



# Delta Corporation

LIMITED



## Brighter together

### Reviewed Financial Information

for the six months ended 30 September 2023



## Salient Features

	INFLATION ADJUSTED	HISTORIC COST
<b>Revenue</b>	Increased by 164% to ZW\$ 1,9 trillion	Increased by 879% to ZW\$ 1,6 trillion
<b>Operating Income</b>	Increased by 153% to ZW\$ 408 billion	Increased by 784% to ZW\$ 380 billion
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	Increased by 142% to ZW\$ 436 billion	Increased by 797% to ZW\$ 396 billion
<b>Headline Earnings per share</b>	Increased by 983% to ZW\$ 25 886,31 cents	Increased by 827% to ZW\$ 21 924,95 cents
<b>Basic Earnings per share</b>	Increased by 406% to ZW\$ 25 639,99 cents	Increased by 595% to ZW\$ 21 717,53 cents
<b>Dividend per share</b>	Interim dividend proposed US 1,0 cent	Interim dividend proposed US 1,0 cent

## Condensed Group Statement of Financial Position

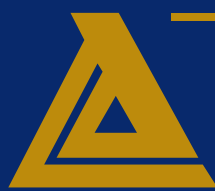
	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed As At 30 September 2023 ZW\$ 000	Audited As At 31 March 2023 ZW\$ 000	Not Reviewed As At 30 September 2023 ZW\$ 000	Unaudited As At 31 March 2023 ZW\$ 000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	874 145 861	536 381 970	500 305 112	79 360 766
Right-of-use asset	2 111 288	1 620 931	326 760	73 448
Investments in associates	88 408 785	43 662 034	29 804 014	5 087 372
Intangible assets – Trademarks and Goodwill	135 331 849	86 804 255	114 110 448	21 075 114
Investments and loans	16 437 432	22 902 429	16 437 432	7 426 173
Financial assets at amortised cost	29 243 600	4 426 925	29 243 600	1 435 442
	<b>1 145 678 815</b>	<b>695 798 544</b>	<b>690 227 366</b>	<b>114 458 315</b>
<b>Current assets</b>				
Inventories	482 257 742	297 149 853	321 166 842	74 411 957
Trade and other receivables	382 793 688	126 377 524	382 793 688	40 978 246
Other assets - prepayments	135 568 540	73 295 611	95 319 340	17 076 633
Current tax asset	12 247 056	—	12 247 056	—
Cash and cash equivalents	49 528 390	49 380 483	49 528 390	16 011 752
	<b>1 062 395 416</b>	<b>546 203 471</b>	<b>861 055 316</b>	<b>148 478 588</b>
<b>TOTAL ASSETS</b>	<b>2 208 074 231</b>	<b>1 242 002 015</b>	<b>1 551 282 682</b>	<b>262 936 903</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued share capital	5 466 232	5 466 191	13 121	13 081
Share premium	37 388 388	37 278 200	244 999	134 811
Share option reserve	8 230 213	6 629 339	1 785 356	729 954
Share buyback	(7 034 259)	(7 034 259)	(16 418)	(16 418)
Foreign currency translation reserve	201 146 342	77 376 116	201 146 342	25 089 410
Retained earnings	850 899 845	627 927 889	345 674 107	108 540 711
Other reserves - Arising from change in non-controlling interest	(3 654 903)	(3 654 903)	(427 172)	(427 172)
Equity attributed to equity holders of the parent	<b>1 092 441 858</b>	<b>743 988 573</b>	<b>548 420 335</b>	<b>134 064 377</b>
Non-controlling interests	<b>(20 760 636)</b>	<b>(5 223 899)</b>	<b>(37 342 764)</b>	<b>(4 958 521)</b>
Shareholders' equity	<b>1 071 681 222</b>	<b>738 764 674</b>	<b>511 077 571</b>	<b>129 105 856</b>
<b>Non-current liabilities</b>				
Long term borrowings	—	1 442 600	—	467 767
Long term lease liability	12 902 459	5 609 576	12 902 459	1 818 920
Deferred tax liabilities	133 851 382	96 126 810	37 663 484	1 824 382
	<b>146 753 841</b>	<b>103 178 986</b>	<b>50 565 943</b>	<b>4 111 069</b>
<b>Current liabilities</b>				
Short term borrowings	44 636 456	15 921 529	44 636 456	5 162 598
Short term lease liability	2 100 806	644 106	2 100 806	208 853
Trade and other payables	654 873 759	281 909 095	654 873 759	91 409 769
Provisions	236 806 012	86 535 039	236 806 012	28 059 215
Dividend payable	51 074 188	6	51 074 188	2
Current tax liability	147 947	15 048 580	147 947	4 879 541
	<b>989 639 168</b>	<b>400 058 355</b>	<b>989 639 168</b>	<b>129 719 978</b>
<b>Total equity and liabilities</b>	<b>2 208 074 231</b>	<b>1 242 002 015</b>	<b>1 551 282 682</b>	<b>262 936 903</b>
<b>Net asset value per share (cents)</b>	<b>83 472.96</b>	<b>57 054.14</b>	<b>41 904.53</b>	<b>10 280.97</b>



