



Salient Features

	INFLATION ADJUSTED	*HISTORIC COST
Revenue	Increased by 58% to ZW\$ 110,16 billion	Increased by 160% to ZW\$ 86,46 billion
Operating Income	Increased by 41% to ZW\$ 25,38 billion	Increased by 158% to ZW\$ 21,60 billion
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	Increased by 40% to ZW\$ 28,78 billion	Increased by 144% to ZW\$ 22,17 billion
Headline Earnings per share	Increased by 64% to ZW\$ 1 272,07 cents	Increased by 177% to ZW\$ 1 532,41 cents
Basic Earnings per share	Increased by 40% to ZW\$ 1 262,05 cents	Increased by 164% to ZW\$ 1 589,02 cents
Dividend per share	Interim dividend paid ZW\$ 75,00 cents	Interim dividend paid ZW\$ 75,00 cents
	Final dividend declared US\$ 0,6 cents ZW\$ 120 cents	Final dividend declared US\$ 0,6 cents ZW\$ 120 cents

Group Statement of Financial Position

	INFLATION ADJUSTED		*HISTORIC COST	
	As At 31 March 2022 ZW\$ 000	Restated As At 31 March 2021 ZW\$ 000	As At 31 March 2022 ZW\$ 000	Restated As At 31 March 2021 ZW\$ 000
ASSETS				
Non-current assets				
Property, plant and equipment	43 619 488	40 128 107	14 835 768	7 259 288
Right-of-use asset	107 153	206 784	31 912	59 622
Investments in associates	4 504 638	3 975 382	1 339 858	661 755
Intangible assets	7 671 152	7 040 162	5 158 629	2 503 209
Investments and loans	1 257 568	844 811	1 257 568	489 192
	57 159 999	52 195 246	22 623 735	10 973 066
Current assets				
Inventories	15 041 973	13 241 426	11 309 771	4 457 412
Trade and other receivables	5 120 984	3 069 638	5 120 984	1 777 488
Other assets	9 959 459	4 645 964	8 596 269	2 287 822
Current tax asset	137	62 996	137	36 478
Financial asset at fair value	1 632 330	2 790 458	1 632 330	1 615 828
Cash and cash equivalents	5 253 596	3 052 929	5 253 596	1 767 813
	37 008 479	26 863 411	31 913 087	11 942 841
TOTAL ASSETS	94 168 478	79 058 657	54 536 822	22 915 907
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	582 519	582 332	12 986	12 865
Share premium	3 961 735	3 934 000	106 462	88 565
Share option reserve	488 478	337 603	135 911	22 374
Share buyback	(749 672)	(749 672)	(16 418)	(16 418)
Foreign currency translation reserve	2 383 013	1 999 765	2 045 544	799 008
Retained earnings	49 087 905	38 402 709	21 190 122	6 717 076
Other reserves -Arising from change in ownership	(520 312)	(68 380)	(211 004)	(6 509)
Equity attributed to equity holders of the parent	55 433 666	44 438 357	23 263 603	7 616 961
Non-controlling interests	876 694	1 307 962	(160 863)	105 496
Shareholders' equity	56 310 360	45 746 319	23 102 740	7 722 457
Non-current liabilities				
Long term borrowings	1 797 521	2 873 630	1 797 521	1 663 989
Long term lease liability	163 496	173 008	163 496	83 664
Deferred tax liabilities	8 943 095	8 786 516	2 519 059	1 008 175
	10 904 112	11 833 154	4 480 076	2 755 828
Current liabilities				
Short term borrowings	1 635 830	2 352 031	1 635 830	1 361 955
Short term lease liability	12 953	161 399	12 953	93 459
Trade and other payables	14 898 005	12 390 568	14 898 005	7 174 816
Provisions	4 934 294	3 247 104	4 934 294	1 880 251
Dividend payable	3 895 920	2 495 207	3 895 920	1 444 861
Current tax liability	1 577 004	832 875	1 577 004	482 280
	26 954 006	21 479 184	26 954 006	12 437 622
TOTAL EQUITY AND LIABILITIES	94 168 478	79 058 657	54 536 822	22 915 907
Net asset value per share (cents)	4 278,70	3 458,54	1 795,62	592,81

* Historic cost results are included as supplementary information.



