Delta Corporation LIMITED

Key Highlights

	2024 US$ 000	2023 US$ 000
Revenue	**767 871**	536 923
Operating Income (EBIT)	**152 338**	99 795
Earnings Before Interest, tax, depreciation and amortisation	**166 921**	112 600
Profit After tax	**100 538**	63 143
Headline Earnings per share (cents)	**7.72**	4.84
Dividend per share	**0.03**	0.03

Lager Beer Volume

↑ 13%

Sparkling Beverages Volume

↑ 29%

Group Statement of Financial Position

	As At 31 March 2024 US$ 000	RESTATED As At 31 March 2023 US$ 000	RESTATED As At 31 March 2022 US$ 000
ASSETS			
Non-current assets			
Property, plant and equipment	**134 079**	173 923	218 097
Right-of-use asset	**4 411**	525	536
Investments in associates	**12 325**	14 158	22 523
Intangible assets	**24 411**	28 147	38 356
Investments and loans	**5 225**	7 426	6 288
Financial assets at amortised cost	**8 830**	1 435	—
Deferred tax asset	**1 923**	—	—
	191 204	225 614	285 800
Current assets			
Inventories	**107 591**	96 352	75 210
Trade and other receivables	**50 236**	40 979	25 605
Other assets	**27 576**	23 765	49 796
Current tax asset	**440**	—	1
Financial Asset at fair value	**—**	—	8 162
Cash and cash equivalents	**26 410**	16 012	26 268
	212 253	177 108	185 042
TOTAL ASSETS	**403 457**	402 722	470 842
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	**994**	1 772	2 913
Share premium	**6 800**	12 088	19 809
Share option reserve	**275**	2 149	2 442
Share buyback	**(4 784)**	(2 281)	(3 748)
Foreign currency translation reserve	**40 570**	25 089	11 915
Retained earnings	**182 055**	203 607	245 440
Other reserves - Arising from change in ownership	**(668)**	(1 186)	(1 602)
Equity attributed to equity holders of the parent	**225 242**	241 238	277 169
Non-controlling interests	**(3 060)**	(1 694)	4 383
Shareholders' equity	**222 182**	239 544	281 552
Non-current liabilities			
Long term borrowings	**—**	468	8 988
Long term lease liability	**4 250**	1 819	817
Deferred tax liabilities	**1 481**	31 169	44 715
	5 731	33 456	54 520
Current liabilities			
Short term borrowings	**18 253**	5 163	8 179
Short term lease liability	**1 186**	209	65
Trade and other payables	**119 198**	91 410	74 490
Provisions	**31 811**	28 060	24 671
Dividend payable	**—**	—	19 480
Current tax liability	**5 096**	4 880	7 885
	175 544	129 722	134 770
Total equity and liabilities	**403 457**	402 722	470 842
Net asset value per share (cents)	**17.27**	18.00	13.00

Note: The comparative statements of finanacial position (31 March 2023 and 31 March 2022) were previously reported in ZW$. These were restated by converting to the Group's new presentation currency, US$. Refer to note 10 for details of the change in presentation currency.

Group Statement of Profit Or Loss and Other Comprehensive Income

	Year Ended 31 March 2024 US$ 000	RESTATED Year ended 31 March 2023 US$ 000
Revenue	**767 871**	536 923
Net Operating Costs	**(615 533)**	(437 128)
Operating income	**152 338**	99 795
Finance charges	**(3 544)**	(6 876)
Finance income	**3 667**	59
Exchange (loss) / gain	**(41 535)**	29 967
Movement in legacy debt	**—**	(1 227)
Monetary loss	**(8 995)**	(34 841)
Share of profit of associates	**2 468**	452
Profit before tax	**104 399**	87 329
Income tax expense	**(3 861)**	(24 186)
Profit for the year	**100 538**	63 143
Attributable to:		
Owners of the parent	**100 994**	65 392
Non controlling interest	**(456)**	(2 249)
Total profit for the year	**100 538**	63 143
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	**23 522**	15 975
Impact of currency change on opening balance	**(106 241)**	(110 229)
Share of associate	**1 918**	—
Total Comprehensive income for the year	**19 737**	(31 111)
Total comprehensive income for the year attributable to:		
Owners of the parent	**20 511**	(25 282)
Non controlling interest	**(774)**	(5 829)
	19 737	(31 111)
Weighted average shares in issue (millions)	**1,310**	1,304
Earnings per share (ZW$ cents)		
Headline earnings	**7.72**	4.84
Diluted earnings	**7.58**	4.78
Basic earnings	**7.71**	4.84

Note: The prior year consolidated statement of comprehensive income was previously reported in ZW$. This was restated by converting to the Group's new presentation currency, US$. Refer to note 10 for details of the change in presentation currency.

Delta Corporation LIMITED

Audited Financial Information for the year ended 31 March 2024

Consolidated Statement of Cash Flows

	HISTORIC COST	
	As At 31 March 2024 US$ 000	RESTATED As At 31 March 2023 US$ 000
Cash flow from operating activities	**148 733**	128 854
Decrease in working capital	**(25 880)**	(41 482)
Cash generated from operations	**122 853**	87 372
Finance income	**154**	59
Finance charges	**(3 060)**	(6 692)
Interest paid on short term lease liability	**(411)**	(184)
Income tax paid	**(16 550)**	(21 121)
Net cash flow from operating activities	**102 986**	59 434
Cash flow from investment activities		
Increase in investments and loans	**(5 062)**	(8 386)
Repayments of investments and loans	**1 802**	1 676
Purchase of property, plant and equipment to expand operations	**(39 659)**	(33 041)
Purchase of property, plant and equipment to mantain operations	**(8 439)**	(12 833)
Proceeds on disposal of property, plant and equipment	**6**	74
Net cash utilised in investing activities	**(51 352)**	(52 510)
Cash flow from financing activities		
Dividends paid by company	**(33 592)**	(16 876)
Dividends paid by subsidiaries	**(544)**	(231)
Purchase of shares in subsidiary	**(52)**	(232)
Repayment of lease liability	**(1 387)**	(575)
Loans raised	**15 958**	5 299
Repayment of borrowings	**(18 544)**	(13 026)
Share buy back	**(3 505)**	—
Net cash utilised in financing activities	**(41 666)**	(25 641)
Net increase in cash and cash equivalents	**9 968**	(18 720)
Effects of currency translation on cash and cash equivalents	**(5 606)**	6 176
Effects of currency translation on cash and cash equivalents - foreign operations	**118**	4 070
Impact of currency change on opening cash and cash equivalents	**(14 085)**	(10 119)
Effects of IAS 29 on cash and cash equivalents	**5 177**	6 839
Net increase in cash and cash equivalents	**(4 428)**	(11 754)
Cash and cash equivalents at beginning of year	**14 093**	25 847
Cash and cash equivalents at end of year	**9 665**	14 093
Comprising:-		
Bank balances and cash	**26 410**	16 012
Bank overdraft	**(16 745)**	(1 919)
	9 665	14 093

