Delta Corporation
LIMITED

Brighter together

Annual Report 2022

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To view the Online Annual Report, please visit our website at

www.delta.co.zw

Our Vision

To be the most admired Beverage Company in the Region.

Our Mission

We bring enjoyment and refreshment to our consumers by nurturing our brands and growing our business sustainably for the betterment of our employees and communities.

Brighter together

Our Strategic Priorities

- Creating a balanced portfolio of businesses
- Building and nurturing strong brand portfolios that earn the support and affection of our customers and consumers
- Growing the profitability of the business on a sustainable basis
- Building and sustaining alliances with business partners

Our Values

- People are our enduring advantage
- Accountability is clear and personal
- We work and win in teams
- We are customer and consumer focused
- We do our best for local communities
- Our reputation is indivisible

Our Mission is to bring enjoyment and refreshment to our consumers by nurturing our brands and growing our business sustainably for the betterment of our employees and communities.

We value the accountability of our people, teamwork, our local communities, our customers and our reputation.

And this means that together we can prosper, creating a thriving, sociable, resilient, cleaner, and productive world.

We Are Delta Corporation.

Brighter together

Brighter Together In Three Ways:

- People get more from life when they come together – our products make those moments shine **BRIGHTER**
- Our people shine brighter when they work **TOGETHER** in teams
- Our involvement in communities helps to create a **BRIGHTER** future

Employee Declaration

As an employee of Delta Corporation....

I VALUE	.........BECAUSE.....
MYSELF	I am accountable for the things I do every day. Personally and professionally, my reputation is what defines me.
OTHERS	What I do matters to those I work with and what they do matters to me. As colleagues we can achieve higher goals.
MY COMMUNITY	I want the best for the people I love. I do work safely and with passion, so we can enjoy health and fun.
OUR CUSTOMERS	I know that happy customers mean security and prosperity for my future.

Values Statements

OUR PEOPLE ARE OUR ENDURING ADVANTAGE

- The calibre and commitment of our people set us apart
- We are a diverse and dynamic team
- We select and develop people for the long term
- Performance is what counts
- Health and Safety issues receive priority attention

WE WORK AND WIN IN TEAMS

- We actively develop and share knowledge within the Group
- We foster trust and integrity in internal relationships
- We encourage camaraderie and a sense of fun

OUR REPUTATION IS INDIVISIBLE

- Our reputation relies on the actions and statements of every employee
- We build our reputation for the long term
- We are fair and ethical in all our dealings

ACCOUNTABILITY IS CLEAR AND PERSONAL

- We favour decentralised management and a practical maximum of local autonomy
- Goals and objectives are aligned and clearly articulated
- We prize both intellectual rigour and passion for our work
- We are honest about performance
- We require and enable self-management

WE UNDERSTAND AND RESPECT OUR CUSTOMERS AND CONSUMERS

- We are endlessly concerned with our customers' needs and perceptions
- We build lasting relationships, based on trust
- We aspire to offer the preferred choices of product and service
- We innovate and lead in a changing world

WE DO OUR BEST FOR LOCAL COMMUNITIES

- We consciously balance local and group interests
- We benefit the local communities in which we operate
- We endeavour to conduct our business in an environmentally sustainable manner

Delta Corporation LIMITED

Company Profile

Delta Corporation is a modern Zimbabwean company poised for growth in all facets of its business.

It is principally a beverages company with a diverse portfolio of local and international brands in lager beer, traditional beer, Coca-Cola franchised sparkling and alternative non-alcoholic beverages.

The Coca-Cola franchise covers the activities of associate entity Schweppes Holdings Africa Limited which focuses on cordials, juice drinks, water and agricultural value chain activities under Beitbridge Juice Company and Best Fruit Processors. The sparkling beverages franchise now covers the whole country following consolidation of the Manicaland Province in March 2021. In addition, the wines and spirits portfolio are under subsidiary company, African Distillers Limited, which manufactures branded wines, spirits and ciders.

The Company is listed on the Zimbabwe Stock Exchange and was first listed in 1946 as Rhodesia Breweries Limited. Its origins, however, date back to 1898 when the country's first brewery was established in Cameroon Street, (Salisbury) Harare, from where the brewing industry developed into a major industrial and commercial operation.

By 1950, the Company had built the Sable Brewery in Bulawayo, producing pale ale, milk stout and Sable Lager. Over the years the Company continued to expand its portfolio of businesses and diversified its brewing base. In 1978 the name was changed to Delta Corporation Limited, and the Company assumed the mantle of a holding company for a broad range of interests serving the mass consumer market.

These included lager and sorghum beer brewing, bottling of carbonated and non-carbonated soft drinks, supermarket and furniture retailing, tourism and hotels and various agro-industrial operations.

The hotel, supermarket and furniture retailing businesses were demerged from the Group in 2001 to 2002 resulting in the Group focusing on the core beverages sectors. The Company acquired the 49% equity stake in Schweppes Zimbabwe in 2009. Some supply chain related investments remained as part of the Group until 2014 when the plastic packaging entity, MegaPak, was demerged. The Company retains a minority shareholding in the packaging group, Nampak Zimbabwe.

On 1 January 2018, the Company acquired a majority stake in National Breweries Plc, a Zambian traditional beer entity which is listed on the Lusaka Stock Exchange. This is part of journey to consolidate the traditional beer franchises and businesses in the region, a sector in which the Company boasts of significant competences. The Company acquired United National Breweries Pty Limited, the leading traditional beer business in South Africa with effect from 1 April 2020.

Principal Business Risks

The principal risks facing the Group and considered by the Board and Group Management Committee are detailed below. These are not the only risks facing the Group. There may be additional risks not currently known to us or that we currently deem to be immaterial which may adversely affect the business, financial condition or results of operations in future periods.

Unfavourable general economic and political conditions in Zimbabwe

The economic environment in Zimbabwe remains unstable, which increases the overall risk of doing business. The political environment, although peaceful, remains turbid. The discourse experienced in the last general elections in July 2018 have continued to impact the manner in which the country is perceived by the international community resulting in questions about legitimacy. There is a general view that the authorities have had a hand in the legal and political upheaval affecting the main opposition party which has led to the recall of elected members of parliament and councillors.

In the recent bi-elections, concern was raised regarding the alleged partisan nature of the electoral officials and key state organs who are viewed as deliberately working against opposition parties.

The fiscal and monetary policies implemented in 2018 and early 2019 have set the country on an uncertain path; the Transitional Stabilisation Plan was not fully implemented and has since been replaced by the National Development Strategy 1. Consumer incomes have been eroded by the resurgent hyperinflation and currency depreciation. The Zimbabwe Dollar, which was introduced in February 2019 has depreciated sharply, setting the economy on the path to re-dollarise.

The economy is continuously impacted by droughts and natural disasters, with further blows from the coronavirus (COVID-19) pandemic. The impacts of COVID-19 have been felt across the globe due to the disruptions to economies and loss of lives. Recently, the war in Ukraine has triggered shortages of key supplies particularly wheat, edible oils and fuel and led to the escalation in global inflation and disruptions to supply chains.

In June of 2020 the government reintroduced the multicurrency system of allowing use of foreign currency for domestic transactions. A scarcity of foreign currency in the economy persists, giving rise to constrained supplies of imported materials and services, disrupting production operations, leading to the escalation of business continuity risks. This has ameliorated somewhat following the introduction of the foreign currency auction system and the dollarisation of the economy. There are further challenges relating to the multiple exchange rates and distorted values of goods and services and ripple effects on competitive product pricing. The Zimbabwe dollar has continued to weaken against the United States dollar.

The Auction has created significant opportunities for arbitrage thus affecting efficiencies in the economy at large.

Regulatory or Policy Risks

a) **Indirect and Direct Taxes**

Our business is subject to numerous duties or taxes such as import duties, excise taxes and other levies. These taxes can be changed at short notice, thereby impacting on pricing and hence demand of our products.

There were no clearly defined transitional tax measures when the country adopted a local currency in addition to policy changes relating to the currency used for settlement of some tax heads. This increases the uncertainties in the positions adopted by the Company with respect to income tax and some indirect taxes.

b) **Policies**

The policy environment remains unpredictable and impacts on our ability to plan for the future. Of note are issues related to currency management, exchange control and bank use policies which affect the access to foreign currency and local bank notes or digital money transfers, thereby impacting on our ability to supply product and the ability of consumers to purchase our products.

c) **Distorted Currency and Asset Values**

The Monetary Authorities formalised the Zimbabwe Dollar and outlawed the multicurrency regime in June 2019. The distortions in the exchange rates used by market players in setting prices of goods and services which are based on the manner and form of payment; whether in local bank notes, via an electronic payment platform or foreign currency notes or transfer; makes it difficult to establish the true value of products and of the local currency cost

Principal Business Risks (continued)

structures. The measurement of financial performance is difficult in a hyperinflationary environment. The tight regulations on accessing foreign currency result in economic players using runners and currency aggregators to import goods and services. This increases the number of value chain partners and escalates the legal compliance challenges and risks of fraud.

Reliance on Franchise Arrangements and Brands

The business produces a significant portion of brands that are franchised from third parties or are produced under license through bottler agreements that expire at various intervals. These arrangements can be terminated if certain conditions are breached, giving rise to possibility of underutilisation of certain assets. The Company maintains healthy relations with its franchise partners and continues to support and nurture its own brands.

Increased Competitor Activity

Both the alcoholic and non-alcoholic beverage sectors are highly competitive. Competition is from local alternative beverages, imports of own franchise brands by retailers, private label brands and is across beverage categories. The cost, price and import duty disparities in Zimbabwe compared to the region will put pressure on local pricing of certain brands and packs. We continue to strengthen our capabilities in marketing and innovation and to streamline the value chain costs.

Default by counterparty financial institutions or customers

The Group normally has significant amounts of cash, cash equivalents and other investments on deposit with banks and financial institutions. We also extend both secured and unsecured credit to our retail customers. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty. Losses could arise from the bankruptcy or insolvency of these counterparties.

Instability in the supply of utilities and agricultural raw materials

The business relies on agricultural raw materials such as sugar, fruit juices, maize, barley and sorghum whose supply is impacted by adverse weather patterns and decreased agricultural productivity in the country and the region. The reduced availability of these commodities and escalations in costs affect the viability of the Company and the food security of communities, farmers and consumers. There is need to focus on sustainable water ecosystems and productive land use.

The supplies of water, electrical power and other utilities remain unstable, which could disrupt production, cold beverage availability and the sourcing of local materials and services.

Recent developments arising from the Russia and Ukraine War have resulted in increased supply chain challenges for agriculture (e.g., prices of fertiliser) and fuel. This has negatively impacted supply and cost of our beverages.

Information and Cyber Security

The Group relies on information technology systems to process, transmit, and store electronic information. In addition, most payment systems are either online or utilise electronic platforms and technologies. There is increasing cyber-attacks capabilities, which could result in business interruptions. Any un-authorised access to the Company's confidential data or strategic information or its public disclosure could harm the company's reputation or impact on its operations. There is also risk of tighter regulations on access to personal data of consumers and customers.

Product Safety and Quality Issues and Trademarks

Our success depends on our ability to maintain and enhance the image and reputation of our brands/products. We have rigorous product safety and quality standards which we endeavour to meet. Any product that becomes contaminated or adulterated may be subject to product liability claims and negative publicity which impacts on the business. Any failure to protect the company's intellectual property rights, trademarks, patents, trade secrets and knowhow may have adverse effects on the business. Certain trademarks are subject to contractual arrangements with third parties, which place obligations relating to quality and safety.

The Corona virus (COVID-19) has led to the periodic disruptions to business activities as the authorities implement various lockdown measures to contain the spread of the virus. There are heightened risks of employees contracting the disease within the work environment, which requires significant changes to the practices on hygiene, office design for social distancing and sharing of equipment and off-site supervision of staff whilst working from home.

Concerns about perceived negative health and social consequences of both alcoholic and non-alcoholic beverages. There is growing global concern and high-profile debate over alcohol consumption, the use of certain ingredients and advocacy for reduced consumption of sugar sweetened beverages. These issues would impact on consumer preferences, hence any restrictions on the permissible advertising style and media messages and the marketing, labelling, packaging or sale of these beverages could impact on business performance.

Environmental Management Policies

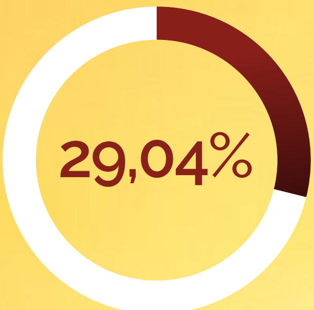
There is increasing concern and changing attitudes about solid waste streams and environmental responsibility with authorities advocating for certain ecotaxes or fees charged in connection with use of certain beverage containers. Changes in such regulations affect the cost of doing business and force changes to our product development options and distribution models.

