



Delta Corporation

LIMITED



Brighter together

Reviewed Financial Information

for the six months ended 30 September 2022



Salient Features

	INFLATION ADJUSTED	HISTORIC COST
Revenue	Increased by 63% to ZW\$ 207,8 billion	Increased by 430% to ZW\$ 164,5 billion
Operating Income	Increased by 88% to ZW\$ 46,0 billion	Increased by 550% to ZW\$ 43,1 billion
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	Increased by 75% to ZW\$ 51,2 billion	Increased by 517% to ZW\$ 44,1 billion
Headline Earnings per share	Decreased by 65% to ZW\$ 679,68 cents	Increased by 630% to ZW\$ 2 364,98 cents
Attributable Earnings per share	Decreased by 26% to ZW\$ 1 439,80 cents	Increased by 836% to ZW\$ 3 125,10 cents
Dividend per share	Interim dividend proposed US 1,0 cent	Interim dividend proposed US 1,0 cent

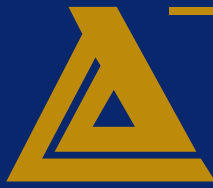
Condensed Group Statement of Financial Position

		INFLATION ADJUSTED		HISTORIC COST	
	Notes	Reviewed As At 30 September 2022 ZW\$ 000	Audited As At 31 March 2022 ZW\$ 000	Unreviewed As At 30 September 2022 ZW\$ 000	Unaudited As At 31 March 2022 ZW\$ 000
ASSETS					
Non-current assets					
Property, plant and equipment	2	133 204 629	116 350 850	48 546 870	14 835 768
Right-of-use assets		214 298	285 820	17 864	31 912
Investments in associates		13 162 237	12 015 695	3 451 394	1 339 858
Intangible assets		21 440 951	20 462 071	15 208 600	5 158 629
Investments and loans		3 746 176	3 354 443	3 746 176	1 257 568
		171 768 291	152 468 879	70 970 904	22 623 735
Current assets					
Inventories		61 463 836	40 123 038	40 085 237	11 309 771
Trade and other receivables		26 220 607	13 659 739	26 220 607	5 120 984
Other assets - prepayments		39 676 101	26 565 913	26 266 460	8 596 269
Current tax asset		544	365	544	137
Financial asset at fair value		4 340 011	4 354 086	4 340 011	1 632 330
Cash and cash equivalents		23 478 567	14 013 469	23 478 567	5 253 596
		155 179 666	98 716 610	120 391 426	31 913 087
Total assets		326 947 957	251 185 489	191 362 330	54 536 822
EQUITY AND LIABILITIES					
Capital and reserves					
Issued share capital		1 553 895	1 553 814	13 061	12 986
Share premium		10 585 267	10 567 553	121 088	106 462
Share option reserve		1 633 891	1 302 969	434 445	135 911
Share buyback		(1 999 679)	(1 999 679)	(16 418)	(16 418)
Foreign currency translation reserve		19 530 187	6 356 461	15 219 270	2 045 544
Retained earnings		149 675 650	130 937 334	61 861 800	21 190 122
Other reserves - Arising from change in ownership		(854 402)	(854 402)	(211 004)	(211 004)
Equity attributed to equity holders of the parent		180 124 809	147 864 050	77 422 242	23 263 603
Non-controlling interests		(1 268 146)	2 338 498	(2 933 459)	(160 863)
Shareholders' equity		178 856 663	150 202 548	74 488 783	23 102 740
Non-current liabilities					
Long term borrowings		747 691	4 794 717	747 691	1 797 521
Long term lease liability		160 934	436 110	160 934	163 496
Deferred tax liabilities		37 556 871	23 854 858	6 339 124	2 519 059
		38 465 496	29 085 685	7 247 749	4 480 076
Current liabilities					
Short term borrowings		13 888 987	4 363 421	13 888 987	1 635 830
Short term lease liability		12 132	34 551	12 132	12 953
Trade and other payables		72 287 222	39 739 016	72 287 222	14 898 005
Provisions		18 417 973	13 161 762	18 417 973	4 934 294
Dividend payable		72 661	10 391 997	72 661	3 895 920
Current tax liability		4 946 823	4 206 509	4 946 823	1 577 004
		109 625 798	71 897 256	109 625 798	26 954 006
Total equity and liabilities		326 947 957	251 185 489	191 362 330	54 536 822
Net asset value per share (cents)		13 840,28	11 440,16	5 948,91	1 799,89