Note: The prior year statement of cash flows was previously reported in ZW$. These were restated by converting to the Group's new presentation currency, US$. Refer to note 10 for details of the change in presentation currency.

Group Statement of Changes in Shareholders' Equity

	Year Ended 31 March 2024 US$ 000	RESTATED Year ended 31 March 2023 US$ 000
Shareholders' equity at beginning of the year	**239 544**	281 552
Profit for the period	**100 538**	63 143
Other comprehensive income for the period	**(80 801)**	(94 254)
Transactions with Owners:		
Share options exercised	**—**	5
Share buy back	**(3 505)**	—
Recognition of share based payments	**594**	735
Adjustment arising from changes in ownership of subsidiary	**(52)**	(233)
Dividends declared:	**(34 136)**	(11 404)
Shareholders' equity at end of the period	**222 182**	239 544
Attributable to:		
Owners of the parent	**225 242**	241 238
Non controlling interest	**(3 060)**	(1 694)
Shareholders' equity at end of the period	**222 182**	239 544

Note: The prior year statement of changes in equity was previously reported in ZW$. This was restated by converting to the Group's new presentation currency, US$. Refer to note 10 for details of the change in presentation currency.

Supplementary Information

	Year Ended 31 March 2024 US$ 000	RESTATED Year ended 31 March 2023 US$ 000
1. Revenue		
Gross sales	**893 474**	623 340
Less VAT and discounts	**(125 603)**	(86 417)
Revenue	**767 871**	536 923
Less excise duty, surtax and levies	**(77 756)**	(66 718)
Net Sales	**690 115**	470 205
2. Depreciation of property, plant and equipment, amortisation and impairment of intangible assets	**13 038**	12 742
3. Taxation		
Current income tax expense	**22 112**	18 915
Withholding tax		
Deferred tax - Arising from origination and reversal of temporary differences	**(17 848)**	5 269
Deferred tax - Arising from change in current tax rate	**(403)**	—
Capital gains tax	**—**	2
	3 861	24 186
4. Commitments for property, plant and equipment		
Contracts and orders placed	**9 639**	—
Authorised by directors but not contracted	**58 310**	92 596
	67 949	92 596

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

Supplementary Information (continued)

5. Reportable segments

The distinct operating segments for the Group are shown in the table below:

Reportable segments	Operations
Lager Beer division	Manufacture and distribution of lager beer (malt and sorghum based clear beers).
Sparkling Beverages division	Manufacture and distribution of carbonated soft drinks and alternative non-alcoholic beverages
Sorghum Beer division	Manufacture and distribution of sorghum based opaque beer.
Wines and Spirits	Manufacture and distribution of wines and spirits.

Other operations include barley and sorghum malting and provision of transport services, which are functional departments for the above mentioned divisions. None of these segments met the quantitative thresholds for reportable segments in 2024 nor 2023.

There are varying levels of integration between Lagers, Sparkling Beverages and Sorghum segments. This integration includes shared primary and secondary distribution services and facilities. The Group has a centralised treasury function.

Information about reportable segements

Information related to each reportable segment is set out below. Segment operation income is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Lager Beer US$ 000	Sparkling Beverages US$ 000	Sorghum Beer US$ 000	Wines and Spirits US$ 000	Total Reportable Segments US$ 000	All other segments and intersegment eliminations US$ 000	Total US$ 000
2024 - Audited							
Segment revenue	318 317	146 710	250 811	51 772	**767 610**	28 719	**796 329**
Inter-segment revenue***	—	—	—	—	**—**	(28 458)	**(28 458)**
External revenue	318 317	146 710	250 811	51 772	**767 610**	261	**767 871**
Segment operating income	91 991	16 085	16 634	6 623	**131 333**	21 005	**152 338**
Segment finance costs	(78)	(3)	(978)	(605)	**(1 664)**	(1 880)	**(3 544)**
Segment net working capital*	(15 781)	7 826	11 902	9 785	**13 732**	27 633	**41 365**
Segment trade and other payable**	(54 983)	(39 264)	(37 409)	(9 515)	**(141 171)**	(29 277)	**(170 448)**
Segment working capital assets	39 202	47 090	49 311	19 300	**154 903**	56 910	**211 813**
Segment property, plant and equipment	35 444	27 858	54 336	3 737	**121 375**	12 704	**134 079**
Non-current assets additions	18 295	4 280	18 377	1 776	**42 728**	5 370	**48 098**
Segment depreciation	(6 799)	(831)	(3 546)	(371)	**(11 547)**	(1 491)	**(13 038)**