## Condensed Group Statement of Profit Or Loss and Other Comprehensive Income

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2023 ZW\$ 000	Reviewed Period Ended 30 September 2022 ZW\$ 000	Not Reviewed Period Ended 30 September 2023 ZW\$ 000	Not Reviewed Period Ended 30 September 2022 ZW\$ 000
<b>Revenue</b>	1 928 306 223	730 899 372	1 610 537 241	164 475 749
<b>Net Operating Costs</b>	(1 519 875 727)	(569 192 850)	(1 229 598 987)	(121 372 044)
<b>Operating Income</b>	<b>408 430 496</b>	<b>161 706 522</b>	<b>380 938 254</b>	<b>43 103 705</b>
Finance charges	(6 383 650)	(9 004 878)	(5 557 345)	(2 471 897)
Finance income	21 609 266	187 803	21 560 377	32 792
Net exchange gain/(losses)	(109 472 499)	88 270 394	(72 954 451)	13 050 055
Movement in legacy debt	—	(1 434 319)	—	(407 744)
Net monetary (loss)/gain	46 001 499	(87 332 859)	—	—
Share of profit of associates	44 746 751	4 033 180	24 716 642	2 111 536
Profit before tax	404 931 863	156 425 843	348 703 477	55 418 447
Income tax expense	(66 148 047)	(91 252 773)	(61 763 413)	(14 129 664)
<b>Profit for the period</b>	<b>338 783 816</b>	<b>65 173 070</b>	<b>286 940 064</b>	<b>41 288 783</b>
Attributable to:				
Owners of the parent	335 560 119	65 915 662	284 225 443	40 671 678
Non controlling interest	3 223 697	(742 592)	2 714 621	617 105
<b>Total profit for the period</b>	<b>338 783 816</b>	<b>65 173 070</b>	<b>286 940 064</b>	<b>41 288 783</b>
Other comprehensive income - Foreign currency translation reserve	107 088 419	34 798 996	142 941 519	9 892 559
<b>Total comprehensive profit for the period</b>	<b>445 872 235</b>	<b>99 972 066</b>	<b>429 881 583</b>	<b>51 181 342</b>
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the parent	462 554 044	112 256 799	462 995 239	53 845 404
Non controlling interest	(16 681 809)	(12 284 733)	(33 113 656)	(2 664 062)
	<b>445 872 235</b>	<b>99 972 066</b>	<b>429 881 583</b>	<b>51 181 342</b>
<b>Weighted average shares in issue (millions)</b>	<b>1 308.7</b>	<b>1 301.5</b>	<b>1 308.7</b>	<b>1 301.5</b>
<b>Earnings per share (ZW\$ Cents)</b>				
Headline earnings	25 886.31	2 390.92	21 924.95	2 364.98
Basic earnings	25 639.99	5 064.77	21 717.53	3 125.10
Diluted earnings	25 150.45	4 991.40	21 302.89	3 079.82





### Supplementary Information (continued)

#### 5. Reportable segments (continued)

##### Information about reportable segments (continued)

	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
<b>HISTORIC COST</b>							
<b>30 September 2022</b>							
Segment revenue	66 018 063	25 490 425	61 193 409	11 388 762	164 090 659	5 125 116	169 215 775
Inter-segment revenue*	—	—	—	—	—	(4 740 026)	(4 740 026)
<b>Segment revenue from contracts with external customers</b>	<b>66 018 063</b>	<b>25 490 425</b>	<b>61 193 409</b>	<b>11 388 762</b>	<b>164 090 659</b>	<b>385 090</b>	<b>164 475 749</b>
<b>Segment depreciation</b>	<b>(1 220 685)</b>	<b>(531 631)</b>	<b>(2 126 456)</b>	<b>(82 488)</b>	<b>(3 761 260)</b>	<b>(205 410)</b>	<b>(3 966 670)</b>
<b>Segment operating income</b>	<b>19 783 545</b>	<b>4 895 592</b>	<b>9 848 882</b>	<b>2 703 834</b>	<b>37 231 853</b>	<b>5 871 852</b>	<b>43 103 705</b>
<b>31 March 2023</b>							
<b>Segment net working capital**</b>	<b>(7 217 745)</b>	<b>7 146 294</b>	<b>1 280 650</b>	<b>6 554 269</b>	<b>7 763 468</b>	<b>15 874 685</b>	<b>23 638 153</b>
Segment working capital liabilities***	(30 038 491)	(24 198 935)	(36 683 159)	(10 659 718)	(101 580 303)	(23 260 132)	(124 840 435)
Segment working capital assets****	22 820 746	31 345 229	37 963 809	17 213 987	109 543 771	39 134 817	148 478 588
<b>Segment property, plant and equipment</b>	<b>20 705 727</b>	<b>21 416 793</b>	<b>31 264 242</b>	<b>1 161 224</b>	<b>74 547 986</b>	<b>4 812 780</b>	<b>79 360 766</b>
<b>Non-current assets additions</b>	<b>17 345 931</b>	<b>8 288 469</b>	<b>11 241 854</b>	<b>995 100</b>	<b>37 871 354</b>	<b>4 417 161</b>	<b>42 288 515</b>

\* Included in segment revenue for all other segments is intersegment revenue which is eliminated for consolidated purposes.  
 \*\* Net working capital comprises of cash and cash equivalents, receivables, inventories, payables excluding provision for tax.  
 \*\*\* Included are trade and other payables, provisions, short term borrowings and short term lease liability.  
 \*\*\*\* Included are trade and other receivables and other assets.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment operating income represents segment income before allocation of central administration costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

No single customer contributed 10% or more to the Group's or individual segment's revenue in 2023 and 2022.