Condensed Group Statement of Profit Or Loss and Other Comprehensive Income

		INFLATION ADJUSTED		HISTORIC COST	
	Notes	Reviewed Period Ended 30 September 2022 ZW\$ 000	Reviewed Period Ended 30 September 2021 ZW\$ 000	Unreviewed Period Ended 30 September 2022 ZW\$ 000	Unreviewed Period Ended 30 September 2021 ZW\$ 000
Revenue	1	207 777 981	127 784 469	164 475 749	31 034 280
Net Operating Costs		(161 808 514)	(103 279 130)	(121 372 044)	(24 405 474)
Operating Income		45 969 467	24 505 339	43 103 705	6 628 806
Finance charges		(2 559 881)	(551 005)	(2 471 897)	(143 379)
Finance income		53 388	2 040 333	32 792	534 570
Net exchange gain/(losses)		25 093 255	(1 414 298)	13 050 055	(350 544)
Movement in legacy debt		(407 744)	(1 601 844)	(407 744)	(421 092)
Net monetary (loss)/gain		(24 826 735)	8 884 793	—	—
Share of profit of associates		1 146 541	1 229 445	2 111 536	291 993
Profit before tax		44 468 291	33 092 763	55 418 447	6 540 354
Income tax expense	3	(25 941 077)	(7 816 567)	(14 129 664)	(2 054 816)
Profit for the period		18 527 214	25 276 196	41 288 783	4 485 538
Attributable to:					
Owners of the parent		18 738 316	25 121 273	40 671 678	4 313 082
Non controlling interest		(211 102)	154 923	617 105	172 456
Total profit for the period		18 527 214	25 276 196	41 288 783	4 485 538
Other comprehensive income - Foreign currency translation reserve		9 892 559	49 220	9 892 559	128 359
Total comprehensive profit for the period		28 419 773	25 325 416	51 181 342	4 613 897
Total comprehensive income for the year attributable to:					
Owners of the parent		31 912 042	25 929 973	53 845 404	4 641 093
Non controlling interest		(3 492 269)	(604 557)	(2 664 062)	(27 196)
		28 419 773	25 325 416	51 181 342	4 613 897
Weighted average shares in issue (millions)		1 301,5	1 292,5	1 301,5	1 292,5
Earnings per share (ZW\$ Cents)					
Headline earnings		679,68	1 939,81	2 364,98	323,77
Basic earnings		1 439,80	1 943,62	3 125,10	333,70
Diluted earnings		1 418,94	1 912,26	3 079,82	328,32



Delta Corporation

LIMITED

Reviewed Financial Information

Condensed Group Statement of Cash Flows

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed As At 30 September 2022 ZW\$ 000	Reviewed As At 30 September 2021 ZW\$ 000 Restated	Unreviewed As At 30 September 2022 ZW\$ 000	Unreviewed As At 30 September 2021 ZW\$ 000 Restated
Cash flow from operating activities	45 723 231	28 325 620	40 398 505	4 984 513
Increase in working capital	(20 839 322)	(2 245 287)	(14 088 955)	(536 582)
Cash generated from operations	24 883 909	26 080 333	26 309 550	4 447 931
Finance income	53 388	2 040 333	32 792	534 570
Finance charges	(2 485 759)	(529 695)	(2 421 785)	(137 777)
Interest paid on short term lease liability	(74 122)	(21 310)	(50 112)	(5 602)
Income tax paid	(10 829 880)	(3 801 322)	(7 390 053)	(999 291)
Net cash flow from operating activities	11 547 536	23 768 339	16 480 392	3 839 831
Cash flow from investment activities				
Increase in investments and loans	(3 147 451)	(1 541 779)	(2 488 608)	(440 741)
Purchase of property, plant and equipment to expand operations	(2 102 329)	(1 873 268)	(1 421 333)	(435 612)
Purchase of property, plant and equipment to maintain operations	(7 512 386)	(3 473 891)	(6 774 465)	(807 822)
Proceeds on disposal of property, plant and equipment	26 291	40 768	26 291	10 717
Net cash utilised in investing activities	(12 735 875)	(6 848 170)	(10 658 115)	(1 673 458)
Cash flow from financing activities				
Dividends paid by company	(5 688 217)	(5 750 294)	(3 895 920)	(1 350 801)
Dividends paid by subsidiaries	(52 375)	(124 920)	(35 872)	(29 347)
Purchase of shares in subsidiary	—	(313 231)	—	(78 618)
Repayment of lease liability	(235 048)	(191 780)	(158 910)	(50 415)
Loans raised	4 327 734	—	2 925 875	—
Repayment of borrowings	(4 961 165)	(2 908 369)	(3 354 122)	(764 751)
Share buyback	—	85 994	—	18 868
Net cash utilised in financing activities	(6 609 071)	(9 202 600)	(4 518 949)	(2 255 064)
(Decrease)/increase in cash and cash equivalents	(7 797 410)	7 717 569	1 303 328	(88 691)
Effects of currency translation on cash and cash equivalents - foreign operations	2 143 275	336 150	1 449 016	88 367
Effects of currency translation on opening cash and cash equivalents	13 848 031	2 063 123	9 362 314	542 353
Effects of IAS 29 on cash and cash equivalents	(4 698 729)	(9 473 552)	—	—
Net increase in cash and cash equivalents	3 495 167	643 290	12 114 658	542 029
Cash and cash equivalents at beginning of period	13 788 895	8 143 401	5 169 404	1 767 813
Cash and cash equivalents at end of period	17 284 062	8 786 691	17 284 062	2 309 842
Comprising:-				
Bank balances and cash	23 478 567	8 786 691	23 478 567	2 309 842
Bank overdraft	(6 194 505)	—	(6 194 505)	—
	17 284 062	8 786 691	17 284 062	2 309 842