Group Statement of Profit Or Loss and Other Comprehensive Income

	INFLATION ADJUSTED		*HISTORIC COST	
	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000
Revenue	110 160 509	69 850 031	86 457 003	33 206 284
Operating income	25 374 834	18 009 213	21 601 298	8 360 733
Finance charges	(436 073)	(222 045)	(409 256)	(68 872)
Finance income	138 801	693 240	84 964	381 133
Exchange gains / (losses)	2 324 185	(1 389 000)	2 865 505	(191 540)
Movement in legacy debt	(506 086)	(546 808)	(506 086)	(316 632)
Monetary loss	(7 640 518)	(2 575 199)	—	—
Share of profit of associates	580 129	1 342 528	717 964	583 419
Profit before tax	19 835 272	15 311 929	24 354 389	8 748 241
Income tax expense	(3 834 506)	(4 780 884)	(4 721 451)	(1 534 948)
Profit for the year	16 000 766	10 531 045	19 632 938	7 213 293
Attributable to:				
Owners of the parent	15 967 579	9 958 577	19 340 403	7 104 023
Non controlling interest	33 187	572 468	292 535	109 270
Total profit for the year	16 000 766	10 531 045	19 632 938	7 213 293
Other comprehensive income	(129 781)	1 609 986	733 508	638 935
Total Comprehensive income for the year	15 870 985	12 141 031	20 366 446	7 852 228
Total comprehensive income for the year attributable to:				
Owners of the parent	16 350 826	11 568 563	20 586 940	7 770 317
Non controlling interest	(479 841)	572 468	(220 494)	81 912
	15 870 985	12 141 031	20 366 446	7 852 228
Weighted average shares in issue (millions)	1 296,0	1 284,9	1 296,0	1 284,9
Earnings per share (ZW\$ cents)				
Headline earnings	1 272,07	775,05	1 532,41	552,89
Attributable earnings	1 262,05	900,35	1 589,02	602,62



Delta Corporation

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Audited Financial Information

for the year ended 31 March 2022

Abridged Group Statement of Cash Flows

	INFLATION ADJUSTED		*HISTORIC COST	
	As At 31 March 2022 ZW\$ 000	Restated As At 31 March 2021 ZW\$ 000	As At 31 March 2022 ZW\$ 000	Restated As At 31 March 2021 ZW\$ 000
Cash flow from operating activities	20 383 155	15 584 600	19 587 142	5 575 706
Increase in working capital	(4 970 762)	(4 190 532)	(5 727 072)	(1 957 065)
Cash generated from operations	15 412 393	11 394 068	13 860 070	3 618 641
Finance income	138 801	693 240	84 964	381 133
Finance charges	(436 073)	(204 940)	(409 256)	(68 872)
Interest paid on short term lease liability	(16 066)	(17 105)	(16 066)	(9 905)
Income tax paid	(2 792 753)	(2 121 585)	(2 792 753)	(1 110 168)
Net cash flow from operating activities	12 306 302	9 743 678	10 726 959	2 810 829
Cash flow from investment activities				
Increase in investments and loans	(412 756)	(355 681)	(768 376)	(406 023)
Dividend received from associate	50 873	—	39 861	—
Purchase of shares in subsidiary	—	(3 538 194)	—	(601 614)
Purchase of property, plant and equipment to expand operations	(2 461 829)	(3 155 367)	(1 803 282)	(1 643 040)
Purchase of property, plant and equipment to maintain operations	(3 232 408)	(1 075 487)	(2 367 728)	(588 683)
Proceeds on disposal of property, plant and equipment	14 222	97 725	14 222	56 588
Net cash utilised in investing activities	(6 041 898)	(8 027 004)	(4 885 303)	(3 182 772)
Cash flow from financing activities				
Dividends paid by company	(3 426 134)	(1 137 276)	(2 389 494)	(590 462)
Dividends paid by subsidiaries	(79 153)	(31 821)	(69 585)	(9 649)
Repayment of lease liability	(153 249)	(141 272)	(153 249)	(70 601)
Purchase of shares in subsidiary	(263 053)	—	(214 957)	—
Loans raised	170 102	3 170 756	124 192	1 836 041
Repayment of borrowings	(2 722 978)	(1 083 654)	(1 988 049)	(627 495)
Net cash utilised in financing activities	(6 474 465)	776 733	(4 691 142)	537 834
(Decrease) / increase in cash and cash equivalents before effects of currency translation	(210 061)	2 493 407	1 150 514	165 891
Effects of currency translation on opening cash and cash equivalents	2 564 737	2 346 606	1 872 517	1 358 813
Effects of currency translation on cash and cash equivalents - foreign operations	518 503	30 923	378 560	17 906
Effects of IAS 29 on cash and cash equivalents	(756 704)	(3 136 763)	—	—
Net increase in cash and cash equivalents	2 116 475	1 734 173	3 401 591	1 542 610
Cash and cash equivalents at beginning of year	3 052 929	1 318 756	1 767 813	225 203
Cash and cash equivalents at end of year	5 169 404	3 052 929	5 169 404	1 767 813
Comprising:-				
Bank balances and cash	5 253 596	3 052 929	5 253 596	1 767 813
Bank overdraft	(84 192)	—	(84 192)	—
Cash and cash equivalents at end of year	5 169 404	3 052 929	5 169 404	1 767 813

