



Brighter  
together

Reviewed Financial  
Information

for the six months ended 30 September 2023

Salient Features

|   | INFLATION ADJUSTED                        | HISTORIC COST                             |
|---|---|---|
| Revenue   | Increased by 164% to ZW\$ 1,9 trillion    | Increased by 879% to ZW\$ 1,6 trillion    |
| Operating Income  | Increased by 153% to ZW\$ 408 billion     | Increased by 784% to ZW\$ 380 billion     |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | Increased by 142% to ZW\$ 436 billion     | Increased by 797% to ZW\$ 396 billion     |
| Headline Earnings per share   | Increased by 983% to ZW\$ 25 886,31 cents | Increased by 827% to ZW\$ 21 924,95 cents |
| Basic Earnings per share  | Increased by 406% to ZW\$ 25 639,99 cents | Increased by 595% to ZW\$ 21 717,53 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   |  |
|--|---|--|---|--|
|  | Reviewed<br>As At<br>30 September<br>2023<br>ZW\$ 000 | Audited<br>As At<br>31 March<br>2023<br>ZW\$ 000 | Not Reviewed<br>As At<br>30 September<br>2023<br>ZW\$ 000 | Unaudited<br>As At<br>31 March<br>2023<br>ZW\$ 000 |
| Notes  |   |  |   |  |
| ASSETS   |   |  |   |  |
| Non-current assets   |   |  |   |  |
| Property, plant and equipment                                    | 874 145 861   | 536 381 970                                      | 500 305 112   | 79 360 766   |
| Right-of-use asset   | 2 111 288   | 1 620 931  | 326 760   | 73 448   |
| Investments in associates  | 88 408 785  | 43 662 034                                       | 29 804 014  | 5 087 372  |
| Intangible assets – Trademarks and Goodwill                      | 135 331 849   | 86 804 255                                       | 114 110 448   | 21 075 114   |
| Investments and loans  | 16 437 432  | 22 902 429                                       | 16 437 432  | 7 426 173  |
| Financial assets at armotised cost                               | 29 243 600  | 4 426 925  | 29 243 600  | 1 435 442  |
|  | 1 145 678 815   | 695 798 544                                      | 690 227 366   | 114 458 315  |
| Current assets   |   |  |   |  |
| Inventories  | 482 257 742   | 297 149 853                                      | 321 166 842   | 74 411 957   |
| Trade and other receivables                                      | 382 793 688   | 126 377 524                                      | 382 793 688   | 40 978 246   |
| Other assets - prepayments                                       | 135 568 540   | 73 295 611                                       | 95 319 340  | 17 076 633   |
| Current tax asset  | 12 247 056  | —  | 12 247 056  | —  |
| Cash and cash equivalents  | 49 528 390  | 49 380 483                                       | 49 528 390  | 16 011 752   |
|  | 1 062 395 416   | 546 203 471                                      | 861 055 316   | 148 478 588  |
| TOTAL ASSETS   | 2 208 074 231   | 1 242 002 015                                    | 1 551 282 682   | 262 936 903  |
| EQUITY AND LIABILITIES   |   |  |   |  |
| Capital and reserves   |   |  |   |  |
| Issued share capital   | 5 466 232   | 5 466 191  | 13 121  | 13 081   |
| Share premium  | 37 388 388  | 37 278 200                                       | 244 999   | 134 811  |
| Share option reserve   | 8 230 213   | 6 629 339  | 1 785 356   | 729 954  |
| Share buyback  | (7 034 259)   | (7 034 259)                                      | (16 418)  | (16 418)   |
| Foreign currency translation reserve                             | 201 146 342   | 77 376 116                                       | 201 146 342   | 25 089 410   |
| Retained earnings  | 850 899 845   | 627 927 889                                      | 345 674 107   | 108 540 711  |
| Other reserves - Arising from change in non-controlling interest | (3 654 903)   | (3 654 903)                                      | (427 172)   | (427 172)  |
| Equity attributed to equity holders of the parent                | 1 092 441 858   | 743 988 573                                      | 548 420 335   | 134 064 377  |
| Non-controlling interests  | (20 760 636)  | (5 223 899)                                      | (37 342 764)  | (4 958 521)  |
| Shareholders' equity   | 1 071 681 222   | 738 764 674                                      | 511 077 571   | 129 105 856  |
| Non-current liabilities  |   |  |   |  |
| Long term borrowings   | —   | 1 442 600  | —   | 467 767  |
| Long term lease liability  | 12 902 459  | 5 609 576  | 12 902 459  | 1 818 920  |
| Deferred tax liabilities   | 133 851 382   | 96 126 810                                       | 37 663 484  | 1 824 382  |
|  | 146 753 841   | 103 178 986                                      | 50 565 943  | 4 111 069  |
| Current liabilities  |   |  |   |  |
| Short term borrowings  | 44 636 456  | 15 921 529                                       | 44 636 456  | 5 162 598  |
| Short term lease liability                                       | 2 100 806   | 644 106  | 2 100 806   | 208 853  |
| Trade and other payables   | 654 873 759   | 281 909 095                                      | 654 873 759   | 91 409 769   |
| Provisions   | 236 806 012   | 86 535 039                                       | 236 806 012   | 28 059 215   |
| Dividend payable   | 51 074 188  | 6  | 51 074 188  | 2  |
| Current tax liability  | 147 947   | 15 048 580                                       | 147 947   | 4 879 541  |
|  | 989 639 168   | 400 058 355                                      | 989 639 168   | 129 719 978  |
| Total equity and liabilities                                     | 2 208 074 231   | 1 242 002 015                                    | 1 551 282 682   | 262 936 903  |
| Net asset value per share (cents)                                | 83 472.96   | 57 054.14  | 41 904.53   | 10 280.97  |