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2023 ZW\$ 000	Reviewed Period Ended 30 September 2022 ZW\$ 000	Not Reviewed Period Ended 30 September 2023 ZW\$ 000	Not Reviewed Period Ended 30 September 2022 ZW\$ 000
<b>i) Revenue</b>				
Total revenue for reportable segments	1 927 421 203	728 917 676	1 610 249 073	164 090 659
Revenue for other segments	69 623 165	22 954 406	57 633 787	5 125 116
Elimination of inter-segment revenue	(68 738 145)	(20 972 710)	(57 345 619)	(4 740 026)
<b>Consolidated revenue</b>	<b>1 928 306 223</b>	<b>730 899 372</b>	<b>1 610 537 241</b>	<b>164 475 749</b>
<b>ii) Operating income</b>				
Total operating income for reportable segments	381 106 213	126 806 816	330 349 456	37 231 853
Operating income for other segments	27 324 283	14 963 708	50 588 798	5 871 852
- Finance income	21 609 266	164 649	21 560 377	32 792
- Finance cost	(6 383 650)	(7 894 711)	(5 557 345)	(2 471 897)
- Share of profit of equity-accounted investees	44 746 751	3 535 950	24 716 642	2 111 536
- Exchange gains/(losses)	(109 472 499)	77 387 974	(72 954 451)	13 050 055
- Movement in legacy debt	—	(1 257 489)	—	(407 744)
- Monetary gain/(loss)	46 001 499	(76 566 022)	—	—
<b>Consolidated profit before tax</b>	<b>404 931 863</b>	<b>137 140 875</b>	<b>348 707 477</b>	<b>55 418 447</b>

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed As At 30 September 2023 ZW\$ 000	Audited As At 30 September 2022 ZW\$ 000	Not Reviewed Period Ended 30 September 2023 ZW\$ 000	Unaudited Period Ended 30 September 2022 ZW\$ 000
<b>iii) Assets</b>				
Total working capital assets for reportable segments	649 445 775	408 813 380	501 044 487	109 343 771
Working capital assets for other segments	400 702 585	137 390 091	347 763 773	39 134 817
Total property, plant and equipment for reportable segments	827 139 974	493 800 183	489 294 474	74 547 986
Property, plant and equipment for other segments	47 005 887	42 581 787	11 010 638	4 812 780
Intangible assets	135 331 849	86 804 255	114 110 448	21 075 114
Right-of-use asset	2 111 288	1 620 931	326 760	73 448
Equity-accounted investees	88 408 785	43 662 034	29 804 014	5 087 372
Investments and loans	16 437 432	22 902 429	16 437 432	7 426 173
Current tax asset	12 247 056	—	12 247 056	—
Financial asset at amortised cost	29 243 600	4 426 925	29 243 600	1 435 442
<b>Consolidated total assets</b>	<b>2 208 074 231</b>	<b>1 242 002 015</b>	<b>1 551 282 682</b>	<b>262 936 903</b>
<b>iii) Liabilities</b>				
Total trade and other payables for reportable segments	635 347 076	313 275 175	635 347 076	101 580 303
Trade and other payables for other segments	303 069 957	71 734 594	303 069 957	23 260 132
Total long-term borrowings for reportable segments	—	1 442 600	—	467 767
Total long-term lease liability for reportable segments	6 463 417	2 807 807	6 463 417	910 439
Long-term lease liability for other segments	6 439 042	2 801 769	6 439 042	908 481
Total deferred tax liabilities for reportable segments	45 039 860	7 315 287	8 943 471	1 355 640
Deferred tax liabilities for other segments	88 811 522	88 811 523	28 720 013	468 742
Dividend payable	51 074 188	6	51 074 188	2
Current tax liability	147 947	15 048 580	147 947	4 879 541
<b>Consolidated total liabilities</b>	<b>1 136 393 009</b>	<b>503 237 341</b>	<b>1 040 205 111</b>	<b>133 831 047</b>

#### 6. Corporate Information

Delta Corporation Limited (the Company) is a public limited company that 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 some value-added activities related thereto.

These abridged consolidated interim financial information have been prepared under the supervision of Mr Alex Makamure FCA(Z), Executive Director – Finance, registered Public Accountant, PAAB Number 0318 and have been reviewed by external auditors in terms of the Companies and Other Business Entities Act (Chapter 24:31).

#### 7. Statement of Compliance

The abridged consolidated interim financial information has been prepared in accordance with (IAS) 34 - Interim Financial Reporting. The abridged consolidated interim inflation-adjusted financial statements of 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 in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.

The Directors note that there are varied interpretations and applications of legislation and exchange control directives governing the current multi-currency framework in Zimbabwe and in particular the statutory instruments relating to pricing of goods in foreign currency and the exchange rates thereto. These interpretations have a bearing on the application of International Accounting Standard (IAS 21) – The effects of Changes in Foreign Exchange Rates with respect to converting transactions and operations conducted in foreign currencies.

#### 8. Significant Accounting Policies

The abridged consolidated interim financial information has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statement and applicable amendments.

#### 9. Basis of Preparation

The abridged consolidated interim financial information is presented in Zimbabwean dollars. The designated functional currency for the Group during the half year ended 30 September 2023 is ZW\$. The abridged consolidated interim financial information have been prepared under the inflation-adjusted accounting basis in line with the provisions of International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) and (IAS) 34 - Interim Financial Reporting, hence the historical cost information has been restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made. Accordingly, the inflation-adjusted interim financial statements represent the primary financial statements of the Company and the Group. The historical cost financial statements have been provided by way of supplementary information.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date and that corresponding figures for previous periods be stated in the same terms as the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) up to 31 January 2023.

