26 March 2021, the pending retirement of the Chief Executive Officer, Mr Pearson Gowero on 30 June 2021. He will be replaced by Mr Matlhogonolo Valela. Mr Alex Makamure was appointed as Finance Director with effect from 1 April 2021 taking over from Mr Valela.

The Board extends its gratitude to Mr Gowero for his leadership of the Group since 2012 and wishes him well in his future endeavours.

Directorate

The Board advises of the pending retirement of the Chairman Mr Canaan Dube who is not seeking re-election at the forthcoming annual general meeting on 30 July 2021. Mr Dube has been a director since 2004 and was Chairman from 2010. The Board pays tribute to Mr Dube for his distinguished service to the Company over the years.

Dividend

The Board declared a final dividend of ZW$105 cents per share to be paid on 06 July 2021. This brings the total dividend for the year to ZW$150 cents per share.

For and on behalf of the Board

CF Dube
Chairman
9 June 2021

Dividend Notice to Shareholders

NOTICE is hereby given that the Board of Directors has declared a Final Dividend, Number 127, of ZW$105 cents per share payable in respect of all the qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. This will be payable to shareholders registered at the close of business on 25 June 2021. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	10 June 2021
Last Date to Trade – cum dividend	22 June 2021
Share Trade Ex Dividend	23 June 2021
Last Record Date (LRD)	25 June 2021
Payment Date	06 July 2021
Dividend Per Share	ZW$105 cents
Dividend Amount	ZW$1 350 million

By Order of the Board

A Makamure
Company Secretary
9 June 2021

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Delta Corporation Limited

Report on the audit of the inflation-adjusted consolidated and separate financial statements

Opinion

We have audited the inflation-adjusted consolidated and separate financial statements of Delta Corporation Limited (the Group and Company) set out on pages 57 to 119, which comprise the inflation-adjusted consolidated and separate statements of financial position as at 31 March 2021, and the inflation-adjusted consolidated and separate statements of profit or loss and other comprehensive income, the inflation-adjusted consolidated and separate statements of changes in equity and the inflation-adjusted consolidated and separate statements of cash flows for the year then ended, and the notes to the inflation-adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the inflation-adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of the Delta Corporation Limited as at 31 March 2021 and its inflation adjusted consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated and separate financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Report on the audit of the inflation-adjusted consolidated and separate financial statements

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of RBZ legacy debt asset</td></tr>
<tr><td>As a result of foreign currency shortages in the country, the Group was constrained in regard to settlement of its foreign obligations as they fell due, in respect of loans and for supplies. This led to the accumulation of its long-outstanding foreign liabilities, amounting to US$92 million as at 22 February 2019, comprised of loans of US$43 million and payments due to suppliers of US$49 million.

The Group agreed on a settlement plan with the Reserve Bank of Zimbabwe ("RBZ") based on the exchange control directives RU102 and RU28 of 2019 on the long-outstanding foreign liabilities as at 22 February 2019. The Group registered these foreign liabilities with the RBZ as required by those regulations, and in the prior year transferred to the RBZ the ZW$ equivalent of the foreign liabilities at a rate of US$1:ZW$1. Per the settlement plan, the Group was to procure the necessary foreign exchange from the interbank market and settle its legacy debts, whereupon the RBZ would then refund the amount of the foreign exchange, so settled at the ruling interbank rate of the day.

In the current financial year, the Group managed to access minimal amounts of foreign exchange through the foreign currency auction, with foreign currency sales being the Group's primary foreign currency generator. It is this earned foreign currency that the Group has been using to expunge its legacy obligations.

The valuation of this RBZ receivable as a financial derivative is both quantitatively and qualitatively material to the Group's financial statements, and requires certain subjective management assumptions to be made with respect to the discount rate to be applied, the country risk premium to be used therein, the cash flows arising annually and the spot exchange rate to be used.

Note 4.21 to the inflation-adjusted consolidated financial statements includes details on the accounting policies pertaining to the embedded derivatives. Note 10 further provides detailed information with respect to the legacy debt.</td><td>In addressing the key audit matter, we performed the following procedures:
• Reviewed the relevant Statutory Instruments and Exchange Control Directives issued by the RBZ in respect of legacy debts and blocked funds to establish their applicability to, and implications on the Group;
• Reviewed written communications and undertakings between the Group and RBZ in respect of the Company's legacy debts;
• Verified payments to RBZ by the Group in the current year to cover additional legacy debts being registered in the current year;
• Assessed the competency, objectivity and independence of management's expert;
• Reviewed calculations in respect of the valuation and proposed accounting treatment of the Group's financial asset submitted by the Group's management's expert to ensure alignment with our expectations;
• Assessed the inputs into the valuation model for reasonableness, accuracy and completeness;
• Performed re-computations of management's expert's calculations; and
• Evaluated the appropriateness and adequacy of the financial statement disclosures.