	Lager Beer US$ 000	Sparkling Beverages US$ 000	Sorghum Beer US$ 000	Wines and Spirits US$ 000	Total Reportable Segments US$ 000	All other segments and intersegment eliminations US$ 000	Total US$ 000
2023 - Restated							
External revenue	222 852	92 224	179 746	41 006	**535 828**	17 931	**553 759**
Inter-segment revenue***	—	—	—	—	**—**	(16 836)	**(16 836)**
Segment revenue	222 852	92 224	179 746	41 006	**535 828**	1 095	**536 923**
Segment operating income	56 768	9 933	18 865	5 399	**90 965**	8 830	**99 795**
Segment finance costs	—	—	(111)	(609)	**(720)**	(6 156)	**(6 876)**
Segment net working capital*	(62)	9 584	13 194	8 263	**30 979**	21 287	**52 266**
Segment trade and other payables**	(30 038)	(24 199)	(36 683)	(10 660)	**(101 580)**	(23 262)	**(124 842)**
Segment working capital assets	29 976	33 783	49 877	18 923	**132 559**	44 549	**177 108**
Segment property, plant and equipment	41 017	60 428	53 803	4 868	**160 116**	13 807	**173 923**
Non-current assets additions	19 745	8 580	11 523	1 452	**41 300**	4 573	**45 873**
Segment depreciation	(2 421)	(1 912)	(4 799)	(310)	**(9 442)**	(3 299)	**(12 741)**

* 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.

*** Intersegment revenue relates to malt sales from Kwekwe Maltings Division to Lager Beer Division. Kwekwe Maltings is included under "All other segments and intersegment eliminations".

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.

	2024 US$ 000	2023 Restated US$ 000
i) Revenue		
Total revenue for reportable segments	**767 610**	535 828
Revenue for other segments	**28 719**	17 931
Elimination of inter-segment revenue	**(28 458)**	(16 836)
Consolidated revenue	**767 871**	536 923
ii) Operating income		
Total operating income for reportable segments	**131 333**	90 965
Operating income for other segments	**21 005**	8 830
- Finance income	**3 667**	59
- Finance cost	**(3 544)**	(6 876)
- Share of profit in associates	**2 468**	452
- Exchange gains / (losses)	**(41 535)**	29 967
- Movement in legacy debt	**—**	(1 227)
- Net monetary loss	**(8 995)**	(34 841)
Consolidated profit before tax	**104 399**	87 329

Supplementary Information (continued)

5. Reportable segments (continued)

Reconciliations of information on reportable segments to IFRS measures (continued)

	2024 US$ 000	2023 Restated US$ 000
iii) Assets		
Total working capital assets for reportable segments	**154 903**	132 559
Working capital assets for other segments	**56 910**	44 549
Total property, plant and equipment for reportable segments	**121 375**	160 116
Property, plant and equipment for other segments	**12 704**	13 807
Intangible assets	**24 411**	28 147
Right-of-use asset	**4 411**	525
Equity-accounted investees	**12 325**	14 158
Deferred tax asset	**1 923**	–
Investments and loans	**5 225**	7 426
Financial Asset at armotised cost	**8 830**	1 435
Current tax asset	**440**	—
Consolidated total assets	**403 457**	402 722
iv) Liabilities		
Total trade and other payables for reportable segments	**141 171**	101 580
Trade and other payables for other segments	**29 277**	23 262
Total long-term borrowings for reportable segments	**—**	468
Long term lease liability for reportable segments	**3 521**	910
Long term lease liability for other segments	**729**	909
Total deferred tax liabilities for reportable segments	**1 481**	2 372
Deferred tax liabilities for other segments	**—**	28 797
Current tax liability	**5 096**	4 880
Consolidated total liabilities	**181 275**	163 178

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.

7. Statement of Compliance

The summarized consolidated financial statements of both the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB), as well as guidelines from the International Financial Reporting Interpretations Committee (IFRIC). These financial statements comply with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the regulations of the Zimbabwe Stock Exchange.

The consolidated financial results have been adjusted to reflect a change in the functional currency for the Group's operations in Zimbabwe, as well as a change in the presentation currency, as stipulated by International Accounting Standard 21 (IAS 21) 'The Effects of Foreign Exchange Rates.

As detailed in the auditors' statement there are differences in opinion on certain matters which has resulted in a qualification of the financial statements as further explained on note 11 and 18.

These abridged consolidated annual financial statements and 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 audited by external auditors in terms of the Companies and Other Business Entities Act (Chapter 24:31).

8. Material Accounting Policies

The summarized consolidated financial information has been compiled following the accounting policies used in the Group's previous annual financial statements and adheres to applicable amendments to IFRS, with the exception of the modifications related to the change in functional and presentation currency outlined in note 10.

9. Basis of Preparation

The abridged consolidated financial information is presented in United States dollars (US$). The abridged consolidated financial information for the six months ended 30 September was initially prepared in ZW$ under the inflation-adjusted accounting basis in line with the provisions of International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) and converted to US$ using the spot rate as at 30 September 2023. The historical cost information was, therefore, restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications were made. The functional currency for the Zimbabwe operations changed beginning 1 October 2023 from Zimbabwean dollars to US$ and the Group's consolidated financial statements have since been prepared based on the statutory records that are maintained under the historical cost basis.

10. Change in Functional Currency

Following the enactment of Statutory Instrument ("SI") 185 of 2020 on 24 July 2020, the Zimbabwe operations witnessed a gradual increase in the use of foreign currency across its businesses. Subsequently, in June 2022, the government entrenched the multi-currency system into law until 31 December 2025 through Statutory Instrument 118A of 2022. Moreover, on 27 October 2023, Statutory Instrument 218 of 2023 (SI 218/23) extended the settlement of transactions in foreign currency until 31 December 2030, assuring businesses regarding the continuity of the multi-currency system. This has since been confirmed through Finance Act No. 13 of 2023. This announcement facilitated access to foreign currency and long term loans. critical for working capital and business expansion.

As a result of these developments, the Zimbabwe business re-evaluated its functional currency in accordance with IAS 21 ("The Effects of Changes in Foreign Exchange Rates").

In assessing functional currency for the business, the following factors were considered:

(i) the currency that mainly influences sales prices for goods and services (the currency in which sales prices for goods and services are denominated and settled),

(ii) the currency which influences labor, material, and other costs of providing goods and services,

(iii) the currency in which funds from financing activities are generated.

