

Delta Corporation

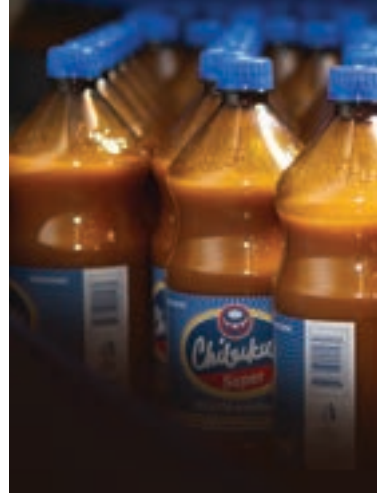
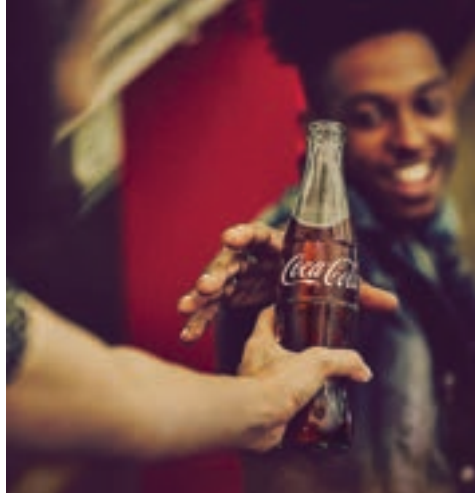
LIMITED



Brighter together

Reviewed Financial Information

for the six months ended 30 September 2020



Salient Features

	INFLATION ADJUSTED		HISTORIC COST	
Revenue	Increased by 11% to ZWL 12,94 billion		Increased by 910% to ZWL 10,62 billion	
Operating Income	Increased by 15% to ZWL 4,03 billion		Increased by 955% to ZWL 3,47 billion	
EBITDA	ZWL 4,58 billion	to ZWL 3,61 billion	Increased by 12% to	Increased by 866%
Headline Earnings per share	ZWL 244,62 cents	to ZWL 197,54 cents	Increased by 305%	Increased by 846%
Attributable Earnings per share		Increased by 170% to ZWL 338,99 cents	Increased by 1 110% to ZWL 291,91 cents	
Dividend per share		Interim dividend declared ZWL 45,00 cents	Interim dividend declared ZWL 45,00 cents	

Group Statement of Financial Position

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED As At 30 September 2020 ZWL 000	AUDITED As At 31 March 2020 ZWL 000	REVIEWED As At 30 September 2020 ZWL 000	AUDITED As At 31 March 2020 ZWL 000
ASSETS				
Non-current assets				
Property, plant and equipment	18 575 080	16 081 438	5 335 693	1 642 092
Right-of-use asset	131 095	70 062	76 037	25 747
Investments in associates	1 513 724	1 218 177	299 690	78 336
Intangible assets - Trademarks	4 863 848	1 306 667	3 618 963	61 849
Investments and loans	157 578	226 317	157 578	83 169
	25 241 325	18 902 662	9 487 961	1 891 193
Current assets				
Inventories	3 260 131	3 586 715	2 510 876	764 725
Trade and other receivables	2 450 570	992 061	2 453 630	364 571
Other assets	1 478 167	2 256 768	727 080	568 376
Current tax asset	107 802	42 682	107 802	15 685
Financial Asset at fair value	3 740 572	4 330 132	3 740 572	1 591 273
Cash and cash equivalents	925 129	612 817	925 129	225 203
	11 962 371	11 821 175	10 465 089	3 529 833
TOTAL ASSETS	37 203 696	30 723 837	19 953 050	5 421 026
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	269 618	269 328	12 862	12 789
Share premium	1 820 141	1 818 232	88 453	87 125
Share option reserve	133 422	119 408	24 202	9 696
Change in functional currency	1 596 130	361 138	1 367 700	132 714
Retained earnings and other reserves	17 137 088	14 590 863	3 503 579	1 552 359
Equity attributed to equity holders of the parent	20 956 399	17 158 969	4 996 796	1 794 683
Non-controlling interests	411 468	345 154	47 438	23 584
Shareholders' equity	21 367 867	17 504 122	5 044 234	1 818 267
Non-current liabilities				
Long term borrowings	2 584 281	99 043	2 584 281	36 397
Deferred tax liabilities	1 797 096	2 892 739	1 321 404	166 619
	4 381 377	2 991 782	3 905 685	203 016
Current liabilities				
Short term borrowings	2 600 820	3 413 240	2 600 820	1 254 326
Lease liability	89 713	77 366	89 713	28 431
Trade and other payables	6 027 369	4 669 460	5 576 048	1 357 089
Provisions	1 695 518	1 438 837	1 695 518	528 736
Dividend payable	646 947	234 152	646 947	86 048
Current tax liability	394 085	394 878	394 085	145 113
	11 454 452	10 227 933	11 003 131	3 399 743
TOTAL EQUITY AND LIABILITIES	37 203 696	30 723 837	19 953 050	5 421 026