Condensed Group Statement of Profit  
Or Loss and Other Comprehensive Income

|   | INFLATION ADJUSTED   |  | HISTORIC COST  |  |
|---|--|--|--|--|
|   | Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 |
| Notes   |  |  |  |  |
| Revenue   | 1 192 830 223  | 730 899 372  | 1 610 537 241  | 164 475 749  |
| Net Operating Costs   | (1 519 875 727)  | (569 192 850)  | (1 229 598 987)  | (121 372 044)  |
| Operating Income  | 408 430 496  | 161 706 522  | 380 938 254  | 43 103 705   |
| Finance charges   | (6 383 650)  | (9 004 878)  | (5 557 345)  | (2 471 897)  |
| Finance income  | 21 609 266   | 187 803  | 21 560 377   | 32 792   |
| Net exchange gain/(losses)  | (109 472 499)  | 88 270 394   | (72 954 451)   | 13 050 055   |
| Movement in legacy debt   | —  | (1 434 319)  | —  | (407 744)  |
| Net monetary (loss)/gain  | 46 001 499   | (87 332 859)   | —  | —  |
| Share of profit of associates                                     | 44 746 751   | 4 033 180  | 24 716 642   | 2 111 536  |
| Profit before tax   | 404 931 863  | 156 425 843  | 348 703 477  | 55 418 447   |
| Income tax expense  | (66 148 047)   | ( 91 252 773)  | (61 763 413)   | (14 129 664)   |
| Profit for the period   | 338 783 816  | 65 173 070   | 286 940 064  | 41 288 783   |
| Attributable to:  |  |  |  |  |
| Owners of the parent  | 335 560 119  | 65 915 662   | 284 225 443  | 40 671 678   |
| Non controlling interest  | 3 223 697  | (742 592)  | 2 714 621  | 617 105  |
| Total profit for the period                                       | 338 783 816  | 65 173 070   | 286 940 064  | 41 288 783   |
| Other comprehensive income - Foreign currency translation reserve | 107 088 419  | 34 798 996   | 142 941 519  | 9 892 559  |
| Total comprehensive profit for the period                         | 445 872 235  | 99 972 066   | 429 881 583  | 51 181 342   |
| Total comprehensive income for the year attributable to:          |  |  |  |  |
| Owners of the parent  | 462 554 044  | 112 256 799  | 462 995 239  | 53 845 404   |
| Non controlling interest  | (16 681 809)   | (12 284 733)   | (33 113 656)   | (2 664 062)  |
|   | 445 872 235  | 99 972 066   | 429 881 583  | 51 181 342   |
| Weighted average shares in issue (millions)                       | 1 308.7  | 1 301.5  | 1 308.7  | 1 301.5  |
| Earnings per share (ZW\$ Cents)                                   |  |  |  |  |
| Headline earnings   | 25 886.31  | 2 390.92   | 21 924.95  | 2 364.98   |
| Basic earnings  | 25 639.99  | 5 064.77   | 21 717.53  | 3 125.10   |
| Diluted earnings  | 25 150.45  | 4 991.40   | 21 302.89  | 3 079.82   |