On the 3rd of March 2023, the Government issued SI 27 of 2023, which defined the term "rate of inflation" and introduced a new inflation rate measurement method. Consequently, ZIMSTAT stopped reporting ZW\$ inflation and CPI figures and only released blended CPI figures. There were further changes that introduced a geometric method of calculating inflation in September 2023. These changes have created a challenge for the Group, as it had been using the ZW\$ CPI for reporting hyperinflated historical figures.

The use of indices issued by ZIMSTAT made comparability possible for business in Zimbabwe. While it is preferable for all companies using the ZW\$ functional currency to use the same index, the standard provides that each business may determine an index for the purpose of compliance with IFRS.

The determination of the indices is a significant area of judgement. The timing of the resolution of the uncertainty regarding the CPI is unknown. Refer to note 10 for the CPI sensitivity analysis.

In May 2023, the Institute of Chartered Accountants of Zimbabwe (ICAZ) issued a guidance on IAS 29 - Financial Accounting in Hyper Inflationary Economies which proposed the use of official publicly available information in determining the CPI estimates. ZIMSTAT publishes monthly statistics on the Total Consumption Poverty Line (TCPL) in ZW\$, which measures the amount required to purchase both non-food and food items. By analysing the correlation between the movement in TCPL and the officially published CPI from January 2019 to January 2022, a very strong relationship with a coefficient correlation of 0.99 was observed and ICAZ consequently determined that from February 2023 going forward CPI can be estimated by adjusting the last published CPI based on the monthly movement of the TCPL. The Group adopted this guidance.

The conversion factors used to restate the financial statements as at 30 September 2023 are as follows:

	Index	Conversion Factor
30 September 2023	44 720.87	1.00
31 March 2023	14 500.86	3.08
30 September 2022	12 713.12	3.52
31 March 2022	4 766.10	9.38
<b>Average CPI to:</b>		
30 September 2023	35 151.69	1.56
30 September 2022	9 467.99	5.20

IAS 29 discourages the publication of historical costs results as the inflation adjusted results are the primary records. However, the historical costs results are included as supplementary information to allow for comparability.

#### 10. CPI Sensitivity

The Group considered various methodologies in determining the ZWL inflation indices to use for the purposes of preparation of Hyperinflation accounts. The methodologies applied were consistent with those required by International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies. In determining the indices, the group considered the movement in the exchange rates and the movement in TCPL. The analysis below seeks to demonstrate the sensitivity of the indices used in preparing hyperinflation accounts in comparison to indices derived using other methodologies.

This is consistent with the requirements of IAS 29 which provides that each business may determine an index for the purpose of compliance with IFRS. The resultant CPIs were based on the scenarios as disclosed below:

##### A - Consideration of Interbank Exchange rate in the determination of Indices

This methodology assumed the use of the movement in the interbank exchange rate.

##### B - Consideration of Internal Exchange rate in the determination of Indices

As communicated on note 9, the Group uses an internally determined exchange rate. This methodology assumed the use of the movement in the internal exchange rate.



## Reviewed Financial Information

for the six months ended 30 September 2023

### Supplementary Information (continued)

#### 10. CPI Sensitivity (continued)

	*Index Based on TCPL movement	A		B	
		Index based on official exchange rate movement	**Impact of change (times)	Index based on Internal exchange rate movement	***Impact of change in the conversion factor (times)
30 September 2023 Estimated Index	44 720.87	92 611.97	2.07	89 421.39	2.00
Average September 2023	35 151.69	71 385.11	2.03	73 704.91	2.10

\* The Group adopted the use of the TCPL movement to estimate the Index.

\*\* Impact of change in the conversion factor if the Index based on the official exchange rate is used instead of the TCPL-derived index.

\*\*\* Impact of change in the conversion factor if the Index based on the internal exchange rate is used instead of the TCPL-derived index.

#### Effect on key items of the financials

If the index as at 30 September 2023 and the average index for the half year period ended 30 September 2023 increased by 2.07 and 2.03 times respectively or 2 and 2.1 times respectively per scenarios (A) and (B), the effect of the movement on key financial aspects will be as follows:

	Scenario A effect 2023 ZW\$'000	Scenario B effect 2023 ZW\$'000
<b>Increase by 2.07/2 times</b>		
Operating income	829 406 390	856 383 597
Profit for the year	805 776 462	789 938 469
<b>Impact of increase by 2.03/2.1 times</b>		
Total assets	3 902 494 803	3 789 610 127
Total equity and reserves	2 622 761 776	2 519 426 613
Total liabilities	1 279 733 027	1 270 183 514

Management has determined that the change in the estimation basis of the Indices constitutes a change in accounting estimate, rather than a prior period error.

The effect of the change in estimate on future periods is not disclosed because it is impractical to determine an estimate for future inflation under turbulent, deteriorating, and hyperinflationary conditions. This increases the estimation uncertainty in objectively evaluating information about those misstatements. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year will be materially different from the current forecasts and current assumptions could require a material adjustment to the carrying amount of the assets or liabilities affected.

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed September 2023 ZW\$ 000	Audited March 2023 ZW\$ 000	Not Reviewed September 2023 ZW\$ 000	Unaudited March 2023 ZW\$ 000
<b>11. Treasury Bills – financial assets at amortised cost</b>				
Opening balance	4 426 925	—	1 435 442	—
Additions	27 808 158	4 426 925	27 808 158	1 435 442
IAS 29 Impact	(2 991 483)	—	—	—
	<b>29 243 600</b>	4 426 925	<b>29 243 600</b>	1 435 442

Treasury bills disclosed above represents the treasury bid component received from the Reserve Bank of Zimbabwe in settlement of the legacy debt. These are carried at 0% coupon and have a tenure of 3-20 years. The amortised cost approximates the fair value because the transaction happened close to the reporting date.