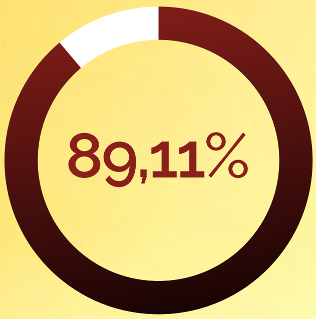
Financial Highlights

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	**2022 ZW$'000**	2021 ZW$'000
GROUP SUMMARY (ZW$'000)				
Revenue	**110 160 509**	69 850 031	**86 457 003**	33 206 284
Earnings before interest, tax, depreciation and ammortisation	**28 784 396**	20 490 158	**22 165 814**	8 869 184
Profit after tax	**16 000 766**	10 531 045	**19 632 938**	7 213 293
Attributable earnings	**16 350 826**	11 568 563	**20 586 940**	7 742 958
Net Funds	**1 820 245**	(2 172 732)	**1 820 245**	(1 258 131)
Total Assets	**37 008 479**	26 863 411	**31 913 087**	11 942 841
Market capitalisation	**312 871 599**	59 462 087	**312 871 599**	59 462 087
SHARE PERFORMANCE (ZW$ cents)				
Earnings per share				
Attributable earnings basis	**1 262,05**	900,35	**1 589,02**	602,62
Cash equivalent earnings basis	**1 274,85**	795,12	**1 119,36**	309,71
Cash flow per share	**1 192,12**	838,53	**1 085,74**	429,79
Dividends per share (ZW$ cents)	**195,00**	40,00	**195,00**	150,00
Dividends per share (US$ cents)	**0,06**	—	**0,06**	—
Net asset value per share	**4 278,70**	3 458,51	**1 795,62**	592,81
Market price per share	**24 092,25**	4 622,08	**24 092,25**	4 622,08
FINANCIAL STATISTICS (%)				
Return on equity (%)	**29,04**	25,29	**89,11**	100,27
Operating margin (operating income to net sales) %	**25,80**	29,94	**27,89**	29,16

In inflation adjusted terms, the Group recorded earnings before interest, tax, depreciation and ammortisation (EBITDA) of ZW$28,78 billion which is 40% above prior year.





	Inflation Adjusted	Historical 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$25,37** billion	increased by 158% to **ZW$21,60** billion
EBITDA	increased by 40% to **ZW$28,78** billion	increased by 114% to **ZW$22,17** billion
Headline Earnings per Share	increased by 64% to **ZW$1 272,07** cents	increased by 164% to **ZW$1 532,41** cents

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.

Group Revenue

↑160%

Chairman's Letter to Shareholders (continued)

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 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 particularly in the second half of the year have dented business confidence. The management of the 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 on exchanging bottles at point of purchase. There are opportunities for traders to moderate pricing in foreign currency which remains above recommended levels.

Lager Beer Volume grew by

38%

Limited-edition of the 500ml can "Zambezian" Zambezi Lager

Chairman's Letter to Shareholders (continued)

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 constraints.

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 had been placed on UNB in relation to a contested claim by a supplier for ZAR5,5 million (ZW$75,7 million). The winding-up order was lifted on 31 May 2022. The Business remained 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 optimisation 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.

Chairman's Letter to Shareholders (continued)

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.

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 (Number 130) per share to be paid on 17 June 2022.

Appreciation

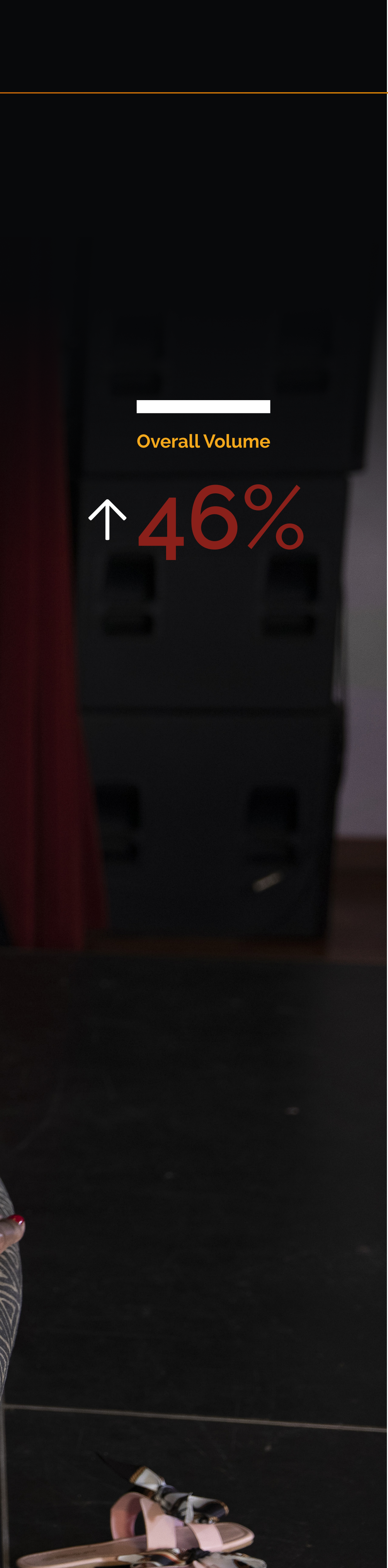
I wish to record my appreciation to management and staff for their great effort in sustaining the business in a difficult operating environment. I also thank my fellow directors for their wise counsel and our customers, consumers, suppliers and stakeholders for their ongoing support.

For and on behalf of the Board

S MOYO
Chairman
31 May 2022

Review of Operations

Beverages Business Overview



Overall Volume

↑ 46%

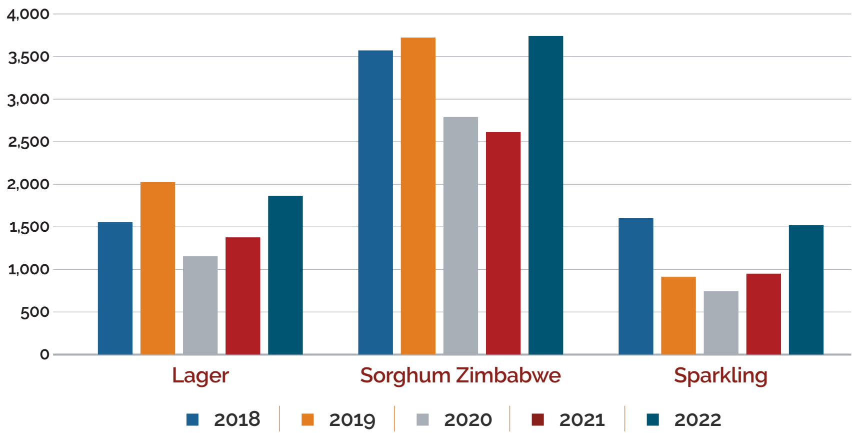
Reflecting on the Overall Business Performance

The business witnessed an increase in volume during the current year reflecting firm demand across the entire range of products. We adjusted to living with and operating under COVID-19 conditions. The businesses benefited from the relaxation of the lockdowns which increased consumptions occasions and market access.

We scaled up our customer service by increasing direct store deliveries, shortening our service times at collection depots and leveraging on the pre-order system.

The improved access to foreign currency in Zimbabwe allowed the businesses to maintain plant and machinery and to address the production capacity bottlenecks. The supply of imported inputs and spares improved which also provides cost benefits. The businesses were able to increase production output and to offer the full range of our brands and packs more consistently.

Beverage Volume Performance ‘000hls



Beverages Business Overview (continued)

We focused on the supply of the core packs in returnable glass bottles, supported by the injection of new glass bottles in the Lager Beer and Sparkling Beverages businesses. This provides opportunities to offer our products at more affordable prices.

The Zimbabwean economy experienced continued devaluation of the local currency and the prevalence of multiple exchange rates, leading to the resurgence of inflation particularly in the second half of the year. The Zimbabwean businesses maintained stable pricing in foreign currency despite the cost pressures on fuel and imported packaging materials. Hyperinflation remains a major concern as it erodes consumer disposable incomes.

The business was forced to review ZW$ pricing frequently in order to preserve value and working capital. This impacted on demand and affordability.

The business benefited from the increased economic activity and higher consumer spending arising from government infrastructure projects, the upsurge in mining activities, the improved 2021 agricultural output and higher diaspora remittances. It is also noted that consumers have tended to spend faster when transacting in the local currency in fear of value erosion.

The regional businesses in Zambia and South Africa recorded mixed volume outturn following a delayed lifting of COVID-19 restrictive measures. There are signs of economic recovery in Zambia with the Zambian Kwacha holding steady around K17 to the US$ after rebounding from around K22. In South Africa, the economy could benefit from firmer mineral prices and the relaxation of the COVID-19 restrictions.

Focusing on growth and market execution

In the current year we focused on the growth agenda as we strive for business recovery from the challenges of yesteryear.

- Our strategic framework is anchored on investing in **Market Development and an optimised** route to market. Our management teams intensified their engagements with both traders and consumers and gleaned valuable insights that are being used to shape and improve our service offering.

- We believe in our future and our brands are at the centre of what we do. We continue to innovate and **Build Brilliant Brands as we** endeavour to align our customers and consumer preferences with their choice of brands and packs. Our brands are each suitable for the varied consumption occasions or settings which we leverage on as part of the segmented execution. This is achieved through the programs on Customer engagement under the theme **Collaborating with Customers**. The removal of COVID-19 restrictions provides opportunities to work with traders in repurposing their outlets to meet the post pandemic norms. Our portfolio allows us to grow incremental revenue through PREMIUMISATION whilst the Mainstream and Affordable categories ensure that consumers continue to access our high-quality beverages. We are accelerating our innovation to ensure that our range of products appeal to the diversity of our consumers as reflected in the launch of a smooth easy drinking Sable Lager.
- We remain focused on **Creating a cost competitive business** through driving a profitable mix and cost containment. We are conscious of the challenges arising from the exchange rate distortions and the hyperinflationary environment that place impediments on our quest to reduce costs in the value chain.
- We engage every day with many retail customers who play a critical role in connecting our business with consumers. We strive to improve our distribution capability through investing in appropriately configured vehicles, mechanisation of product handling and optimising the route to the consumer. In this vein we are revamping the **Retailer Development Programme** which offers training in business and financial management, hygiene and customer care. We recognise that these small businesses are sources of income and livelihoods in local communities.
- Our greatest strength is our people, and we aim to **Develop a capable and motivated team**. We are cognisant of the challenges in retaining skills in such a difficult operating environment as prevailing in Zimbabwe.

Review of Operations

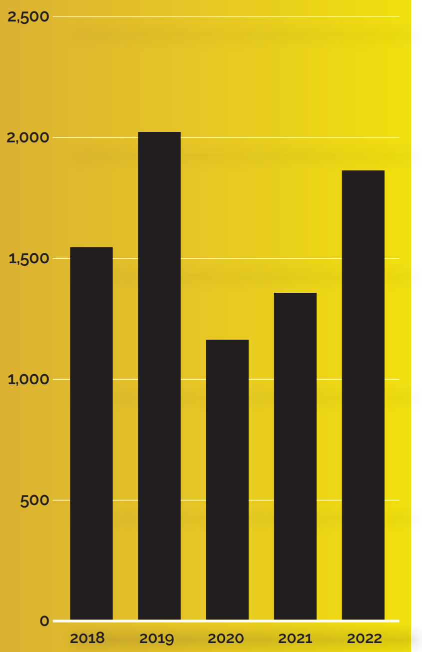
Lager Beer Business

Lager Beer Volume Overview

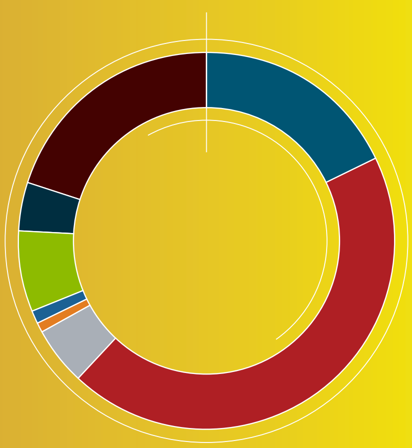
Lager Beer volume closed the year at 1,8 million hectolitres, growing by 38% above prior year. Product availability improved significantly aided by the injection of returnable glass bottles and improved operational efficiency of the plants. We were able to maintain stable prices in US$ but the high inflation and exchange rate volatility resulted in more frequent adjustments to local currency prices. There are opportunities for the retail trade to moderate prices and sell at recommended levels in order to maintain consumers within the franchise.