Condensed Group Statement of Changes in Shareholders' Equity

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2022 ZW\$ 000	Reviewed Period Ended 30 September 2021 ZW\$ 000	Unreviewed Period Ended 30 September 2022 ZW\$ 000	Unreviewed Period Ended 30 September 2021 ZW\$ 000
Shareholders' equity at beginning of the year	150 202 548	122 023 969	23 102 740	7 722 457
Profit for the period	18 527 214	25 276 196	41 288 783	4 485 538
Other comprehensive income for the period	9 892 559	49 220	9 892 559	128 359
Transactions with Owners:				
Recognition of share based payments	348 717	223 855	313 234	58 222
Share buyback	—	85 994	—	18 668
Adjustment arising from changes in ownership of subsidiary	—	(313 235)	—	(78 618)
Dividends declared:	(114 375)	(3 705 042)	(108 533)	(973 980)
Shareholders' equity at end of the period	178 856 663	143 640 957	74 488 783	11 360 646
Attributable to:				
Owners of the parent	180 124 809	140 908 743	77 422 242	11 320 504
Non controlling interest	(1 268 146)	2 732 215	(2 933 459)	40 142
Shareholders' equity at end of the period	178 856 663	143 640 958	74 488 783	11 360 646

Supplementary Information

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2022 ZW\$ 000	Reviewed Period Ended 30 September 2021 ZW\$ 000	Unreviewed Period Ended 30 September 2022 ZW\$ 000	Unreviewed Period Ended 30 September 2021 ZW\$ 000
1. Gross Sales	240 850 378	145 347 622	191 109 296	35 289 865
Less VAT and discounts	(33 052 397)	(17 563 153)	(26 633 547)	(4 255 585)
Revenue*	207 777 981	127 784 469	164 475 749	31 034 280
Less excise duty and levies	(23 399 551)	(14 487 693)	(18 261 637)	(3 474 726)
Net Sales	184 378 430	113 296 776	146 214 112	27 559 554
* Refer to note 5 for revenue disaggregation.				
2. Depreciation of property, plant and equipment, amortisation and impairment of intangible assets	5 273 377	4 821 922	1 002 882	517 739
3. Taxation				
Current income tax expense	10 759 872	4 660 772	10 759 872	1 225 222
Withholding tax	—	61	—	16
Deferred tax - Arising during the year	15 181 205	3 155 734	3 369 792	829 578
	25 941 077	7 816 567	14 129 664	2 054 816

for the six months ended 30 September 2022

Supplementary Information (continued)

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2022 ZW\$ 000	Reviewed Period Ended 30 September 2021 ZW\$ 000	Unreviewed Period Ended 30 September 2022 ZW\$ 000	Unreviewed Period Ended 30 September 2021 ZW\$ 000
4. Commitments for property, plant and equipment				
Contracts and orders placed	18 900 000	4 730 051	18 900 000	1 243 434
Authorised by directors but not contracted	43 458 100	29 756 827	43 458 100	7 822 463
	62 358 100	34 486 878	62 358 100	9 065 897

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

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 2022 nor 2021.

Information about reportable segements

Information related to each reportable segment is set out below. Segment operating 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.

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

	Lager Beer ZW\$ 000	Sparkling Beverages ZW\$ 000	Sorghum Beer ZW\$ 000	Wines and Spirits ZW\$ 000	Total Reportable Segments ZW\$ 000	All Other Segments ZW\$ 000	Total ZW\$ 000
INFLATION ADJUSTED							
30 September 2022							
Segment revenue	84 757 364	33 155 401	74 420 877	14 880 988	207 214 630	6 525 413	213 740 043
Inter-segment revenue	—	—	—	—	—	(5 962 062)	(5 962 062)
External revenue	84 757 364	33 155 401	74 420 877	14 880 988	207 214 630	563 351	207 777 981
Segment operating income	22 735 023	1 969 705	14 453 753	1 958 964	41 117 445	4 852 022	45 969 467
Segment net working capital	1 997 320	6 118 487	16 133 408	6 326 724	30 575 939	15 656 859	46 232 798
Segment working capital liabilities*	(25 965 540)	(14 965 253)	(33 775 977)	(5 728 889)	(80 435 659)	(24 170 654)	(104 606 313)
Segment working capital assets**	27 962 860	21 083 740	49 909 385	12 055 613	111 011 598	39 827 513	150 839 111
Segment property, plant and equipment	33 416 565	46 993 098	38 120 695	3 864 098	122 394 456	10 810 173	133 204 629

	Lager Beer ZW\$ 000	Sparkling Beverages ZW\$ 000	Sorghum Beer ZW\$ 000	Wines and Spirits ZW\$ 000	Total Reportable Segments ZW\$ 000	All Other Segments ZW\$ 000	Total ZW\$ 000
INFLATION ADJUSTED							
30 September 2021							
External revenue	49 463 685	18 943 303	48 532 509	10 049 403	126 988 900	5 707 708	132 696 608
Inter-segment revenue	—	—	—	—	—	(4 912 138)	(4 912 138)
Segment revenue	49 463 685	18 943 303	48 532 509	10 049 403	126 988 900	795 570	127 784 470
Segment operating income	12 258 277	1 310 166	5 641 818	1 854 978	21 065 239	3 440 099	24 505 338
Segment net working capital	600 191	4 229 054	(5 798 255)	4 517 334	3 548 324	6 286 495	9 834 819
Segment working capital liabilities*	(16 911 738)	(15 751 279)	(25 895 580)	(2 482 471)	(61 041 068)	(104 169)	(61 145 237)
Segment working capital assets**	17 511 929	19 980 333	20 097 325	6 999 805	64 589 392	24 018 139	88 607 531
Segment property, plant and equipment	28 551 332	34 403 262	36 068 693	2 937 204	101 960 491	10 601 225	112 561 716