The increase in the balance is as a result of the issuance of treasury bills relating to legacy debt balances.

The Group did not have any financial assets under level 1 and 2 in the current and prior financial periods. In addition, the Group did not have any transfers between levels.

A closing exchange rate of US\$/ZW\$1: 5500 at 30 September 2023 was used to convert treasury bills to ZW\$.

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed September 2023 ZW\$ 000	Reviewed September 2022 ZW\$ 000	Not Reviewed September 2023 ZW\$ 000	Not Reviewed September 2022 ZW\$ 000
<b>12. Cash generated from operating activities</b>				
Profit before tax	404 931 863	156 425 843	348 703 477	55 418 447
Depreciation of property, plant and equipment, right of use and container amortisation	27 988 491	18 550 127	14 771 924	1 002 882
Loss on disposal of property, plant and equipment	873	110 779	10 894	5 204
Share option expense	1 711 102	1 226 782	1 165 630	297 045
Finance charges	6 383 650	9 004 878	5 557 345	2 471 897
Finance income	(21 609 266)	(187 803)	(21 560 377)	(32 792)
Unrealised exchange (gains)/losses	(98 613 799)	(88 270 394)	(98 613 799)	(13 050 055)
Movement in legacy debt	—	1 434 319	—	407 744
Share of profit of associates	(44 746 751)	(4 033 180)	(24 716 642)	(2 111 536)
Stock losses	(25 710 027)	(20 645 128)	(16 277 797)	(4 112 822)
Monetary gain	(46 001 499)	87 332 859	—	—
Provision for expected credit losses	7 685 608	1 442 265	7 432 277	277 193
Container losses	25 096 668	(1 210 395)	18 991 006	(102 400)
Other non cash items**	1 111 289	(340 613)	712 365	(72 302)
	<b>258 228 202</b>	160 840 339	<b>236 176 303</b>	40 398 505

### Supplementary Information (continued)

#### 13. Contingencies

##### 13.1 Uncertain Tax Positions

There have been significant currency changes in Zimbabwe since 2018. These changes create some uncertainties in the treatment of transactions for tax purposes 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, thereby creating uncertainties in tax positions.

The Zimbabwe Revenue Authority (ZIMRA) has made additional income tax and value added tax assessments, penalties and interest of US\$54.7 million against Group entities for amounts that were settled in Zimbabwe Dollars, but that ZIMRA deem should have been paid in foreign currency. No credit has been given by ZIMRA to the equivalent amounts already paid in legal tender of Zimbabwe.

The principal amount settled in Zimbabwe Dollars, which exclude penalties and interest, is equivalent to US\$9.8 million for Income Tax and US\$25.2 million for Value Added Tax (total US\$35 million) based on the exchange rates prevailing on the date of payment. Should the group's appeal not be successful it would be refunded the Zimbabwe dollar payments made towards the settlement of these taxes. Due to the effects of inflation, these amounts would be equivalent to US\$0.5 million based on the exchange rate prevailing on the 30th of September 2023. The resultant value loss to the group would amount to US\$34.5 million.

The group continues to engage the relevant authorities while these assessments are being objected to and challenged through the courts. Based on expert and legal advice received to date, the Board is of the view that the Group entities acted within the confines of existing legislation. Any payments that are made with respect to the revised assessments have been accounted for as prepayments in anticipation of a successful appeal process.

Similarly, Natbrev Zambia is challenging an assessment by the Zambia Revenue Authority relating to transfer pricing positions on royalties and group charges for periods prior to the acquisition of the entity.

The group considers that its settlements were made in line with the legal requirements and anticipates a favourable determination on these tax matters based on its interpretation of the law.

#### 14. Impairment

Management undertakes the requisite assessments for possible impairment of individual asset or clusters of assets at each reporting period. There were no asset impairments in the prior year and current year.

#### 15. Related parties

The nature and parties to the related party transactions are similar to what was disclosed in the 31 March 2023 financial statements.

#### 16. Going concern

The Directors have assessed the ability of the Group to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is appropriate. The Zimbabwe business is witnessing a significant recovery despite operating in an unstable macroeconomic environment. The key factors related to an unstable currency, high inflation, a turbid political environment, fluid policy framework, and the impacts of global conflicts.

Consumer spending continues to be strongly driven by mining and infrastructure development projects. The business has been able to grow volume across all business units during the period. Management constantly reviews the business risks, and the business continuity plans in order to maintain operations at sustainable levels; competitive product pricing, cost reduction initiatives, and adapting sourcing strategies as necessary. The South African business and United National Breweries (UNB) are on a recovery path from the residual effects of Covid 19 with UNB almost achieving breakeven volumes and cash flows. Management will continue to realign the marketing, route to market, and business operations in general, for sustainability.

Natbrev Zambia has faced funding challenges arising from cumulative financial losses and loss of volume over the years. Management is implementing a business recovery plan over the next 5 years. The significant recovery of volume in the half year ended 30 September 2023 demonstrates the positive effects of this turnaround.

#### 17. Subsequent events

Subsequent to half year end, the Government of Zimbabwe extended the use of US dollars for transactions in the economy by another five years.