The relaxation of the COVID-19 restrictions has allowed the various classes of trade, especially on-premises outlets to return to normal business operating and allowing our brands to reactivate their trademark promotional and sponsorship properties. We had however, innovated some activations to promote home consumptions for compliance with lockdowns.

Lager Beer Volume Performance- '000hls



Lager Beer Trade Channel % Sales Contribution



Bar	18%
Bottle Store	44%
General Dealer	4%
Hotels	1%
Restaurants	1%
Supermarkets	7%
Other	4%
Wholesale	11%

Elevate and Grow Core Lager

Castle Lager, embarked on a brand identity refresh which included the introduction of a new label and packaging designs. These were amplified through store branding and billboard executions. The new label and packaging design reflects a modern design to go with the brand's rich heritage, high quality and Pan African credentials.

Our commitment to the growth of soccer in Zimbabwe was cemented by the renewal of the Castle Lager Premier Soccer League sponsorship contract for the 2021-2023 period. The brand partnered with various online streaming platforms to allow football fans to watch games from home during the COVID-19 restrictions on stadium attendances. The Castle Lager Braai *Paden/Edladleni* Promotion was also held during the year to reinforce messages on at-home consumption during lockdowns. The National Braai Day was executed and aired on social media platforms as a virtual show supported by live streaming on 30 October 2021.

Carling Black Label

Carling Black Label revamped its brand identity during the year. This included upgrading the brand outlook on all its existing packs as well as the newly introduced 500ml can pack. The brand made significant investments in outlet branding to improve visibility and ride on the new look.

Carling Black Label remains the Champion Men's choice, celebrating masculinity through recognising and rewarding their efforts and achievements every day. The brand was also involved in communicating COVID-19 preventive measures.

The traditional brand activations under the *"Thank Carling Its Friday"* theme were scaled down due to COVID-19 but continued to generate consumer interest in the participating outlets.

The Zimbabwean consumers had opportunity to participate in the Carling Cup activations which were in the form of scratch and win competitions. The consumers had a chance to watch the 2021 soccer final between Kaizer Chiefs and Orlando Pirates in Soweto South Africa.

Lager Beer Business (continued)

The CBL Pool tournaments will resume in the current year. The brand maintained its associations with music through the *"Carling Vibes Xtra"* show featuring four of the top-trending artists in Zimbabwe.

Lion Lager

There are ongoing efforts to reinvigorate Lion Lager through the revival of its thematic campaign *"Own your Pride"* and the *"Royal Pride"* radio show on Power FM. Listeners have an opportunity to share their moment of pride stories. Brand visibility will be enhanced through an extensive signage programme in the current year.

Sable Lager

The Sable Lager was launched in March 2022 adding to the portfolio, a smooth, easy drinking mainstream beer. Adorned in distinctive blue and gold packaging, Sable Lager delivers a well-balanced, smooth, and easy drinking taste. The name Sable Lager draws from the Company's roots as the flagship brand of the Sable Brewery founded in Bulawayo in 1950 at the current site of the Belmont factory.

Eagle Lager

Eagle Lager revamped its colours and brand identity, riding on the thematic campaign *"Soar Higher"* which is part of the roadmap to changeover to the standard brown bottle designs.

The Company runs the sorghum input scheme to grow the sweet red sorghum and other low tannin varieties for the Eagle Lager brand. The brand connects with Zimbabwe's rural small-scale farmers who are the main beneficiaries of the scheme. This partnership allows for local sourcing of inputs, empowering rural farmers and providing consumers with a quality refreshing beer at an affordable price.

Premiumize and Invigorate Beer

500ml Can Launch

Our premium category added a new 500ml can pack to the portfolio which provides for a greater value for money proposition.

Castle Lite

The Castle Lite brand continued to cement its premium credentials as"the progressive and trend-setting" brand by combining with fashion under the *"Unbox Yourself"* Sneaker campaign. The pack offering was extended to the 340ml returnable glass bottle, to ensure availability in the face of supply chain constraints on the one-way glass. Brand activations such as street parties which were cancelled due to COVID-19 are expected to return in the coming year.

Zambezi Lager

Zambezi Lager was granted a 2021 Gold Quality Award from Monde Selection, one of the leading International Quality Institutes led by a panel of eighty independent experts. The *Mighty Zambezi Bonfire "Home Edition"* promotion was executed online due to COVID-19 restrictions as the brand continued promoting at home activities around the bonfire. Zambezi Lager continued to support Bass Fishing and sponsored the 60th anniversary of the Kariba Invitational Tiger Fishing Tournament. The launch of the "Zambezian" community of friends was celebrated through the Limited-edition 500ml can pack which excited the market. The brand continues to register commendable volume growth and its premium credentials.

Golden Pilsener

Golden Pilsner won its third Monde Selection award in recognition of its high quality. The brand acts as the connection platform between progressive consumers and prominent business leaders through the *"Gold in the City"* series whereby consumers have an opportunity for mentorship and to interact with influencers.

Hit Refresh with the Renovated Bohlinger's Lager

The brand launched a refreshing packaging and brand positioning campaign in September 2021 with a new label design. Extensive sampling activations nationwide helped recruit new consumers into the brand. The new theme *"Hit Refresh"* struck the right chord with consumers which has spurred the brand's revival.

A Smart Barley Partnership

The company runs the barley contracting scheme which ensures that our beer brands use the high-quality Zimbabwean barley. The barley feeds into the malting plant at Kwekwe which produces barley malt for both domestic and export markets. The barley intake from the 2021 winter crop was 40 408 tonnes grown by 47 commercial farmers.

Current barley stocks provide cover for local and export requirements for a period up to mid-December 2022.

The existing maltings capacity at Kwekwe continues to be utilised for the exports into the region with a total of 5 730 tonnes of barley malt exported in current year.

The 2022 Barley contract hectarage has been increased to support the projected growth in domestic beer volume and firmer malt export demand. We expect the yields on farms to improve benefiting from the ongoing research and implementation of new farming technics and stable water and energy supplies.

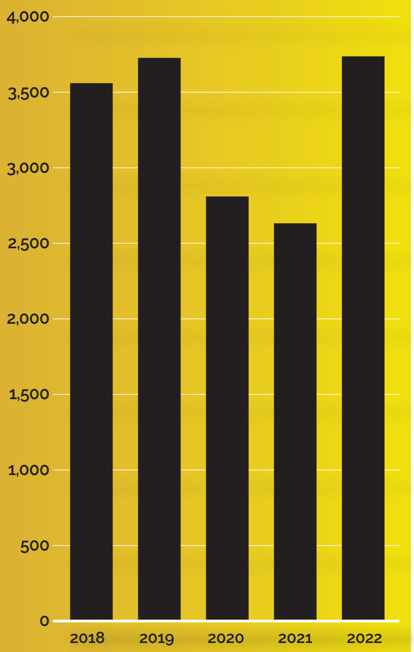
Research and development on barley varieties is continuing but is constrained by lack of diverse genetic material injection.

Review of Operations

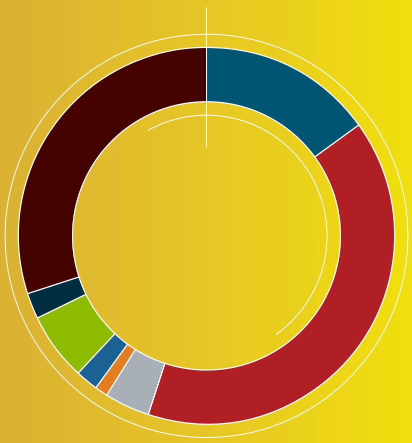
Sorghum Beer Business - Zimbabwe

The volume for the year at 3,7 million hectolitres was 43% above prior year. The year started on a positive note benefiting from the accelerated COVID-19 vaccinations and eventual relaxation of the restrictions. The improved access to on-premises consumption outlets benefited the Scud pack. There were localised lockdowns in the first half of the year in areas such as the Midlands, Mashonaland West and Bulawayo and varied applications of the lockdown regulations on the trading hours for bottle stores and other channels.

Sorghum Volume Performance- '000hls



Sorghum Beer Trade Channel % Sales Contribution



Bar	15%
Bottle Store	40%
General Dealer	4%
Hotels	1%
Restaurants	2%
Supermarkets	6%
Other	2%
Wholesale	30%

Outdoor activities, sporting activities and live musical shows fully returned across the market in the second half of the year.

The business benefitted from the increased spending arising from mining activities, infrastructure projects and the higher agricultural output from 2021.

The sales momentum was dented by the resurgence of hyperinflation which necessitated frequent price reviews.

A new variant of the standard Chibuku product, Chibuku Scud Plus, a pasteurised, longer shelf-life offering was successfully launched at the end of the year.

Nourishing Bonds Of Friendship

Chibuku brand remains anchored on its ethos of nourishing the bonds of brotherhood and friendship. Chibuku was recognised through winning the "Super Brand 2021" award for the FMCG Alcoholic Beverages Sector. The business is undertaking an aggressive outlet branding campaign and rolling out brand houses which reflect the refreshed brand graphics and supporting the Chibuku Super brand.

The Chibuku Super Cup roared back to life this year after a COVID-19 induced hiatus. Due to the soccer games not being open to the public, the brand relied on a partnership with ZTN digital platforms to ensure the games reached out to the broad spectrum of consumers.

Sorghum Beer Business - Zimbabwe (continued)

Vaccination Drive

The brand was at the forefront of encouraging consumers to get vaccinated and to embrace vaccination as a measure to combat the spread of COVID-19. The campaign was run in the press and digital media platforms.

Rewarding Our Consumers

Exciting promotions were conducted during the year with the aim of stimulating volume and rewarding consumers. These included the *"Double Double"* promotion in the first quarter, the *"Izibongo/Mutupo"* promotion which celebrated our heritage, and the Chibuku Super Surprise promotion which brought excitement during the festive season.

The trademark and heritage sponsorship properties such at the Neshamwari Traditional Dance Festival, Intwasa and the Chibuku Road To Fame were cancelled due to COVID-19 but are expected to return to the calendar in 2022.

Growing Livelihoods with Sorghum

Our sorghum contract scheme had an intake of 13 500 tonnes of grain. A total of 9 500 hectares were cultivated under the sorghum contract scheme in the 2021/22 season. Of this hectarage 8 500 ha grown by the communal small-scale farmers and the balance by commercial sector farmers. Over 10 000 communal / small scale farmers and 50 commercial farmers were contracted for sorghum production in the 2021/2022 season. Despite rainfall distribution challenges that the season presented, the contract scheme registered improved yields in view of better agronomic practices. The contract scheme impacts and uplifts the livelihoods of close to 10 300 families.

Review of Operations

Sorghum Beer Business – South Africa

United National Breweries Pty Limited – South Africa (UNB) recorded an improved volume outturn of 1,3million hectolitres, up 63% over prior year. The business is recovering from the severe business disruptions arising from the bans on trading in or consumption of alcoholic products as the COVID-19 restrictions in South Africa were relaxed during the year. These restrictions have resulted in a resurgence of homebrews and illicit liquor trade.

The business is focusing on expanding the pack offerings and increasing consumer acceptance of our commercial sorghum beer brands and expanding the consumer base by recruiting new users.

Our route to Market

The market is serviced through a national footprint 42 distributors and depots which operate on a call and collect basis. The depots also cover deliveries to outlets through Direct Driver Sales Persons (DSP). There are ongoing efforts to increase the outlet universe and improving the ambiance in bars. We are increasing brand visibility in trade through an extensive store branding initiative.

Our Production Footprint

The recovery in volumes has allowed the business to run the two breweries at Phelindaba in Gauteng and Tlokwe in Northwest province. The Tlokwe plant also produces Maheu and instant beer powders. The Butterworths Brewery in Eastern Cape will be reopened in the current year to reduce freighting costs and better service the market.

Sorghum malt is produced at the plant at Isethebe – Kawzulu Natal, which uses sorghum grown under contract with farmers.