	Lager Beer ZW\$ 000	Sparkling Beverages ZW\$ 000	Sorghum Beer ZW\$ 000	Wines and Spirits ZW\$ 000	Total Reportable Segments ZW\$ 000	All Other Segments ZW\$ 000	Total ZW\$ 000
HISTORIC COST							
30 September 2022							
Segment revenue	66 018 063	25 490 425	61 193 409	11 388 762	164 090 659	5 125 116	169 215 775
Inter-segment revenue	—	—	—	—	—	(4 740 026)	(4 740 026)
External revenue	66 018 063	25 490 425	61 193 409	11 388 762	164 090 659	385 090	164 475 749
Segment operating income	19 783 545	4 895 592	9 848 882	2 703 834	37 231 853	5 871 852	43 103 705
Segment net working capital	(7 251 411)	3 888 807	3 329 237	3 597 582	3 564 215	7 880 342	11 444 557
Segment working capital liabilities*	(25 965 540)	(14 965 253)	(33 775 977)	(5 728 889)	(80 435 659)	(24 170 654)	(104 606 313)
Segment working capital assets**	18 714 129	18 854 060	37 105 214	9 326 471	83 999 874	32 050 996	116 050 870
Segment property, plant and equipment	15 815 965	12 810 783	17 757 131	827 584	47 211 463	1 335 407	48 546 870

* Included are trade and other payables, provisions, short term borrowings and short term lease liability.

** Included are inventories, trade and other receivables, other assets - prepayments, cash and cash equivalents.



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LIMITED

Reviewed Financial Information

for the six months ended 30 September 2022

Supplementary Information (continued)

5. Reportable segments (continued)

Information about reportable segments (continued)

	Lager Beer ZW\$ 000	Sparkling Beverages ZW\$ 000	Sorghum Beer ZW\$ 000	Wines and Spirits ZW\$ 000	Total Reportable Segments ZW\$ 000	All Other Segments ZW\$ 000	Total ZW\$ 000
HISTORIC COST							
30 September 2021							
Segment revenue	11 901 916	4 571 705	11 927 863	2 429 555	30 831 039	1 380 283	32 211 322
Inter-segment revenue	—	—	—	—	—	(1 177 042)	(1 177 042)
Segment revenue	11 901 916	4 571 705	11 927 863	2 429 555	30 831 039	203 241	31 034 280
Segment operating income	3 407 531	319 944	1 582 609	480 201	5 790 285	838 521	6 628 806
Segment net working capital	(1 587 343)	(859 998)	(1 636 392)	935 059	(3 148 674)	3 675 833	527 159
Segment working capital liabilities*	(4 445 751)	(4 140 690)	(6 807 420)	(652 591)	(16 046 452)	(27 384)	(16 073 836)
Segment working capital assets**	2 858 408	3 280 692	5 171 028	1 587 650	12 897 778	3 703 217	16 600 995
Segment property, plant and equipment	2 368 435	3 092 316	3 914 994	108 339	9 484 084	424 835	9 908 919

* Included are trade and other payables, provisions, short term borrowings and short term lease liability.
** Included are inventories, trade and other receivables, other assets - prepayments, cash and cash equivalents.

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.