(iv) the currency in which receipts from operating activities are usually retained.

Based on the above factors, the businesses concluded that there has been a change in the functional currency from ZW$ to United States Dollars ("US$") with effect from 1 October 2023.

10.1 Conversion Process to Reporting Currency in United States Dollars

(i) Determination of hyperinflation numbers for the period to 30 September 2023 and prior year comparatives

IAS 29 mandates that financial statements in hyperinflationary economies should be presented in the currency's current measuring unit as at the balance sheet date, with corresponding figures from previous periods adjusted similarly. Previously, the Group used conversion factors using the CPI prepared by ZIMSTAT until January 31, 2023. On 3 March 2023 the government introduced a new inflation rate measurement method, leading ZIMSTAT to stop reporting ZW$ inflation and CPI figures, in favour of blended CPI figures. This change posed a challenge as the Group relied on ZW$ CPI for reporting hyperinflated historical figures.

10. Change in Functional Currency (continued)

10.1 Conversion Process to Reporting Currency in United States Dollars (continued)

(i) Determination of hyperinflation numbers for the period to 30 September 2023 and prior year comparatives

To address this, the Group applied guidance issued by the Institute of Chartered Accountants of Zimbabwe that complied with IFRS in determining hyperinflation indices. They established a strong correlation between the movement in the Total Consumption Poverty Line (TCPL) and the officially published CPI from January 2019 to January 2022. Consequently, the Group estimated CPI by adjusting the last published CPI based on the monthly movement of the TCPL from February to September 2023.

The conversion factors used to restate the financial information as of 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**
Average CPI for the 6 moths to:		
30 September 2023	**35 151.69**	**1.56**

(ii) Conversion of hyperinflation numbers for the period to 30 September 2023 and prior year comparatives to United States Dollars

The Company transitioned its reporting currency from ZW$ to USD, following the restatement of its historical financial statements in line with IAS 29, "Financial Reporting in Hyperinflationary Economies." as described above. According to IAS 21, "The Effects of Changes in Foreign Exchange Rates," entities operating in hyperinflationary economies must translate their previously reported inflation-adjusted financial statements using the exchange rate at the last reporting date when changing their functional currency.

10.2 Exchange rates used on the conversion of prior year balances.

In 2020, legislative changes in Zimbabwe permitted the use of foreign currencies for domestic transactions, alongside the introduction of the Foreign Exchange Auction Trading System and the Willing Buyer Willing Seller framework by the Monetary Authorities. There have been marked disparities between official and market exchange rates applied by economic actors. Businesses have also relied on foreign currency from domestic sales. IAS 21 requires determining the spot exchange rate based on the economic environment, allowing for an estimation where there is a lack of exchangeability which has resulted in differentials in the determination of fair values. Further details on our estimations are disclosed per note 11.

Period Ending	Exchange Rate
30 September 2023	5 500
31 March 2023	1 000
31 March 2022	200

10.3 Cautionary note on the use of financial information

The Directors advise users to exercise caution when analysing the financial results due to the impacts on the financial performance of the fluctuations and disparities in exchange rates and rapid hyperinflation. These disparities impact the reliability of the financial information, as the current year's performance comprises a mix of inflation-adjusted data and US$ transactions, while comparisons with previous years are based on inflation-adjusted data translated using estimated exchange rates. Whilst the conversion of the inflation-adjusted ZW$ figures into US$ was mathematically accurate, the resultant financial information may not reflect the underlying business performance. At 31 March 2024 the Group used an exchange rate of US$1: ZW$ 24 000.

11. Application of IAS 21 - The Effects of Changes in Foreign Exchange Rates

The Government of Zimbabwe has since 2020 promulgated legislative changes, which have since been consolidated into the Finance Acts, and which permit the use of foreign currencies for domestic transactions. The Monetary Authorities introduced the Foreign Exchange Auction Trading System in June 2020 and the Willing Buyer Willing Seller framework in 2022. The Zimbabwe businesses have relied on foreign currency obtained through the sale of products on the domestic market in line with the multi-currency framework. There have been significant gaps between the official exchange rates and the rates reflected by comparing the market prices of goods and services quoted in alternative currencies. International Accounting Standard 21 (IAS21) – The effects of Changes in Foreign Exchange Rates require an entity to determine the exchange rates based on the economic environment in which it operates. The Group does not believe that the official exchange rates prevailing during the period under review were, at all times, fairly reflective of the currency exchangeability and as such, has used an estimation process, which is allowed by IAS 21. Therefore, the exchange rate applied in translating foreign currency transactions to the reporting currency and as the spot rate used in translating other foreign balances has at times differed from the official rates.

The Institute of Chartered Accountants of Zimbabwe (ICAZ) issued an interpretation guidance titled "Lack of Exchangeability – Interpretation of IAS 21, The Effects of Changes in Foreign Exchange Rates" in May 2022. The recent amendments to IAS 21 confirm the correctness of this guidance. Our interpretation of this guidance confirms that the treatment that the Group has applied in estimating an exchange rate is acceptable.

The Directors and Management differ from the professional conclusion of our auditors on the application of IAS 21 that requires the use of a spot rate for transactions. The independent auditors Ernst & Young Chartered Accountants (Zimbabwe) have, since the 2022 reporting period and with respect to the current year issued an adverse audit opinion as they believe that the estimation of an exchange rate is not compliant with International Financial Reporting Standards ("IFRS"). The auditors believe the bank rate (either the auction exchange rate or willing buyer willing seller exchange rate) is the appropriate spot exchange rate that is observable and accessible for immediate delivery through a legal exchange mechanism. This is contrary to the circumstances applicable to the Group as indicated above.

12. Treasury Bills - financial Asset at amortised cost

	2024 US$ 000	2023 Restated US$ 000
Opening balance	**1 435**	—
Additions	**5 056**	1 435
Interest income	**3 513**	—
IAS 29 Impact	**(1 174)**	—
	8 830	1 435

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 As they are issued by the government, the rate of default is nil, resulting in nil expected credit losses.