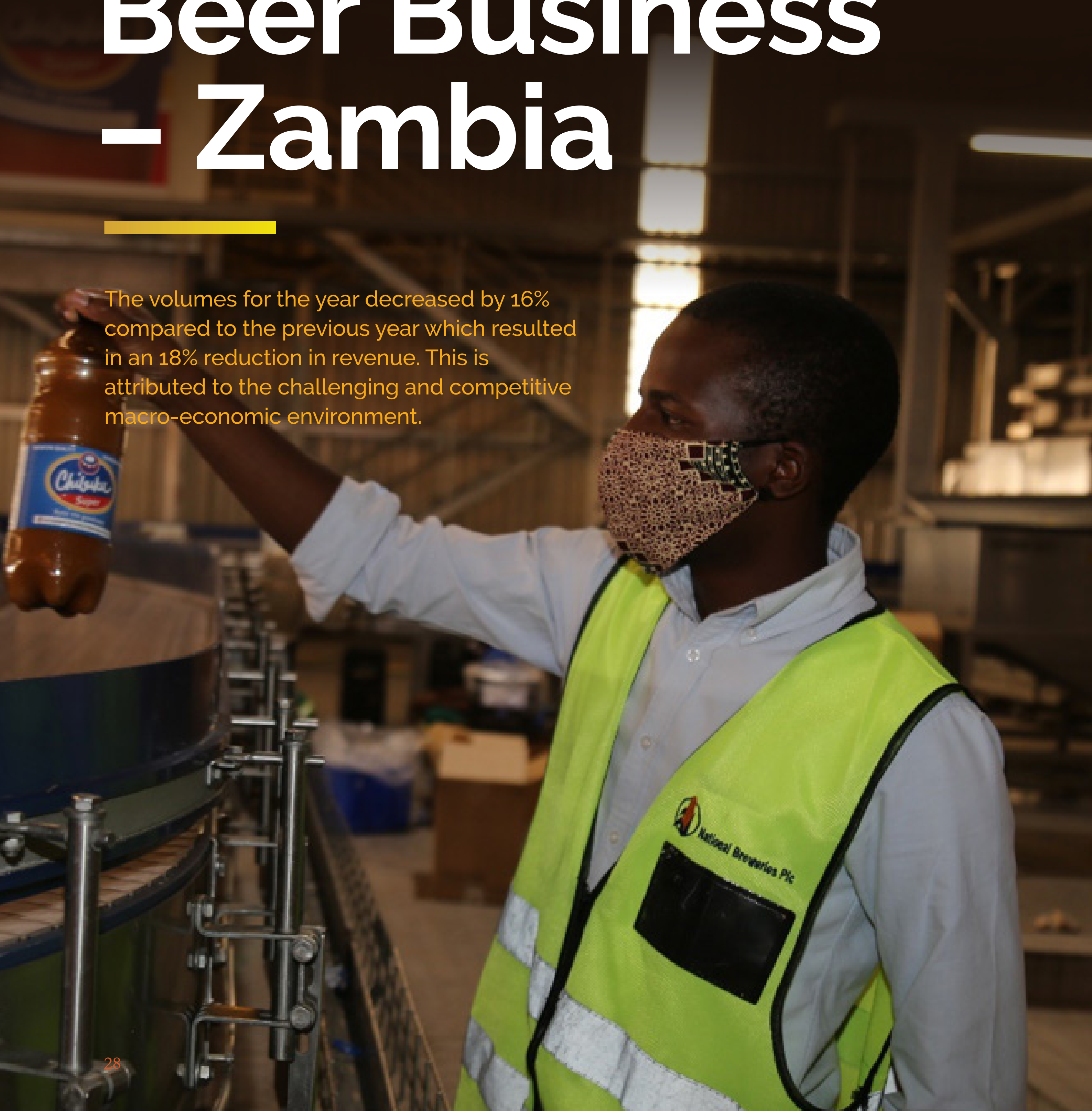
GROWING SORGHUM SUPPLIER RELATIONSHIP

United National Breweries partners with farmers annually who grow and supply sorghum grain for malting at the Isithebe Plant in KwaZulu Natal. This partnership is in line with the country's broad based black economic empowerment (BBBEE) programs. There are plans to expand this program to other less privileged farmers in the Eastern Cape and KwaZulu Natal provinces.

Review of Operations

Sorghum Beer Business – Zambia

The volumes for the year decreased by 16% compared to the previous year which resulted in an 18% reduction in revenue. This is attributed to the challenging and competitive macro-economic environment.



Sorghum Beer Business – Zambia (continued)

The Kwacha appreciated sharply in the lead up to and shortly after general elections which reflected the improved market confidence and the access to the US$1,3 billion IMF special drawing rights (SDRs). Increases in the prices of fuel and the review of subsidies put pressure on margins while eroding consumer disposable incomes. There was a 67% increase in specific excise duty on opaque beer during the final quarter. This necessitated increases in retail prices, negatively impacting volume and financial performance. These challenges compounded the complications arising from operating under COVID-19 restrictions and the competition from non-compliant players.

Connecting With Consumers

The brand continued to connect and engage with consumers through various campaigns such as 'Forever' themes on Brotherhood, Goodness and Refreshment.

Rewarding Our Consumers

Chibuku Brand continued with the *"Chibuku Double-Double"* and *"Chibuku Super Surprise"* national promotions aimed at rewarding loyal consumers. These campaigns also communicate the brand themes of friendship and bonding.

We continue to extend the range of our product offerings to meet consumer choices on packs and product taste. This includes the reintroduction of the 1.5l Scud, the pasteurised liquid in the 22l kegs to complement the Shake Shake and Chibuku Super.

Developing Our Capability

The focus during the year was on addressing the production capacity challenges relating to plant maintenance to ensure consistent product quality.

There are arrangements for skills exchanges with Delta Beverages to grow skills, broaden careers and to embed a common business culture. This will assist in the ongoing efforts to increase labour productivity and standardise the Chibuku brand footprint.

Review of Operations

Sparkling Beverages

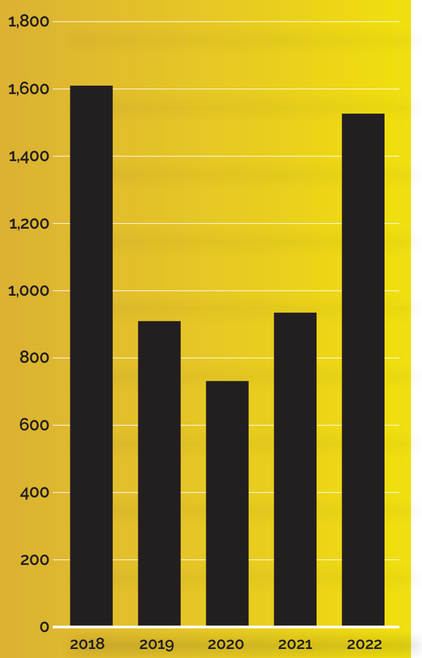
The Sparkling Beverages volume grew by 65% above prior year to 1.4 million hectolitres. The volume rebound is attributed to the recovery in market share which was underpinned by consistent supply of both flavours and packs. The growth was achieved despite headwinds from the COVID-19 pandemic and an unstable macro-economic environment.

Sparkling Beverages Volume

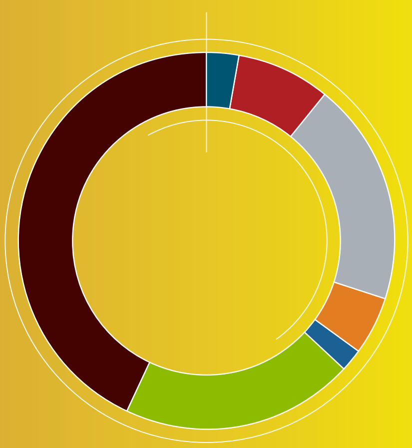
↑65%

The Sparkling Beverages volume grew by 65% above prior year to 1.4 million hectolitres.

Sparkling Beverages Volume Performance- ‘000hls



Trade Channel Sales Perfomance %



Bar/Night Club/B-Hall	3%
Bottle Store	8%
General Dealer	19%
Petroleum Foodmart	5%
QSR	2%
Supermarket	20%
Wholesale/Distributor	43%

The sector has become highly competitive with a proliferation of low-priced offerings. We continued to leverage on the returnable glass packs that offer value to the consumers. The injection of new glass allowed traders to relax the exchange of containers at point of purchase by allowing consumers to pay a deposit. The business invested in vending equipment during the year to increase the informal sector footprint while empowering less privileged members of the community.

The Mutare Bottling franchise was fully integrated into the production and distribution grid thereby improving the utilisation of the available capacity. A new PET plant has been ordered for installation at the Graniteside factory to address the capacity constraints on the convenience packs.

Due to the COVID-19 pandemic most of the brand activities were limited to contact free market activations.

The new Coca-Cola *“Real Magic”* global marketing campaign was launched into the market with its messaging of spreading positivity and optimism. The new *“Hug”* logo provides a visual language for embracing moments and celebrating the Real Magic in key cultural moments, thereby connecting and championing the diverse lives of Coca-Cola consumers. **WE ARE ONE COKE AWAY FROM EACH OTHER!**

Sparkling Beverages (continued)

Bold Move to No Sugar Flavours

The NO SUGAR range of flavours was introduced in response to consumer tastes and preferences. The COKE NO SUGAR comes with a new formulation with a smoother after-taste that brings even more of the Coca-Cola flavor that is more delicious and more refreshing.

The No Sugar range has been extended to Fanta, Sprite and Stoney Ginger Beer.

The Business extended its mixers offering with the launch of locally produced Schweppes pack range, in addition to the imported mixers. This offers consumers an increasingly wider beverage portfolio to choose for their various consumption occasions.

Supporting Returnable Glass bottles

As part of returnable bottle campaign, traders were encouraged to charge deposit for returnable packs to create convenience for the consumer, while allowing the consumers to return glass back to traders for a refund. The returnable bottle is affordable and offers value for money to the consumer.

Working with the Informal Sector

The business continues to invest in cold drink infrastructure particularly in the informal sector, where our brands now stand out distinctly. The deployment of informal sector equipment is part of our program of empowering and uplifting the livelihoods of communities through targeting less priviledged members of the society. In the year under review, the business injected over 2 000 vendor trolleys which were preferentially allocated to women beneficiaries. The programme includes equiping the vendors with entreprenurial skills through training and mentorship.

As the COVID-19 pandemic stabilizes, we anticipate that our various brands will continue to support consumer activities such as sports and musical events.

The business will also continue to work in collaboration with The Coca-Cola Company in terms of productivity improvements, training, work place safety, consumer marketing and best practice sharing and implementation across all functions.

Review of Operations

Maheu Business

The Maheu business recorded a volume growth of 58% over prior year, benefiting from the improved supply of key ingredients and packaging materials. There were some supply gaps during the switch over to the ADES brand.

The route to market has been enhanced and is supported by a dedicated sales team.

Ades Shumba Maheu Launch
Shumba Maheu re-branded to Ades Shumba Maheu to align with Coca-Cola's global brand name for seed-based beverages. The Ades brand was rolled out initially in 6 Flavours.

Review of Operations

Transport and Logistics

The transport and logistics function involve a nationwide distribution of the Group's products and some limited in-bound logistics.

The Company operates an internal fleet of over 250 prime movers, 400 trailers and 120 forklifts primarily focusing on direct to store deliveries across the country. The fleet is maintained through our network of 23 workshops countrywide. The prime movers fleet is being expanded to cover freighting from the factories to the distribution sites, utilising the reverse trips for inbound losgistics.

Transport and Logistics (continued)

The business advocates the presold delivery model which allows for focused delivery scheduling based on customer orders. The dynamic routing platform utilises the National Telesales Centre and sales representative customer contacts to collect and prioritise deliveries. The drive is to promote a good sales day across all corners of the country. We promote efficient door to door delivery for convenience and assured product supply to our customers and consumers. The business is collaborating and benchmarking to ensure the best service provision in the region.

In this financial year, our fleet travelled a total of 10,8 million kilometres. This was 14% above prior year due to the increased activity. Focus has been on internal resource productivity.

There is continuous training of the drivers with a focus reducing risks relating to night driving or driver fatigue and enhancing defensive driving skills. The Driver Training School at Ruwa training school continues to collaborate with the Traffic Safety Council of Zimbabwe to create awareness and enhance the training on road safety. The business embarked on an enhanced fleet telematics system that promotes real time tracking and monitoring of driver including sending alerts on detecting possible fatigue. We continue to promote safe driving awareness among drivers through social media platforms.

Leveraging on Our Supply Chain

Promoting Best Practice In Procurement

Our procurement team interacts with local, regional and global suppliers to source the goods and services that the business needs to produce and sell our beer and soft drinks. Our Supplier Partnering Program aims to collaborate with each supplier to ensure that they at least meet minimum requirements of the United Nations Framework and Guiding Principles on Business and Human Rights and the Company's code of business ethics.

The guiding principles relate to work place safety, avoiding child labour, basic labour standards and human rights and good manufacturing practice.

Suppliers must act ethically and with integrity at all times and comply with local, national and international laws and regulations. They should avoid situations where a conflict of interest may occur and must immediately disclose to Delta any conflicts of interest that do arise.

Promoting Local Sourcing

Most of the Company's inputs and services are sourced from the local market. The contract farming arrangements for sorghum, barley and maize ensure sustainable sourcing of these key brewing materials whilst providing livelihoods to the local communities. The supplier partnering program aims to achieve gains in quality, cost and service levels through reduction in waste and poor materials performance.

The sourcing of imported inputs has been challenging particularly due to the shortages of foreign currency and the pricing distortions characterising the Zimbabwean economy. The Company's financial dealings have strictly been in accordance with the laws and regulations in each market.