# Delta Corporation

LIMITED

## Reviewed Financial Information

for the six months ended 30 September 2023

### Condensed Group Statement of Cash Flows

|   | INFLATION ADJUSTED                                    |   | HISTORIC COST   |   |
|---|---|---|---|---|
|   | Reviewed<br>As At<br>30 September<br>2023<br>ZW\$ 000 | Reviewed<br>As At<br>30 September<br>2022<br>ZW\$ 000<br>Restated | Not Reviewed<br>As At<br>30 September<br>2023<br>ZW\$ 000 | Not Reviewed<br>As At<br>30 September<br>2022<br>ZW\$ 000 |
| <b>Cash flow from operating activities</b>  | <b>238 228 202</b>                                    | <b>160 840 339</b>  | <b>236 176 303</b>  | <b>40 398 505</b>   |
| Increase/(decrease) in working capital  | (73 750 075)  | (73 306 360)  | 98 960 694  | (14 088 955)  |
| Cash generated from operations  | 164 478 127   | 87 533 979  | 335 136 997   | 26 309 550  |
| Finance income  | 260 593   | 187 803   | 211 704   | 32 792  |
| Finance charges   | (5 151 112)   | (8 744 139)   | (4 764 675)   | (2 421 785)   |
| Interest paid on lease liability  | (1 232 538)   | (260 739)   | (792 670)   | (50 112)  |
| Income tax paid   | (59 757 573)  | (38 096 204)  | (48 356 474)  | (7 390 053)   |
| <b>Net cash flow from operating activities</b>                                    | <b>98 597 497</b>                                     | <b>40 620 700</b>   | <b>281 434 882</b>  | <b>16 480 392</b>   |
| <b>Cash flow from investment activities</b>                                       |   |   |   |   |
| Additions in investments and loans*   | (14 342 137)  | —   | (12 813 996)  | —   |
| Repayments of investments and loans*  | 2 395 238   | —   | 1 583 410   | —   |
| Increase in investments and loans   | —   | (11 071 770)  | —   | (2 488 608)   |
| Purchase of property, plant and equipment to expand operations                    | (145 025 638)   | (7 395 350)   | (137 599 607)   | (1 421 333)   |
| Purchase of property, plant and equipment to maintain operations                  | (32 645 235)  | (26 426 276)  | (31 177 870)  | (6 774 465)   |
| Proceeds on disposal of property, plant and equipment                             | 46 315  | 92 482  | 29 771  | 26 291  |
| <b>Net cash utilised in investing activities</b>                                  | <b>(189 571 457)</b>                                  | <b>(44 800 914)</b>   | <b>(179 978 292)</b>                                      | <b>(10 658 115)</b>                                       |
| <b>Cash flow from financing activities</b>  |   |   |   |   |
| Dividends paid by company   | (162 630 048)   | (20 009 407)  | (118 894 332)   | (3 895 920)   |
| Dividends paid by subsidiaries  | (2 078 641)   | (184 239)   | (1 985 208)   | (35 872)  |
| Repayment of lease liability  | (4 120 902)   | (826 827)   | (2 648 915)   | (158 910)   |
| Loans raised  | 87 767 976  | 15 223 644  | 56 417 238  | 2 925 875   |
| Repayment of borrowings   | (85 064 581)  | (17 451 861)  | (54 679 496)  | (3 354 122)   |
| <b>Net cash utilised in financing activities</b>                                  | <b>(166 126 196)</b>                                  | <b>(23 248 690)</b>   | <b>(121 790 713)</b>                                      | <b>(4 518 949)</b>  |
| Increase/(decrease) in cash and cash equivalents                                  | (257 100 156)   | (27 428 904)  | (20 334 123)  | 1 303 328   |
| Effects of currency translation on cash and cash equivalents - foreign operations | 2 484 244   | 7 539 386   | 2 484 244   | 1 449 016   |
| Effects of exchange rate on cash and cash equivalents                             | 37 680 108  | 48 713 137  | 37 680 108  | 9 362 314   |
| Effects of IAS 29 on cash and cash equivalents                                    | 207 395 912   | (16 528 691)  | —   | —   |
| <b>Net increase in cash and cash equivalents</b>                                  | <b>(9 539 892)</b>                                    | <b>12 294 928</b>   | <b>19 830 229</b>   | <b>12 114 658</b>   |
| Cash and cash equivalents at beginning of period                                  | 43 463 168  | 48 505 114  | 14 093 047  | 5 169 404   |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>33 923 276</b>                                     | <b>60 800 042</b>   | <b>33 923 276</b>   | <b>17 284 062</b>   |
| <b>Comprising:-</b>   |   |   |   |   |
| Bank balances and cash  | 49 528 390  | 82 590 416  | 49 528 390  | 23 478 567  |
| Bank overdraft  | (15 605 114)  | (21 790 374)  | (15 605 114)  | (6 194 505)   |
|   | 33 923 276  | 60 800 042  | 33 923 276  | 17 284 062  |

\* Increase in investments has been split to show separately repayments and additions.