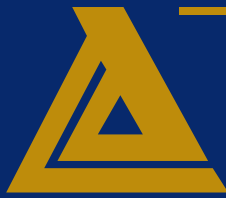
Group Statement of Profit or Loss and Other Comprehensive Income

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED Period ended 30 September 2020 ZWL 000	UNAUDITED Period ended 30 September 2019 ZWL 000	REVIEWED Period ended 30 September 2020 ZWL 000	UNAUDITED Period ended 30 September 2019 ZWL 000
Revenue	12 938 660	11 639 494	10 624 258	1 051 691
Operating income	4 032 404	3 515 566	3 474 715	29 457
Finance charges	(127 333)	(114 717)	(104 371)	(10 044)
Finance income	4 792	169 934	3 784	15 019
Exchange Losses	(255 421)	(140 013)	(43 964)	(18 437)
Monetary gain/(loss)	281 540	(2 666 056)	—	—
Share of profit of associates	295 568	502 420	221 354	42 925
Profit before tax	4 231 550	1 267 134	3 551 518	358 920
Income tax expense	(1 001 829)	(368 915)	(968 572)	(81 369)
Profit for the year	3 229 721	898 219	2 582 946	277 551
Other comprehensive income	1 211 291	831 660	1 211 291	41 538
Comprehensive income for the year	4 441 012	1 729 879	3 794 237	319 089
Profit for the year attributable to:				
Owners of the parent	4 351 007	1 602 138	3 746 691	307 535
Non controlling interest	90 005	127 741	47 546	11 554
	4 441 012	1 729 879	3 794 237	319 089
Weighted average shares in issue (millions)	1 283,5	1 274,3	1 283,5	1 274,3
Earnings per share (ZWL cents)				
Headline earning basis	244,62	60,46	197,54	20,87
Attributable earnings basis	338,99	125,73	291,91	24,13

Group Statement of Cash Flows

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED As At 30 September 2020 ZWL 000	UNAUDITED As At 30 September 2019 ZWL 000	REVIEWED As At 30 September 2020 ZWL 000	UNAUDITED As At 30 September 2019 ZWL 000
Cash flow from operating activities				
Cash generated from operating activities	1 948 251	1 728 614	1 103 085	431 779
Increase/(decrease) in working capital	737 341	(4 440 729)	994 708	(322 144)
Cash generated/(utilised) from operating activities	2 685 592	(2 712 115)	2 097 793	109 635
Finance cost	(127 333)	(114 717)	(104 371)	(10 044)
Finance income	4 792	169 934	3 784	15 019
Foreign exchange losses realised	(255 421)	(140 013)	(43 964)	(18 437)
Income tax paid	(430 410)	(92 679)	(352 000)	(12 204)
Net cash flow from operations	1 877 220	(2 889 590)	1 601 242	83 969
Cash flow from investment activities				
Increase in investments and loans	(68 740)	(157 760)	(74 409)	(20 774)
Net cash and purchase of shares in subsidiary and brands	(958 140)	—	(353 805)	—
Purchase of property, plant and equipment to expand operations	(336 432)	(246 019)	(311 178)	(24 095)
Purchase of property, plant and equipment to maintain operations	(105 189)	(127 946)	(74 120)	(15 072)
Proceeds on disposal of property, plant and equipment	28 490	40 378	28 490	5 317
Net cash utilised in investing activities	(1 440 011)	(491 347)	(785 022)	(54 624)
Cash flow from financing activities				
Dividends paid	(27 279)	(13 366)	(17 877)	(1 760)
Repayment of short-term borrowings	(99 819)	—	(99 819)	—
Increase in shareholder funding	2 201	58 976	1 402	3 828
Net cash (utilised in)/ generated from financing activities	(124 897)	45 610	(116 294)	2 068
Net increase/(decrease) in cash and cash equivalents	312 312	(3 335 327)	699 926	31 413
Cash and cash equivalents at beginning of period/year	612 817	5 579 423	225 203	264 091
Cash and cash equivalents at end of the period/year	925 129	2 244 096	925 129	295 504