The COVID-19 pandemic and war in Ukraine have negatively affected supply of inputs due to disruptions in logistic chains and shortages of agricultural inputs, commodities and raw materials across the globe.

Review of Operations

African Distillers Limited

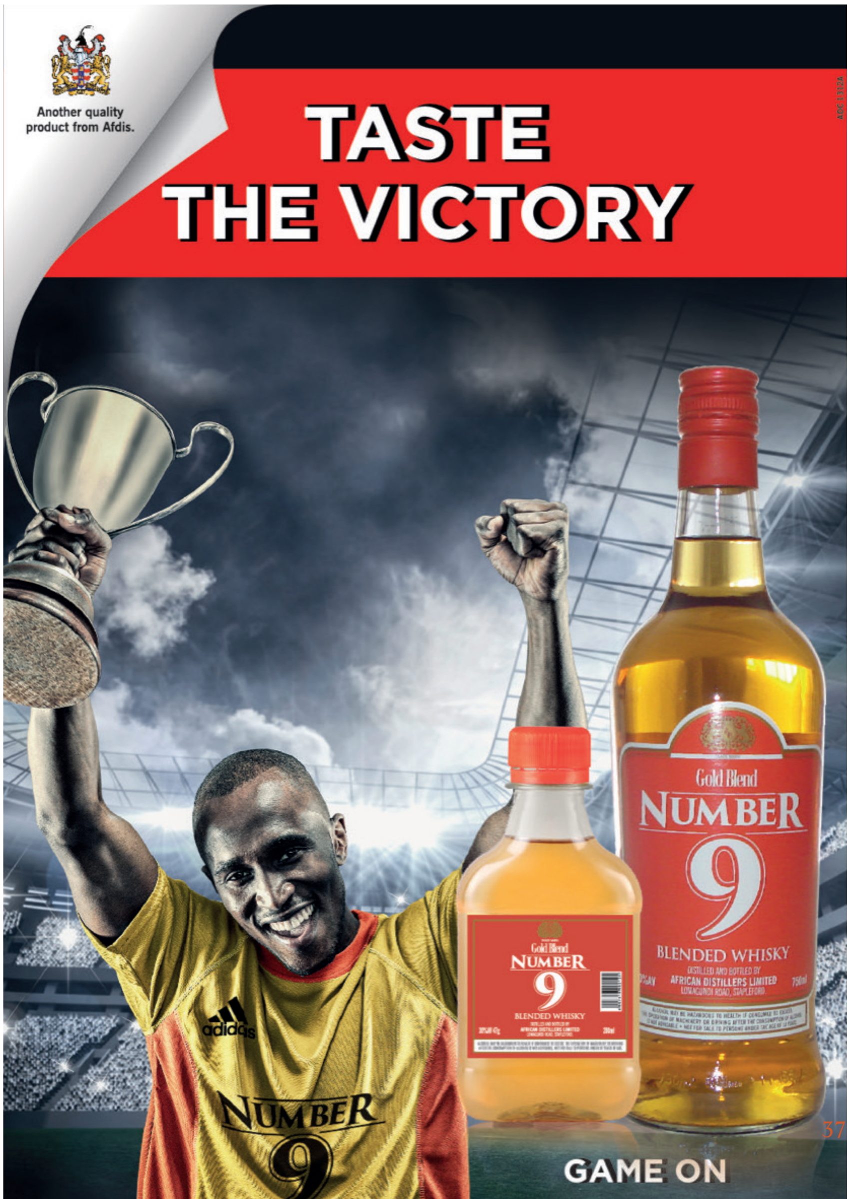
African Distillers Limited (continued)

African Distillers Limited is a public quoted company whose core business is the manufacture, distribution and marketing of branded spirits, wines and ciders for the Zimbabwean market.

Volume for the business increased by 36% on the comparative twelve-month prior period mainly driven by Wines and Ready to drink (RTDs) segments which grew by 65% and 50% respectively. In historical cost terms, revenue was ZW$6,7 billion, a growth of 138% on prior year, driven by firm demand.

The company experienced glass shortages in the last quarter due to bottle production disruptions that were caused by COVID-19 lockdowns in South Africa. This affected the availability of the Hunters brand on the market. The business continues to benefit from the support of its key shareholders and franchise partners.

Afdis embarked on key capital projects to localise production of 4th Street and Cider fermentation. The company continues to focus on revenue and profitability growth through product innovation, market share protection, production efficiencies and cost containment.



Delta Corporation LIMITED

Review of Operations: Associates

Schweppes Holdings Africa Limited

Schweppes Holdings Africa Limited (continued)

Schweppes Holdings Africa, through its main operating entity Schweppes Zimbabwe Limited, is a manufacturer and distributor of non-carbonated still beverages under licence from The Coca-Cola Company.

Beverage Volume

↑22%

The product portfolio currently includes cordials, fruit juices, bottled water and iced tea. The Company has value chain investments, BeitBridge Juice Company which processes fruit juices mainly oranges and Best Fruit Processors which produces tomato paste for both local and export markets.

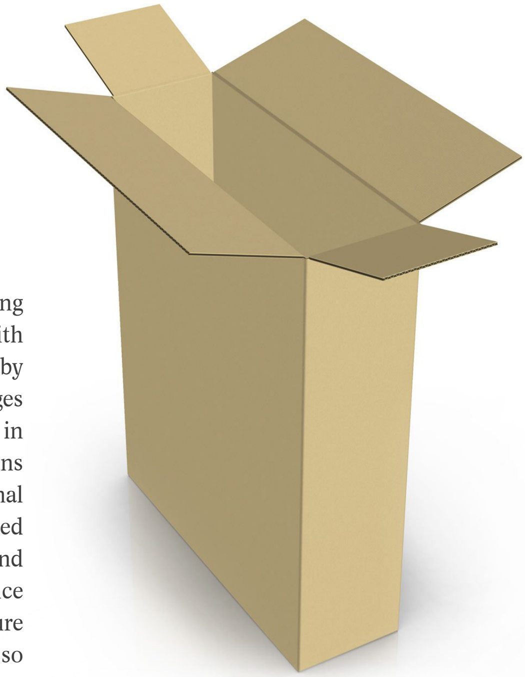
The beverage volume grew by 22% over prior year, driven by improved product supply and market recovery of the Minute Maid Juice drinks which were not available in the previous period. Juice shortages have resulted in market under supply of Mazoe Orange Crush, the mainstay of the business.

Review of Operations: Associates

Nampak Zimbabwe Limited

Nampak Zimbawe Limited (continued)

Nampak Zimbabwe was created by the merging of the packaging related entities MegaPak, Hunyani and CarnaudMetalbox (CMB) in 2014 with the new entity taking over Hunyani Holdings Limited's Zimbabwe Stock Exchange listing.



Nampak's activities are summarised below:

Entity	Line of Business
Mega Pak	Manufacture of injected and moulded primary and secondary plastic and PET packaging products
Hunyani	Manufacture of paper, printing and packaging products
Carnaud Metalbox	Manufacture of metal aerosol cans, crowns and plastic bottles

Nampak Zimbabwe witnessed 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.

Report of the Directors

The Directors present their 75th Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2022.

Year's Results

The year's results are presented in Zimbabwean Currency ZW$ which was promulgated as the functional currency in the country in February 2019. The Group reports inflation adjusted financials in line with IAS 29. This report is based on the historical cost figures.

	ZW$'000
Revenue	86 457 003
Operating Income	21 601 298
Net Finance Income	2 035 127
Share of Associates Income	717 964
Profit Before Tax	24 354 389
Profit attributable to Owners	19 340 403
Less Dividends	
Dividends Paid (total 75 cents per share)	973 980
Dividends Declared (total US$0,6 cents plus ZW$120 cents per share)	3 895 920
Add Distributable Reserves at the beginning of the year	6 694 149
Distributable Reserves at the end of the year	23 024 662

Property, Plant And Equipment

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2022 totalled ZW$4,2 billion. The capital expenditure for the year to 31 March 2023 is planned at ZW$12,8 billion.

Associates

The Company's effective shareholding in Schweppes Holdings Africa Limited at 49% and 21.46% in Nampak Zimbabwe.

Share Capital

The authorised share capital of the Company has been restated to ZW$ at ZW$14,0 million comprising 1 400 000 000 ordinary shares of ZW$0,01 (one cent) each. A total of 12 161 040 shares were allotted in accordance with the share option schemes. The ordinary shares in issue are 1 304 272 595.

Accordingly, the issued share capital is now ZW$119,5 million comprising nominal capital of ZW$13,0 million and share premium of ZW$106,5 million. The number of shares currently under the Share Appreciation Rights Scheme is 29 469 500.

The Company now maintains both a materialised certificate register and an electronic de-materialised one maintained by Chengetedzai Security Depository. Shareholders can opt to maintain their shares either in paper certificates or in electronic/dematerialised form through a nominated Custodian.

Dividends

The Board declared interim of ZW$75 cents per share and a final dividend of US$0,6 cents plus ZW$120 cents per share. This brings the total dividend in respect of the year ended 31 March 2022 to ZW$195 cents and US$0,6 cents per share.

Reserves

The movements in the Reserves of the Group and the Company are shown in the Consolidated Statement of Comprehensive Income, Group and Company Statements of Changes in Equity and in the Notes to the Financial Statements.

Report of the Directors (continued)

Purchase of Own Shares

At the last annual general meeting, authority was granted for the company to purchase its own shares up to a maximum of 10% of the number of shares in issue as at 31 July 2021. The authority is due to expire at the conclusion of the next annual general meeting in July 2022. The notice of the annual general meeting proposes that shareholders approve a resolution renewing the authority for the share buyback.

The authority was not utilised during the reporting period. The Company held a total 5 632 579 of its own shares as at 31 March 2022.

Going Concern

The directors have reviewed the Group's performance for the year and the principal risks its faces, together with the budget and cash flow forecasts for the next twelve months, and the application of reasonable sensitivities associated with such forecasts. The directors note that the operating environment makes it difficult to plan for the future. Reference is made to the analysis of principal risks and uncertainties included in the annual report. Based on this review, and considering the current financial position, the directors have continued to adopt the going concern basis in preparing the consolidated financial statements.

Directors

The names and summarised resume' of the directors are set out on pages 152 to 155. Mr C F Dube retired from the Board and as Chairman at the conclusion of the annual general meeting on 30 July 2021. Mr P Gowero retired from the Company and as Chief Executive on 30 June 2021. Mr M M Valela was appointed as Chief Executive on 01 July 2021.

Messrs L E M Ngwerume and J A Kirby retire from the Board on 29 July 2022 and therefore do not seek re-election. Mrs E Fundira, Ms L A Swartz and Dr C C Jinya retire by rotation. Mr S Moyo and Dr A M P Marufu retire at the end of their interim appointments. All being eligible, will offer themselves for re-election.

No Director had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. Mr S Moyo is a senior partner at Scanlen & Holderness Legal Practitioners, a firm that provides legal services to the Group. The beneficial interests of the directors in the shares of the Company are shown in note 18 of the financial statements.

Auditors

Members will be asked to re-appoint Ernst & Young as Auditors for the Company for the ensuing year.

Corporate Governance Compliance

In line with the Zimbabwe Stock Exchange Listing Rules (SI134/19) the Board has adopted The Zimbabwe Code on Corporate Governance as guiding framework and also draws guidance and best practices from the Belgian Code on Corporate Governance. The reference to the Belgian Code relates to the alignment with key shareholders. There is an on-going process to evaluate the Company's practices against the governance principles to identify any areas of divergence or possible improvement.

Annual General Meeting

The 75th Annual General Meeting of the Company will be held at 12:30 hours on Friday 29 July 2022 as a virtual meeting and partial physical attendance at the Registered Office of the Company at Sable House, Borrowdale, Harare.

By Order of the Board

S Moyo	M M Valela	F N Musinga
Chairman	Chief Executive	Company Secretary
31 May 2022		

Certificate of Compliance by the Company Secretary

I, the undersigned, in my capacity as the Company Secretary of Delta Corporation Limited, hereby confirm that, to the best of my knowledge, the Company has complied with the Zimbabwe Stock Exchange Listing regulations, lodged all returns with the Registrar of Companies required of a public company in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and that such returns are true and up to date. I also confirm that the articles of Memorandum and Articles of Association of the Company have been aligned to the provisions of the new COBE Act.

F Musinga
Company Secretary
31 May 2022

Corporate Governance

Introduction

The corporate governance practices of Delta are based on the code of business conduct which sets out the ethical standards to which all employees are expected to adhere.