	INFLATION ADJUSTED		HISTORIC COST	
	Period Ended 30 September 2022 ZW\$ 000	Period Ended 30 September 2021 ZW\$ 000	Period Ended 30 September 2022 ZW\$ 000	Period Ended 30 September 2021 ZW\$ 000
i) Revenue				
Total revenue for reportable segments	207 214 630	126 988 899	164 090 659	30 831 039
Revenue for other segments	6 525 413	5 707 708	5 125 116	1 380 283
Elimination of inter-segment revenue	(5 962 062)	(4 912 138)	(4 740 026)	(1 177 042)
Consolidated revenue	207 777 981	127 784 469	164 475 749	31 034 280
ii) Operating income				
Total operating income for reportable segments	41 117 445	21 065 240	37 231 853	5 790 285
Operating income for other segments	4 852 022	3 440 099	5 871 852	838 521
- Finance income	53 388	2 040 333	32 792	534 570
- Finance cost	(2 559 881)	(551 005)	(2 471 897)	(143 379)
- Share of profit of equity-accounted investees	1 146 541	1 229 445	2 111 536	291 993
- Exchange gains / (losses)	25 093 255	(1 414 298)	13 050 055	(350 544)
- Movement in legacy debt	(407 744)	(1 601 844)	(407 744)	(421 092)
- Monetary loss	(24 826 735)	8 884 793	—	—
Consolidated profit before tax	44 468 291	33 092 763	55 148 447	6 540 354
iii) Assets				
Total working capital assets for reportable segments	111 011 598	64 589 392	83 999 874	12 897 778
Working capital assets for other segments	39 827 513	24 018 138	32 050 996	3 703 217
Total property, plant and equipment for reportable segments	122 394 456	101 960 491	47 211 463	9 484 084
Property, plant and equipment for other segments	10 810 173	10 601 225	1 335 407	424 835
Intangible assets	21 440 951	20 742 450	15 208 601	3 546 592
Right-of-use asset	214 298	480 265	17 864	49 371
Equity-accounted investees	13 162 237	11 833 398	3 451 394	953 748
Investments and loans	3 746 176	3 537 482	3 746 176	929 932
Current tax asset	544	236 477	544	62 165
Financial asset at fair value	4 340 011	4 643 042	4 340 011	1 220 561
Consolidated total assets	326 947 957	242 642 360	191 362 330	33 272 283
iv) Liabilities				
Total trade and other payables for reportable segments	80 435 659	61 041 067	80 435 659	15 981 680
Trade and other payables for other segments	24 170 654	104 169	24 170 654	27 384
Total long-term borrowings for reportable segments	747 691	4 769 252	747 691	1 253 739
Long-term borrowings for other segments	—	2 274 806	—	598 000
Total lease liability for reportable segments	156 277	—	156 277	64 771
Lease liability for other segments	4 657	—	4 657	—
Total deferred tax liabilities for reportable segments	3 019 395	3 267 918	1 629 879	601 467
Deferred tax liabilities for other segments	34 537 477	19 655 313	4 709 246	1 371 003
Dividend payable	72 661	3 951 208	72 661	1 038 692
Current tax liability	4 946 823	2 622 360	4 946 823	689 365
Consolidated total liabilities	148 091 294	97 686 093	116 873 547	21 626 101

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

7. Statement of Compliance

The abridged consolidated interim financial information of the Group has 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.

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

8. Significant Accounting Policies

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

9. Basis of Preparation

The abridged consolidated interim financial information is 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 and International Accounting Standard (IAS) 34 – Interim Financial Reporting. 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.

Abridged consolidated interim financial information has been drawn up using the conversion factors derived from the consumer price index(CPI) prepared by the Zimbabwe National Statistics Agency.

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

	Index	Conversion Factor
30 September 2022	12 713,1	1,00
31 March 2022	4 766,1	2,67
30 September 2021	3 342,0	3,80
31 March 2021	2 759,8	4,61
Average CPI for the 12 months to:		
30 September 2022	9 468,0	1,48
30 September 2021	3 043,5	4,19

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.

10. Functional Currency Changes

The financial statements are presented in the ZW\$ the transactional, functional and reporting currency.

The Government of Zimbabwe promulgated Statutory Instrument 85 of 2020 and 118A of 2022 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 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 auction 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 requires an entity to determine the functional currency based on the economic environment in which it operates. The entity does not believe that the official exchange rates prevailing during the 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 the revenues to the reporting currency and as the spot rate used in translating other foreign currency denominated transactions has at times differed from the official rates.

During the course of the year 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. Our interpretation of this guidance confirms that the treatment that the Group has applied in estimating an exchange rate is acceptable.

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

Differing Views with External Auditors on the Application of IAS 21

The Directors and Management differ with the professional conclusion of our auditors on the application of IAS21. The independent auditors Ernst & Young Chartered Accountants (Zimbabwe) have issued an adverse review opinion for the current period ended 30 September 2022 as they believe that the determination of an estimate 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 it is, observable and accessible for immediate delivery through a legal exchange mechanism. This is contrary to the circumstances applicable to the entity as indicated above.

There are varying views on the matter particularly in the absence of definitive guidance from the Public Accountants and Auditors Board.

11. Legacy Foreign Liabilities

The Company has legacy foreign liabilities of US\$5,68 million, being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW\$ 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 ZW\$ equivalent of the foreign debts based on the US\$/ZW\$1:1 exchange rate in line with Directives RU102/2019 and RU28/2019 and as agreed with the Reserve Bank of Zimbabwe. The legacy debts (Blocked Funds) were assumed by the Government of Zimbabwe in terms of the Finance Act No.7 of 2021.

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:



Reviewed Financial Information

for the six months ended 30 September 2022

Supplementary Information (continued)

11. Legacy Foreign Liabilities (continued)

	INFLATION ADJUSTED		HISTORIC COST	
	September 2022	March 2022	September 2022	March 2022
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
Exchange losses	(4 241 915)	(1 639 180)	(4 241 915)	(430 907)
Exchange gain on revaluation of financial asset	3 834 171	37 336	3 834 171	9 815
Net Loss	(407 744)	(1 601 844)	(407 744)	(421 092)

An amount of ZW\$407,7 million was recorded as an unrealised foreign exchange loss relating to the legacy foreign debt amounts of US\$5,68 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 ZW\$3,46 billion. The current year net loss on the asset at net present value and the liabilities at face value was ZW\$407,7 million and has been expensed. These unrealised net losses are expected to reverse over time and on settlement of the instruments.