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

The Group measures these bills at amortised cost and are discounted using an effective interest rate of 7.5% (2023: 10%). The interest rate was adopted from market-quoted prices of other US$-denominated Treasury Bills that have not yet matured. All facilities were assumed to be held to maturity. The rate was considered prudent given that the yield on 20-year US Treasury Bonds is 4.45%. The Group did not have any financial assets under level 2 in the current and prior financial periods. In addition, the Group did not have any transfers between levels.

Supplementary Information (continued)

	2024 US$ 000	2023 Restated US$ 000
13. Cash flow information		
Cash generated from operating activities		
Profit before tax	**104 399**	87 329
Depreciation of property, plant and equipment, right of use and container amortisation	**14 583**	12 806
Loss on disposal of property, plant and equipment	**118**	38
Share option expense	**594**	735
Finances charges	**3 544**	6 876
Finance Income	**(3 667)**	(59)
Unrealised exchange losses/(gains)	**4 142**	(8 997)
Movement in legacy debt	**—**	1 227
Share of profit of associates	**(2 468)**	(452)
Stock losses and breakages	**7 042**	3 999
Container adjustments	**7 570**	(17 490)
Net monetary loss	**8 995**	34 841
Other non cash items	**3 881**	8 001
	148 733	128 854

14. Contingencies

14.1 Uncertain Tax Positions

The Zimbabwe market has experienced significant currency and legislative changes since 2018. These changes have created 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 amounting to US$54.8 million, (for periods 2019 to 2021), against Group entities for amounts that were settled in Zimbabwe Dollars, but that ZIMRA deem should have been paid exclusively in foreign currency. No credit has been given by ZIMRA to the equivalent amounts already paid in legal tender of Zimbabwe. These assessments are being objected to and challenged through the courts and are at various stages of appeal. The principal amount settled in Zimbabwe Dollars, which excludes 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 could be refunded the historical Zimbabwe dollars paid towards the settlement of these taxes. Due to the effects of inflation, these amounts would be equivalent to US$115,000 based on the exchange rate prevailing on the 31st of March 2024, a situation which may result in unjust enrichment to Zimra. The resultant value loss to the Group if the full amount is determined to be payable would be US$ 54.6 million.

The Group continues to engage the relevant authorities while these assessments are being objected to and challenged through the courts. Tax payments that have been made with respect to the revised assessments have been accounted for as prepayments in anticipation of a successful appeal process because the Group considers that its settlements were made in line with the legal requirements. A favourable determination on these tax matters is anticipated based on the interpretation of the law at the time of settlement. To date, the Group has paid US$6million under the "pay now, argue later" principle. The legislative gaps giving rise to differences in interpretations remain and could lead to additional assessments for periods not yet audited by Zimra.

Similarly, Natbrew 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.

15. 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 has recorded reasonable growth despite operating in an unstable macroeconomic environment. The key factors related to an unstable currency are, high inflation, a 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 to maintain operations at sustainable levels; competitive product pricing, cost reduction initiatives, and sourcing strategies as necessary. The South African business UNB (United National Breweries) are on a recovery path from the residual effects of Covid 19 and some specific operational challenges. Management will continue to realign the marketing, route to market, and business operations in general, for sustainability.

Natbrew 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, and recorded a reasonable volume growth in 2024.

16. Impairment

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

17. Subsequent Events

On the 5th of April 2024, Statutory Instrument 60 of 2024, Presidential Powers (Temporary Measures) (Zimbabwe Gold Notes and Coins) Regulations, 2024 (The S.I) was gazetted, giving effect to a new currency, Zimbabwe Gold (ZiG). The S.I. introduced the new base currency tagged ZiG and renamed what was previously known as ZiG to the Gold Bank Digital Tokens ("GBDT").

18. External Auditor's Opinion

The Group's annual financial information has been audited by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe). The auditors have issued an adverse opinion as a result of non-compliance with the International Accounting Standard 21 (IAS 21 – The Effects of Changes in Foreign Exchange Rates), International Accounting Standard 8 (IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors) and the consequential impact of IAS29 – Financial Reporting in Hyperinflationary Economies. This is in respect of the comparative prior year and the current year profit and loss figures. The non compliance is resulting from the use of estimated exchange rates, which impact both current year and prior year numbers and the numbers used as the base for conversion to the US$ reporting currency. Included in the basis of adverse opinion is the non-compliance to IAS 16 – Property, Plant and Equipment in the prior year with respect to uplift of returnable containers, which was contrary to the accounting policy which requires accounting for it at cost. The audit opinion on the Group's abridged consolidated annual financial information is available for inspection at the Company's registered office. The engagement partner responsible for this audit is Mr. Walter Mupanguri (PAAB Practicing Certificate Number 367).

Chairman's Letter to Shareholders

Dear Shareholder

Overview of The Operating Environment

The Zimbabwean economy continues to be characterised by significant shifts in policies as authorities respond to the currency and inflation developments resulting in phases of currency liquidity mismatches, divergent exchange rates and swings in inflation. There has been increased use of foreign currency for domestic transactions.

There were significant policy interventions during the fourth quarter, notably the introduction of a high sugar surtax on businesses in comparison with rates stipulated in other countries and the measures to control the informalisation of the consumer sector.

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

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

The consumer sector in South Africa has been affected by power supply disruptions and Rand depreciation which has driven fuel and consumer goods inflation. The improvements in the disbursements of social grants provide a cushion on disposable incomes.

The macro-economic environment in Zambia remains stable although the impact of high inflation arising from the depreciation of the Kwacha, removal of subsidies and the increase in the cost of maize have compressed disposable incomes.