#### 18. External auditor's review conclusion

The Group's abridged inflation-adjusted consolidated interim financial information has been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe). The auditors who have issued an adverse review conclusion as a result of non-compliance with International Accounting Standard 21 (IAS21 - The Effects of Changes in Foreign Exchange Rates) and the consequential impact on the inflation-adjusted amounts determined in terms of International Accounting Standard 29 (IAS29 - Financial Reporting in Hyperinflationary Economies) and non-compliance to IAS 16 – Property, Plant and Equipment relating to the uplift of the carrying value of returnable containers to deposit values that is contrary to the accounting policy, which requires accounting for it at cost.

The auditor's review conclusion on the Group's abridged inflation-adjusted consolidated interim financial information is available for inspection at the Company's registered office. The engagement partner responsible for this review is Mr. Walter Mupanguri (PAAB Practicing Certificate Number 367).

## Chairman's Letter to Shareholders

### Dear Shareholder

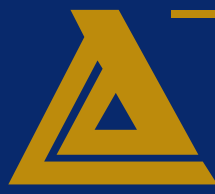
The trading environment during the six months under review was characterised by some shifts in policy as authorities responded to the currency and inflation developments. The first quarter saw the rapid depreciation of the local currency and acceleration of inflation. The policy interventions implemented in June 2023 resulted in more stable exchange rates, tight local currency liquidity and increased use of foreign currency for domestic transactions.

Consumer spending has continued to be buoyant, driven by stable US Dollar pricing, improvements in wages and salaries across various sectors and election related spending. The Zimbabwean economy continues to benefit from mining activities, the marketing of commercial crops such as tobacco, government spending on infrastructure projects and diaspora remittances.

The spending around the harmonised elections held in August 2023 was relatively subdued, which may be attributed to limited funding, a compressed campaign period and the strict regulations relating to gatherings.

The consumer sectors in South Africa have been affected by elevated inflation levels, the impacts of the Rand depreciation on fuel prices and power supply disruptions. The improvements in the disbursements of social grants will drive consumption.

The macro-economic environment in Zambia remains stable although inflation has picked up in response to the depreciation of the Kwacha, removal of subsidies and the shortages of staple maize.



### Chairman's Letter to Shareholders (continued)

#### Capacity Investments

The Group continues to prioritise investments in production capacity to support the volume growth and to improve customer service. We commissioned three flagship projects during this period, namely the lager beer glass packaging line at Southerton Brewery, a PET packaging line at Graniteside and the Chibuku Super plant and packaging line at Harare Brewery. These investments are complemented by the injection of glass bottles, coolers, informal market equipment and additional distribution fleet. Afdis and Schweppes have also made significant investments in capacity. The Chibuku Super plant for United National Breweries is expected to be commissioned during the current financial year.

We are also increasing the investments in our brands through our marketing, promotional and sponsorship activities.

#### Trading Performance

##### Lager Beer

The Lager beer business continues to register record monthly volumes, achieving a growth of 13% for the six months compared to prior year. The new packaging line was commissioned in August 2023 and has assisted in stabilising overall product supply. There are still some gaps in the availability of certain brands and packs arising from bottlenecks in the supply of packaging materials from traditional sources. We anticipate an improved product supply position during the coming festive period.

Our brands remain active in the market, through sponsorships of sport such as the Castle Lager Premier Soccer League, the Castle Tankard and other worthy causes.

##### Sorghum Beer

The sorghum beer volume in Zimbabwe grew by 4% for the half year compared to prior year. The new Chibuku Super plant at the Harare Brewery was commissioned at the end of September and will contribute to volume in the second half of the year. This investment will assist in closing the supply gaps in both the domestic and regional markets.

The Chibuku brand continues to be recognised for its long history of supporting sports and culture with the 60th Chibuku Neshamwari Dance Festival 2023 adjudged as the best corporate event for 2023 by the Marketers Association of Zimbabwe.

United National Breweries South Africa recorded a volume growth of 2% in the second quarter and is flat on prior year for the six months. The uptake of Chibuku Super is promising, which is supported by the entry into a number of formal retail chains. There was a delay in the shipment of the equipment for the local production of Chibuku Super, which is now rescheduled to the fourth quarter.

The volume recovery at Natbrev Plc (Zambia) continued, recording a growth of 67% for the six months, driven by Chibuku Super and returnable packs and increased market penetration. The financial performance has been negatively impacted by the steep rise in maize prices and cost increases on imported materials.

##### Sparkling Beverages

The Sparkling beverages volume grew by 17% for the six months compared to the same period last year, with the volume recovery accelerating in the second quarter. The growth is spurred by the improved supply of PET packs following the commissioning of a new packaging line at Graniteside, Harare which has allowed for keener pricing and increased the availability of packs and flavours. Sales through some of the formal trade channels are being impacted by issues of price and account management.

##### Wines and Spirits

African Distillers (Afdis) recorded a volume growth of 10% above prior year benefitting from good product availability across all key brands, intensified product distribution and brand innovation. Spirits category grew by 8% leveraging on the premiumisation of the Whitestone brand and firm demand on the affordable range. Wine volume grew by 7% driven by increased market penetration in the second quarter. Ready to Drink ("RTD") segment registered a growth of 14% despite competition from lower priced smuggled imports.

##### Schweppes Holdings Africa

Schweppes recorded a volume growth of 7% over prior year for the six months. The business was affected by the limited supply of bottled water and Minute Maid Juice Drinks as one of the production lines was decommissioned to allow for the installation of new plant. Product supply will improve following the commissioning a new packaging line in October 2023.