Group Statement of Changes in Shareholders' Equity

	INFLATION ADJUSTED		*HISTORIC COST	
	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000
Shareholders' equity at beginning of the year	45 746 319	37 426 160	7 722 457	1 818 267
Profit for the year	16 000 766	10 531 047	19 632 938	7 213 293
Other comprehensive income for the year	(129 781)	1 609 986	733 508	638 935
Transactions with Owners:				
Recognition of share based payments	181 340	87 714	134 097	16 288
Adjustment arising from changes in ownership of subsidiary - Afdis	(152 365)	(17 814)	(210 122)	(5 402)
Dividends declared	(5 335 919)	(3 890 774)	(4 910 138)	(1 958 924)
Shareholders' equity at end of year	56 310 360	45 746 319	23 102 740	7 722 457
Attributable to:				
Owners of the parent	55 433 666	44 438 357	23 263 603	7 616 961
Non controlling interest	876 694	1 307 962	(160 863)	105 496
Shareholders' equity at end of year	56 310 360	45 746 319	23 102 740	7 722 457

Supplementary Information

	INFLATION ADJUSTED		*HISTORIC COST	
	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000
1. Revenue*	110 160 509	69 850 031	86 457 003	33 206 284
Less excise duty and levies	(11 796 357)	(9 698 689)	(8 996 585)	(4 532 650)
Net Sales	98 364 152	60 151 342	77 460 418	28 673 634
* Refer to note 5 for revenue disaggregation.				
2. Depreciation of property, plant and equipment, amortisation and impairment of intangible assets	3 409 562	2 480 945	564 515	508 451
3. Taxation				
Current income tax expense	3 906 546	3 685 029	3 906 546	1 458 375
Withholding tax	39	347	39	182
Deferred tax - Arising during the year	(72 079)	1 095 508	814 866	76 391
	3 834 506	4 780 884	4 721 451	1 534 948
4. Commitments for property, plant and equipment				
Authorised by directors but not contracted	12 761 000	22 394 406	12 761 000	12 967 585
	12 761 000	22 394 406	12 761 000	12 967 585

The expenditure for property, plant and equipment 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 2022 nor 2021.

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

Information about reportable segements

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

	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							
31 March 2022							
Segment revenue	43 598 988	19 163 235	38 062 907	8 667 728	109 492 858	3 553 659	113 046 517
Inter-segment revenue	—	—	—	—	—	(2 886 008)	(2 886 008)
External revenue	43 598 988	19 163 235	38 062 907	8 667 728	109 492 858	667 651	110 160 509
Segment operating income	12 200 477	2 417 633	6 403 401	2 233 087	23 254 598	2 120 236	25 374 834
Segment net working capital*	2 785 105	507 765	438 451	2 145 418	5 876 739	8 018 191	13 894 930
Segment trade and other payables	(4 095 439)	(4 404 974)	(8 390 983)	(1 018 519)	(17 909 915)	(3 571 167)	(21 481 082)
Segment working capital assets	6 880 544	4 912 739	8 829 434	3 163 937	23 786 654	11 589 358	35 376 012
Segment property, plant and equipment	9 753 535	14 806 065	13 685 480	1 225 810	39 470 890	4 148 598	43 619 488

	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							
31 March 2021							
External revenue	28 140 974	9 495 623	25 784 207	5 955 718	69 376 522	2 134 919	71 511 441
Inter-segment revenue	—	—	—	—	—	(1 661 410)	(1 661 410)
Segment revenue	28 140 974	9 495 623	25 784 207	5 955 718	69 376 522	473 509	69 850 031
Segment operating income	8 150 483	1 312 679	3 838 663	1 892 631	15 194 456	2 814 757	18 009 213
Segment net working capital*	(2 896 723)	(2 987 898)	(1 336 396)	1 873 448	(5 347 569)	11 206 423	5 858 854
Segment trade and other payables	(7 417 550)	(8 493 119)	(6 772 650)	(682 863)	(23 366 182)	5 215 080	(18 151 102)
Segment working capital assets	4 520 827	5 505 221	5 436 254	2 556 311	18 018 613	5 991 343	24 009 956
Segment property, plant and equipment	10 033 863	12 095 103	13 180 820	1 055 026	36 364 812	3 763 295	40 128 107

	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							
31 March 2022							
Segment revenue	33 568 298	14 973 622	30 833 617	6 562 432	85 937 969	2 732 674	88 670 643
Inter-segment revenue	—	—	—	—	—	(2 213 640)	(2 213 640)
External revenue	33 568 298	14 973 622	30 833 617	6 562 432	85 937 969	519 034	86 457 003
Segment operating income	10 822 788	2 403 768	5 097 673	1 766 324	20 090 553	1 510 745	21 601 298
Segment net working capital*	427 782	89 283	53 253	1 648 759	2 219 077	6 580 461	8 799 538
Segment trade and other payables**	(4 095 439)	(4 404 974)	(8 390 983)	(1 018 519)	(17 909 915)	(3 571 167)	(21 481 082)
Segment working capital assets	4 523 221	4 494 257	8 444 236	2 667 278	20 128 992	10 151 628	30 280 620
Segment property, plant and equipment	3 376 269	4 746 744	5 784 151	248 642	14 155 806	679 962	14 835 768