Capacity Investments

The Group commissioned significant production capacity expansion projects during the current year to support volume growth and to improve customer service. These include the lager beer glass packaging line at Southerton Brewery, a PET packaging line at Graniteside, the Chibuku Super plant at Harare Brewery and a Chibuku Super plant at Phelindaba Brewery in Pretoria. Afdis commissioned a new PET line, refrigeration equipment and a bottle washer whilst Schweppes Zimbabwe installed a high-capacity PET line among other key projects. These investments are complemented by the injection of glass bottles, coolers, informal market equipment, additional distribution fleet and ICT equipment. The cumulative investment over the last 24 months is indicated at about US$100 million.

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

Trading Performance

Lager Beer

The Lager beer business recorded a historic volume of 2.46 million hectolitres for the year, a growth of 13% compared to prior year. The new packaging line commissioned in August 2023 has stabilised overall product supply. There are ongoing efforts to close the supply gaps for certain brands and packs arising from bottlenecks in the supply of packaging materials from traditional sources. Demand for Carling Black Label continues to grow with the brand surpassing one million hectolitres during the year.

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 total sorghum beer volume for Zimbabwe, including exports, grew by 3% over prior year, off a high prior year base. The volume sold in the domestic market was flat compared to prior year. The traditional beer category was significantly affected by the disruptions to the route to market, varied account management practices by retail and wholesale partners in a market with improved availability of lager beer and other forms of alcohol. The Chibuku Super plant at the Harare Brewery was commissioned during the fourth quarter and will improve product supply for 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. The Chibuku Super Cup has grown to be a coveted trophy on the soccer calendar.

United National Breweries South Africa recorded a volume growth of 3% for the year with a muted performance in the second half of the year. The commissioning of the new Chibuku Super plant was delayed to the end of March 2024 following disruptions to the shipping of equipment. It will only be fully commissioned in May 2024. The focus remains on tapping into and recruiting from the homebrews using the traditional offerings whilst penetrating the formal retail channels with Chibuku Super.

Natbrew Plc (Zambia) achieved a volume growth of 33% for the year, reflecting some notable decline in the second half of the year, following an unavoidable price increase implemented to recover the steep increase in the cost of maize and imported inputs which were affected by the depreciation of the Kwacha. The focus remains on volume recovery and margin improvement initiatives.

Sparkling Beverages

The Sparkling beverages volume for the year at over 2 million hectolitres was 29% above prior year. The growth was spurred by the improved supply of PET packs and flavours following the commissioning of a new packaging line at Graniteside, Harare in June 2023 which has allowed for keener pricing. The growth momentum and recovery of market share was dented by the introduction of a high sugar surtax in the fourth quarter and the route to market fiscal regulations introduced in January 2024.

There are ongoing strategic interventions to support low and zero-sugar offerings whilst ensuring accessible price points.

Wines and Spirits

African Distillers (Afdis) recorded a marginal volume growth of 1% over prior year as overall demand was negatively impacted by price distortions in the face of cheaper imports and increased availability of illicit products on the market. The Ready to Drink ("RTD") segment comprising ciders, grew by 5%, benefiting from improved product availability and brand activations. The Spirits category decreased by 2% due to increased competition from cheaper and illicit offerings. Wine performance remained at par with prior year.

Schweppes Holdings Africa

Volume at Schweppes was 11% above prior year as the sector had to effect very high price increases in response to the sugar surtax. The cordials category inherently has high sugar content which is reduced on dilution at the point of consumption. The business was also affected by limited supply of bottled water and Minute Maid Juice Drinks as one of the production lines was decommissioned to allow for the installation of a new plant which was eventually commissioned in November 2023.

Nampak Zimbabwe Limited

Nampak Zimbabwe volumes for the half year to March 2024 are ahead of prior year across all businesses, benefitting from increased exports of paper products and the higher pull of plastic packaging from the beverages sector. The business continues to be affected by shortages of key raw materials and power supply disruptions. The focus is on improving the capacity to meet the rising demand from key customer sectors.

Chairman's Letter to Shareholders (continued)

Financial Performance
The financial results are presented in US Dollars following the change of reporting currency on 1 October 2023. The conversion of both the first half results and prior year figures was done in compliance with IFRS which may deviate from the underlying financial performance as tracked by management for decision making purposes. Reported figures include inflation-adjusted financial information converted to US Dollars using estimated exchange rates. These figures potentially exhibit distortions due to exchange rate volatility and imprecise inflation indices which were both estimated. 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. Additionally, the conversion process led to a lower-than-expected valuation of assets. Management believes the Statement of Financial Position as at March 31, 2024, provides the most accurate estimation of the business' financial standing in accordance with International Financial Reporting Standards.

The Group reported revenue of US$768 million, grew by 43% over prior year. Operating income amounted to US$152 million, reflecting a 53% growth over prior year. These reported earnings may be influenced by distortions stemming from inflation rate and exchange rate fluctuations and the IFRS conversion processes.

Management has tracked underlying data based on a month-on-month business performance which indicates an actual revenue growth of 10%, consistent with reported volume growth, with approximately 80% of sales conducted in foreign currency. According to information used for management decision making purposes, Group revenue for the year was US$782 million (compared to US$713 million in the previous year), with an EBIT of US$165 million (compared to US$141 million in the previous year). It is important to note that the disclosure of the underlying performance for management decision purposes does not fully comply with International Financial Reporting Standards and is provided as supplementary information. The eventual dollarization of the business is expected to reduce distortions as reported in the current year.

Both UNB South Africa and Natbrew Zambia recorded losses during the year reflecting the slower volume recovery and significant cost pressures.

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.

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 is appropriate to present the F24 financial statements in US Dollars. The change in functional currency was with effect from 1 October 2023. To conform with the International Reporting standards, the hyperinflation numbers reported in the prior year have been converted using the exchange rates as at 31 March 2023 of 1: 1 000 whilst the transactions and balances for the first half of the year were inflation-adjusted then converted to US Dollars using the rate of 1: 5 500.

While the conversion process is mathematically accurate, users of these financial statements are strongly advised to exercise caution when relying on the balances, as they were significantly influenced by exchange rate distortions and challenges in accurately determining the inflation indices applied for hyperinflation accounting.