##### Nampak Zimbabwe Limited

Nampak posted a modest performance during the period as the plastic packaging units, MegaPak and CMB were constrained by prolonged power supply disruptions and occasional outages of key raw materials. Hunyani benefitted from the increased tobacco output in Zimbabwe and Malawi and was nominated the ZNCC manufacturing sector exporter of the year 2023. The focus is on improving the capacity to meet the rising demand from key customer sectors.

#### Financial Performance

Group revenue increased by 164% to ZW\$1,9 trillion in inflation adjusted terms compared to a growth of 879% in historical cost terms and 9% in US Dollar terms. This reflects the volume growth across business units and the increased proportion of foreign currency sales to over 80%. There was an increase in the proportion of domestic transactions settled in foreign currency. The Earnings before interest and tax (EBIT) grew by 153 % to ZW\$408 billion in inflation adjusted terms compared to 784% in historical cost terms and an indicative growth of 10% in US Dollar terms.

The historical cost financial performance is distorted by inflationary stockholding gains, exchange gains and the realignment of certain cost structures.

Both UNB South Africa and Natbrev Zambia are showing improvements in volume and financial performance.

To provide users with a better insight into the underlying performance, it is noted that the proforma financial information indicates Group revenue at US\$376million, up 9% over the prior year, whilst EBIT is indicated at US\$85 million.

Users should note the inherent challenges of converting the financial statements into a stable currency given the disparate exchange rates prevailing in the country during the reporting periods.

#### Change in Functional Currency

The Directors have considered the current operating environment and the requirements of the International Financial Reporting Standards and have concluded that it will be necessary to change the Group's functional currency of the F24 financial statements to US Dollars. There are ongoing processes to convert the base currency and undertake the translation processes during the second half of the year.

#### Update On Tax Matters

As previously reported, there are ongoing disputes with respect to the currency of payment of certain taxes and the methods of splitting the taxes by currency. The Zimbabwe Revenue Authority (ZIMRA) has made additional income tax and value added tax assessments, penalties and interest of US\$54.7 million against Group entities for amounts they deem should have been paid in foreign currency. No credit has been given to the equivalent amounts already paid in legal tender of Zimbabwe. The law empowers ZIMRA to collect any taxes based on their positions under the pay now, argue later principle. The assessments are at various stages of appeal and court processes. Based on the guidance of tax experts and legal counsel the Board is of the view that the Companies have acted within the confines of existing statutes, consequently no provision has been made in the financial statements. The Board cannot at this stage determine the likely outcome or timing of the resolution of these matters.

The assessments would have a material impact on the viability of the Group if they were to materialise. Refer to note 13.

#### Outlook

The operating environment in Zimbabwe remains complex, with no easy solutions to the numerous economic challenges such as the currency and inflation dynamics, coupled with a turbid political environment. We anticipate better insights to come from the forthcoming 2024 National Budget Statement.

The focus is on protecting the balance sheet, optimum resource allocation generating positive cashflows to fund the ongoing capital projects and turning around the regional operations.

The economy could be impacted by the lower mineral prices and the anticipated El Nino which will reduce the agricultural output, although there are mitigations from increased mining output and resilient Diaspora remittances.

The business will benefit from the improved product supply following the commissioning of additional production capacity and improved operational efficiencies across the business segments.

Exploiting opportunities from activities that generate aggregate demand remains a focus. Consumer spending remains resilient across the territories and offers opportunities for growth. There are, however, headwinds in the global economy, arising from the Russia/Ukraine conflict, the resurgent unrest in the Middle East and the volatility of international financial markets.

#### Advancing Our Sustainability Priorities

The Group remains focused on its sustainability agenda, with increased activities in the areas of responsible alcohol consumption, reduction in waste and pollution, community involvement and optimising resource utilisation. In the current year we have amplified our communication on underage drinking under the Pledge 18 campaign, Make A Difference-Recycle executions and uprated the brand activations supporting sports and culture.

#### Interim Dividend

The Board declared an interim dividend (number 133) of US1.0 cents per share to be paid as detailed on the table below.

#### Appreciation

I wish to record my appreciation to management and staff for their great efforts in sustaining the business in the challenging operating environment. I also thank my fellow directors for their wise counsel and our customers, consumers, suppliers, regulators and stakeholders for their ongoing support.

For and on behalf of the Board

**S MOYO**

Chairman

9 November 2023

### Dividend Notice To Shareholders

NOTICE is hereby given that the Board of Directors has declared an interim dividend, Number 133 of US 1 cent 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 24 November 2023. The dividend will be paid by direct transfers or other approved forms of payment as per timetable below.

ACTION	DATE
Announcement Date	9 November 2023
Last Date to Trade- cum dividend	28 November 2023
Share Trade Ex Dividend	29 November 2023
Last Record Date (LDR)	1 December 2023
Payment Date	12 December 2023
Dividend Per Share	US 1.0 cent

#### By Order of the Board

**Ms F Musinga**

Company Secretary

9 November 2023

## **Report on Review of Interim Condensed Inflation Adjusted Financial Information**

### **To the Shareholders of Delta Corporation Limited**

#### **Introduction**

We have reviewed the accompanying Interim Condensed Inflation Adjusted Financial Information for Delta Corporation Limited ('the Group'), as set out on pages 6 to 18, which comprise the Interim Condensed Inflation Adjusted Statement of Financial Position as at 30 September 2023 and the related Interim Condensed Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income, Interim Condensed Inflation Adjusted Statement of Changes in Equity and Interim Condensed Inflation Adjusted Statement of Cash Flows for the half-year period then ended and explanatory notes.

