

Castle advertisement 1898



PRESENTATION TO ANALYSTS

F25 Results

14 May 2025 @ Mandel Training Centre

PRESENTATION ROADMAP

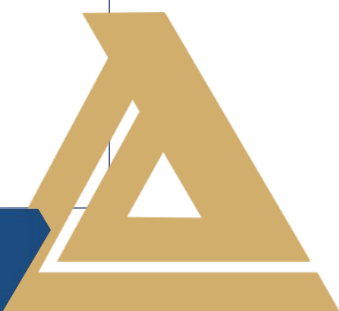
1. Overview & Volume Outturn	Chief Executive Officer	M M Valela
2. Financials	Group Finance Director	A Makamure
3. Question & Answer Session	All	



OVERVIEW OF FACTORS IMPACTING THE BUSINESS

Zimbabwe

- **The introduction and performance of Zimbabwe Gold Currency (ZWG):**
Mixed fortunes for the Zig since its introduction in April 2024, 47% devaluation on the 27th of September 2024.
 - The premiums between the official and parallel market rates have persisted.
 - Relative stability in the second half of the year: rate disparities contribute to pricing misalignments in the formal sectors.
 - The tight liquidity conditions during the traditional holiday season in Q3 resulted in sub-optimal stocking patterns in key retail channels.
- **Impact of Sugar Tax:**
Sugar tax level is higher than the regional benchmarks.
 - Uncompetitive pricing is impacting volume.
 - Formal and informal imports of key franchise brands from the region.
 - Margin pressure from absorbing part of the tax.



OVERVIEW OF FACTORS IMPACTING THE BUSINESS

Cont...

Zimbabwe

- **Route-to-Market Policies:**
 - Growth of informal sector aided by route to market tax and exchange rate policies.
 - Disruptions to trading in formal FMCG sectors due to currency and liquidity issues.
- **Road infrastructure:**
 - Traffic congestion in urban centres.
 - Disruptions to traffic during road works.
 - Poor state of both urban and rural roads, including highways.
 - High rates of vehicle accidents, increased vehicle maintenance cost and longer trip times.
- **Impact of Drought:**
 - Reduced agricultural output resulted in reliance on imported maize.
 - 2024 tobacco output decline impacted spend.
 - Low water inflows into Kariba Dam, limited the water available to the hydroelectric power station, causing disruptions to economic activity.



OVERVIEW OF FACTORS IMPACTING THE BUSINESS

South Africa

- **Formation of Government of National Unity:**
 - Positive economic settlement.
- **Currency Stability:**
 - Rand has been relatively stable, within the range of 17 to 19 to the US\$.
- **Depressed Disposable Income:**
 - Consumer spending in the target sectors remains mixed, with increased reliance on social grants.



OVERVIEW OF FACTORS IMPACTING THE BUSINESS

Zambia

- Currency volatility due to lower copper prices and drought impact.
- Impact of drought: Reduced hydro-electricity generation, disrupting water supply and general economic activity.
- Kwacha Depreciation: Increased import costs and emerging foreign currency availability pressures.
- Depressed Disposable Incomes: Arising from elevated inflation; high cost of staple food and fuel.



VOLUME PERFORMANCE SUMMARY YEAR TO MARCH 2025

Category	March 2025	March 2024	% Change on Prior Year
1. BEVERAGES (HLS 000)	F25	F24	F24
Lager Beer			
1.1 Clear Beer	2 659	2 463	8
Sorghum Beer			
1.2 Sorghum Beer – Zimbabwe*	3 882	3 858	1
1.3 Sorghum Beer – Zambia	811	1 160	(30)
1.4 Sorghum Beer - South Africa	1 354	1 509	(10)
Soft Drinks			
1.5 Sparkling Beverages	1 969	2 053	(4)
1.6 Alternative Beverages	126	98	29
Total Delta Beverages	10 801	11 141	(3)
Wines and Spirits			
1.7 African Distillers	185	161	14
Total Group Associates	10 986	11 302	(3)
1.8 Schweppes	755	892	(15)
Total Beverages incl Associates	11 741	12 194	(6)

* Exclude sales to foreign subsidiaries.



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THIRD PARTY MARKET SHARE READINGS - ZIMBABWE

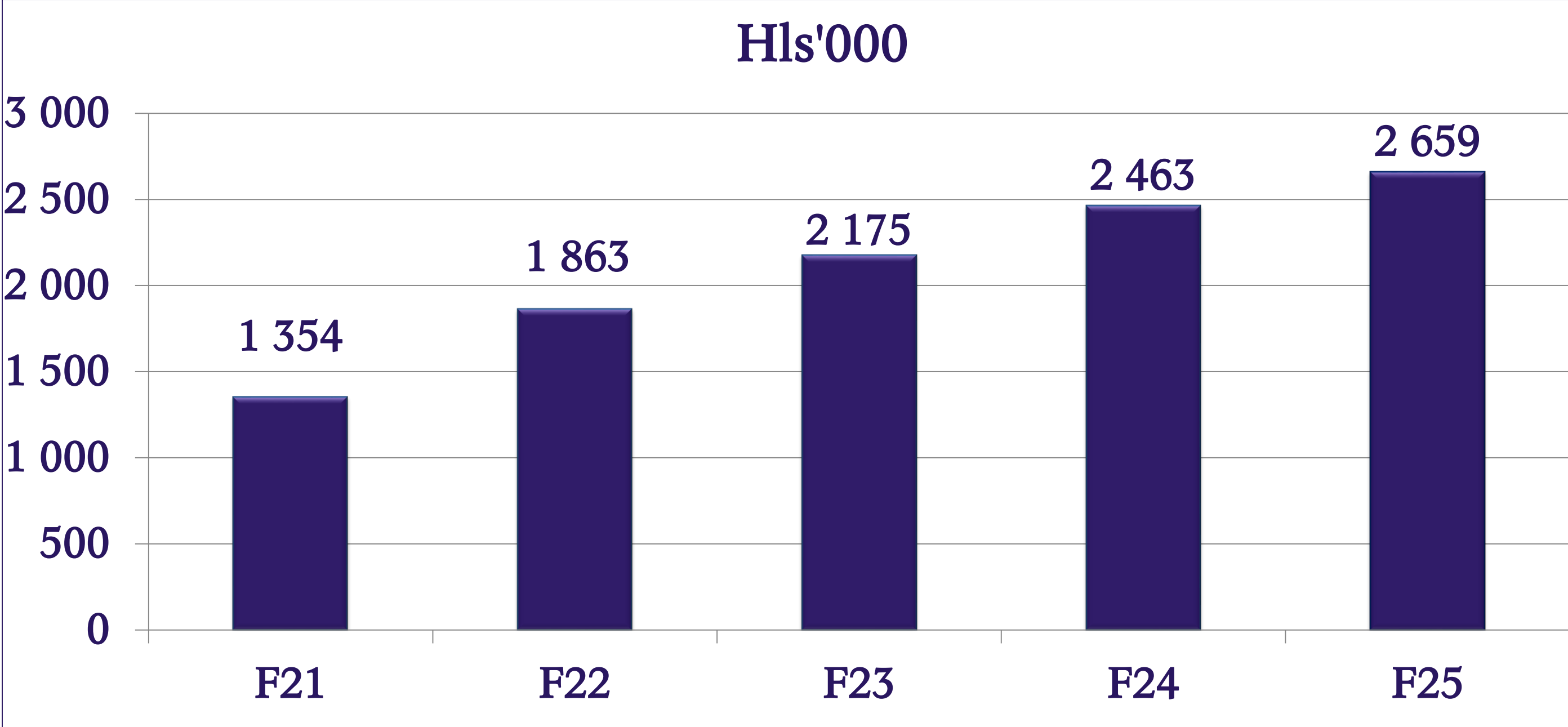
	March 2023	March 2024	September 2024	March 2025
Sparkling Beverages	61%	64%	64%	63%
Lager Beer	96%	96%	96%	96%
Chibuku	92%	91%	87%	87%



Varied performance of formal retail and wholesale channels due to pricing distortions and poor account management.