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Audited Financial Information

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Supplementary Information (continued)

5. Reportable segments (continued)

Information about reportable segements (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
31 March 2021							
External revenue	13 130 869	4 556 957	12 552 367	2 710 990	32 951 183	1 437 120	34 388 303
Inter-segment revenue	—	—	—	—	—	(1 182 019)	(1 182 019)
Segment revenue	13 130 869	4 556 957	12 552 367	2 710 990	32 951 183	255 101	33 206 284
Segment operating income	3 962 915	625 945	1 653 417	821 065	7 063 342	1 297 391	8 360 733
Segment net working capital*	(2 426 422)	(2 423 508)	(1 628 323)	749 792	(5 728 461)	5 508 515	(219 946)
Segment trade and other payables**	(4 284 381)	(4 917 980)	(3 872 445)	(391 823)	(13 466 629)	2 956 148	(10 510 481)
Segment working capital assets	1 857 959	2 494 472	2 244 122	1 141 615	7 738 168	2 552 367	10 290 535
Segment property, plant and equipment	1 542 309	2 527 682	2 830 361	61 667	6 962 019	297 269	7 259 288

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

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

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	
	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000
i) Revenue				
Total revenue for reportable segments	109 492 858	69 376 522	86 282 379	32 951 183
Revenue for other segments	3 553 659	2 134 919	2 732 674	1 437 120
Elimination of inter-segment revenue	(2 886 008)	(1 661 410)	(2 213 640)	(1 182 019)
Consolidated revenue	110 160 509	69 850 031	86 457 003	33 206 284
ii) Operating income				
Total operating income for reportable segments	23 254 598	15 194 456	20 090 553	7 063 342
Operating income for other segments	2 120 236	2 814 757	1 510 745	1 297 391
- Finance income	158 801	693 240	84 964	381 133
- Finance cost	(436 073)	(222 045)	(409 256)	(68 872)
- Share of profit of equity-accounted investees	580 129	1 342 528	717 964	583 419
- Exchange gains	2 324 185	(1 389 000)	2 865 505	(191 540)
- Movement in legacy debt	(506 086)	(546 808)	(506 086)	(316 632)
- Monetary loss	(7 640 518)	(2 575 199)	—	—
Consolidated profit before tax	19 835 272	15 311 929	24 354 389	8 748 241
iii) Assets				
Total working capital assets for reportable segments	23 786 654	18 018 613	20 128 992	7 738 168
Working capital assets for other segments	11 589 360	5 991 344	10 151 628	2 552 367
Total property, plant and equipment for reportable segments	39 470 890	36 364 812	14 155 806	6 962 019
Property, plant and equipment for other segments	4 148 598	3 763 296	679 962	297 269
Intangible assets	7 671 152	7 040 162	5 158 629	2 503 209
Right-of-use asset	107 153	206 784	31 912	59 622
Equity-accounted investees	4 504 638	3 975 381	1 339 858	661 755
Investments and loans	1 257 568	844 811	1 257 568	489 192
Current tax asset	137	62 996	137	36 478
Financial asset at fair value	1 632 330	2 790 458	1 632 330	1 615 828
Consolidated total assets	94 168 478	79 058 657	54 536 822	22 915 907
iv) Liabilities				
Total trade and other payables for reportable segments	17 916 079	23 171 771	17 916 079	13 413 462
Trade and other payables for other segments	3 552 050	(5 251 650)	3 552 050	(2 996 440)
Total long-term borrowings for reportable segments	1 797 521	1 931 140	1 797 521	1 118 235
Long-term borrowings for other segments	—	942 491	—	545 754
Total long-term lease liability for reportable segments	157 332	334 407	157 332	136 830
Long-term lease liability for other segments	19 117	69 584	19 117	40 293
Total deferred tax liabilities for reportable segments	1 506 570	928 624	1 155 562	461 374
Deferred tax liabilities for other segments	7 436 525	7 857 891	1 363 497	546 801
Dividend payable	3 895 920	2 495 206	3 895 920	1 444 861
Current tax liability	1 577 004	832 874	1 577 004	482 280
Consolidated total liabilities	37 858 118	33 312 338	31 434 082	15 193 450

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

7. Statement of Compliance

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

The Directors note that there are varied interpretations and applications of Statutory Instrument 85 of 2020 (SI85/2020) and Statutory Instrument 127 of 2021 (SI127/2021) with relation to pricing of goods in foreign currency and the exchange rates thereto. These interpretations have a bearing on the application of International Accounting Standard 21 (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 financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements and applicable amendments to IFRS.