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 exclusively in foreign currency (United States Dollars) No credit has been given to the equivalent amounts already paid in the 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 being challenged on 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 estimate 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.

Outlook
The operating environment in Zimbabwe remains complex, with no easy solutions to the numerous economic challenges such as the currency instability and inflation in a difficult political environment. The tax measures adopted in the 2024 budget have had far-reaching impacts on the business and the market in general. The beverages sector has been particularly affected by the hefty sugar tax and the restrictions on route to market.

The Government introduced a new structured currency, the Zimbabwe Gold (ZiG) with effect from 5 April 2024. The fiscal measures to support the policy recommendations by the monetary authorities are still to be announced. There are inherent macroeconomic rigidities that need to be addressed to ensure the achievement of a stable currency. It is encouraging that the authorities intend to maintain a market-driven exchange rate and avoid quasi-fiscal activities by the Reserve Bank.

The economy will be impacted by the lower mineral prices and the reduced agricultural output following El Niño induced drought in 2024, 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 during the past year and improved operational efficiencies across the business segments.

The focus remains on exploiting opportunities from activities that generate aggregate demand. Consumer spending remains resilient across the territories and offers growth opportunities. 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.

Final Dividend
The Board declared a final dividend (number 134) of US2.0 cents per share to be paid on 26 June 2024. This brings the total dividend for the year to US3.0 cents per share.

Board Changes
The Board welcomes Ms Bridget Makhura who joins the Board as a non-executive director representing the main shareholder AB InBev, where she is the Vice President – People at the Africa Zone. Bridget has a broad range of experience across various industries and has previously occupied the roles of Country Managing Director and Regional Commercial Director within AB InBev. She holds a Msc Chemistry and an MBA and is a Member of the South African Crystallographic Society.

She replaces Ms Lucia Swartz who retired as a director on 31 December 2023 following her retirement from the AB InBev Group. We extend our appreciation to Ms Swartz for her contribution to the Board and the Company.

Chairman's Letter to Shareholders (continued)

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
15 May 2024

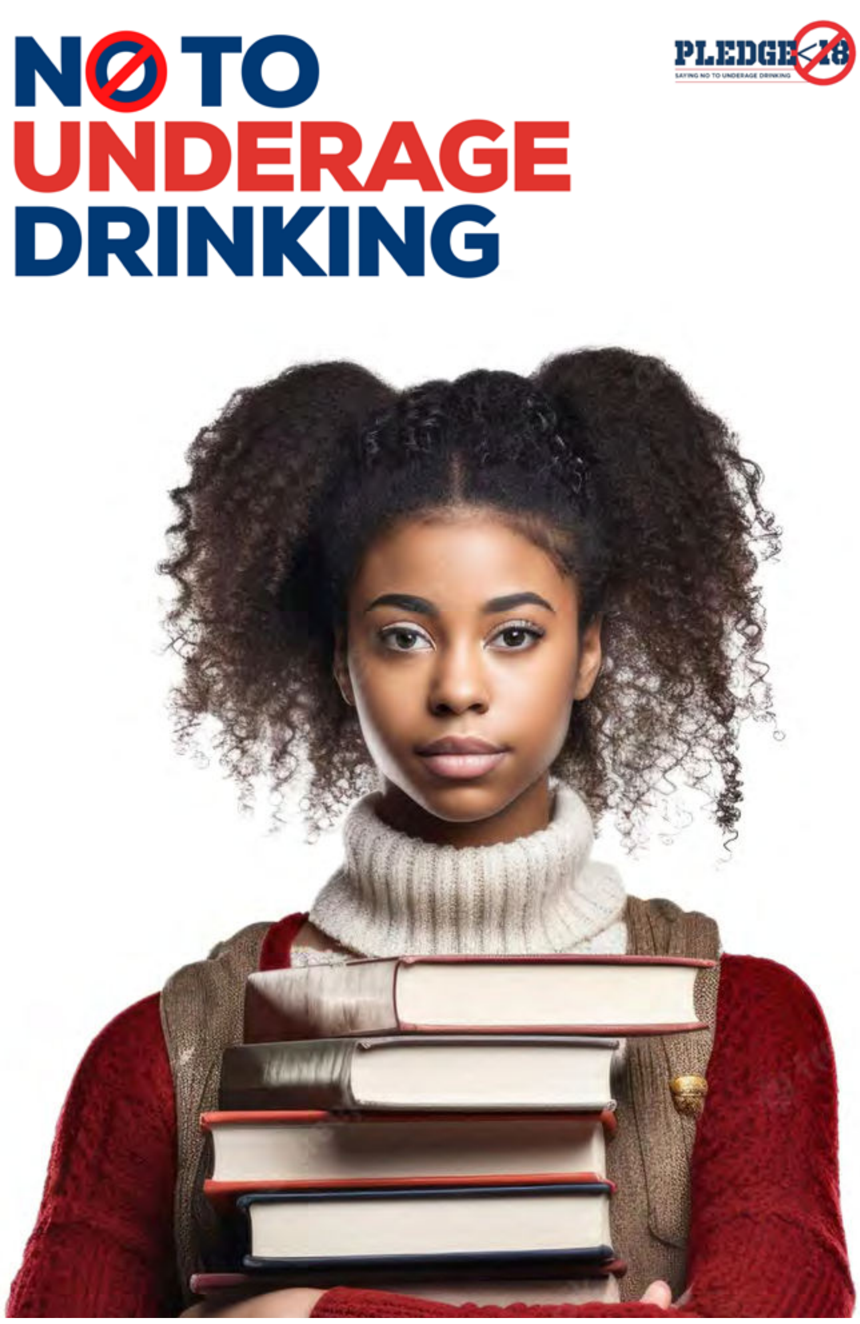
Dividend Notice To Shareholders

NOTICE is hereby given that the Board of Directors has declared a Final Dividend, Number 134 of US 2 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 31 May 2024. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	15 May 2024
Last Date to Trade – cum dividend	28 May 2024
Share Trade Ex Dividend	29 May 2024
Last Record Date (LDR)	31 May 2024
Payment Date	26 June 2024
Dividend Per Share	US 2.0 cents