LAGER BEER 5 YEAR VOLUME TREND



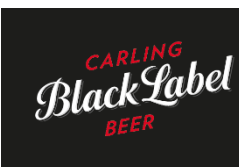
Consistent strong demand



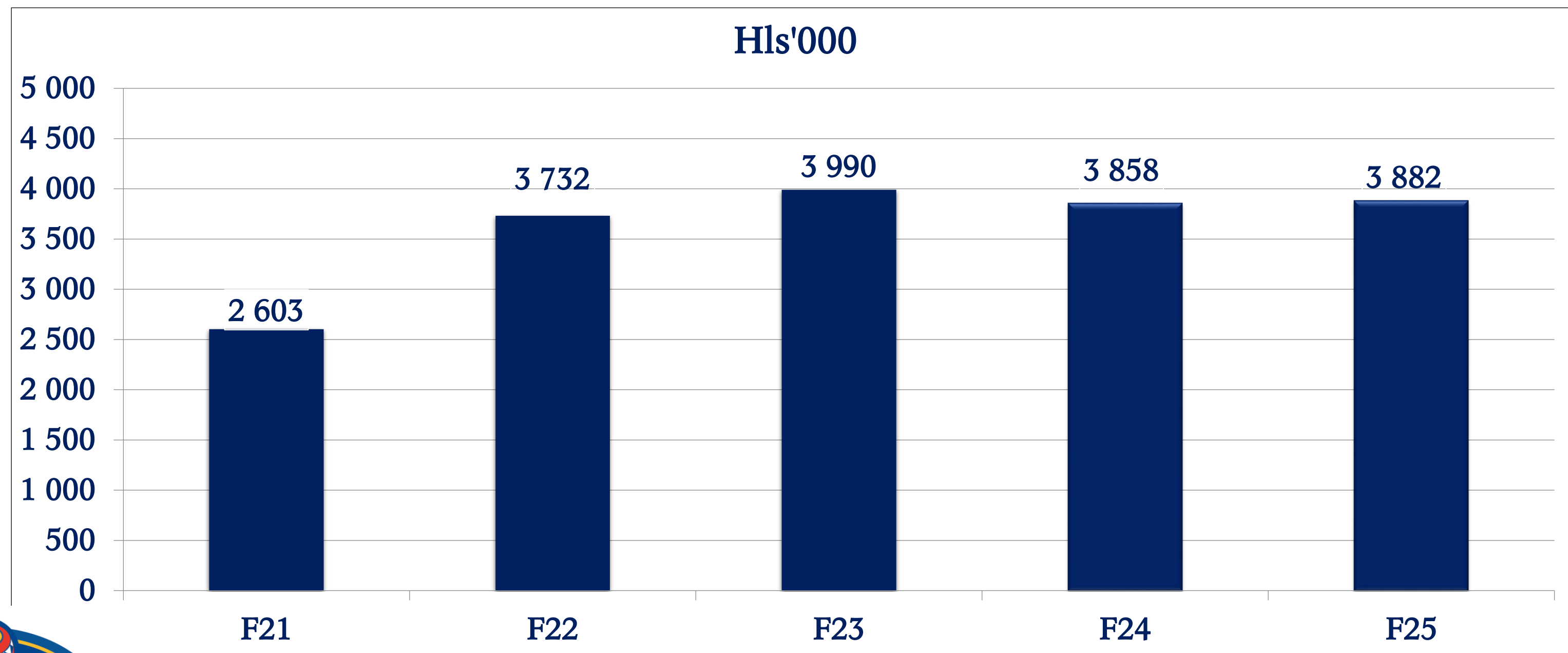
LAGER BEER

- **Volume growth driven by:**
 - Improved supply of brands and packs.
 - Improved plant performance and glass circulation.
 - Competitive pricing in stable currency which enhances market appeal.
- **Enhanced Brand Visibility:**

Our brands remain active in the market, through sponsorships of sport and arts such as the Castle Lager Premier Soccer League, the Castle Tankard and other brand properties.
- **Performance Dented by:**
 - Prolonged utility disruptions in Q3.
 - Capacity bottlenecks.
 - Route to market disruptions.
- **Improving share of premium brands.**



SORGHUM BEER – ZIMBABABWE 5 YEAR DOMESTIC VOLUME TREND



Steady performance

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SORGHUM BEER: Zimbabwe Overview

Volume Outturn:

- The domestic sorghum beer volume for Zimbabwe grew by 1% for the year. Overall volume down 7%, due to cessation of exports.

Cost Pressures:

- Rising costs of key cereals such as maize and sorghum, putting pressure on pricing and operating margins.

Growing competition:

- The sector has attracted new entrants and the revival of established players. Signs of overall category growth.

Enhanced Brand Engagement:

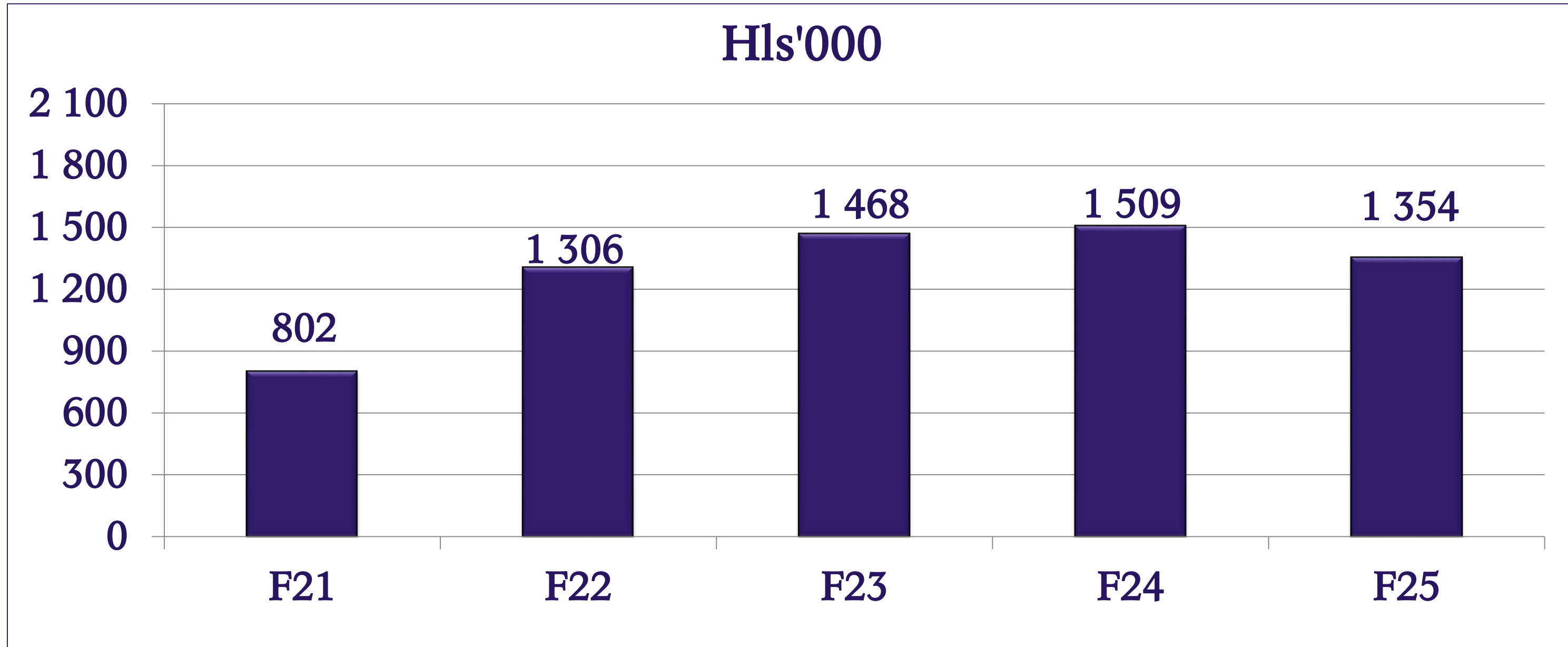
- Consumer engagements through the Chibuku flagship brand properties in arts and sports.

Volume performance affected by:

- Reduced disposable income arising from the drought.
- Route to market disruptions
- Inconsistent performance by formal wholesale and retail partners due to currency exchange rate, tax compliance and account management issues.



SORGHUM BEER – SOUTH AFRICA VOLUME TREND



- Prolonged labour challenges at main plant.
- New Chibuku Super plant commissioned (May 2024).

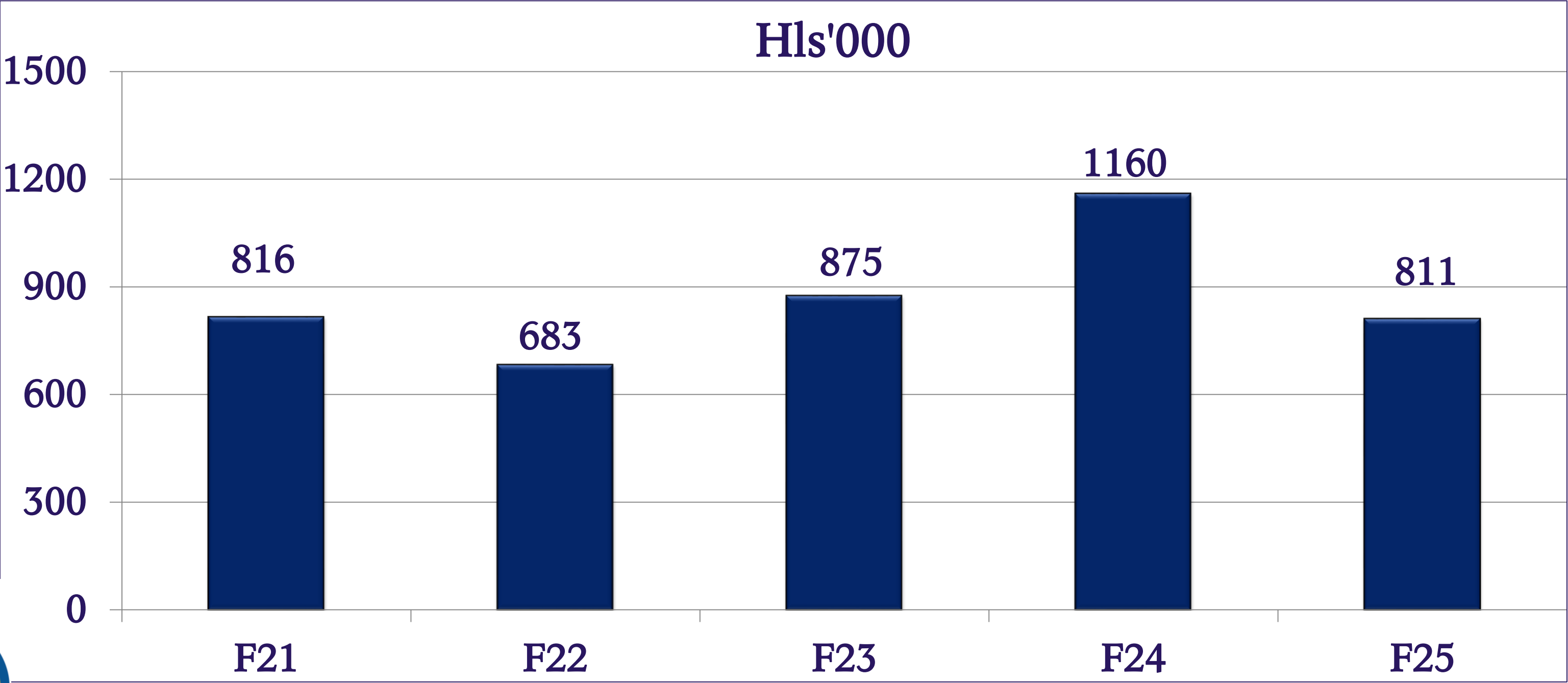


SORGHUM BEER: UNB South Africa Overview

- **New Chibuku Super Plant:**
Commissioned at Phelindaba Brewery in May 2024. The Business now self-reliant on Chibuku Super brands.
- **Supply Disruptions:**
Caused by an illegal job action and inconsistent market execution.
- Encouraging penetration of Chibuku Super into new trade channels.
- Focus on reviving the traditional offerings.