9. Basis of Preparation

The abridged consolidated financial statements are presented in Zimbabwean Dollars (ZW\$). They have been prepared under the inflation adjusted accounting basis in line with the provisions of International Accounting Standard 29 (IAS29 - Financial Reporting in Hyperinflationary Economies). The Public Accountants and Auditors Board (PAAB) pronounced on 11 October 2019 that the Zimbabwean economy was trading under hyperinflationary conditions. The Directors have applied the guidelines provided by the PAAB and accounting bodies and applied the hyperinflation accounting principles.

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

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

	Index	Conversion Factor
31 March 2022	4 766,1	1,00
31 March 2021	2 759,8	1,73
Average CPI for the 12 months to:		
31 March 2022	3 582,9	1,37
31 March 2021	2 083,5	2,57

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

10. Functional Currency Changes

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

The Government of Zimbabwe promulgated Statutory Instrument 85 of 2020 (SI85/20) which permitted the use of foreign currencies for domestic transactions. The Monetary Authorities introduced the Foreign Exchange Auction Trading System in June 2020. The Zimbabwe businesses have relied mostly on foreign currency obtained through the sale of products on the domestic market in line with the multicurrency framework. There is a significant disparity 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 financial year 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.

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 these abridged inflation adjusted financial statements 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 IAS 21. The independent auditors Ernst & Young Chartered Accountants (Zimbabwe) have issued an adverse opinion for the current year ended 31 March 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 auction 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 appropriate guidance from the Public Accountants and Auditors Board.

11. Legacy Foreign Liabilities

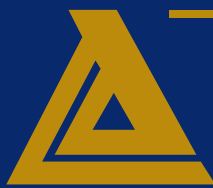
The Company has legacy foreign liabilities of US\$ 10,7 million, being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW\$ currency, as distinct from the US\$ as the functional currency. The Company has registered with and transferred these foreign liabilities to the Reserve Bank of Zimbabwe the ZW\$ equivalent based on the USD/ZW\$1:1 exchange rate in line with Directives RU102/2019 and RU28/2019 and as agreed with the Reserve Bank of Zimbabwe.

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:

	ZW\$ 000
Exchange losses	(1 359 836)
Exchange gain on revaluation of financial asset	853 750
Net loss	(506 086)

An amount of ZW\$ 506,1 million was recorded as an unrealised foreign exchange loss relating to the legacy foreign debt amounts of US\$ 10,7 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\$ 1,49 billion. The difference between the Net Present Value and the face value of the financial asset of ZW\$ 506,1 million has been expensed. This unrealised net loss is expected to reverse on settlement of the instrument.

The Board notes that in the Finance Bill passed on 1 January 2022, the legacy debt was transferred to the Government. The divergence of market exchange rates and the interbank exchange rate creates a further risk that the “blocked funds” liabilities could be paid at exchange rates that are above the Reserve Bank of Zimbabwe settlement rates. The Board is confident that the authorities, through the Reserve Bank of Zimbabwe, will continue to settle the legacy debts as per agreed framework.



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Supplementary Information (continued)

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	
	31 March 2022 ZW\$ 000	31 March 2021 ZW\$ 000	31 March 2022 ZW\$ 000	31 March 2021 ZW\$ 000
Fair value through profit or loss: Level 3				
Financial Asset	1 632 330	2 790 458	1 632 330	1 615 828
Fair value through profit or loss: Level 1				
Listed shares*	32 749	36 705	32 749	21 254

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

ZW\$ Risk Free Rate	
1.00 month	7,58%
2.00 month	7,76%
3.00 month	7,93%
6.00 month	8,47%
1.00 year	9,04%
2.00 year	9,69%

The Group’s sensitivity to a 10% and 22% increase in the ZW\$ against the US Dollar would be ZW\$ 161 million and ZW\$ 354,1 million respectively.

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

* Included in investments and loans on the Group Statement of Financial Position

13. Cash flow information

	INFLATION ADJUSTED		*HISTORIC COST	
	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000	Year Ended 31 March 2022 ZW\$ 000	Restated Year Ended 31 March 2021 ZW\$ 000
Cash Generated from Operating Activities	19 835 272	15 311 929	24 354 389	8 748 241
Profit before tax	19 835 272	15 311 929	24 354 389	8 748 241
Depreciation of property, plant and equipment, right of use and container amortisation	3 681 971	2 285 168	836 924	395 085
Impairment of property, plant and equipment	(272 409)	195 778	(272 409)	113 366
Loss on disposal of property, plant and equipment	12 669	(28 598)	344	(18 397)
Share option expense	181 340	79 531	134 098	12 678
Finance charges	436 073	222 045	409 256	68 872
Finance income	(138 801)	(693 240)	(84 964)	(381 133)
Exchange (gains) / losses	(2 324 185)	1 389 000	(2 865 505)	191 540
Movement in legacy debt	506 086	546 808	506 086	316 632
Share of profit of associates	(580 129)	(1 342 528)	(717 964)	(583 419)
Stock losses and breakages	660 634	392 155	593 333	182 343
Stock revaluation	(964 837)	(1 692 835)	(728 344)	(751 638)
Monetary loss	7 640 518	2 575 199	—	—
Other non cash items	(8 291 047)	(3 655 812)	(2 578 102)	(2 718 464)
	20 383 155	15 584 600	19 587 142	5 575 706

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 taxes 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 may result in interpretations that differ with those of the tax authorities, giving rise to uncertainties in tax positions.