The Board notes that, in view of the divergence of market exchange rates and the auction exchange rate, there is a risk that the “blocked funds” liabilities could be paid at exchange rates that are above the Reserve Bank of Zimbabwe settlement rates. The Board is confident that the authorities will continue to settle the legacy debts as per agreed framework.

12 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets.

- Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3:** techniques which use inputs that have a significant effect on the recorded fair value and are not based on observable market data.

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed September 2022	Audited March 2022	Unreviewed September 2022	Unaudited March 2022
	ZW\$ 000	ZW\$ 000	ZW\$ 000	ZW\$ 000
Fair value through profit and loss:				
Level 3				
Financial Asset				
Balance at beginning of year	4 354 086	7 443 282	1 632 330	1 615 828
Approved legacy Debt:				
Repayments	(2 003 080)	(2 169 129)	(2 003 080)	(616 059)
Claims	1 296 585	343 957	876 589	128 948
Revaluations	3 834 172	1 343 340	3 834 172	503 613
Effects of IAS 29	(3 141 752)	(2 607 364)	—	—
Balance at 31 September	4 340 011	4 354 086	4 340 011	1 632 330

The asset has been valued using a Forward Exchange Contract valuation model, being the Net Present value of ZW\$ currency refundable less the net present value of the US\$ currency payable.

The unobservable market data input relates to the repayments of which management has based on prior period trends.

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

- The carrying value of the financial asset has been derived after taking the following into consideration:
- The US\$ interest rate has been determined using yield-to-maturity of US Government bonds;
 - The ZW\$ interest rate has been derived by adding a Country Risk Premium (“CRP”) to a US Government Bond risk free rate; and
 - A closing exchange rate of US\$/ZW\$1: 613 at 30 September 2022

The observable market data input used in the computation of the derivative was as follows:

ZW\$ Risk Free Rate	
1.00 month	10,08%
2.00 month	10,48%
3.00 month	10,65%
6.00 month	11,26%
1.00 year	11,56%
2.00 year	11,61%

Type	Valuation technique	Significant unobservable inputs	Quantitative Information 2022	Quantitative Information 2021
Management’s estimated legacy debt repayment	Forward Exchange Contract	Estimated series of monthly foreign settlements till extinguishment of legacy debt.	Repayment per month is ranging from ZW\$73,8 million to ZW\$300,9 million	Repayment per month ZW\$180,8 million

Subsequent to year end, the amount would have been settled.

Supplementary Information (continued)

13. Cash flow information

	INFLATION ADJUSTED		HISTORIC COST	
	Reviewed Period Ended 30 September 2022	Reviewed Period Ended 30 September 2021	Unreviewed Period Ended 30 September 2022	Unreviewed Period Ended 30 September 2021
	ZW\$ 000	ZW\$ 000 Restated	ZW\$ 000	ZW\$ 000 Restated
Cash Generated from Operating Activities				
Profit before tax	44 468 291	33 092 763	55 418 447	6 540 354
Depreciation of property, plant and equipment, right of use and container amortisation	5 273 377	4 821 922	1 002 882	517 739
Profit on disposal of property, plant and equipment	31 492	105 033	5 204	6 171
Share option expense	348 746	223 855	297 045	58 222
Finance charges	2 559 881	551 005	2 471 897	143 379
Finance income	(53 388)	(2 040 333)	(32 792)	(534 570)
Exchange (gain)/ losses	(25 093 255)	1 414 298	(13 050 055)	350 544
Movement in legacy debt	407 744	1 601 844	407 744	421 092
Share of profit of associates	(1 146 541)	(1 229 445)	(2 111 536)	(291 993)
Provision for doubtful debts	410 003	28 875	277 193	26 202
Stock recoveries	(5 868 938)	(1 124 994)	(4 112 822)	(240 045)
Monetary loss	24 826 735	(8 884 793)	—	—
Other non cash items	(440 916)	(234 410)	(174 702)	(2 012 582)
	45 723 231	28 325 620	40 398 505	4 984 513

14. Contingencies

14.1 Uncertain Tax Positions

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

The Zimbabwe Revenue Authority (ZIMRA) has made some assessments which imply the rejection of the Zimbabwe Dollar as legal tender for the settlement of tax obligations that they deem were payable in foreign currency. These assessments are being objected to and challenged through the courts. Similarly, our Zambian subsidiary has raised objections regarding transfer pricing assessments whose determination was yet to be received. The group anticipates a positive determination on the tax matters.

14.2 Contingent liabilities

At the date of this report; there is a contractual dispute with a foreign supplier which is being pursued and defended through arbitration and the courts.

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 is witnessing a significant recovery despite operating in an unstable macro-economic environment. The key factors relate to an unstable currency, high inflation, a turbid political environment, and fluid policy framework and the impacts of the global conflicts.

Consumer spending continues to be strong driven by mining and infrastructure development projects. The business has been able to grow volume across all business units during the period.

Management constantly reviews the business risks and the business continuity plans in order to maintain operations at sustainable levels; competitive product pricing, cost reduction initiatives, and adapting sourcing strategies as necessary.