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Delta Corporation

LIMITED

Reviewed Financial Information

Group Statement of Changes in Shareholders’ Equity

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED	AUDITED	AUDITED	AUDITED
	Year Ended 30 September 2020 ZWL 000	Year Ended 31 March 2020 ZWL 000	Year Ended 30 September 2020 ZWL 000	Year ended 31 March 2020 ZWL 000
Shareholders’ equity at beginning of the period/year	17 499 488	16 964 840	1 818 267	802 997
Profit for the period/year	3 229 721	2 973 787	2 582 946	1 037 942
Transactions with Owners:				
Share options exercised	2 020	65 803	1 401	4 218
Recognition of share based payments	14 014	36 570	14 506	5 775
Other comprehensive income for the period / year	1 211 291	206 143	1 211 291	125 380
Recognition of currency change	—	(26 695)	—	(1 263)
Deferred tax adjustment	—	(2 038 778)	—	(63 734)
Adjustment arising from changes in non-controlling interest	(9 891)	—	(5 401)	—
Dividends declared:	(578 776)	(67 558)	(578 776)	(93 088)
Shareholders’ equity at end of the period/year	21 367 867	17 504 122	5 044 234	1 818 267
Attributable to:				
Owners of the parent	21 277 862	16 707 589	4 996 796	1 794 683
Non controlling interest	90 005	796 533	47 438	23 584
	21 367 867	17 504 122	5 044 234	1 818 267

Supplementary Information

	INFLATION ADJUSTED		HISTORIC COST	
	REVIEWED	UNAUDITED	REVIEWED	UNAUDITED
	Period Ended 30 September 2020 ZWL 000	Period Ended 30 September 2019 ZWL 000	Period Ended 30 September 2020 ZWL 000	Period Ended 30 September 2019 ZWL 000
1. Revenue				
Gross sales	14 875 510	13 464 032	12 224 750	1 216 133
Less VAT and discounts	(1 936 850)	(1 824 538)	(1 600 492)	(164 442)
Revenue	12 938 660	11 639 494	10 624 258	1 051 691
Less excise duty and levies	(1 810 079)	(1 324 607)	(1 463 487)	(122 391)
Net Sales	11 128 581	10 314 887	9 160 771	929 300
2. Depreciation of property, plant and equipment	550 154	574 336	135 987	44 363
3. Taxation				
Current income tax expense	1 192 259	774 479	600 944	18 214
Withholding tax	37	1 827	28	144
Deferred tax - Arising during the year	(190 468)	(3 390)	367 599	63 011
	1 001 828	770 386	968 571	81 369
4. Commitments for capital expenditure				
Contracts and orders placed	253 072	37 380	253 072	37 380
Authorised by directors but not contracted	4 071 628	142 620	4 071 628	142 620
	4 324 700	180 000	4 324 700	180 000

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

5. Reportable segments

	Lager Beer ZWL 000	Sparkling Beverages ZWL 000	Sorghum Beer ZWL 000	Wines and Spirits ZWL 000	Total Reportable Segments ZWL 000	All Other Segments ZWL 000	Total ZWL 000
INFLATION ADJUSTED							
30 September 2020							
Segment revenue	5 195 645	1 452 400	5 132 856	12 906 255	449 925	356 479	
Inter-segment revenue	—	—	—	—	—	(417 819)	(417 819)
External revenue	5 195 645	1 452 400	5 132 856	12 906 255	32 105	938 660	
Segment operating income	1 615 623	178 091	1 117 178	430 472	3 341 364	691 040	4 032 404
30 September 2019							
Segment revenue	4 130 894	1 281 299	5 315 051	11 628 902	231 660	860 081	
Inter-segment revenue	—	—	—	—	—	(220 587)	(220 587)
External revenue	4 130 894	1 281 299	5 315 051	11 628 902	11 075	639 494	
Segment operating income	1 161 443	225 025	1 327 501	391 473	3 105 442	410 124	3 515 566
HISTORIC COST							
30 September 2020							
Segment revenue	4 242 692	1 199 969	4 301 093	10 591 827	376 790	968 069	
Inter-segment revenue	—	—	—	—	—	(343 811)	(343 811)
External revenue	4 242 692	1 199 969	4 301 093	10 591 827	32 987	624 258	
Segment operating income	1 476 446	140 207	906 681	330 412	2 853 746	620 969	3 474 715
30 September 2019							
Segment revenue	381 121	125 929	469 009	80 267	1 056 326	24 413	1 080 739
Inter-segment revenue	—	—	—	—	—	(29 048)	(29 048)
External revenue	381 121	125 929	469 009	80 267	1 056 326	(4 635)	1 051 691
Segment operating income	119 146	34 125	122 465	35 944	311 680	17 777	329 457

for the six months ended 30 September 2020

Supplementary Information (continued)