By Order of the Board

Ms F Musinga
Company Secretary
15 May 2024



BE THE DIFFERENCE

Make a difference (M.A.D) today! Take responsibility of your communities by disposing litter the right way. Separate all PET bottles before disposal. Recycle to curb pollution and ensure a clean and healthy environment.

mad

MAKE A DIFFERENCE. RECYCLE

PET Recycling Collection Points

Harare
Plant and Factory - 41 Dover Road, Ardbennie, Harare
Tisungureiwo Co-operative -19351 Stevenson Road, Graniteside
SHEQ Ambassadors - Kamunhu Shopping Centre Mabvuku

Bulawayo
GN Plastics - 76 Wolverhampton Road, Bulawayo

Mutare
Yellow Portion Services - No 21 Chimoio Street, Mutare

Masvingo
Recycling Solutions - No 964, Industrial Road, Masvingo

Kwekwe
No 55 Goods Avenue, Stuart Lloyd Complex

@DeltaCorporationInTheCommunity

@Petreco

petrecozim
too good to waste

Delta Corporation
LIMITED

Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Delta Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the Consolidated Financial Statements of Delta Corporation Limited and its subsidiaries ('the Group') set out on pages 12 to 61, which comprise of the Consolidated Statement of Financial Position as at 31 March 2024, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion of our report, the accompanying Consolidated Financial Statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors:

Exchange rate used in the prior year and current year

Management applied an internally generated exchange rate (transaction rate) to translate foreign denominated transactions and balances to the functional and presentation currency, the United States Dollar (US$). We believe that the use of a transaction rate is inappropriate for financial reporting as it does not meet the definition of a spot rate as the rate is not accessible through a legal exchange mechanism. We believe that management should have applied the auction exchange rate and/or the Willing-Buyer-Willing-Seller (WBWS) exchange rate (for the auction rate this was only the case to December 2023) as determined by the interbank market. These two rates met the IFRS Accounting Standards definition of a spot rate. In converting from Zimbabwe Dollar (ZW$) functional currency to US$ functional currency on 1 October 2023, management applied the correct IAS 29 principles and the exchange rate applied was IFRS Accounting Standards compliant.

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

As no retrospective adjustments in terms of IAS 8 have been made, the corresponding amounts for Property, Plant and Equipment, Inventories, Deferred Tax liability and Foreign Currency Translation Reserve on the Consolidated Statement of Financial Position and Foreign Exchange Differences on translation of foreign operations on the Consolidated Statement of Profit or Loss and Other Comprehensive Income are materially misstated. Our audit report is therefore modified due to the possible impact of this matter on comparability of the prior year and current year amounts. Our prior year audit report was also modified due to this matter.

Moreover, the following current year and prior year financial statement line items are impacted due to the continuing matter.

a) The Consolidated Statement of Profit or Loss and Other Comprehensive Income items that are affected are as follows:

   - Revenue stated at US$767,871,000 (2023: US$536,923,000)
   - Net Operating Costs stated at US$615,533,000 (2023: US$437,128,000)
   - Exchange Loss stated at US$41,535,000 (2023: US$29,967,000 gain)
   - Income Tax expense stated at US$3,861,000 (2023: US$24,186,000)

b) The Consolidated Statement of Financial Position items that are affected are as follows:

   - Retained Earnings stated at US$182,055,000 (2023: US$203,607,000)

However, due to the volume of transactions, it was impractical to quantify the exact amount of the misstatements.

Prior year non-compliance with International Financial Reporting Standards IAS 16 – Property, Plant and Equipment and current year incorrect application of IAS 8

Included in the Consolidated Statement of Financial Position in Property, Plant and Equipment are Returnable Containers which are accounted for based on the container accounting policy disclosed as per Note 4.9. The prior year value of Returnable Containers was uplifted at reporting date, which did not align with the accounting policy that requires them to be accounted for at cost. Management has corrected the error in the current year. However, the error was corrected prospectively, an approach that is not aligned with the requirements of IAS 8 which requires prior period errors to be corrected retrospectively.

As no retrospective adjustments in terms of IAS 8 have been made, the corresponding amounts for Property, Plant and Equipment, Retained Earnings, Deferred Tax liability, Current Tax liability and Non-Controlling Interests on the Consolidated Statement of Financial Position and Net Operating Costs, Net Monetary Loss and Income Tax expense on the Consolidated Statement of Profit or Loss and Other Comprehensive Income are impacted. Our audit report is therefore modified due to the possible impact of this matter on comparability of the prior year and current year amounts. Our prior year audit report was also modified due to this matter.

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

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 21 / IAS 8 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the Net Monetary Loss of US$8,995,000 (2023: US$34,841,000) on the Consolidated Statement of Profit or Loss and Other Comprehensive Income are impacted.

The effects of the above departures from IFRS Accounting Standards are material and pervasive to the Consolidated Financial Statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter – Tax Court Case

We draw attention to Note 11.4 of the Consolidated Financial Statements, which describes the uncertainty relating to the future outcome of an ongoing tax dispute with the Zimbabwe Revenue Authority. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Delta Corporation Limited Annual Report for the year ended 31 March 2024", which includes the Value Statements, Our History, Company Profile, Financial Highlights, Chairman's Letter to Shareholders, Review of Operations, Report of the Directors, Corporate Governance, Principal Business Risks, Report of the Remuneration Committee, Report of the Audit Committee, Separate Company Financial Statements, Supplementary Information and Shareholder Information. The other information does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – *The Effects of Changes in Foreign Exchange Rates*, IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, IAS 16 – *Property, Plant and Equipment* and the consequential impact on IAS 29 – *Financial Reporting in Hyperinflationary Economies*. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 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 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 Consolidated 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated 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 Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Delta Corporation Limited

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

15 May 2024