The South African business, United National Breweries (UNB) was adversely affected by the stringent trading measures imposed by the authorities under COVID-19 from 2020 to 2021. The unit is on a recovery path and is achieving breakeven volumes and cash flows. 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 the cumulative financial losses and loss of volume over the years. This was exacerbated by the COVID-19 restrictions from 2020 to 2021 and the hike in excise duty in January 2022 which negatively impacted the recovery plans. Business recovery measures are being implemented with cash flow support from the parent.

16. Impairment Assessment of Assets

Management undertakes the requisite assessments for possible impairment of individual asset or clusters of assets at each reporting period. No asset impairments are envisaged in the current year. Goodwill was impaired in 2021.

Sensitivity of the input to fair value

A 5% increase /decrease in the repayments would result in the increase/ decrease in fair value by:

	INFLATION ADJUSTED		HISTORIC COST	
	September 2022	March 2022	September 2022	March 2022
	100 154	108 456	100 154	30 802

17. Restatement of September 2021 Cashflow Figures

The Group has reclassified certain balances within the cashflows to align and reorganize the reporting to the requirements of International Accounting Standard 7 (IAS 7 - Statement of Cashflows). This has resulted in certain movements being presented in a different manner from prior year.

- The following adjustments have been made to prior year figures:
1. The effect of inflation was included under cashflows generated from operating activities when their impact affects all categories of the cashflow statement.
 2. Finance income and finance cost had not been disclosed under operating activities.
 3. Interest on lease liability had not been disclosed under operating activities.
 4. Income tax paid had not been disclosed under operating activities.
 5. Dividends paid by the company and by the subsidiaries had not been split.
 6. Lease repayments had not been disclosed under financing activities.
 7. The effects of currency translation on opening cash and cash equivalents had not been separately disclosed.



Delta Corporation

LIMITED

Reviewed Financial Information

for the six months ended 30 September 2022

Supplementary Information (continued)

17. Restatement of September 2021 Cashflow Figures (continued)

	As previously reported ZW\$ 000	Impact Of Restatement ZW\$ 000	As Restated ZW\$ 000
Inflation Adjusted			
Cash generated from operations	15 833 902	10 246 431	26 080 333
Finance Income	—	2 040 333	2 040 333
Finance Charges	—	(529 695)	(529 695)
Interest paid on lease liability	—	(21 310)	(21 310)
Income tax paid	—	(3 801 322)	(3 801 322)
Increase in investments and loans	(1 284 029)	(257 750)	(1 541 779)
Dividends paid by company	(5 875 215)	124 921	(5 750 294)
Dividends paid by subsidiary	—	(124 920)	(124 920)
Repayment of lease liability	—	(191 780)	(191 780)
Increase in shareholder funding	74 479	(74 479)	—
Effects of currency translation on opening cash and cash equivalents	—	2 063 123	2 063 123
Effects of IAS 29	—	(9 473 552)	(9 473 552)
Net Impact	8 749 137	—	8 749 137
Historic Cost			
Cash generated from operations	4 313 750	134 181	4 447 931
Finance Income	—	534 570	534 570
Finance Charges	—	(137 777)	(137 777)
Interest paid on lease Liability	—	(5 602)	(5 602)
Income tax paid	—	(999 291)	(999 291)
Dividends paid by company	(1 380 148)	29 347	(1 350 801)
Dividends paid by subsidiary	—	(29 347)	(29 347)
Repayment of lease liability	—	(50 415)	(50 415)
Increase in shareholder funding	18 018	(18 018)	—
Effects of currency translation on opening cash and cash equivalents	—	542 352	542 352
Net Impact	2 951 620	—	2 951 620

18. Subsequent Events

There are no subsequent events to report.

19. External Auditor's Review Conclusion

These abridged consolidated interim financial statements for the period ended 30 September 2022, which have been reviewed by Ernst & Young in accordance with International Standards on Auditing. An adverse review conclusion has been issued thereon. The auditors' review report on the financial information which form the basis of these financial results is available for inspection at the Company's registered office. The audit partner responsible for the review was Mr Walter Mupanguri (PAAB Practise Certificate Number 0367).

Chairman's Letter to Shareholders

Dear Shareholder

Environmental Overview

The regional economies have been adversely impacted by global inflation and the strong United States Dollar which have driven up the cost of fuel, raw materials and cereals. The COVID-19 pandemic and the Ukraine/Russia conflict have jointly disrupted global supply chains and commodity prices.

In Zimbabwe, the trading environment was characterised by rising inflation and an unstable exchange rate. The authorities implemented policy interventions aimed at reducing the volatility of the local currency while promoting its use and circulation, resulting in both inflation and the exchange rate volatility slowing down since July 2022. The use of foreign currency for domestic transactions has increased significantly during the period under review.

Consumer spending is being boosted by the increased activity in mining, infrastructure projects, domestic housing construction and marketing of commercial crops. The recent curtailment of local currency liquidity has resulted in softening of demand for goods and services in some formal channels.

The South African economy faces structural constraints such as electricity shortages, a soft Rand, high unemployment, and weak growth which have undermined the post COVID-19 recovery. There are concerns about rising violent crime.