### Condensed Group Statement of Changes in Shareholders' Equity

|   | INFLATION ADJUSTED   |  | HISTORIC COST  |  |
|---|--|--|--|--|
|   | Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 |
| Shareholders' equity at beginning of the year | 738 764 674  | 528 366 613  | 129 105 856  | 23 102 740   |
| Profit for the period                         | 338 783 816  | 65 173 069   | 286 940 064  | 41 288 783   |
| Other comprehensive income for the period     | 107 088 419  | 34 798 996   | 142 941 519  | 9 892 559  |
| <b>Transactions with Owners:</b>              |  |  |  |  |
| Recognition of share based payments           | 1 711 102  | 1 226 680  | 1 165 630  | 313 234  |
| Dividends declared:                           | (114 666 789)  | (402 336)  | (49 075 498)   | (108 533)  |
| Shareholders' equity at end of the period     | 1 071 681 222  | 629 163 022  | 511 077 571  | 74 488 783   |
| <b>Attributable to:</b>                       |  |  |  |  |
| Owners of the parent                          | 1 092 441 858  | 633 623 973  | 548 420 335  | 77 422 242   |
| Non controlling interest                      | (20 760 636)   | (4 460 951)  | (37 342 764)   | (2 933 459)  |
| Shareholders' equity at end of the period     | 1 071 681 222  | 629 163 022  | 511 077 571  | 74 488 783   |

### Supplementary Information

|   | INFLATION ADJUSTED   |  | HISTORIC COST  |  |
|---|--|--|--|--|
|   | Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2023<br>ZW\$ 000 | Not Reviewed<br>Period Ended<br>30 September<br>2022<br>ZW\$ 000 |
| <b>1. Gross Sales</b>   | <b>2 251 068 454</b>   | <b>847 167 593</b>   | <b>1 885 100 028</b>   | <b>191 109 296</b>   |
| Less VAT and discounts  | (322 762 231)  | (116 268 221)  | (274 562 787)  | (26 633 547)   |
| <b>Revenue*</b>   | <b>1 928 306 223</b>   | <b>730 899 372</b>   | <b>1 610 537 241</b>   | <b>164 475 749</b>   |
| Less excise duty and levies   | (195 622 966)  | (82 312 462)   | (159 657 969)  | (18 261 637)   |
| <b>Net Sales</b>  | <b>1 732 683 257</b>   | <b>648 586 910</b>   | <b>1 450 879 272</b>   | <b>146 214 112</b>   |
| <b>*Refer to note 5 for revenue disaggregation.</b>   |  |  |  |  |
| <b>2. Depreciation of property, plant and equipment, amortisation and impairment of intangible assets</b> | <b>27 988 491</b>  | <b>18 550 127</b>  | <b>14 771 924</b>  | <b>1 002 882</b>   |
| <b>3. Taxation</b>  |  |  |  |  |
| Current income tax expense  | 31 377 824   | 37 849 938   | 31 377 824   | 10 759 872   |
| Deferred tax - Arising during the year  | 34 770 223   | 53 402 835   | 30 385 589   | 3 369 792  |
|   | 66 148 047   | 91 252 773   | 61 763 413   | 14 129 664   |
| <b>4. Commitments for property, plant and equipment</b>   |  |  |  |  |
| Contracts and orders placed   | 207 390 087  | 66 484 418   | 207 390 087  | 18 900 000   |
| Authorised by directors but not contracted  | 307 470 403  | 152 872 301  | 307 470 403  | 43 458 100   |
|   | 514 860 490  | 219 356 719  | 514 860 490  | 62 358 100   |

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 2023 and 2022.