Management is responsible for the preparation and fair presentation of this Interim Condensed Inflation Adjusted Financial Information in accordance with the International Financial Reporting Standards ('IFRS'). Our responsibility is to express a conclusion on this Interim Condensed Inflation Adjusted Financial Information based on our review.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of Interim Condensed Inflation Adjusted Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Basis for Adverse Review Conclusion**

##### **Non-compliance with International Financial Reporting Standards IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and IAS 21- The Effects of changes in Foreign Exchange Rates.**

Effective 1 August 2020 to 30 September 2023, management applied an internally generated exchange rate (transaction rate) to translate foreign denominated transactions and balances to the functional and reporting currency, the Zimbabwe Dollar (ZWS). We believe that the use of a transaction rate is inappropriate for financial reporting as it does not meet the definition of a spot rate as the rate is not accessible through a legal exchange mechanism. We believe that management should have applied the auction exchange rate and/or the Willing-Buyer-Willing-Seller (WBWS) exchange rate as determined by the interbank market, as either one of these two rates met the International Financial Reporting Standards' definition of a spot rate.

The errors resultant from the use of incorrect exchange rates impact both current half year and prior year numbers. The prior year errors should have been corrected retrospectively in accordance with IAS 8 – Accounting

## **Independent Auditor's Review Conclusion (Continued)**

### *Delta Corporation Limited*

Policies, Changes in Accounting Estimates and Errors. The 30 September 2022 half year review conclusion and the 31 March 2023 year-end audit opinion were modified (adverse) due to the impact of this matter.

As no retrospective adjustments in terms of IAS 8 have been made, the corresponding amounts for Deferred Tax liability and Inventory on the Interim Condensed Inflation Adjusted Statement of Financial Position, and Finance Charges, Movement in Legacy Debt and Share of Profit of Associate on the Interim Condensed Inflation Adjusted Statement of Profit or Loss remain impacted.

Our review conclusion is therefore modified due to possible impact of this matter on comparability of the prior period and current period amounts.

Additionally, the following current period and prior period elements are impacted due to the continuing matter. The misstatement within the elements could not be quantified due to the volume of transactions

#### Interim Condensed Inflation Adjusted Statement of Comprehensive Income

- Revenue stated as ZW\$1 928 306 223 000 (30 September 2022: ZW\$730 899 372 000)
- Net Operating Costs stated as ZW\$1 519 875 727 000 (30 September 2022: ZW\$569 192 850 000)
- Exchange Gains stated as ZW\$109 472 499 000 (30 September 2022: ZW\$88 270 394 000)
- Income Tax expense stated as ZW\$66 148 047 000 (30 September 2022: ZW\$91 252 773 000)
- Foreign Exchange Differences on translation of foreign operations stated as ZW\$107 088 419 000 (30 September 2022: ZW\$34 798 996 000)

#### Interim Condensed Inflation Adjusted Statement of Financial Position

- Retained Earnings stated as ZW\$850 899 845 000 (31 March 2023: ZW\$627 927 889 000)
- Functional Currency Translation Reserve stated as ZW\$201 146 342 000 (31 March 2023: ZW\$77 376 116 000)
- Property, Plant and Equipment stated as ZW\$874 145 861 000 (31 March 2023: ZW\$536 381 970 000)

The Interim Condensed Inflation Adjusted Statement of Changes in Equity and Cash Flows were consequently impacted.

### **Non-compliance with International Financial Reporting Standards IAS 16-Property, Plant and Equipment and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

Included in the Interim Condensed Inflation adjusted Statement of Financial Position in the Property, Plant and Equipment balance are returnable containers of ZW\$337 711 097 000 (30 March 2023: ZW\$144 714 518 000). The Group recorded an adjustment of ZW\$152 296 989 000 (30 September 2022: ZW\$ 11 692 910 000) as at 30 September 2023 to reflect the deposit value of the containers as at that date. The Group's accounting policy for Property, Plant and Equipment, is to account for it at cost. Therefore, the uplift of the cost of the containers to the closing deposit value does not align with International Financial Reporting Standards (IAS 16 - Property, Plant and Equipment). Consequently, amounts relating to container write-down, scuffing provision and container breakages as included in the Net Operating Costs on the Interim Condensed Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income are also misstated as they are derived from a revalued base.

This matter is recurring from prior year and has not been corrected retrospectively in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The 31 March 2023-year end audit opinion was modified (adverse) due to the impact of this matter.

### **Consequential impact on IAS 29 – 'Financial Reporting in Hyperinflationary Economies' – Group**

## **Independent Auditor's Review Conclusion (Continued)**

*Delta Corporation Limited*

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information, which was not in compliance with IAS 16, IAS 21, IAS 8 and consequential impact on IAS 29 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the Net Monetary Adjustment of ZW\$ 46 001 499 000 (gain) (30 September 2022; ZW\$87 332 859 000 (loss)) on the Interim Condensed Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income is impacted.

The effects of the above departures from IFRS are material and pervasive to the Interim Condensed Inflation Adjusted Financial Information.

### **Adverse Conclusion**

Our review indicates that, because the of the matters outlined in the basis for adverse conclusion, as described in the preceding paragraph, the Interim Condensed Inflation Adjusted Financial information does not present fairly, in all material respects, the financial position of the Group as at 30 September 2023, and of its financial performance and its cash flows for the half-year period then ended in accordance with the International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated and separate financial information is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).



Ernst & Young  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors

Harare

9 November 2023