The valuation of the RBZ Blocked Funds/Legacy Debts was found to be appropriate and in line with the relevant financial reporting standards, together with the disclosures made in the inflation adjusted consolidated financial statements.</td></tr>
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Delta Corporation Limited

Report on the audit of the inflation-adjusted consolidated and separate financial statements

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Impact of going concern matters arising at the foreign subsidiaries on the Group</td></tr>
<tr><td>As disclosed in Note 30, the Group's foreign subsidiaries, United National Breweries (Proprietary) Limited ("UNB") South Africa and National Breweries Plc ("Natbrew") Zambia, have recorded losses in the current financial year, with these losses subsisting for a lengthy period of time in the case of Natbrew. The impact of Covid-19 in the current year has further worsened business performance across the foreign jurisdictions in which the Group's foreign subsidiaries operate. Management have performed forward looking assessments in assessing the future outlook of these foreign entities. The nature of these assessments involves significant judgement and complexities.

Whilst the Group has pledged continued operational and financial support to its foreign subsidiaries, further uncertainty in respect of the ability of these subsidiaries' ability to continue in operation as going concerns for the foreseeable future results from the fact that the impact of Covid-19, going forward, remains relatively unknown, as well as forecasted cash flow deficits in respect of Natbrew that are yet to be adequately mitigated.</td><td>Our audit procedures involved evaluating the impact of the conclusions made by the auditors of the Group's foreign subsidiaries on the overall going concern assumption of the Group. In doing so we performed the following procedures:
• Robustly challenging the component auditors of Natbrew and UNB in respect of their assessment of the entities' ability to continue in operation as going concerns for the foreseeable future, through meetings discussing the financial and operational state and health of the operations, as well as current and forecasted impact of Covid-19 on the businesses;
• Held discussions with Group management to understand their plans to sustain the foreign businesses into the foreseeable future;
• Reviewed the Group's forecasted budgets and stress tested these to evaluate the impact of support that has been committed by the Group on its going concern status;
• Evaluated the reliability and reasonableness of the inputs into management's forecasts, budgets and cash flows models; and
• Reviewed the disclosures made by management for adequacy with regards to the conclusions made for the foreign subsidiaries.

We concluded that, while the foreign subsidiaries' ability to continue in operation as going concerns into the foreseeable future was challenged, overall the Group remains a going concern for the foreseeable future, and that the disclosures contained in the financial statements are appropriate and adequate.</td></tr>
</table>

Report on the audit of the inflation-adjusted consolidated and separate financial statements

Key Audit Matter	How the matter was addressed in the audit
Determination of uncertain tax matters	
As disclosed in Note 11.4.2, the interpretation of fiscal legislation in Zimbabwe is complex and has, in instances, resulted in differences of interpretation of the relevant legislation, specifically regarding the currency of settlement of certain tax obligations. These differences in interpretation ultimately result in the need to comply with International Financial Reporting Interpretation Committee (IFRIC) 23, "Uncertainty over Income Tax Treatments". In assessing this area as a key audit matter, we have considered the following: • The high degree of auditor judgement and subjectivity in applying procedures to these areas; • High level of judgement applied by management in interpreting certain legislation; • The level of uncertainty involved given multiple policy changes in the country as well as currency movements; and • The input of legal counsel in assessing these uncertain tax treatments.	In addressing the key audit matter, we performed the following procedures: • Obtained an understanding of the Group's tax risk environment; • Held discussions with management to understand the approach taken with regards to the settlement of the Group's tax obligations; • Involved our tax specialists who performed the following: – Reviewed management's tax assessments to evaluate the Group's judgements and estimates in determining uncertain tax positions; – Performed re-calculations of the Group's tax obligations to assess accuracy thereof; and – Assessed how management has interpreted new developments in the tax legislation in the current financial year and how this interpretation affected the Group's tax positions. • Inspected correspondence in the current financial year between the Group and the relevant tax authorities; • Reviewed the legal opinions sought by management and evaluated these against the positions taken by management; and • Reviewed disclosures made by management against the requirements of IFRIC 23. We concluded the treatment and disclosures made by management was appropriate and in accordance with IFRIC 23.

Report on the audit of the inflation-adjusted consolidated and separate financial statements

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Compliance with International Accounting Standard (“IAS”) 21 “The Effects of Changes in Foreign Currency Rates” requirements</th></tr>
<tr><td>IAS 21 requires that foreign currency transactions be recorded, on initial recognition in the entity's functional currency at the spot exchange rate between the functional currency and the foreign currency. The spot exchange rate is defined as the exchange rate for immediate delivery. The current financial year has seen the RBZ initially fixing the exchange rate at US$1:ZW$25 and, subsequently, introducing an interbank foreign currency auction. These developments, among others, have seen the exchangeability of the local currency against the US$ come into question and, as such, the determination of an appropriate exchange rate has been a key focus area within the accounting fraternity.