6. Corporate Information

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

These interim financial statements have been prepared under the supervision of M M Valela CA(Z), Executive Director – Finance, registered Public Accountant, PAAB Number P01063 and have been reviewed in terms of the Companies and Other Entities Act (Chapter 24:31).

7. Statement of Compliance

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

8. Significant Accounting Policies

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

9. Basis of Preparation

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

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

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

	Index	Conversion Factor
30 September 2020	2 205.2	1.00
31 March 2020	810.4	2.72
30 September 2019	290.4	7.59
31 March 2019	104.4	21.13
Average CPI for the 6 months to:		
30 September 2020	1 630.7	1.50
30 September 2019	192.1	12.95

IAS 29 discourages the publication of historical cost results as the inflation adjusted results are the primary records. However, the historical cost results are included as supplementary information to allow for comparability during the transitional phase of applying the Standard and to meet most user requirements.

10. Functional Currency Changes

The financial statements are presented in the ZWL currency that was designated as the sole transactional, functional and reporting currency through Statutory Instrument 33 of 2019 (SI33/19) dated 22 February 2019 and Statutory Instrument 142 of 2019 (SI142/19) dated 24 June 2019. In order to fairly present the statement of financial position and reflect the change of currency, the Board re-based the assets and liabilities as at 22 February 2019 at the interbank rate of ZWL2,5 to US\$1.

11. Legacy Foreign Liabilities

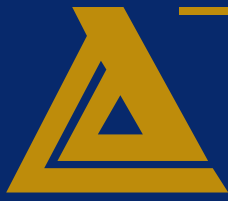
The Company has legacy foreign liabilities of US\$ 47,8 million, being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZWL currency, as distinct from the US\$, as the functional currency. The Company has registered these liabilities with the Reserve Bank of Zimbabwe and transferred to the Reserve Bank the ZWL equivalent of the foreign debts based on the USD/ZWL1:1 exchange rate in line with Directives RU102/2019 and RU28/2019 and as agreed with the Reserve Bank of Zimbabwe. Both the foreign debts and the deposits have been accounted for at the closing exchange rate at 30 September 2020.

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

	ZWL 000
Exchange losses	(3 843 885)
Exchange gain on revaluation of financial asset	3 798 072
Net Loss	(45 813)

An amount of ZWL 3,8 billion was recorded as an unrealised foreign exchange loss relating to the legacy foreign debt amounts of US\$ 47,8 million. In compliance with IFRS, the deposit at the Reserve Bank of Zimbabwe represents a commitment to pay equivalent value in US\$ and has therefore been treated as a financial derivative uplifted at closing rate and discounted to Net Present Value of ZWL 3,8 billion. The difference between the Net Present Value and the face value of the financial asset of ZWL 45,8 million has been expensed. This unrealised net loss is expected to reverse on settlement of the instrument.

The Board notes that there remains a risk that the policies regarding these liabilities may be varied. Such a change would have a significant impact on both the statement of financial position and the statement of comprehensive income. The divergence of market exchange rates and the fixed interbank exchange rate creates a further risk that the “blocked funds” liabilities could be paid at exchange rates that are above the Reserve Bank of Zimbabwe settlement rates.



Delta Corporation LIMITED

Reviewed Financial Information

for the six months ended 30 September 2020

Supplementary Information (continued)

12. Acquisition of United National Breweries Private Limited (SA)

On 01 April 2020 Delta Beverages (Pvt) Ltd acquired 100% of the issued shares in United National Breweries (SA), a manufacturer of Traditional African Sorghum Beer in South Africa, for a consideration of ZWL 923 million in historic cost (ZAR636 million). The acquisition is expected to increase the group's regional footprint in the sorghum beer sector.

Details of the purchase consideration are as follows:

	ZWL 000
Purchase consideration	
Cash paid	393 172
Long-term liability – vendor funding	529 936
Total purchase consideration	923 108

Preliminary goodwill has been computed.