SORGHUM BEER - ZAMBIA 5 YEAR VOLUME TREND



Momentum disrupted by production challenges - power

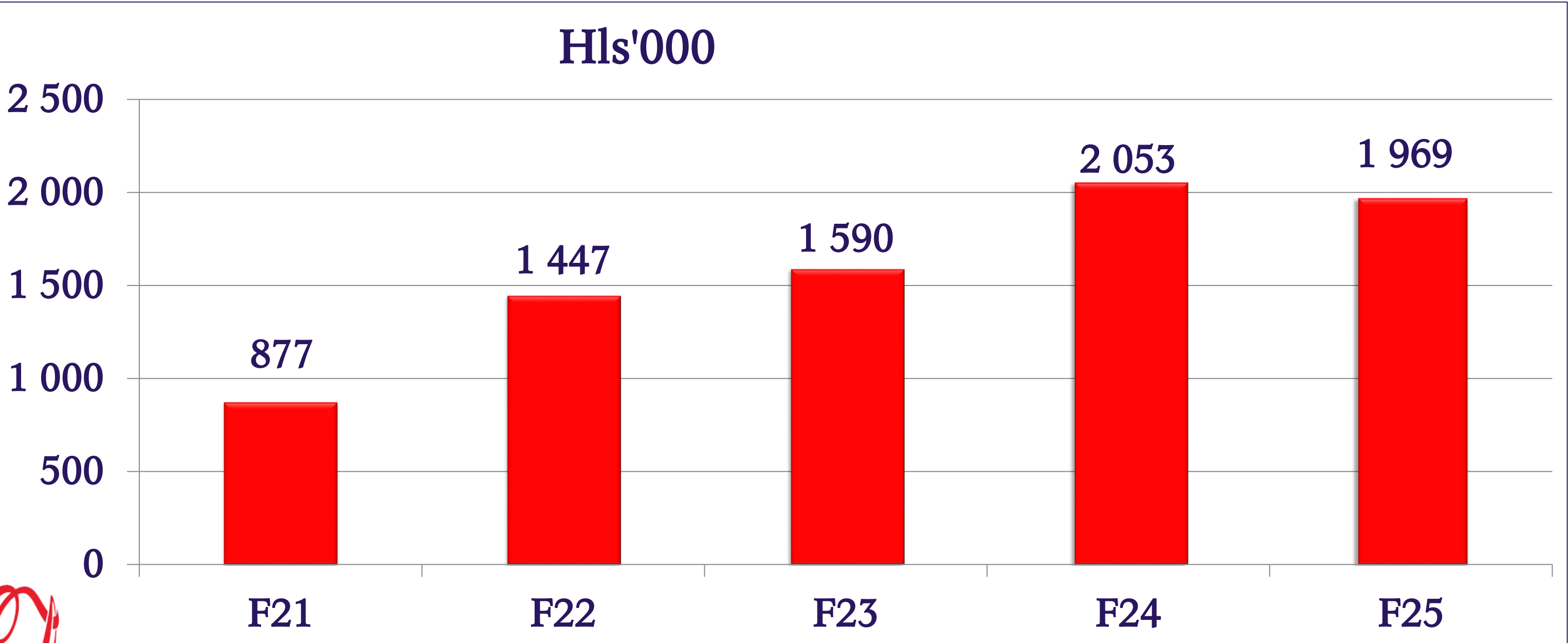


SORGHUM BEER: Natbrew Overview

- **Power Supply Disruptions**
 - Electricity load shedding and delays in commissioning diesel generators negatively impacted volume outturn.
- **Cost Pressures**
 - Operating margins remain under pressure from the high cost of maize, the depreciation of the Kwacha, and the cost of running diesel generators.
- **Market Revival**
 - Focus remains on attracting the consumer back to the franchise.



SPARKLING BEVERAGES 5 YEAR VOLUME TREND



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Disruptions from sugar tax induced price increases.

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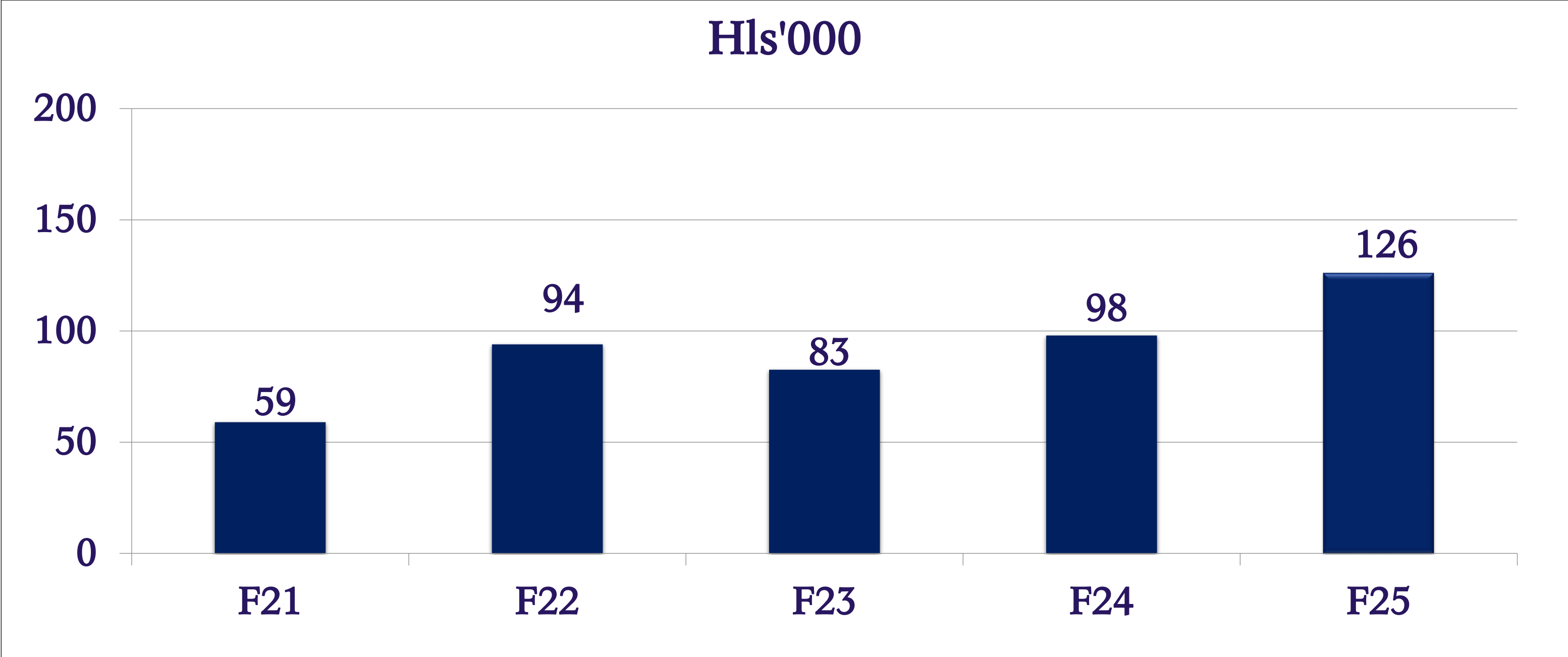


SPARKLING BEVERAGES

- **Pricing Distortions** in the formal channels arising from exchange rate disparities.
- **Sugar Tax Impact:** The sector is contracting due to sugar tax-induced price increases.
- **Surge In Imports** of common brands from the region driven by tax and cost differentials.
- **Challenges In Formal Trade Channels:** Pricing distortions, poor account management by retail partners, route to market tax impact.
- **Ongoing Strategic Interventions:** Promoting low and zero sugar offerings and price moderations to retain consumers.