As disclosed in Note 2, the Group embarked on an estimation process in determining an appropriate spot rate that more faithfully suited the Group’s economics and pricing dynamics.

This estimation process involved a significant level of both subjective and objective judgements and inputs on management’s part:
• Price and exchange rate parity in respect of the Group’s sales and purchases; and
• The applicability of a group wide exchange rate derived from the analysis of a few key cost drivers in the business.

As the Group has a significant number of foreign currency transactions, and considering that the Group uses the same exchange rate regime in the consolidation of its foreign subsidiaries, the appropriateness of the exchange rates used in the financial year was a significant area of focus.</td><td>We focused our testing on the areas of judgement applied by management in determining the internal exchange rates. Procedures performed included the following:
• Tested management’s application of the exchange rate estimation process for compliance with IAS 21 and technical guidance issued in this regard by recognised accounting bodies;
• Performed technical consultations on the appropriateness of estimating an exchange rate in the context of the requirements of IAS 21;
• Obtained and reviewed the detailed technical write-up from management explaining their process of estimation in determining the exchange rates;
• Obtained an understanding of the assumptions used and assessed the reasonableness of the assumptions used therein;
• Performed an evaluation to assess the source of management’s foreign currency requirements during the financial year as a key driver of the applicability of the estimation process;
• Assessed the reasonableness of the use of a single centrally determined exchange rate by the various components of the Group through details testing of transactions;
• Evaluated the appropriateness of assumptions applied in the estimation process;
• Tested foreign currency transactions and balances to determine that the exchange rates used were in line with the estimated rate for that particular period as well as the closing rate; and
• Assessed the disclosures made by management against the requirements of IAS 21.

Overall, we have concluded that the accounting treatment and disclosures made are appropriate and in accordance with the requirements of IAS 21.</td></tr>
</table>

Report on the audit of the inflation-adjusted consolidated and separate financial statements

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Possible impairment of the assets of National Breweries (Zambia) Plc</th></tr>
<tr><td>As disclosed in Note 32, Natbrew has been recording losses for the last three financial years. In the current year the performance of the entity was further worsened by the Covid-19 pandemic which affected consumer incomes, and therefore, impacted the demand for the entity's products. As a result, these conditions triggered an assessment of the impairment of the assets of Natbrew in accordance with International Accounting Standard (IAS) 36, "Impairment of Assets". Significant judgement is involved when performing such assessments, which are made with reference to the value in use, based on cash flow forecasts for each identifiable cash generating unit (CGU).

This impairment assessment process involved a significant amount of judgement and estimation in determining the future cash flows of the entity. Key areas in this context were the following:
• The forecasted cash flows, which also include the anticipated growth rate, is based on judgement rather than observable data.
• The discount rate applied is subjective and involves complex calculations.</td><td>In evaluating the possible impairment of Natbrew, we reviewed the value in use calculations prepared by management, with a particular focus on the growth rates and discount rate. We performed various procedures including the following:
• We obtained an understanding of the controls in place for the preparation of the cash flow forecasts;
• Inquired with Group management about their views on the possible impairment of Natbrew;
• Held discussions with component auditors to understand the scope of work being undertaken;
• Tested the inputs used in determining the forecasted cash flows for completeness, accuracy and reasonableness; and
• Involved our corporate finance specialists who performed the following:
– Reviewed management's assumptions in determining the discount rate which was based on the weighted average cost of capital;
– Reviewed the arithmetic accuracy of the computations provided; and
– Challenged management's computations with respect to the use of certain parameters in determining the terminal value, discount rate and resultant value in use.

Overall, we have concluded that the accounting treatment and disclosures made are appropriate, in all material respects, and in line with the requirements of IFRS.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the consolidated and separate historic cost financial information which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the inflation-adjusted consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation-adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation-adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Delta Corporation Limited

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's and the 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/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate 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 inflation adjusted consolidated ad separate 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 inflation adjusted consolidated and separate 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 the 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 the 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 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/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate 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 inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Delta Corporation Limited

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

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 those charged with governance 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 directors, we determine those matters that were of most significance in the audit of the inflation-adjusted consolidated and separate 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

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

- Section 193(1)
  The inflation-adjusted consolidated and separate financial statements have been properly drawn up in accordance with the Act and do give a true and fair view of the state of the Group and Company's affairs as at 31 March 2021.

- Section 193(2)
  We have no matters to report in respect of the Section 193(2) requirements of the Act.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Brian Mabiza
Partner
PAAB Practice Certificate Number 0447

10 June 2021