13. Contingencies

13.1 Assessed Taxes

The Special Court for Income Tax Appeal ruled in favour of the Company and reversed the tax assessments of ZWL\$27,8 million previously reported as a contingent liability. The Zimbabwe Revenue Authority has noted an appeal against the judgement.

13.2 Uncertain Tax Positions

There have been significant currency changes in Zimbabwe since 2018. These changes create some uncertainties in the treatment of transactions for taxes due to the absence of clear guidelines and transitional measures. Of significance are the exchange losses recorded on the change of the functional currency in terms of SI33/19 and the levying of taxes in various currencies.

14. Going Concern

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

The Board is concerned about the deteriorating operating environment as indicated by hyperinflation, rapid changes to the policy environment, weak local currency and the existence of multiple and disparate exchange rates. The shortages of foreign currency in the formal banking channels has caused delays in settlement of overdue external obligations. The Group has overdue foreign creditors and bank loans as is explained in Note 11.

National Breweries Plc Zambia recorded losses in the last two financial years. This is attributed mainly to declining demand following increases in pricing driven by input cost escalation. The unit has recently witnessed a recovery in volume as management implement various business recovery measures. The entity is expected to return to profitability in the near term.

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

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

15. Subsequent Events

The Company is finalising the acquisition of the operating assets of Mutare Bottling Company and extending the Sparkling Beverages franchise territory to cover Manicaland.

16. External Auditor's Review Conclusion

The condensed interim financial statements have been reviewed by Deloitte & Touche (Chartered Accountants) Zimbabwe who indicate that nothing has come to their attention that causes them to believe that these inflation adjusted condensed interim financial statements do not present fairly, in all material respects, the financial position of Delta Corporation Limited as at 30 September 2020 and its financial performance and cash flows for the period and that they were prepared in accordance with IAS 34 and the requirements of the Zimbabwe Stock Exchange Listing Regulations.

The auditor's review conclusion is available for inspection at the Company's registered office and on the link : <https://www.delta.co.zw/auditors-review-report/>

Chairman's Letter to Shareholders

Dear Shareholder

The half year under review coincided with the peak of the world wide restrictions to human and economic activity implemented by authorities in response to the advent of the novel coronavirus (COVID-19) pandemic. The measures included lockdowns, restrictions on travel and social gatherings and limiting the sale or consumption of alcoholic beverages. The global economies have experienced severe impacts arising from the curtailed economic activity and stressed health delivery systems.

In Zimbabwe, the impact of COVID-19 was exacerbated by an underperforming economy as reflected by hyperinflation, an unstable exchange rate, shortages of foreign currency and food deficiencies arising from persistent droughts among other factors.

Both inflation and the depreciation of the Zimbabwe dollar accelerated during the first quarter leading to more frequent price increases. The relaxation of regulations allowing use of foreign currency for domestic transactions and the introduction of the foreign currency auction system has to date, stabilised both the exchange rate and inflation. This stability, if sustained, would be welcome for the post-COVID 19 recovery of the economy.

There are still distortions in value chain costs as the Zimbabwean economy settles on the dual or multi-currency trading system.

Effects of Coronavirus (COVID-19) on the business

The World Health Organisation (WHO) declared COVID-19 as a pandemic on 11 March 2020. The pandemic has significantly impacted on global and domestic economic activities and human life as governments implement measures to mitigate the transmission of the virus. In Zimbabwe and Zambia, the businesses were permitted to operate, albeit, at reduced levels during the various phases of lockdowns. South Africa adopted more stringent bans on sale of alcohol, and restrictions to trading days and daily operating hours. The selling and distribution of beverages has been curtailed by the restriction of movements and social gatherings, closure of on-premise consumption outlets and prohibition of other commercial or social activities that were deemed to pose a risk of spreading COVID-19. The business performance is improving as the restrictions are relaxed.

The Group will continue to review its responses to the COVID-19 pandemic based on the best available medical and safety advice with a focus to avoid or reduce transmissions of the disease through its activities.

Trading Performance

Lager Beer

Lager beer volume grew 3% compared to the same period last year. This reflects a growth of 18% in the second quarter, reversing the sharp decline recorded in the first quarter when the COVID-19 restrictions were at their peak. The volume recovery is underpinned by competitive pricing and consistent supply.

The volume is currently skewed in favour of the mainstream brands and larger packs due to changes in consumption occasions and settings.