MAHEU 5 YEAR VOLUME TREND



The Shumba Maheu brand was relaunched in November 2024 with an expanded and improved flavour range.



AFRICAN DISTILLERS FULL YEAR VOLUME PERFORMANCE



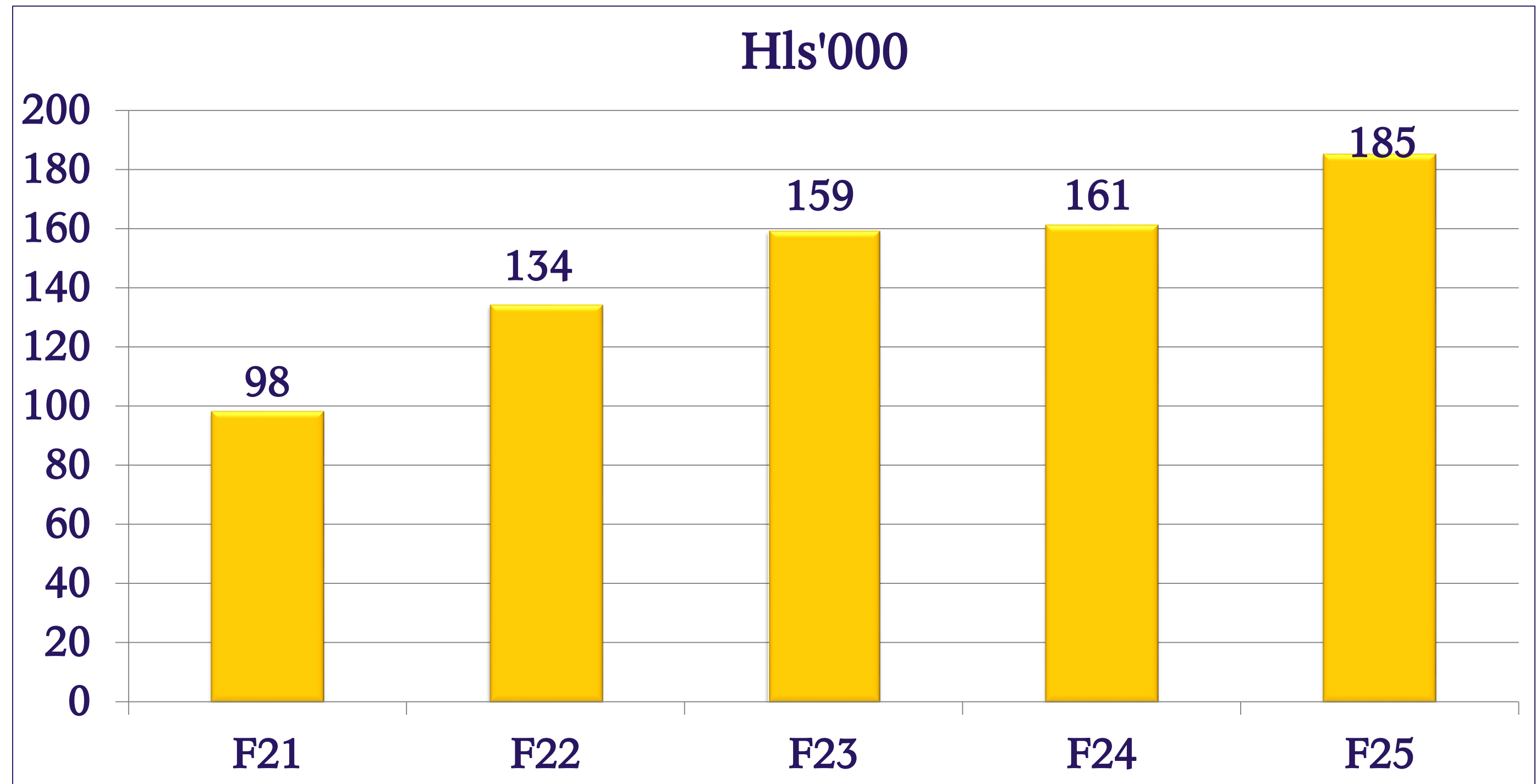
	Actual Volume litres	Prior Year Actual Volume litres	% Change on Prior Year
BEVERAGES (Litres 000)			
1.1 Spirits	7 647	7 135	7%
1.2 Wines	1 054	817	29%
1.3 Ciders	9 817	8 146	21%
Total	18 518	16 098	15%

Consumer demand was bouyed by;

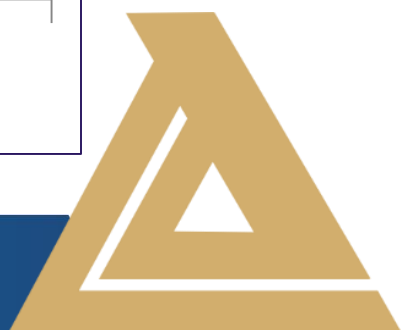
- Recommended Retail Price compliance initiatives.
- Reduction in informal imports in response to the anti-smuggling campaign.
- Expansion of the RTD portfolio through the launch of NightSky Gin and Tonic and Hunters 660ml returnable glass bottle pack.