14.2 Winding up order placed on United National Breweries - South Africa (UNB)

A winding up order was placed on UNB in relation to a contested claim by a supplier for ZAR5,5 million (ZW\$75,7 million). The order to uplift and terminate the winding-up order was granted by the Court on 31 May 2022. The Business is still under the full control of management.

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. An update on the business risks and a comprehensive risk analysis is included in the annual report. The Zimbabwe business is witnessing 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. The country recorded a cereals surplus in 2021, the intermittent rainfall pattern may impact the agricultural out turn in 2022.

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

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

Supplementary Information (continued)

15. Going Concern (continued)

Management will continue to realign the marketing, route to market and business operations in general for sustainability.

- i. With respect to United National Breweries South Africa (UNB) the stringent trading measures under COVID-19 were lifted and the unit is on a recovery path and is achieving breakeven cash flows. The business continues to take advantage of product innovation and is recovering volume.
- ii. Natbrew: The unit has faced funding challenges arising from the cumulative losses and due to loss of volume over the years. The COVID-19 restrictions experienced in the first half of the year and the hike in excise duty in January 2022 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. This is more fully covered in the annual report. Natbrew booked no asset impairments in F22 (2021: ZW\$ 151,9 million). No further significant impairments are envisaged.

17. Restatement of prior year figures

Cashflow

The Group has reclassified certain balances within the Statement of Cashflows to align and reorganize the disclosures 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 net impact of these reclassifications is nil.

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. Interest on lease liability had not been disclosed.
- 3. Lease repayments had been disclosed as part of the working capital movements and have now been shown separately under financing activities.
- 4. The effects of currency changes on foreign operations and cash and cash equivalents had not been separately disclosed.

Inflation adjusted	As previously Reported	Impact of Restatement	As restated
Cash generated from operating activities - excluding working capital movement	13 202 648	731 562	13 934 210
Working capital movement	(4 331 804)	141 272	(4 190 532)
Cashflows from financing activities	890 334	27 672	918 006
Movement in lease liability	—	(141 272)	(141 272)
Effects of IAS 29	—	(3 136 763)	(3 136 763)
Effects of currency translation on cash and cash equivalents - foreign operations	—	30 923	30 923
Effects of currency translation on opening cash and cash equivalents	—	2 346 606	2 346 606
Net impact	—	—	—

Goodwill

In prior years the business entered into negotiations to acquire United Bottlers South Africa (UNB). The group concluded on the purchase consideration towards the end of financial year 2020. At the point of acquisition goodwill was recognised. The circumstances that existed at the time did not support the recognition of goodwill as the South African business was significantly affected by the restrictive operating conditions implemented in response to the COVID-19 pandemic. The restrictions included:

- A restriction on social gatherings and events reducing the opportunity for consumption of the acquired subsidiary’s products.
- Restricted trading hours which were consequently followed by a ban in the sale and distribution of alcohol.
- An immediate ban on consumption of alcohol at both public and private functions which were the largest drivers of the company’s revenues.

The events described above were effective immediately post the acquisition of the business. These resulted in the business making operational losses due to its inability to trade. The circumstances at the time indicate that the goodwill should have been written off. The impact of this reassessment has been recorded in the current financial year as a prior year restatement. At the time of this indicator of impairment, no impairment test to take this development into account was done.

The impact of the changes have been detailed below:

Inflation adjusted	As previously Reported	Impact of Restatement	As restated
Goodwill*	1 317 921	(493 104)	824 817
Net operating costs	51 347 714	493 104	51 840 818

* Goodwill write off.

18. Subsequent Events

After year-end the Government of Zimbabwe announced changes regarding the determination of the official exchange rate by introducing the willing buyer willing seller rate. While the business continues to assess these changes, it does not expect a significant impact to its operations.

19. External Auditor's Conclusion

The Group’s abridged inflation adjusted consolidated financial information has been audited by the Group’s external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse opinion on the Group’s financial statements. The adverse opinion is based on the following:

- 1) Non-compliance with International Accounting Standard 21 (IAS 21 - The Effects of Changes in Foreign Exchange Rates).
- 2) The consequential impact on the inflation adjusted amounts determined in terms of International Accounting Standard 29 (IAS 29 - Financial Reporting in Hyperinflationary Economies).
- 3) The impact on International Accounting Standard 8 (IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors) in relation to the non compliance of IAS 21 and eventual impact on IAS 29.
- 4) Limitation of scope on the Going concern of United National Breweries (UNB) South Africa a 100% owned subsidiary of the Group following a liquidation order placed on UNB in relation to a contested claim by a supplier for ZAR5,5 million (ZW\$75,7 million). Refer to note 14.2.