The code incorporates and covers the Company's operating, financial and behavioural policies and endeavours to foster responsible business conduct by all employees particularly as this relates to compliance with all laws, disclosure of any conflicts of interests, confidentiality of information, to act at all times in the best interests of the Company and to conduct all their dealings in an honest and ethical manner. The ethics code defines the employees' responsibilities and expected behaviour and covers the limits on acceptance of gifts from suppliers or stakeholders, the appropriate use of the Company's property and the anti-corruption policy. There are detailed policies and procedures in place across the Group covering the regulation and reporting of transactions in securities of Group companies by directors and officers. The Code is applicable to the Company and its subsidiaries.

Stakeholders

Delta strives to strike a balance between generating great business results and managing its environmental and social responsibilities through the various sustainable development initiatives as detailed in a separate report. This outlines the programs in the areas of responsible drinking, safety and wellness, the environment and the communities.

The corporate governance framework accords with the Zimbabwe Code on Corporate Governance, and borrows from the Cadbury and King reports, the national codes or listing regulations applicable in the countries of primary listing of the Company's major shareholders such as those of United Kingdom, Belgium and the United States. Delta has in place throughout the Company, responsive systems of governance and practice which the Board and management regard as entirely appropriate and in accordance with the said codes.

Delta applies various participative practices in its relationships with non-management employees, primarily in respect of operating matters and plans, on the basis of mutual information sharing.

The Board of Directors

The Board of Directors of Delta is constituted with an equitable ratio of executive to non-executive and independent directors noting that some directors represent certain shareholders. The composition and structure of the Board is reviewed periodically to align with best practice, respective skills, experience, background, age and gender. The Board is chaired by a non-executive director and meets at least quarterly. The Board governs through clearly mandated board committees, which have specific written terms of reference. Committee chairmen report orally on the proceedings of their committees at the next meeting of the Board.

The directors rotate and are re-appointed at least once every three years and are expected to retire at 70 years of age. Any director that has served for more than three terms (nine years) or is beyond 70 years of age is rotated and re-appointed annually thereafter. The Board has adopted transitional arrangements to close any gaps and departures from the governance codes.

Short biographies of each of the directors are on pages 152 to 155.

Directors' Interests

Each year Directors of the Company are required to submit in writing whether they have any material interest in any contract of significance with the Company or any of its subsidiaries which could have given rise to a related conflict of interest. No such conflicts were reported this year.

The Audit Committee

The Audit Committee of the Board deals, inter alia, with compliance, internal control and risk management. It is regulated by specific terms of reference, is chaired by an independent non-executive director and comprises of non-executive directors. The Chief Executive and the Executive Director - Finance attend and present reports to the Committee. It meets at least twice a year to discuss accounting, auditing, internal control, financial reporting and risk management matters. The Committee also reviews compliance with ZSE listing requirements, corporate governance codes and applicable laws. The external and internal auditors meet regularly with and have unrestricted access to the Audit Committee.

The Remuneration Committee

Delta's Remuneration Committee is constituted and chaired by non-executive board members. The Chief Executive Officer attends and presents reports to the Committee. The Committee also acts as the Nominations Committee on matters relating to board composition, retirements and recruitments.

Corporate Governance (continued)

It acts in accordance with the Board's written terms of reference and is responsible for the assessment and approval of the Group's remuneration strategy and to review the short-term and long-term remuneration of executive directors and senior executives. It also acts as the general-purpose committee (in which case it co-opts additional members) to deal with ad-hoc strategic issues that may impact on human resources. The Committee meets at least twice a year.

The Nomination Committee

The Nomination Committee is the committee of the Board whose focus is to consider the composition of the Board and its Committees, the retirement, appointment and replacement of directors, and makes appropriate recommendations to the Board. It comprises the Chairman and a least two non-executive directors.

Risk Management

The focus of risk management in Delta is on identifying, assessing, managing and monitoring all known forms of risk across the Company. An appropriate risk analysis framework is used to identify the major risks which the Company must manage in serving its stakeholders.

The environment in which the Company operates is subject to such levels of change that regular reassessment of risk is necessary to protect the Company. In view of this, each part of the business has developed detailed contingency action plans to minimise the lead-time necessary to adapt to changes in circumstances. These plans are then updated whenever a change is noted or anticipated.

The management of risk and loss control is decentralised, but in compliance with Company policies on risk, the process is reviewed centrally on a quarterly basis and is supervised by the Audit Committee.

The Company has a well-resourced Internal Audit department which houses the loss control function key in the risk management effectiveness. They provide assurance about the effectiveness of governance, risk management and internal controls.

An Independent Auditor appointed also provides assurance in the effectiveness of internal controls over financial reporting in the Annual Financial Statements and Integrated Report.

Directors' Attendance of Meetings

(From 1 April 2021 to 31 March 2022)

Name of Director	Main Board/AGM		Audit Committee		Remuneration Committee	
	Attended	Possible	Attended	Possible	Attended	Possible
Mr P Gowero	2	2	1	1	1	1
Mr C F Dube	4	4	—	—	1	1
Mrs E Fundira	7	7	—	—	4	4
Dr C C Jinya	7	7	3	3	—	—
Mr J A Kirby	7	7	3	3	—	—
Mr A Makamure	7	7	3	3	4	4
Dr A M P Marufu	3	3	—	—	—	—
Mr T Moyo	7	7	3	3	—	—
Dr J Mushosho	7	7	—	—	—	—
Mr L E M Ngwerume	6	7	—	—	4	4
Mr R T Rivett-Carnac	5	7	3	3	—	—
Ms L A Swartz	5	7	—	—	4	4
Mr M M Valela	7	7	3	3	3	3

- Messrs C F Dube and P Gowero resigned from the Board during the year, whilst Dr A M P Marufu and Mr S Moyo joined during the current year.
- The membership of committees was altered during the year.

Report of the Remuneration Committee

The Remuneration Committee submits its second report to shareholders in line with sections 167 and 183 of the Companies and Other Business Entities Act (Chapter 24:31).

This report focuses on setting out the remuneration philosophy and strategies and laying out the components of compensation for directors and senior management. The Committee comprises non-executive directors, with the Chief Executive and other executive members attending meetings by invitation. The Committee is responsible for overseeing the formulation and implementation of the Group's remuneration policies and recommending to the Board the remuneration of the Chief Executive and members of the Group Management Committee and the non-executive directors' fees.

Remuneration Philosophy

The Company's remuneration philosophy is to ensure that all employees are rewarded fairly and appropriately for their contribution. The Remuneration Committee considers appropriate market benchmarks whilst emphasising on pay for performance. This helps to attract, retain and motivate individuals while ensuring that employees' behaviours remain consistent with Delta's core values. All executive employees sign formal employment contracts which specify their conditions of service and terms of reference.

Remuneration comprises fixed and variable pay which is further divided into short-term and long-term incentives.

Non-Executive Directors' Fees

The Remuneration Committee recommends the level of remuneration for directors, including the Chairperson of the Board, subject to approval by the Board and, subsequently, by the shareholders at the Annual General Meeting when it approves the annual accounts.

The remuneration includes retainers for the main board and committees in addition to attendance fees for the main board meetings. The Committee fees are differentiated between members and Chairpersons of the Committees, it being understood that the amounts of the retainers set out above are cumulative in case of participation of a director in several committees. The fees are regularly benchmarked against peer companies to ensure that they are competitive, taking into account the time committed to the Board and its various committees. Board members do not participate in share option schemes or bonus incentive schemes and receive no other benefits other than a take home beverage allocation. The Company does not provide pensions or medical benefits to non-executive directors.

Compensation for Chief Executive Officer and members of The Group Management Committee

The remuneration of the Chief Executive and senior executives comprises the following components:

i) **Fixed Pay:** This includes basic pay, pensions and other cash benefits. The Zimbabwean economy has been affected by high inflation and an unstable exchange rate, and the use of foreign currency for domestic transactions. The Committee periodically reviews salaries to mitigate the effects of both inflation and exchange rates. Annual reviews are done to consider individual performance (merit awards). Retirement benefits cover contributions to occupational and statutory pension schemes and related life assurance covers. Other benefits and allowances relate to motoring, schooling, housing, medical aid, club subscriptions and take home drinkage, that are appropriate to the market and to assist the executives in efficiently carrying out their duties.

ii) **Short-term Incentives:** This is meant to create a balance between fixed and at risk (variable) pay to incentivise performance. The annual productivity bonus plan is based on achievement of the Company's strategic targets which include both financial, project milestones, sustainability measures and key business metrics, appropriately weighted for each executive. Typical metrics include revenue, volume, market share, cost savings, margin growth, EPS, sustainability (resource usage reductions), health and safety, return on capital and working capital measures.

iii) **Long-term Incentives:** This mainly comprises the share options or share appreciation schemes which link between executive pay and value creation for the shareholders. These are awarded annually and have a minimum vesting period of three years. The grants are made annually at the discretion of the Committee and the Board, with a maximum allocation per individual participant based on multiples of basic pay.

iv) **Other Benefits:** This includes loan advances covered by a pre-existing authority (shareholders special resolution) at set multiples of basic pay. The loans are secured through mortgages or other suitable security.

v) **Termination Policy:** The Remuneration Committee takes into account the individual circumstances on termination which include the contractual and legal obligations, the relevant rules of share plans and pension schemes with the underlying principle that there should be no reward for failure. There are policies relating to voluntary termination, redundancy, normal or ill-health retirement and death in service. The Committee also considers post service restrictions giving rise to payments in lieu of notice and restraint of trade.

Report of the Remuneration Committee (continued)

Policy on External Appointments

Executives are permitted to accept not more than two non-executive directorships in other companies, subject to prior approval of the Board. Fees received in respect of the external appointments may be retained by the individual.

Key Activities During the Current Year

The key activities of the Committee related to:

i) Executive Remuneration and Board Fees: Zimbabwe experienced a surge in inflation, an unstable exchange and adverse impacts on the business arising from the COVID-19 pandemic. Austerity measures were adopted to manage the payroll cost whist maintaining a reasonable reward to employees. More frequent pay and fees adjustments were implemented to respond to the rise in inflation.

ii) Grants of share options were made from the Share Appreciation Rights Scheme 2020.

iii) The Committee superintended over selecting and appointment of senior management. The current Chief Executive Officer and Executive Director - Finance assumed their positions during the current year.

iv) Ongoing review of the Committee's terms of reference to align with the Board Charter.

Summarised Directors Emoluments for the Year.

The Zimbabwe Stock Exchange Guidelines provide that a summary remuneration report be submitted to shareholders. The detailed remuneration report is reviewed by the auditors and available for inspection at the registered office of the Company subject to the conditions set in the Companies and Other Businesses Act (Chapter 24:31).

Non-Executive Directors' Fees

	HISTORIC COST
Annual Director's Fees*	**March 2022 ZW$'000**
Base Fee	
Board Chairman	**4 273**
Other Directors	**2 621**
Committee Chair	
Audit	**2 621**
Remuneration	**1 310**
Nominations	**655**
Committee Membership	
Audit	**1 629**
Remuneration	**655**
Nominations	**655**

*Directors' Fees are paid quarterly.

The remuneration of directors and members of key management during the year was as follows:

	HISTORIC COST	
	2022 ZW$'000	**2021 ZW$'000**
Short Term	**644 487**	697 167
Post-Employment	**52 639**	23 637
Share Based	**81 273**	24 819
Total Directors and Key Management	**778 399**	745 653
Included in the amounts above are the following with respect of directors' emoluments:		
For services as directors	**25 467**	17 885
For managerial services	**306 555**	121 893
	332 022	139 778

The Group advances loans under the Group Housing Scheme and a vehicle ownership scheme to executive directors and members of key management. These loans are secured through mortgage bonds, terminal benefits or the cars purchased under the scheme or other suitable security. The balance at the end of the year was ZW$768,6million (2021 – ZW$281,1million).

Retirement of Remuneration Committee Chairman

The Committee pays tribute to the former committee Chairman, Mr L E Ngwarume who retired from the Board on 29 July 2022.

Signed on Behalf of The Board

LEM Ngwerume
Remuneration Committee Chairman
31 May 2022

Report of the Audit Committee

The Audit Committee submits its second report to shareholders in line with sections 183 and 219 of the Companies and Other Business Entities Act (Chapter 24:31).

The Audit Committee assists the Board in fulfilling its oversight responsibilities regarding financial reporting, risk management and internal controls and the independence and effectiveness of the external auditors. It receives reports from the Executive Director - Finance the Internal auditor, Company Secretary, and the external auditors and meets at least twice a year.