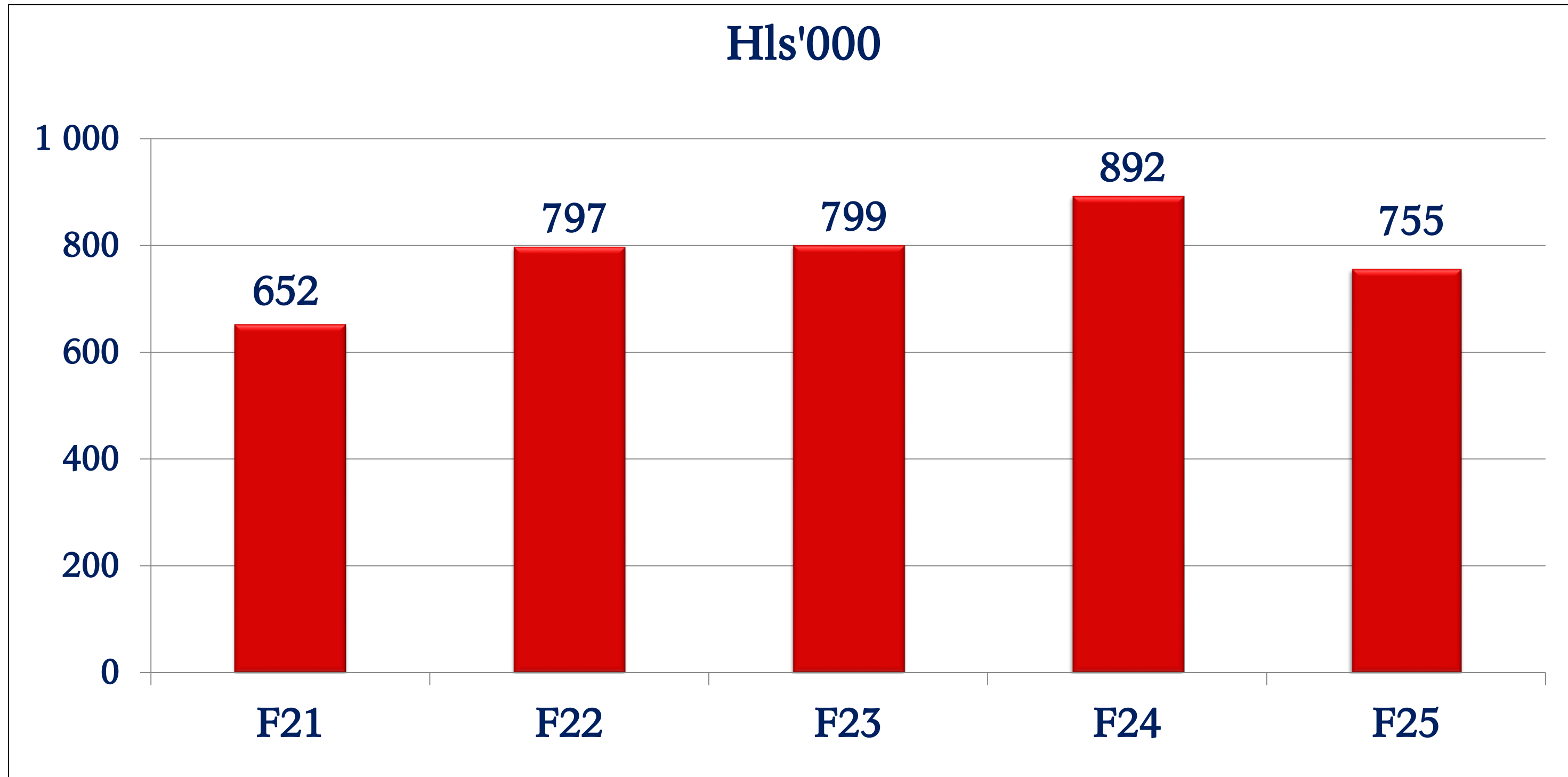
AFDIS 5 YEAR VOLUME TRENDS



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SCHWEPPE'S 5 YEAR VOLUME TRENDS



UPDATE ON ASSOCIATES

1. Schweppes Holdings Africa

- Price hikes driven by the sugar tax.
 - Surge in imports of Mazoe Orange Crush from regional markets in the first half of the year; some moderation in pricing following reduction in sugar tax in January 2025.
 - Disruptions in the route to market arising from the fiscal regulations.
- * Shareholding increased from 49% to 69% effective 1 April 2025.



2. Nampak Zimbabwe

Decline in volume due to.

- Reduced 2024 tobacco crop.
- Entry of local competitors in some of the business segments.
- Disruption from power cuts.



FINANCIALS



POINTS TO NOTE

- Financials Reported in US\$. Special-purpose ZWG figures are provided as supplementary information for compliance.
- The auditors have issued a qualified opinion because of non-compliance in the PRIOR year, with the IAS 21 – The Effects of Changes in Foreign Exchange Rates and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- The comparative consolidated statements of comprehensive income and related equity balances comprise inflation-adjusted data and US\$ transactions.
- The disparities in the exchange rates persisted into the current financial year.



FINANCIAL – KEY STATISTICS

	March 2025	March 2024	Annual Change %
Market Exchange Rate	30.00	9.60	212
Interbank Rate	26.64	8.38	218
South African Rand to US\$	18.30	18.99	(4)
Zambian Kwacha to US\$	28.65	26.65	7
Average 12 months rate ZWG/US\$	19.80	3.04	551
CPI (ZWG)	184.50	97.14	90
CPI (US\$)	121.87	105.96	15

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FINANCIAL HIGHLIGHTS

	2025 \$'000	2024 \$'000	% Change
Revenue	807 470	767 871	5
Operating Income	152 607	152 338	-
Earnings before interest, tax depreciation and amortisation	171 519	166 921	3
Headline Earnings per share (US cents)	8.79	7.72	14
Dividend per share (US cents)	3.3	3.0	10
Total Indirect taxes (VAT, Excise, Sugar)	230 354	193 315	19

US\$ revenue contribution for Zimbabwean operations at 83% for F25 compared to 80% for the prior year.

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EXPLANATORY NOTES ON FINANCIALS

1. Introduction of sugar tax drove price increases for Maheu and soft drinks.
2. Price moderation strategy across all categories.
3. Increased cost of trade discounts driven by route to market tax/ regulations.
4. The trading margins in the current period were partly affected by the under recovery on the sugar tax and the higher cost of imported maize.
5. Exchange loss suffered on devaluation – impact on monetary assets as at 27 September 2024.



STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

	March 2025	March 2024
	US\$ '000	US\$ '000
REVENUE	807 470	767 871
Operating income	152 607	152 338
Net finance costs	(14 032)	(41 412)
Monetary loss	-	(8 995)
Share of profit of Associates	1 374	2 468
PROFIT BEFORE TAX	139 949	104 399
Taxation	(23 804)	(3 861)
Profit for the period	116 145	100 538
Other comprehensive income	(10 236)	(80 801)
TOTAL COMPREHENSIVE INCOME	105 909	19 737



EARNINGS PER SHARE

	March 2025	March 2024
	(US cents)	(US cents)
Diluted Earnings per share	8.65	7.58
Headline earnings per share	8.79	7.72
Basic earnings per share	8.79	7.71
Total Dividend	3.3	3.0
Interim Dividend	1.0	1.0
Final Dividend	2.3	2.0



ORDINARY SHARES ISSUED AND FULLY PAID

	2025 Number of shares in millions	2024 Number of shares in millions
At beginning of year	1 314	1 308
Exercise of share options	9	11
Share buy back	(3)	(5)
At end of year	1 320	1 314
Weighted average	1 317	1 309



SEGMENT REVENUE US\$

	March 2025		March 2024		
	US\$'000		US\$'000		
	Revenue	Revenue Contribution, %	Revenue	Revenue Contribution, %	
Lager Beer	351 859	43.58	318 317	41.45	11
Sparkling Beverages	165 865	20.54	146 710	19.11	13
Sorghum Business	229 106	28.37	250 811	32.66	(9)
Wines and Spirits	59 721	7.40	51 772	6.74	15
Total Reportable Segments	806 551	99.89	767 610	99.97	5
All other segments	919	0.11	261	0.03	252
Total Revenue	807 470	100	767 871	100	5

- This reflects the volume growth in Lager Beer and the sugar tax-induced price increases in Sparkling Beverages.
- Growing EBIT contribution of Lager Beer, benefiting from volume and mix.
- Sorghum beer category weighed down by regional operations.

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OTHER ISSUES OF INTEREST

ZIMRA foreign currency tax assessments:

- Dispute about currency of payment and legal interpretations of tax legislation.
- Ongoing engagements with Zimra and authorities.
- Appeals pending in the High Court, the Fiscal Court and the ConCourt.
- Extensive disclosure of tax matters in financials; not yet accrued.