The auditor’s conclusion on the Group’s abridged inflation adjusted consolidated financial information is available for inspection at the Company’s registered office.

The engagement partner responsible for this audit is Mr. Walter Mupanguri (PAAB Practicing Certificate Number 367).



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Chairman's Letter to Shareholders

Dear Shareholder

Operating Environment Overview

The regional economies recorded a rebound in economic activity during the year under review as the restrictive measures adopted to combat the COVID-19 pandemic were eased, following accelerated vaccination programmes and reduced hospitalisations from the prevailing variants of COVID-19.

The Zimbabwean economy registered growth in real Gross Domestic Product during 2021, driven by the improved cereals harvest, the cyclical rebound in mineral prices and buoyant housing construction and infrastructure projects together with a surge in diaspora remittances. The business sector also benefited from the convenience of the multi-currency trading environment and the higher spending velocity of the local currency as consumers sought to mitigate value erosion in their hands.

The operating environment in the country remains complex and challenging, reflecting the impacts of sometimes conflicting transitional policies and the exogenous shocks arising from cyclones and the COVID-19 pandemic. The resurgence of inflation and the renewed volatility of the exchange rate in the second half of the year have dented business confidence. The management of foreign exchange market remains a key area of opportunity for the country to achieve macro-economic stability and sustainable growth.

In South Africa, the COVID-19 restrictions on the sale of or trading in alcoholic beverages were intermittently invoked during the financial year but have since been lifted. The country experienced some unrests which culminated in the looting and destruction of shopping malls and other public infrastructure. At the tail end of our financial year, there were disruptions to trading in parts of the country due to bad weather and flooding.

The Zambian economy recorded some recovery as reflected by the strengthening of the Kwacha and lower inflation in the aftermath of the general elections held in August 2021.

The COVID-19 related disruptions to global supply chains have been exacerbated by the Russia-Ukraine conflict and rising inflation in key global economies. The rise in crude oil prices, escalation in grain prices and currency volatilities are driving inflation.

Effects of Coronavirus (COVID-19) on the business

The Company will continue to review its responses to the COVID-19 pandemic based on the best available medical and safety advice with a focus to avoid or reduce transmissions of the disease through its activities. There are many uncertainties that make it difficult to fully estimate the full impact of the COVID-19 pandemic on the financial health of the Company and Group entities.

There have been significant disruptions to international supply chains which have resulted in longer lead times and delays in shipping of imported raw materials and capital equipment and a hike in logistical costs.

Trading Performance

Lager Beer

Lager beer volume for the year grew by 38% compared to prior year. This is attributed to consistent product supply with respect to both brand and pack. There was a significant injection of new returnable glass bottles which enabled the better utilisation of existing production capacity. The increase in the glass float allowed traders to remove the restriction to exchange bottles at point of purchase. There are opportunities for traders to moderate pricing in foreign currency which remains above recommended levels.

A new brand, Sable Lager, was launched in March 2022, to expand our mainstream offerings and offer consumers a choice of an easy drinking lager.

A new packaging plant is scheduled for installation in early 2023 to further address market supply demands.

Sorghum Beer

The sorghum beer volume in Zimbabwe grew by 43% for the year on improved product supply, market pull and the resurgence of our returnable scud bottle. The category was affected by limited access to rural markets and key trade channels such as bars and beerhalls that remained inaccessible under COVID-19 lockdowns and curfews during the early parts of the financial year.

The existing Chibuku Super lines are largely producing to capacity. A new Chibuku Super plant to be installed at the Southerton brewery is on order.

The volume at Natbrew Plc (Zambia) declined by 16% for the full year due to limited access to the market under COVID-19 restrictions and resurgence of competition from the illegal bulk beer offerings. The nascent volume recovery was dealt a blow following the hike in excise duty in January 2022. There are however concerted efforts to stabilise the business through focused product offerings and enhanced distribution strategies.

United National Breweries South Africa benefited from the lifting of the alcohol ban to record a volume increase of 63% over prior year. The focus is on accelerated volume recovery by recruiting new customers and consumers, entry into more sales channels and winning the customers back from home brews which were spurred by the alcohol bans.

A winding up order was placed on UNB in relation to a contested claim by a supplier for ZAR5,5 million (ZW\$75,7 million). The order to uplift and terminate the winding-up order was granted by the Court on 31 May 2022. The Business is still under the full control of management..

Sparkling Beverages

The Sparkling beverages volume grew by 65% over the previous year. The business has responded positively to the ongoing initiatives to recover market share through competitive pricing, focused market execution and consistent supply of brands, flavours and packs. The supply of PET packs remains constrained and will be addressed by the investment in additional capacity which will be commissioned before the end of calendar year 2022. Additional returnable glass bottles were injected during the year to increase availability of affordable packs. The Manicaland territory has been fully integrated, allowing the optimization of the returnable glass production capacity.