Trading Performance

Lager Beer

The lager beer volume grew by 18% for the six months compared to prior year. Product supply has stabilised, benefitting from the injection of returnable glass bottles and the intense plant maintenance undertaken during the year. Production capacity remains constrained and will be unlocked when a new plant is installed in the first half of 2023.

The supply of non-returnable bottles and cans was affected by regional shortages. The business continues to focus on improving customer service and on increasing consumer facing activities.

Sorghum Beer

The sorghum beer volume in Zimbabwe grew by 14% for the half year compared to the prior year. The growth is driven by the revival of the Scud pack. The Chibuku brand celebrated its 60th anniversary this year and has increased its consumer engagements through music and sport activations. The Chibuku Super supply is constrained by limited production capacity. A new plant is being installed at the Harare brewery for commissioning in the second quarter of 2023.

There are ongoing efforts to increase the supply of the recently launched Chibuku Super Banana flavour by optimising the supply chains.

United National Breweries South Africa recorded a volume growth of 38% over prior year, as the business focuses on winning back the consumers into the category. There are ongoing efforts to expand the product range and to rationalise the production and distribution footprint. There is an encouraging uptake of Chibuku Super by the market. In the same vein, Butterworths brewery, located in Eastern Cape province, has been reopened to address product supply and the cost of distribution.

The volume decline at Natbrew Plc (Zambia) has halted with a growth of 7% in the second quarter. The focus is on revamping the route to consumer, market penetration with new pack formats and utilising the available Chibuku Super production capacity to cover the regional supply gaps.

Sparkling Beverages

The Sparkling beverages volume grew by 22% over the previous year. The growth is anchored by the increased market penetration of the returnable glass packs and better availability of packs and flavours.

The supply of PET packs remains constrained and will be addressed by the investment in additional capacity which will be commissioned in the new year. The category continues to recover market share despite the local currency pricing distortions.

Wines and Spirits

African Distillers Limited(Afdis) recorded a volume growth of 11% for the half year. The wines volume grew by 24% driven by the improved availability of locally produced brands. The business commissioned a new PET line and commenced the local fermentation of ciders.

Associates

Schweppes Holdings Africa

The volumes at Schweppes were flat on last year due to the shortages of juice concentrates at the beginning of the period. The intake of juicing fruit at the Beitbridge Juice plant improved significantly and will provide adequate cover until the new season next year. There are ongoing efforts to close the supply gaps on Minute Maid juice drinks and water.

Nampak Zimbabwe Limited

Nampak Zimbabwe continues to benefit from the volume recoveries in the beverages and other consumer sectors.

Financial Performance

In inflation adjusted terms, Group revenue increased by 63% to \$207,8 billion reflecting the volume gains across business units and the replacement cost-based pricing. Earnings before interest and tax (EBIT) grew by 88% to ZW\$46,0 billion which indicates the benefits of higher throughput and focused cost management.

In historic cost terms, the Group revenue grew by 430% to ZW\$164,5 billion compared to average inflation of 207%. Earnings before interest and tax (EBIT) grew by 550% to ZW\$43,1 billion, benefiting from the higher volumes and inflationary stock holding gains. UNB South Africa recorded a breakeven outturn whilst Natbrew Zambia posted a loss due to depressed volumes.

The Zimbabwe business recorded an increase in the contribution of foreign currency takings which will support the ongoing recapitalisation programs. There is a focus on aligning the cash flows in each currency. The Group closed the period with net cash and cash equivalents of ZW\$17,3 billion.

Outlook

Zimbabwe's operating environment remains complex and challenging particularly as the nation approaches the general elections in 2023. It is hoped that the stability of the exchange rate and the corresponding reduction in month-on-month inflation recorded since July 2022, will sustain in the short-term. There are business continuity and taxation risks arising from the legislation on pricing of goods and services in the current multi-currency system.

The Group remains focussed on exploiting the firm aggregate demand which is largely driven by mining activities, diaspora remittances and infrastructure developments and the increased social activities.

There are ongoing capacity investment projects which are expected to be commissioned in the coming year.

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. During the current period we amplified our communication on underage drinking under the Pledge 18 campaign, Make A Difference-Recycle executions and resumed the brand activations supporting sports and culture.

Directorate

The Board welcomes Mr Benedict Mbanga who joined the board on 1 August 2022. He is a Chartered Accountant and a former audit and advisory partner. He will join the Audit Committee.

Dividend

The Board declared an interim dividend (number 131) of US1,0 cents per share to be paid on 15 December 2022.

For and on behalf of the Board

S MOYO

Chairman

16 November 2022

Dividend Notice To Shareholders

NOTICE is hereby given that the Board of Directors has declared an Interim Dividend, Number 131 of US 1 cent per share payable in respect of all the qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. This will be payable to shareholders registered at the close of business on 02 December 2022. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	16 November 2022
Last Date to Trade – cum dividend	29 November 2022
Share Trade Ex Dividend	30 November 2022
Last Record Date (LDR)	02 December 2022
Payment Date	15 December 2022
Dividend Per Share	US 1,0 cent

By Order of the Board

Ms F Musinga

Company Secretary

16 November 2022