SUGAR TAX- FISCAL CHANGES AND IMPACT ON BUSINESS

TAX IMPACT ON 2025 FINANCIAL YEAR – US\$21.1 MILLION

- Carbonated Soft Drinks - US\$14.7 million.
- Cordials/Juice - US\$6 million.
- Alcoholic - US\$0.4 million.

MITIGATIONS / REACTIONS

- Absorption of tax for price moderation.
- Product formulation to reduce sugar content.
- Pack size changes to access sweet price points.
- Emphasis on low / No sugar offerings.



ENVIRONMENTAL CONSIDERATIONS FOR F26

- Economic environment remains complex due to currency instability, inflation and policy changes. Sugar tax impacts competitiveness, attracting lower-priced imports from the region.
- Ongoing engagements on moderating sugar tax and route to market policies.
- The business remains well-positioned to seize any opportunities from increased consumer spending. Mining and diaspora remittances expected to sustain.
- We need to watch:
 - Possible disruptions from global trade and tariff wars.
 - Repositioning of global currency exchange rates.
 - High gold price to mitigate softer metals prices.
- Improved agricultural outlook could moderate cost of cereals and increase consumer spending.



KEY FOCUS AREAS FOR F26

1. Sustaining Top-Line Growth

- Minimising product supply disruptions through capacity upgrades and glass injection.
- Ongoing engagements to safeguard route to market strategies.
- Partnerships with strategic retail partners for consumer access.
- Maintain agility in adapting to regulatory and policy changes.
- Strengthen market position by tailoring strategies to enhance pricing competitiveness against regional imports and local players.
- Upscale marketing efforts, leveraging strong brand properties to reinforce market positions.
- Invest in improving sales services and distribution operations to ensure efficient and reliable product delivery.
- Supporting trade through cold chain and informal market equipment.



KEY FOCUS AREAS FOR F26

2. Value Preservation

- Diligence in managing monetary assets for value preservation in view of exchange rate volatility and counter party risks.

3. Sustainable Growth:

- Upscaling our programs on responsible alcohol consumption, post-consumer waste management, and efficient resource utilisation to reduce the carbon footprint.
- Mitigating supply disruptions from global supply chain shocks to ensure production stability.
- Undertaking critical capacity investments ahead of the volume growth curve.



KEY FOCUS AREAS FOR F26

Cont....

4. Regional Challenges:

- Driving volume growth remains a priority.
- Subsidiaries, especially in Zambia, face challenges from power outages and currency devaluation, impacting costs and margins.

5. Tax and Regulatory Uncertainty:

- Disputes over tax liabilities and exchange rate policies introduce financial uncertainties.
- Continued engagement with authorities to achieve fair and sustainable solutions.

6. Skills Development:

- Focus on skill upgrades to ensure effective utilization and maintenance of manufacturing and distribution infrastructure, enhancing operational efficiency.



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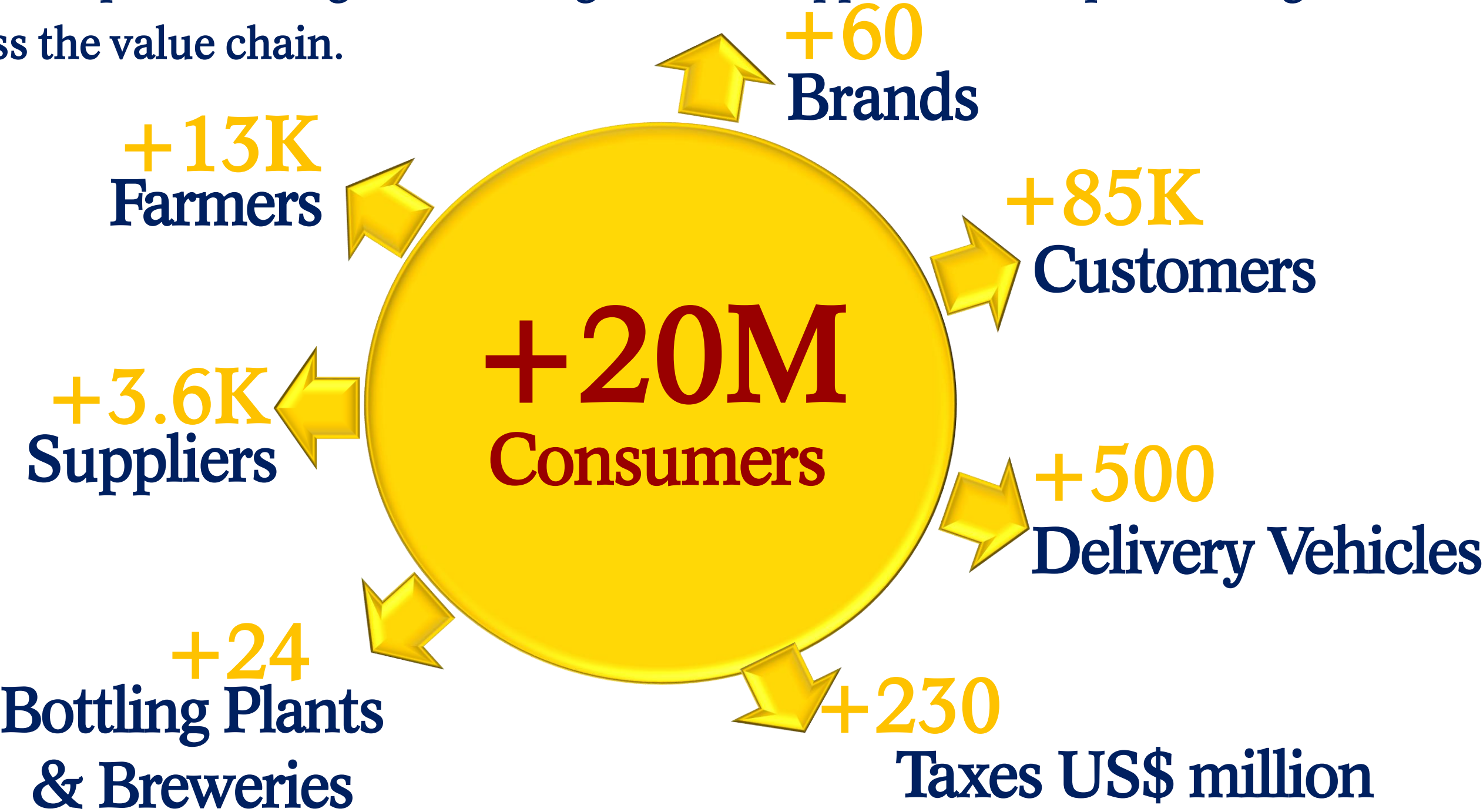