#### 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<br>Beer<br>ZW\$ 000 | Sparkling<br>Beverages<br>ZW\$ 000 | Sorghum<br>Beer<br>ZW\$ 000 | Wines<br>and Spirits<br>ZW\$ 000 | Total<br>Reportable<br>Segments<br>ZW\$ 000 | All Other<br>Segments<br>ZW\$ 000 | Total<br>ZW\$ 000    |
|---|---------------------------|------------------------------------|-----------------------------|----------------------------------|---|-----------------------------------|----------------------|
| <b>INFLATION ADJUSTED</b>                                     |                           |                                    |                             |                                  |   |                                   |                      |
| <b>30 September 2023</b>                                      |                           |                                    |                             |                                  |   |                                   |                      |
| Segment revenue   | 814 794 295               | 311 440 664                        | 667 185 659                 | 134 000 585                      | 1 927 421 203                               | 69 623 165                        | 1 997 044 368        |
| Inter-segment revenue*  | —                         | —                                  | —                           | —                                | —   | (68 738 145)                      | (68 738 145)         |
| <b>Segment revenue from contracts with external customers</b> | <b>814 794 295</b>        | <b>311 440 664</b>                 | <b>667 185 659</b>          | <b>134 000 585</b>               | <b>1 927 421 203</b>                        | <b>885 020</b>                    | <b>1 928 306 223</b> |
| <b>Segment depreciation</b>                                   | <b>(10 987 383)</b>       | <b>(2 610 333)</b>                 | <b>(9 675 496)</b>          | <b>(800 004)</b>                 | <b>(24 073 216)</b>                         | <b>(3 571 572)</b>                | <b>(27 644 788)</b>  |
| <b>Segment operating income</b>                               | <b>228 368 948</b>        | <b>53 096 113</b>                  | <b>71 325 459</b>           | <b>28 315 693</b>                | <b>381 106 213</b>                          | <b>27 324 283</b>                 | <b>408 430 496</b>   |
| <b>Segment net working capital**</b>                          | <b>(110 135 156)</b>      | <b>8 086 032</b>                   | <b>1 972 580</b>            | <b>114 175 243</b>               | <b>14 098 699</b>                           | <b>97 632 628</b>                 | <b>111 731 327</b>   |
| Segment working capital liabilities***                        | (287 655 394)             | (188 749 713)                      | (176 998 797)               | 18 056 828                       | (635 347 076)                               | (303 069 957)                     | (938 417 033)        |
| Segment working capital assets****                            | 177 520 238               | 196 835 745                        | 178 971 377                 | 96 118 415                       | 649 445 775                                 | 400 702 585                       | 1 050 148 360        |
| <b>Segment property, plant and equipment</b>                  | <b>233 144 084</b>        | <b>280 588 220</b>                 | <b>297 564 948</b>          | <b>15 842 722</b>                | <b>827 139 974</b>                          | <b>47 005 887</b>                 | <b>874 145 861</b>   |
| <b>Non-current assets additions</b>                           | <b>45 850 193</b>         | <b>23 953 750</b>                  | <b>98 190 368</b>           | <b>1 633 121</b>                 | <b>169 627 432</b>                          | <b>8 043 441</b>                  | <b>177 670 873</b>   |

|   | Lager<br>Beer<br>ZW\$ 000 | Sparkling<br>Beverages<br>ZW\$ 000 | Sorghum<br>Beer<br>ZW\$ 000 | Wines<br>and Spirits<br>ZW\$ 000 | Total<br>Reportable<br>Segments<br>ZW\$ 000 | All Other<br>Segments<br>ZW\$ 000 | Total<br>ZW\$ 000   |
|---|---------------------------|------------------------------------|-----------------------------|----------------------------------|---|-----------------------------------|---------------------|
| <b>INFLATION ADJUSTED</b>                                     |                           |                                    |                             |                                  |   |                                   |                     |
| <b>30 September 2022</b>                                      |                           |                                    |                             |                                  |   |                                   |                     |
| Segment revenue   | 298 150 477               | 116 630 558                        | 261 789 878                 | 52 346 763                       | 728 917 676                                 | 22 954 406                        | 751 872 082         |
| Inter-segment revenue*  | —                         | —                                  | —                           | —                                | —   | (20 972 710)                      | (20 972 710)        |
| <b>Segment revenue from contracts with external customers</b> | <b>298 150 477</b>        | <b>116 630 558</b>                 | <b>261 789 878</b>          | <b>52 346 763</b>                | <b>728 917 676</b>                          | <b>1 981 696</b>                  | <b>730 899 372</b>  |
| <b>Segment depreciation</b>                                   | <b>(2 566 348)</b>        | <b>(2 520 909)</b>                 | <b>(7 197 419)</b>          | <b>(367 172)</b>                 | <b>(12 651 848)</b>                         | <b>(5 898 279)</b>                | <b>(18 550 127)</b> |
| <b>Segment operating income</b>                               | <b>79 974 856</b>         | <b>6 928 820</b>                   | <b>50 843 881</b>           | <b>6 891 036</b>                 | <b>144 638 593</b>                          | <b>17 067 929</b>                 | <b>161 706 522</b>  |
| <b>31 March 2023</b>  |                           |                                    |                             |                                  |   |                                   |                     |
| <b>Segment net working capital**</b>                          | <b>(193 917)</b>          | <b>29 557 143</b>                  | <b>40 690 928</b>           | <b>25 484 051</b>                | <b>95 538 205</b>                           | <b>21 288 968</b>                 | <b>116 827 173</b>  |
| Segment working capital liabilities***                        | (92 639 156)              | (74 629 878)                       | (113 131 411)               | (32 874 730)                     | (313 275 175)                               | (71 734 594)                      | (385 009 769)       |
| Segment working capital assets****                            | 92 445 239                | 104 187 021                        | 153 822 339                 | 58 358 781                       | 408 813 380                                 | 137 390 091                       | 546 203 471         |
| <b>Segment property, plant and equipment</b>                  | <b>126 497 705</b>        | <b>186 362 389</b>                 | <b>165 930 484</b>          | <b>15 009 605</b>                | <b>493 800 183</b>                          | <b>42 581 787</b>                 | <b>536 381 970</b>  |
| <b>Non-current assets additions</b>                           | <b>60 893 453</b>         | <b>26 461 737</b>                  | <b>35 537 629</b>           | <b>4 478 539</b>                 | <b>127 371 358</b>                          | <b>14 103 440</b>                 | <b>141 474 798</b>  |