African Distillers Limited

African Distillers Limited (Afdis) recorded a 37% increase in volume compared to prior year driven by a strong market pull and better product supply. The last quarter of the year was affected by the shortages of glass bottles for ciders resulting in product shortages especially the Hunters brand. The wine category was adversely affected by limited trading in the on-premise consumption channel during hard lockdowns. The business should benefit from the expansion of sales channels and the local production of some of their key product lines.

Schweppes Holdings Africa Limited

The beverage volume grew by 22% over prior year, driven by improved product supply and market recovery of the Minute Maid Juice drinks which were not available in the previous period. Juice shortages have resulted in market under supply of Mazoe Orange Crush, the mainstay of the business.

Nampak Zimbabwe Limited

Nampak Zimbabwe witnessed sustained strong demand across its business sectors with the packaging divisions being buoyed by the volume recovery in the beverages sector. There are some challenges in sourcing key raw materials such as resins and tinplate from the international markets and the COVID-19 related disruptions to international shipping and freighting. The global commodity price cycles are placing cost-push pressure on the value chains. There are also challenges in accessing foreign currency from the auction market.

Financial Performance

In historic cost terms, the Group recorded revenue of ZW\$86,5 billion reflecting a growth of 160% over prior year compared to average inflation of 83%. Over 50% of the revenue in Zimbabwe was in foreign currency enabling better availability of imported inputs supply.

In inflation adjusted terms, the Group recorded earnings before interest and tax (EBIT) of ZW\$25,4 billion which is 37% above prior year. The growth in real terms is attributed to the volume recovery, replacement cost based pricing and ongoing cost management measures.

In historic cost terms earnings before interest and tax grew by 150% over last year to ZW\$21,60 billion. There was some impact from the distortions in exchange rates applied by suppliers and the rebasing of certain costs and increased business activities as the COVID-19 restrictions were relaxed. The operations in South Africa and Zambia posted losses as the volumes were below breakeven levels.

The Group remained cash generative, closing the year with cash and cash equivalents of ZW\$5,3 billion. The Group's foreign currency exposure from legacy debt arrangement reduced to US\$10,8 million which is being retired in line with the pre-existing arrangements with the Reserve Bank of Zimbabwe. Capital expenditure of ZW\$4,2 billion was mostly for containers and the ongoing capacity enhancement projects.

Outlook

The Zimbabwean operating environment is expected to remain complex and challenging in the face of difficult choices on economic policy, the unfolding global supply constraints, rising inflation and uncertainties of the COVID-19 pandemic. The country gears for a general election in 2023. The 2022 cereals harvest was negatively impacted by the mid-season drought and imports to fill the gap will be at significantly higher cost due to the surge in food prices in the aftermath of conflict in Europe in addition to the high shipping costs. There are however indications that aggregate demand will remain firm largely driven by mining activities, diaspora remittances and infrastructure developments. The business remains poised to exploit these opportunities.

The Group is undertaking an ambitious recapitalisation programme to address the capacity gaps and improve customer service. This is premised on our hope that the authorities will implement progressive policies in line with the national development strategy.

The two foreign operations in South Africa and Zambia are showing signs of recovery.

Directorate

The Board advises that Messrs J A Kirby and L E M Ngwerume will not seek re-election at the forthcoming annual general meeting in July 2022. We pay tribute to Messrs Kirby and Ngwerume for their distinguished service over the years.

Appointment of Company Secretary

Ms Faith Musinga joined the Group as Company Secretary and Legal Counsel in February 2022. She holds Bachelor of Laws (LLB) and Bachelor of Social and Legal Studies (BSL) degrees. She worked for leading Corporates in similar positions.

Dividend

The Board declared a final dividend (Number 129) of US\$ 0,6 cents and ZW\$ 120 cents per share to be paid on 17 June 2022, in line with the multi-currency framework.

Appreciation

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

For and on behalf of the Board

S MOYO
Chairman
31 May 2022

Dividend Notice To Shareholders

NOTICE is hereby given that the Board of Directors has declared an Interim Dividend, Number 129, of US\$ 0,6 cents and ZW\$ 120 cents per share payable in respect of all the qualifying ordinary shares of the Company to be paid out of the profits for the current financial year. This will be payable to shareholders registered at the close of business on 10 June 2022. The dividend will be paid by direct transfers or other approved forms of payment as per the following timetable.

ACTION	DATE
Announcement Date	26 May 2022
Last Date to Trade – cum dividend	07 June 2022
Share Trade Ex Dividend	08 June 2022
Last Record Date (LDR)	10 June 2022
Payment Date	17 June 2022
Dividend Per Share	US\$ 0,6 cents and ZW\$ 120 cents

By Order of the Board

Ms F Musinga
Company Secretary
26 May 2022