Sorghum Beer

In Zimbabwe, the sorghum beer volume declined by 31% compared to same period last year due to the limited access to key trade channels such as bars, bottle stores and the rural markets during lockdown particularly in the first quarter. The value chain costs escalated more rapidly in response to the impact of the depreciating exchange rate on imported brewing cereals and packaging materials.

Sorghum beer volume at Natbrew Plc (Zambia) grew by 8% compared to same period last year. The nascent volume recovery is attributed to the improved appeal of Chibuku Super. There remains significant competitive pressure from the illegal trading in bulk beer, compromising the business recovery efforts.

The South Africa entity, United National Breweries was largely closed for the first four months as the authorities implemented very strict prohibitions on the sale and consumption of alcohol under the COVID-19 lockdown measures. Currently, alcohol sales are only permitted four days a week excluding weekends.

Sparkling Beverages

Sparkling beverages volume grew by 22% over last year, albeit from a low base. The business continues to recover market share on the back of consistent product supply and competitive pricing. There was a swing in volume towards non-returnable take home packs, reflecting the reduced out of home activity due to COVID-19 restrictions.

African Distillers

The company registered volume growth of 15% for the six months compared to the prior year, driven by the spirits and ready to drink categories. There were some supply gaps arising from challenges in the logistics of imported raw materials.

Schweppes Holdings Africa

The company recorded a lower volume outturn at 18% below prior year, partly due to challenges in accessing imported raw materials and the impact of COVID-19. The business will benefit from improved supply of juice concentrates and the introduction of new flavours under the Minute Maid brand.

Nampak Zimbabwe Limited

The entity is benefiting from the volume recovery in the beverages sectors and improved access to imported raw materials.

Financial Performance

In historical cost, the Group reported revenue of ZWL10,6 billion to achieve a 910% growth on the comparative year. The revenue growth was driven by inflation induced pricing across all product categories. Earnings before interest and tax grew by 955% over last year while finance costs of ZWL145 million were driven by foreign exchange losses. The Group foreign currency exposure from legacy debt arrangement is at US\$48 million. This is matched by the financial asset of ZWL3,7 billion representing the legacy debt cash cover deposited with Reserve Bank as is more detailed in note 11. Borrowings include ZWL2,6 billion covered by the legacy debt arrangement with the Reserve Bank and ZWL2,1 billion (R423m) being the loan for the acquisition of UNB in South Africa. Capital expenditure of ZWL385 million, was below planned replacement levels due to forex constraints.

Expansion of the Coca-Cola franchise territory

The Company is finalising discussions with The Coca-Cola Company for the extension of the sparkling beverages franchise territory to include Manicaland and has entered an agreement to purchase the bottling assets of Mutare Bottling Company (MBC). This is a welcome development which will allow the Company to leverage on its scale and combined asset base to meet the sparkling beverages demand across the country. The transaction is subject to regulatory approvals.

Outlook

The remainder of the year will depend on whether the current stability in inflation and the exchange rate will sustain. The businesses in Zimbabwe are witnessing recovery in volume and profitability on the back of improved access to foreign currency through domestic Nostro sales and benefits from a stable exchange rate. Zambia has experienced a sharp depreciation of the Kwacha and a rise in inflation. The easing of the lockdown restrictions across the region is expected to rekindle economic activity and consumer spending. The company will continue placing the safety and health of its workers first, abiding by best practice and as pronounced by the authorities while seeking to defend its capital base and achieve modest profitability under the circumstances. However all this is dependent on the unknown and unprecedented COVID-19 related risks and the resultant trading environment.

Directorate

The Board advises the resignation of Mr Andrew Murray with effect from 6 November 2020 following his reassignment from position of Vice President Finance at the AB InBev Africa Zone office. He has been replaced in that role and on the board by Mr Richard Rivett-Carnac who was his alternate director.

Dividend

The Board declared an interim dividend of ZWL 45 cents per share to be paid on 17 December 2020.

For and on behalf of the Board

CF Dube
Chairman
11 November 2020

Dividend Notice to Shareholders

NOTICE is hereby given that the Board of Directors has declared an Interim Dividend, Number 126, ZWL45 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 24 November 2020. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	12 November 2020
Last Date to Trade – cum dividend	24 November 2020
Share Trade Ex Dividend	25 November 2020
Last Record Date (LRD)	27 November 2020
Payment Date	17 December 2020
Dividend Per Share (ZWL)	45 cents
Dividend Amount (ZWL)	578,8 million

By Order of the Board

A Makamure
Company Secretary
11 November 2020