|   | Lager<br>Beer<br>ZW\$ 000 | Sparkling<br>Beverages<br>ZW\$ 000 | Sorghum<br>Beer<br>ZW\$ 000 | Wines<br>and Spirits<br>ZW\$ 000 | Total<br>Reportable<br>Segments<br>ZW\$ 000 | All Other<br>Segments<br>ZW\$ 000 | Total<br>ZW\$ 000    |
|---|---------------------------|------------------------------------|-----------------------------|----------------------------------|---|-----------------------------------|----------------------|
| <b>HISTORIC COST</b>  |                           |                                    |                             |                                  |   |                                   |                      |
| <b>30 September 2023</b>                                      |                           |                                    |                             |                                  |   |                                   |                      |
| Segment revenue   | 673 039 858               | 252 722 344                        | 575 028 140                 | 109 458 731                      | 1 610 249 073                               | 57 633 787                        | 1 667 882 860        |
| Inter-segment revenue*  | —                         | —                                  | —                           | —                                | —   | (57 345 619)                      | (57 345 619)         |
| <b>Segment revenue from contracts with external customers</b> | <b>673 039 858</b>        | <b>252 722 344</b>                 | <b>575 028 140</b>          | <b>109 458 731</b>               | <b>1 610 249 073</b>                        | <b>288 168</b>                    | <b>1 610 537 241</b> |
| <b>Segment depreciation</b>                                   | <b>(7 133 756)</b>        | <b>(947 540)</b>                   | <b>(6 131 199)</b>          | <b>(113 300)</b>                 | <b>(14 325 795)</b>                         | <b>(407 989)</b>                  | <b>(14 733 784)</b>  |
| <b>Segment operating income</b>                               | <b>204 096 967</b>        | <b>27 462 286</b>                  | <b>67 332 654</b>           | <b>31 457 549</b>                | <b>330 349 456</b>                          | <b>50 588 798</b>                 | <b>380 938 254</b>   |
| <b>Segment net working capital**</b>                          | <b>(170 078 850)</b>      | <b>(28 301 960)</b>                | <b>(27 959 848)</b>         | <b>92 038 069</b>                | <b>(134 302 589)</b>                        | <b>44 693 816</b>                 | <b>(89 608 773)</b>  |
| Segment working capital liabilities***                        | (287 655 394)             | (188 749 713)                      | (176 998 797)               | 18 056 828                       | (635 347 076)                               | (303 069 957)                     | (938 417 033)        |
| Segment working capital assets****                            | 117 576 544               | 160 447 753                        | 149 038 949                 | 73 981 241                       | 501 044 487                                 | 347 763 773                       | 848 808 260          |
| <b>Segment property, plant and equipment</b>                  | <b>158 474 317</b>        | <b>113 171 432</b>                 | <b>215 053 030</b>          | <b>2 595 695</b>                 | <b>489 294 474</b>                          | <b>11 010 638</b>                 | <b>500 305 112</b>   |
| <b>Non-current assets additions</b>                           | <b>43 298 867</b>         | <b>19 841 756</b>                  | <b>97 457 864</b>           | <b>1 547 839</b>                 | <b>162 146 326</b>                          | <b>6 631 151</b>                  | <b>168 777 477</b>   |

\* Included in segment revenue for *all other segments* is intersegment revenue which is eliminated for consolidated purposes.

\*\* Net working capital comprises of cash and cash equivalents, receivables, inventories, payables excluding provision for tax.

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

\*\*\*\* Included are trade and other receivables and other assets.