Financial Reporting

The Committee reviews the interim and full year financial statements before their submission to the Board for approval. The key issues in the current financial year related to:

i) **Compliance with International Accounting Standard 29:** Financial Reporting in Hyperinflation economies. Reliance was placed on the Consumer Price Indices provided by the Zimbabwe Statistical Agency.

ii) **The challenges arising from complying with International Accounting Standard 21:** Effects of Changes in Foreign Exchange Rates, as the country uses a dual currency framework despite the promulgation of the of ZW$ as the sole legal tender and it being permissible to use foreign currency to settle domestic transactions. There is a discernible disparity between the official auction exchange rate and the widely applied market exchange rates. The 2020 Auditors' Report contained a modified opinion on the financial statements in relation to the opening balances arising from the change in the functional currency from USD to ZW$ in February 2019.

iii) The adverse impacts of the COVID-19 pandemic on the businesses were discussed and evaluated. The businesses in Zimbabwe and Zambia were allowed to operate, during the various levels of lockdowns and restrictions implemented since March 2020 to mitigate the spread of the virus. South Africa implemented more stringent bans on sale or trading in alcoholic beverages which resulted in United National Breweries trading for limited periods during 2020 and 2021. The lockdowns have largely been relaxed and the businesses are implementing recovery strategies.

iv) There are viability and going concern issues relating to National Breweries Zambia. The Committee reviewed the business recovery plans and funding arrangements.

v) The exchange rate risk relating to foreign liabilities has been reduced significantly as the business is generating sufficient foreign currency through domestic sales. The legacy foreign liabilities are covered by the settlement arrangements with the Reserve Bank of Zimbabwe.

vi) Some critical accounting judgements and estimations were made in the preparation of the financial statements. These include the valuation of the financial assets relating to the Reserve Bank of Zimbabwe cash cover deposit for the "legacy foreign creditors", the valuation of share-based payments, estimation of the containers in the market, the assessment of impairment assets and the spot exchange rates.

vii) The Committee noted that the tax legislation in Zimbabwe with respect to currency of settlement of certain taxes and the transitional arrangements to use of ZW$ as the functional currency creates some uncertainties in the tax positions.

Risk Management and Internal Controls

The Committee reviewed a wide range of matters with management, the internal auditors and external auditors with respect to the identified principal risks and management responses thereto. The Group has a structured Enterprise Risk Management framework which is cascaded upwards from operating divisions and service departments under which risk registers are updated and reviewed every quarter. The key risks are tabulated in the Annual Report. In summary the Committee's work included the following:

- Received and reviewed regular reports from the Audit Manager on the internal audit work undertaken against the agreed work plan, management responses, reviews of changes to standard operating procedures and their findings. These included evaluations of the enterprise system (SAP) and computer controls. The internal audit function is adequately resourced to carry out its mandate. The SAP enterprise system was upgraded during the year.
- Received reports from the Audit Manager on identified frauds and losses. Of concern was the heightened risk of thefts and robberies as the country reverted to the use of foreign currency cash. No major occurrences were reported during the year. The work also covered investigations on the reports from the Deloitte Tip-Off Anonymous System and those received directly from whistle-blowers.
- Received and discussed regular reports from the Company Secretary on compliance matters under the code of business conduct and ethics, adherence to the code on corporate governance and reports on significant litigations. This also includes the assessment of the adequacy of the Group's insurance programs and the Information Communication Technology governance and network security.

- The Committee received representations from Management under the Bi-Annual Letter of Internal Representation which incorporates reportable issues relating to workplace health and safety, political donations, frauds and losses and any non-compliance with laws and regulations. The letter summaries the changes to business risks and mitigation plans adopted by management.
- Received regular reports from the Executive Director - Finance on the treasury policies relating to borrowings and banking arrangements, noting the high inflation in Zimbabwe and Zambia and the tight cashflow position of the foreign subsidiaries as they were adversely affected by the COVID-19 lockdowns and changes to the business operating environment.

External Audit Independence and Effectiveness

Delta has a well-established policy on the independence of the external auditor, which covers issues of partner rotation and restrictions on recruitments from the audit firm. The external auditors Ernst & Young (EY) confirmed to the Committee that they have maintained professional independence in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the relevant standards from the PAAB. The auditors of the subsidiary entities work collaboratively with EY and as guided by the provisions of International Standards on Auditing.

The Committee follows the Practice Guidelines from the Zimbabwe Stock Exchange on appointment and review of the work of the external auditors.

The Committee meets separately with the external auditor and Internal Audit Manager without management.

Change of Auditors

Ernst & Young Chartered Accountants were approved as the auditors at the annual General meeting in July 2021. They were able to undertake the review of the interim financials and the audit of the full year financial statements.

T Moyo
Audit Committee Chairman
31 May 2022


SMOOTH, EASY DRINKING
SABLE
LAGER

Annual Financial Statements

for the year ended 31 March 2022

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Directors' Responsibility for Financial Reporting

for the year ended 31 March 2022

Delta Corporation Limited's ("Delta") directors are required by the Companies and Other Business Entities Act to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, generally accepted accounting practices have been followed, suitable accounting policies have been used, and applied consistently, and reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the International Financial Reporting Standards and best practice.

The directors have reviewed the Group's budget and cash flow forecast for the year to 31 March 2023. On the basis of this review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that Delta is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Company's external auditors, Ernst & Young Chartered Accountants , have audited the financial statements and their report appears on pages 53 to 56.

The Board recognises and acknowledges its responsibility for the system of internal financial control. Delta's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins the Company's internal financial control process. The control system includes written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating the system is delegated to the executive directors who confirm that they have reviewed its effectiveness.

They consider that it is appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control system is monitored through management reviews, representation letters on compliance signed by the senior executive responsible for each major entity and a comprehensive program of internal audits. In addition, the Company's external auditors review and test appropriate aspects of the internal financial control systems during the course of their statutory examinations of the Company and the underlying subsidiaries.

The Company's Audit Committee has met with the external auditors to discuss their report on the results of their work which include assessments of the relative strengths and weaknesses of key control areas. While in a group of the size, complexity and diversity of Delta, it is to be expected that occasional breakdowns in established control procedures may occur, no breakdowns involving material loss have been reported to the directors in respect of the year under review.

Preparer of financial statements

These annual financial statements have been prepared under the supervision of A Makamure FCA (Z), Executive Director Finance, a registered Public Accountant, PAAB Number P0318, and have been audited in terms of the Companies and Other Business Entities Act (Chapter 24:31).

The financial statements for the year ended 31 March 2022, which appear on pages 57 to 124 were approved by the Board of Directors on 06 May 2022 and are signed on its behalf by:

S Moyo
Chairman

M M Valela
Chief Executive Officer
31 May 2022

Building a better
working world

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Independent Auditor's Report

To the Shareholders of Delta Corporation Limited

Report on the Audit of the Consolidated Inflation adjusted Financial Statements

Introductions

We have audited the consolidated inflation adjusted financial statements of Delta Corporation Limited (the Group and Company) set out on pages 57 to 123, which comprise the consolidated inflation adjusted statement of financial position as at 31 March 2022, and the consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements do not present fairly the financial position of the Group and Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors:

Exchange rate used in the prior year and current year

Effective 1 August 2020 to 31 March 2022, management applied an internally generated exchange rate (transaction rate) to translate foreign denominated transactions and balances to the functional and reporting currency, the Zimbabwe Dollar (ZW$). In addition to the issue noted above regarding the use of inappropriate exchange rates, management used the internal exchange rate for the consolidation of the foreign operations United National Breweries South Africa and National Breweries Zambia into the Delta Group. This does not comply with IAS 21. The entity converts the Rand and Zambian Kwacha balances to ZWL using an internal effective exchange rate. We believe that the use of a transaction rate was inappropriate for financial reporting as it did not meet the definition of a spot rate. We believe that management should have applied the auction exchange rate as it met the International Financial Reporting Standards definition of a spot rate.

The errors resultant from the use of incorrect exchange rates impact both current year and prior year numbers. The prior year errors should have been corrected retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. This was not done.

As a result, the following elements on the consolidated inflation adjusted financial statements including comparatives are misstated:

Independent Auditor's Report (continued)

a) Elements for which misstatements could be quantified on the consolidated inflation adjusted statement of financial position:

	31 March 2022		31 March 2021
	Disclosed amount ZW$	Misstatement ZW$	Misstatement ZW
Cash and cash equivalents	5 253 596 000	1 080 647 930	Not quantified
Trade and other receivables	5 120 984 000	260 112 197	Not quantified
Property plant and equipment	43 619 488 000	1 240 723 831	Not quantified
Trade and other payables	14 898 005 000	696 858 376	Not quantified
Intangible assets	7 671 152 000	1 509 979 876	Not quantified
Borrowings	3 433 351 000	635 933 700	Not quantified

b) Elements for which misstatements could not be quantified on the consolidated inflation adjusted statement of financial position:

For the following elements on the statement of financial position, we could not quantify the misstatements due to the volume of transactions. Nevertheless, we believe the financial statements are materially misstated due to the issues noted above; Retained Earnings - ZW$ 49 087 905 000, (31 March 2021: ZW$ 38 402 709 000), Taxation - ZW$ 10 520 099 000 (31 March 2021: ZW$ 9 619 391 000) and Other assets ZW$ 9 959 460 000 (31 March 2021: ZW$ 4 645 964 000).

c) Elements for which misstatements could not be quantified on the consolidated inflation adjusted statement of profit or loss and other comprehensive income:

Virtually, all elements on the consolidated inflation adjusted statement of profit or loss and other comprehensive income for current and prior year except for other income, and interest income are materially misstated as a result of the matters described above. Due to the volume of transactions, the misstatements on the consolidated inflation adjusted statement of profit or loss and other comprehensive income cannot be quantified. Consequently, the consolidated inflation adjusted statements of changes in equity and cashflows are impacted.

Consequential impact on IAS 29 – 'Financial Reporting in Hyperinflationary Economies'

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the Net Monetary losses of ZW$ 7 640 518 000 (31 March 2021: ZW$ 2 575 199 000) on the consolidated inflation adjusted statement of profit or loss and other comprehensive income are impacted.

Disclaimer of opinion on United National Breweries South Africa

Included in the inflation adjusted consolidated financial statements are the results and financial position of United National Breweries, a South African subsidiary. The component auditors were unable to obtain sufficient and appropriate audit evidence to support the use of the going concern assumption in the preparation of the financial information due to the open status of a liquidation order issued in 2020 for the amount of R5 500 000 which commenced during the acquisition of the subsidiary. Furthermore, the component auditors of United National Breweries South Africa were not able to conclude on the impact of the non-compliance with laws and regulations on the financial information. As a result, they could not determine whether any adjustments might have been found necessary in respect of recorded or unrecorded assets and liabilities and the elements making up the statements of comprehensive income, changes in equity and cash flows. Accordingly, they have issued a disclaimer of opinion. The results and position of United National Breweries which are subject to this disclaimer of opinion and are consolidated in the Group's inflation adjusted financial statements have been included in the table above.

Consequently, the impact of any changes that may have been needed to the Group and Company's inflation adjusted financial statements have not been determined.

Independent Auditor’s Report (continued)

Other Matter

The inflation adjusted financial statements of the prior period were audited by Deloitte & Touche and an unmodified audit opinion was issued. The audit opinion for the year ended 31 March 2021 was dated 10 June 2021.

Key Audit Matter

Except for the matters describe in the Basis for Adverse Opinion Section, we have determined that there are no other key audit matters to communicate in our report.

Other information

Other information consists of Values Statements, Company Profile, Principal Risks Update, Financial Highlights, Chairman's Letter to Shareholders, Review of Operations, Report of the Directors, Corporate Governance Statement, Report of the Remuneration Committee, Report of the Audit Committee and Supplementary and Shareholder Information. Other information does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated inflation adjusted financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. As described in the Basis for Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21, IAS 8 and IAS 29. There is also a limitation of scope on the financial statements of subsidiaries included in the Group results.

Responsibilities of the Directors for the Consolidated Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated inflation adjusted financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate, or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated inflation adjusted financial statements.

Independent Auditor's Report (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated inflation adjusted financial statements, including the disclosures, and whether the consolidated inflation adjusted financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated inflation adjusted financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Walter Mupanguri (PAAB Practicing Certificate Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare
1 June 2022

Consolidated Statement of Profit or Loss And Other Comprehensive Income

for the year ended 31 March 2022

		INFLATION ADJUSTED		*HISTORIC COST	
	Notes	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	Restated 2021 ZW$'000
REVENUE	8	**110 160 509**	69 850 031	**86 457 003**	33 206 284
NET OPERATING COSTS	9.1	**(84 785 675)**	(51 840 818)	**(64 855 705)**	(24 845 551)
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	10	**(506 086)**	(546 808)	**(506 086)**	(316 632)
Monetary loss		**(7 640 518)**	(2 575 199)	**—**	—
Share of profit of associates	14.1	**580 129**	1 342 528	**717 964**	583 419
Profit before taxation		**19 835 272**	15 311 929	**24 354 389**	8 748 241
Income tax expense	11.1	**(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
Profit for the year 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 for the year:					
Foreign exchange differences on translation of foreign operations		**(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)	5.5	**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
Diluted earnings		**1 254,01**	762,55	**1 510,65**	543,97
Basic earnings		**1 262,05**	900,35	**1 589,02**	602,62

* Historic cost results are included as supplementary information. Refer to Note 4.2.