OUR SUSTAINABILITY PRIORITIES



F25 FULL YEAR ESG AND SUSTAINABILITY KEY FIGURES

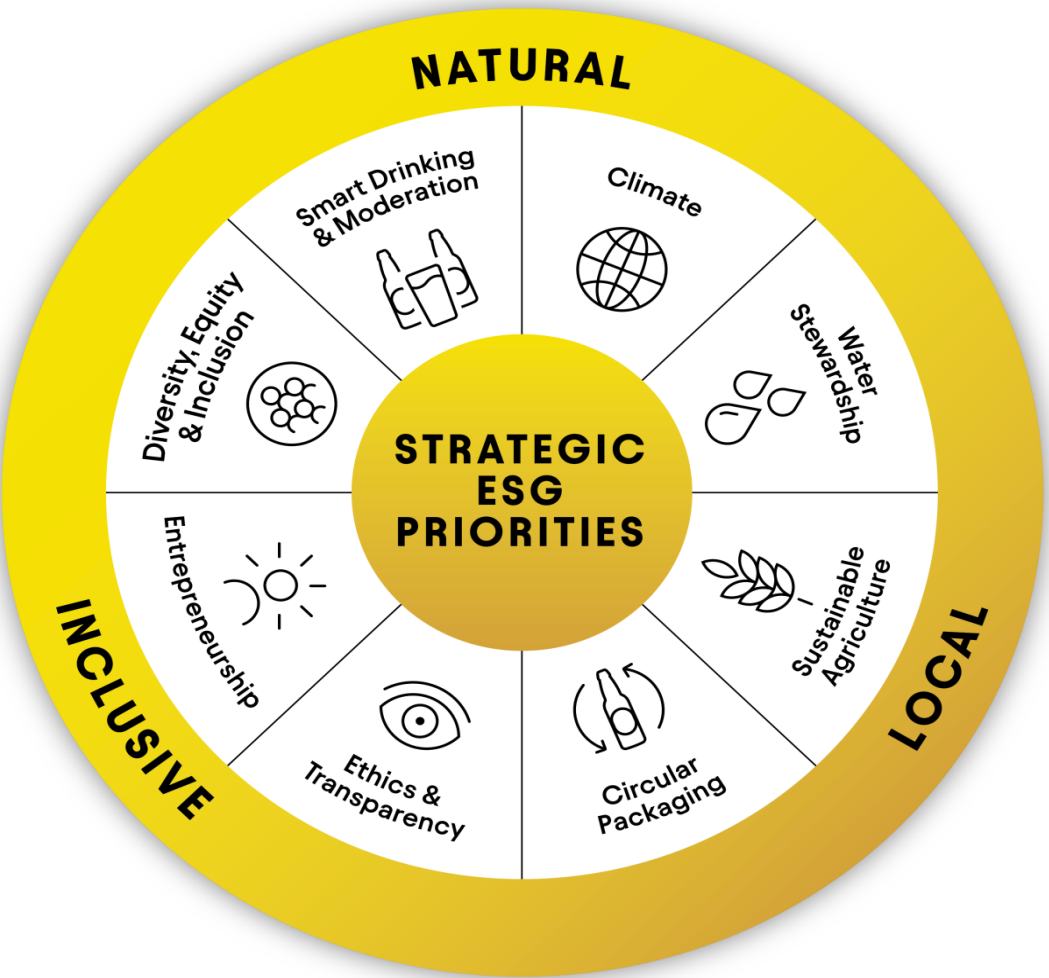
Our diversified footprint and regional reach guides our approach to implementing our sustainability priorities across the value chain.



F25 Full - Year ESG and Sustainability Key Figures

STRATEGIC ESG PRIORITIES & THEMES

- A strong sustainability agenda is vital to long-term value creation.
- 8 Strategic priorities that enable our commercial vision.
- 3 Themes that help us create shared prosperity for our communities, the planet and our Company.



SUSTAINABLE AGRICULTURE

F26 Smart Agriculture Goal: To source 100% of barley and sorghum grain and 50% of maize requirements from financially empowered.

- 12 510 direct sorghum farmers contracted.
- 47 direct commercial farmers contracted.
- 7 000 hectares under barley and 10 000 hectares under the maize contract scheme. (Zimbabwe and Zambia)
- 19, 000 hectares under malting sorghum. (3 countries)
- We work to develop resilient varieties and advance regenerative agricultural practices while improving productivity

ENTREPRENEURSHIP

- Our Entrepreneurship initiatives aim to close the financial inclusion gaps among small- and medium-sized businesses including thousands of retailers in our value chain.
- 51 000 retailers across the region
- 1 830 retailers trained.

CIRCULAR PACKAGING

F26 Circular Packaging Goal: 50% of our products will be in packaging that is returnable or made from majority recycled content by 2026.

- Returnable Plastic 12%
- Returnable Glass 33%
- Non-Returnable Plastic 51%
- Non-Returnable Glass 1%
- Cans 3%
- We invest in local recycling systems to increase the availability of viable recycled content – PETRECOZIM.
- 67% of PET waste recovered.

WATER STEWARDSHIP

F26 Water Stewardship Goal: We aim to brew our beers and bottle our soft drinks at the highest level of water efficiency, and we continually challenge ourselves to do even more.

- 100% of sites analyzed local water challenges and identified potential solutions.

F25 Full - Year ESG and Sustainability Key Figures

DIVERSITY, EQUITY AND INCLUSION

- We strive to further solidify ourselves as an inclusive and diverse workplace where everyone feels they belong.
- + 7,000 direct employees.
- 33% of management grades are women.
- No statistically Difference in Base Pay by Gender

SMART DRINKING AND MODERATION

- As the world's leading brewer, we want every experience with beer to be a positive one, and we want to help consumers make smart choices while enjoying our products.
- USD100k invested in social norms marketing: Pledge 18, Designated Driver campaigns
- 100% primary packaging included a guidance label.
- Golden Pilsener anchoring our low alcohol beers for growth. (3.8% ABV).
- Our Chibuku offerings qualify as low alcohol beer at around 4% ABV.

ACCELERATOR PROGRAM

- We pursue sustainable innovation to capture opportunities for efficiencies and new value creation.
- Supporting local universities' innovation hubs through the Enactus World Cup Competition and Boost Fellowship Above the Influence program.
- 15 universities benefited from the program.
- US\$60k investment, 20 projects judged.

ETHICS AND TRANSPARENCY

- We are committed to promoting the highest standards of ethical behavior and transparency.
- 2 309 employees trained on our policies, our Code of Business Conduct, Ethics Policy, Anti-Bribery and Corruption policy, Social Media and WhatsApp policies, including Human Rights, Anti-Harassment, and Anti-Discrimination policies.
- We conduct risk-based training plans that cover key Ethics & Compliance areas.

CLIMATE ACTION

- F25 Climate Action Goal: Is to work closely with government, non-governmental organisations, and environmental agencies to ensure we reduce our carbon emissions along the value chain.
- We focused on increased fuel efficiency; light weighting of trailers, reduction of payloads through light-weighting of glass and other containers.

COMMUNITY SUPPORT

- Standing support to humanitarian relief institutions – US\$100k investment.
- 100 bursary students supported this year.
- 50 graduate trainees recruited.
- 71 apprentices recruited.
- 4 classroom blocks constructed at Mudzengi and Sanya Primary schools in Midlands and Mashonaland Central Province. Sanya project commissioned.



THANK YOU



We are Delta Corporation – Brighter Together