# Delta Corporation

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## Reviewed Financial Information

for the six months ended 30 September 2023

### Supplementary Information (continued)

5. Reportable segments (continued)

Information about reportable segments (continued)

|  | Lager Beer<br>ZW\$ 000 | Sparkling Beverages<br>ZW\$ 000 | Sorghum Beer<br>ZW\$ 000 | Wines and Spirits<br>ZW\$ 000 | Total Reportable Segments<br>ZW\$ 000 | All Other Segments<br>ZW\$ 000 | Total<br>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)       |
| Segment revenue from contracts with external customers | 66 018 063             | 25 490 425                      | 61 193 409               | 11 388 762                    | 164 090 659                           | 385 090                        | 164 475 749       |
| Segment depreciation                                   | (33 081)               | (91 280)                        | (779 665)                | (26 016)                      | (930 042)                             | (72 840)                       | (1 002 882)       |
| Segment operating income                               | 19 783 545             | 4 895 592                       | 9 848 882                | 2 703 834                     | 37 231 853                            | 5 871 852                      | 43 103 705        |
| 31 March 2023  |                        |                                 |                          |                               |                                       |                                |                   |
| Segment net working capital**                          | (7 217 745)            | 7 146 294                       | 1 280 650                | 6 554 269                     | 7 763 468                             | 15 874 685                     | 23 638 153        |
| Segment working capital liabilities***                 | (30 038 491)           | (24 198 935)                    | (36 683 159)             | (10 659 718)                  | (101 580 303)                         | (23 260 132)                   | (124 840 435)     |
| Segment working capital assets****                     | 22 820 746             | 31 345 229                      | 37 963 809               | 17 213 987                    | 109 343 771                           | 39 134 817                     | 148 478 588       |
| Segment property, plant and equipment                  | 20 705 727             | 21 416 793                      | 31 264 242               | 1 161 224                     | 74 547 986                            | 4 812 780                      | 79 360 766        |
| Non-current assets additions                           | 17 345 931             | 8 288 469                       | 11 241 854               | 995 100                       | 37 871 354                            | 4 417 161                      | 42 288 515        |

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

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

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

|   | INFLATION ADJUSTED                                  |   | HISTORIC COST  |   |
|---|---|---|--|---|
|   | Reviewed Period Ended 30 September 2023<br>ZW\$ 000 | Reviewed Period Ended 30 September 2022<br>ZW\$ 000 | Not Reviewed Period Ended 30 September 2023<br>ZWS 000 | Not Reviewed Period Ended 30 September 2022<br>ZW\$ 000 |
| i) Revenue                                      |   |   |  |   |
| Total revenue for reportable segments           | 1 927 421 203                                       | 728 917 676   | 1 610 249 073  | 164 090 659   |
| Revenue for other segments                      | 69 623 165  | 22 954 406  | 57 633 787   | 5 125 116   |
| Elimination of inter-segment revenue            | (68 738 145)  | (20 972 710)  | (57 345 619)   | (4 740 026)   |
| Consolidated revenue                            | 1 928 306 223                                       | 730 899 372   | 1 610 537 241  | 164 475 749   |
| ii) Operating income                            |   |   |  |   |
| Total operating income for reportable segments  | 381 106 213   | 126 806 816   | 330 349 456  | 37 231 853  |
| Operating income for other segments             | 27 324 283  | 14 963 708  | 50 588 798   | 5 871 852   |
| - Finance income                                | 21 609 266  | 164 649   | 21 560 377   | 32 792  |
| - Finance cost                                  | (6 383 650)   | (7 894 711)   | (5 557 345)  | (2 471 897)   |
| - Share of profit of equity-accounted investees | 44 746 751  | 3 535 950   | 24 716 642   | 2 111 536   |
| - Exchange gains/(losses)                       | (109 472 499)                                       | 77 387 974  | (72 954 451)   | 13 050 055  |
| - Movement in legacy debt                       | —   | (1 257 489)   | —  | (407 744)   |
| - Monetary gain/(loss)                          | 46 001 499  | (76 566 022)  | —  | —   |
| Consolidated profit before tax                  | 404 931 863   | 137 140 875   | 348 703 477  | 55 418 447  |

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

6. Corporate Information

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

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

7. Statement of Compliance

The abridged consolidated interim financial information has been prepared in accordance with (IAS) 34 - Interim Financial Reporting. The abridged consolidated interim inflation-adjusted financial statements of the Group have been compiled adopting principles from International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange regulations.

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

8. Significant Accounting Policies

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

9. Basis of Preparation

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

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

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

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

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

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

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

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

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

10. CPI Sensitivity

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

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

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

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

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

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



# Delta Corporation

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## Reviewed Financial Information

for the six months ended 30 September 2023

### Supplementary Information (continued)

10. CPI Sensitivity (continued)

|                                   |                               | A  |                            | B  |  |
|-----------------------------------|-------------------------------|--|----------------------------|--|--|
|                                   | *Index Based on TCPL movement | Index based on official exchange rate movement | **Impact of change (times) | Index based on Internal exchange rate movement | ***Impact of change in the conversion factor (times) |
| 30 September 2023 Estimated Index | 44 720.87                     | 92 611.97                                      | 2.07                       | 89 421.39                                      | 2.00   |
| Average September 2023            | 35 151.69                     | 71 383.11                                      | 2.03                       | 73 704.91                                      | 2.10   |

- \* The Group adopted the use of the TCPL movement to estimate the Index.
- \*\* Impact of change in the conversion factor if the Index based on the official exchange rate is used instead of the TCPL-derived index.
- \*\*\* Impact of change in the conversion factor if the Index based on the internal exchange rate is used instead of the TCPL-derived index.

Effect on key items of the financials

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

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

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

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

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

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

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

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

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

|  | INFLATION ADJUSTED               |                                  | HISTORIC COST                        |                                      |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
|  | Reviewed September 2023 ZW\$ 000 | Reviewed September 2022 ZW\$ 000 | Not Reviewed September 2023 ZW\$ 000 | Not Reviewed September 2022 ZW\$ 000 |
| <b>12. Cash generated from operating activities</b>                                    |                                  |                                  |                                      |                                      |
| Profit before tax  | 404 931 863                      | 156 425 843                      | 348 703 477                          | 55 418 447                           |
| Depreciation of property, plant and equipment, right of use and container amortisation | 27 988 491                       | 18 550 127                       | 14 771 924                           | 1 002 882                            |
| Loss on disposal of property, plant and equipment                                      | 873                              | 110 779                          | 10 894                               | 5 204                                |
| Share option expense   | 1 711 102                        | 1 226 782                        | 1 165 630                            | 297 045                              |
| Finance charges  | 6 383 650                        | 9 004 878                        | 5 557 345                            | 2 471 897                            |
| Finance income   | (21 609 266)                     | ( 187 803)                       | (21 560 377)                         | (32 792)                             |
| Unrealised exchange (gains)/losses   | (98 613 799)                     | (88 270 394)                     | (98 613 799)                         | (13 050 055)                         |
| Movement in legacy debt  | —                                | 1 434 319                        | —                                    | 407 744                              |
| Share of profit of associates  | (44 746 751)                     | (4 033 180)                      | (24 716 642)                         | (2 111 536)                          |
| Stock losses   | (25 710 027)                     | (20 645 128)                     | (16 277 797)                         | (4 112 822)                          |
| Monetary gain  | (46 001 499)                     | 87 332 859                       | —                                    | —                                    |
| Provision for expected credit losses   | 7 685 608                        | 1 442 265                        | 7 432 277                            | 277 193                              |
| Container losses   | 25 096 668                       | (1 210 395)                      | 18 991 006                           | (102 400)                            |
| Other non cash items**   | 1 111 289                        | (340 613)                        | 712 365                              | (72 302)                             |
|  | 238 228 202                      | 160 840 339                      | 236 176 303                          | 40 398 505                           |

### Supplementary Information (continued)

13. Contingencies

13.1 Uncertain Tax Positions

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

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

The principal amount settled in Zimbabwe Dollars, which exclude penalties and interest, is equivalent to US\$9.8 million for Income Tax and US\$25,2 million for Value Added Tax (total US\$35 million) based on the exchange rates prevailing on the date of payment. Should the group's appeal not be successful it would be refunded the Zimbabwe dollar payments made towards the settlement of these taxes. Due to the effects of inflation, these amounts would be equivalent to US\$0.5 million based on the exchange rate prevailing on the 30th of September 2023. The resultant value loss to the group would amount to US\$34,5 million.

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

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

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

14. Impairment

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

15. Related parties

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

16. Going concern

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

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

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

17. Subsequent events

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

18. External auditor's review conclusionn

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

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

## Chairman's Letter to Shareholders

### Dear Shareholder

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

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

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

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

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





# Delta Corporation

LIMITED

## Reviewed Financial Information

for the six months ended 30 September 2023

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

#### Capacity Investments

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

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

#### Trading Performance

##### Lager Beer

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

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

##### Sorghum Beer

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

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

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

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

#### Sparkling Beverages

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

#### Wines and Spirits

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

#### Schweppes Holdings Africa

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

#### Nampak Zimbabwe Limited

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

#### Financial Performance

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

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

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

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

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

#### Change in Functional Currency

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

#### Update On Tax Matters

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

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

#### Outlook

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

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

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

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

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

#### Advancing Our Sustainability Priorities

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

#### Interim Dividend

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

#### Appreciation

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

For and on behalf of the Board

**S MOYO**

**Chairman**

9 November 2023

## Dividend Notice To Shareholders

NOTICE is hereby given that the Board of Directors has declared an interim dividend, Number 133 of US 1 cent per share payable in respect of all the qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. This will be payable to shareholders registered at the close of business on 24 November 2023. The dividend will be paid by direct transfers or other approved forms of payment as per timetable below.

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

#### By Order of the Board

**Ms F Musinga**

**Company Secretary**

9 November 2023