Consolidated Statement of Financial Position

as at 31 March 2022

	Notes	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED Restated 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST Restated 2021 ZW$'000
ASSETS					
Non-current Assets					
Property, plant and equipment	12	**43 619 488**	40 128 107	**14 835 768**	7 259 288
Right of use of asset	13	**107 153**	206 784	**31 912**	59 622
Investment in associates	14.1	**4 504 638**	3 975 382	**1 339 858**	661 755
Intangible assets – Trademarks and Goodwill	15.1	**7 671 152**	7 040 162	**5 158 629**	2 503 209
Investments and loans	15.2	**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	16	**15 041 973**	13 241 426	**11 309 771**	4 457 412
Trade and other receivables	17	**5 120 984**	3 069 638	**5 120 984**	1 777 488
Other assets	18.1	**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	18.2	**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					
Share capital	19	**582 519**	582 332	**12 986**	12 865
Share premium		**3 961 735**	3 934 000	**106 462**	88 565
Share options 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
Adjustment arising from change in non-controlling interest		**(320 312)**	(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
Total shareholders' equity		**56 310 360**	45 746 319	**23 102 740**	7 722 457
Non-current Liabilities					
Long-term borrowings	21.1	**1 797 521**	2 873 630	**1 797 521**	1 663 989
Long-term lease liability	22	**163 496**	173 008	**163 496**	83 664
Deferred tax liabilities	11.3	**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	21.2	**1 635 830**	2 352 031	**1 635 830**	1 361 955
Short-term lease liability	22	**12 953**	161 399	**12 953**	93 459
Trade and other payables	23.1	**14 898 005**	12 390 568	**14 898 005**	7 174 816
Provisions	23.2	**4 934 294**	3 247 104	**4 934 294**	1 880 251
Dividends 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 (ZW$ Cents)		**4 278,70**	3 458,51	**1 795,62**	592,81

The financial statements were approved by the Board of Directors and authorised for issue on 6 May 2022.

* Historic cost results are included as supplementary information. Refer to Note 4.2

M M Valela
Chief Executive Officer

A Makamure
Executive Director - Finance

Consolidated Statement of Cash Flows

for the year ended 31 March 2022

	Notes	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED Restated 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST Restated 2021 ZW$'000
Cash flow from operating activities		**20 383 155**	15 584 600	**19 587 142**	5 575 706
Increase in working capital	24.2	**(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	24.3	**(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 mantain 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	24.4	**(3 426 134)**	(1 137 276)	**(2 389 494)**	(590 462)
Dividends paid by subsidiaries	24.4	**(79 153)**	(31 821)	**(69 585)**	(9 649)
Purchase of shares in subsidiary		**(263 053)**	—	**(214 957)**	—
Repayment of lease liability	22	**(153 249)**	(141 272)	**(153 249)**	(70 601)
Loans raised	21	**170 102**	3 170 756	**124 192**	1 836 041
Repayment of borrowings	21.2	**(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

Consolidated Statement of Changes In Equity

for the year ended 31 March 2022

INFLATION ADJUSTED

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000
At 1 April 2020		582 088	3 929 676	258 072
Profit for the year		—	—	—
Other comprehensive income, net of tax		—	—	—
Total Comprehensive Income for the year		**—**	**—**	**—**
Transactions with owners:				
Share options exercised		244	4 324	—
Recognition of share based payments		—	—	79 531
Forfeiture of shares		—	—	—
Adjustment arising from change of ownership - Afdis		—	—	—
Dividends declared		—	—	—
At 1 April 2021 (Restated)		582 332	3 934 000	337 603
Profit for the year		—	—	—
Other comprehensive income		—	—	—
Total Comprehensive Income for the year		**—**	**—**	**—**
Transactions with owners:				
Share options exercised		187	27 735	(27 922)
Recognition of share based payments		—	—	181 340
Forfeiture of shares		—	—	(2 543)
Adjustment arising from change of ownership - Afdis		—	—	—
Dividends declared: Current year		—	—	—
At 1 April 2022		**582 519**	**3 961 735**	**488 478**

Share Buy back ZW$'000	Foreign Currency Translation Reserve ZW$'000	Retained Earnings ZW$'000	Change in Ownership ZW$'000	Attributable to owners of the parent ZW$'000	Non-controlling Interests ZW$'000	Total Equity ZW$'000
(749 672)	375 690	32 334 906	(50 568)	**36 680 192**	745 968	**37 426 160**
—	—	9 958 577	—	**9 958 577**	572 468	**10 531 045**
—	1 620 460	—	—	**1 620 460**	(10 474)	**1 609 986**
—	**1 620 460**	**9 958 577**	**—**	**11 579 037**	**561 994**	**12 141 031**
—	—	—	—	**4 568**	—	**4 568**
—	—	—	—	**79 531**	—	**79 531**
—	3 615	—	—	**3 615**	—	**3 615**
—	—	—	(17 812)	**(17 812)**	—	**(17 812)**
—	—	(3 890 774)	—	**(3 890 774)**	—	**(3 890 774)**
(749 672)	1 999 765	38 402 709	(68 380)	**44 438 357**	1 307 962	**45 746 319**
—	—	15 967 579	—	**15 967 579**	33 187	**16 405 944**
—	383 248	—	—	**383 248**	(513 028)	**(129 780)**
—	**383 248**	**15 967 579**	**—**	**16 350 827**	**(479 841)**	**15 870 986**
—	—	—	—	**—**	—	**—**
—	—	—	—	**181 340**	—	**181 340**
—	—	2 543	—	**—**	—	**—**
—	—	—	(251 932)	**(251 932)**	99 566	**(152 366)**
—	—	(5 284 926)	—	**(5 284 926)**	(50 993)	**(5 335 919)**
(749 672)	**2 383 013**	**49 087 905**	**(320 312)**	**55 433 666**	**876 694**	**56 310 360**

Consolidated Statement of Changes In Equity (continued)

for the year ended 31 March 2022

*HISTORIC COST

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000
At 1 April 2020		12 789	87 125	9 696
Profit for the year		—	—	—
Other comprehensive income, net of tax		—	—	—
Total Comprehensive Income for the year		**—**	**—**	**—**
Transactions with owners:				
Share options exercised		76	1 440	—
Recognition of share based payments		—	—	12 678
Forfeture of shares		—	—	—
Adjustment arising from change of ownership - Afdis		—	—	—
Dividends declared		—	—	—
At 1 April 2021 (Restated)		12 865	88 565	22 374
Profit for the year		—	—	—
Other comprehensive income, net of tax		—	—	—
Total Comprehensive Income for the year		**—**	**—**	**—**
Transactions with owners:				
Share options exercised		121	17 897	(18 018)
Recognition of share based payments		—	—	134 098
Forfeiture of shares		—	—	(2 543)
Adjustment arising from change of ownership - Afdis		—	—	—
Dividends declared: Current year		—	—	—
At 31 March 2022		12 986	106 462	135 911

Share Buy back ZW$'000	Foreign Currency Translation Reserve ZW$'000	Retained Earnings ZW$'000	Change in Ownership ZW$'000	Attributable to owners of the parent ZW$'000	Non-controlling Interests ZW$'000	Total Equity ZW$'000
(16 418)	132 714	1 569 884	(1 107)	**1 794 683**	23 584	**1 818 267**
—	—	7 104 023	—	**7 104 023**	109 270	**7 213 293**
—	666 294	—	—	**666 294**	(27 358)	**638 936**
—	**666 294**	**7 104 023**	**—**	**7 770 317**	**81 912**	**7 852 229**
—	—	—	—	**1 516**	—	**1 516**
—	—	—	—	**12 678**	—	**12 678**
—	—	2 093	—	**2 093**	—	**2 093**
—	—	—	(5 402)	**(5 402)**	—	**(5 402)**
—	—	(1 958 924)	—	**(1 958 924)**	—	**(1 958 924)**
(16 418)	799 008	6 717 076	(6 509)	**7 616 961**	105 496	**7 722 457**
—	—	19 340 403	—	**19 340 403**	292 535	**19 632 938**
—	1 246 536	—	—	**1 246 536**	(513 029)	**733 507**
—	**1 246 536**	**19 340 403**	**—**	**20 586 939**	**(220 494)**	**20 366 445**
—	—	—	—	**—**	4 835	**4 835**
—	—	—	—	**134 098**	—	**134 098**
—	—	2 543	—	**—**	—	**—**
—	—	—	(204 495)	**(204 495)**	(10 462)	**(214 957)**
—	—	(4 869 900)	—	**(4 869 900)**	(40 238)	**(4 910 138)**
(16 418)	2 045 544	21 190 122	(211 004)	**23 263 603**	(160 863)	**23 102 740**

Notes to the Financial Statements

for the year ended 31 March 2022

1. GENERAL 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 some value-added activities related there to. The address of its registered offices and principle place of business are disclosed in the Directors' Report.

2. CURRENCY OF ACCOUNT

The financial statements are presented in the ZW$ currency that was designated as the 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) 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 consolidated and seperate inflation adjusted financial statements in relation to the reporting currency and conversion to comparative currencies.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied new and several amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022.

Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The Group has adopted the amendments to IAS 37 for the first time in the current year.

The intention is to clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a Company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract.

The application of these amendments has had no impact on the Group's consolidated financial statements as there were no such transactions.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

Further amendments to IFRS 3, Business Combinations

The Group has adopted the amendments of IFRS 3 for the first time in the current year.

The intention is to update references in IFRS 3 to the revised 2018 Conceptual Framework. To ensure that this update in referencing does not change which assets and liabilities qualify for recognition in a business combination, or create new Day 2 gains or losses, the amendments introduce new exceptions to the recognition and measurement principles in IFRS 3.

An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date.

The application of these amendments has had no impact on the Group's consolidated financial statements as there were no such transactions.

Amendments to IAS 16, Property, Plant and Equipment (PPE) – Proceeds before Intended Use

The Group has adopted the amendments of IAS 16 for the first time in the current year.

The intention is to introduce new guidance. Proceeds from selling items (e.g. samples) before the related PPE is available for its intended use can no longer be deducted from the cost of PPE. Instead such proceeds should be recognized in profit or loss, together with the costs of producing those items (to which IAS 2 applies). Accordingly, a Company will need to distinguish between:

- costs of producing and selling items before the PPE is available for its intended use; and
- costs of making the PPE available for its intended use.

Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry in particular may need to monitor costs at a more granular level.
The amendments apply retrospectively but only for new PPE that reach their intended use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. They can be early adopted.

The application of these amendments has had no impact on the Group's consolidated financial statements as there were no such transactions.

Annual Improvements to IFRS Standards 2018 – 2020 Cycle

In the current year, the Group has applied the following annual improvements.

Amendments to IFRS 1, First-time Adoption of IFRS, simplify the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent. If such a subsidiary applies IFRS 1.D16(a), then it may elect to measure cumulative translation differences at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3.1 New and amendments to IFRSs that are mandatorily effective for the current year (continued)

Annual Improvements to IFRS Standards 2018–2020 Cycle (continued)

Amendments to IFRS 9, Financial Instruments, clarify which fees to include in the '10 percent' test for derecognition of financial liabilities. A borrower includes only fees paid or received between itself and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Amendments to Illustrative Examples accompanying IFRS 16, remove the illustration of payments from the lessor for lessee-owned leasehold improvements. As previously drafted, this example was not clear about whether the payments meet the definition of a lease incentive.

Amendments to IAS 41 Agriculture, remove the requirement to exclude cash flows for taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13.

3.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 12	Income Taxes
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors

[1.] Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

The amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-Current

Effective for annual periods beginning on or after 1 January 2023

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

The intention is to clarify that the classification of liabilities as current or non-current is based solely on a Company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a Company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

In response to COVID-19, the effective date is pending a one-year deferral to 2023, to be confirmed by the IASB Board mid-2020. Early adoption is permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

Amendments to IAS 12, 'Income Taxes': Deferred Tax related to Assets and Liabilities arising from a single transaction

Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IAS 1, 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

Effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Statement of Compliance

The inflation adjusted financial statements of the Group and the Company 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.

4.2 Basis of Preparation

The inflation adjusted financial statements of the Company and of the Group are prepared under the historical cost convention. For the purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29), this 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 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 and the auditors have not expressed an opinion.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of Preparation (continued)

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 to 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 Central Statistical Office. The conversion factors used to restate the financial statements at 31 March 2022 are as follows:

	Index	Conversion Factor
31 March 2022	4 766,1	1,00
31 March 2021	2 759,8	1,73
31 March 2020	810,4	5,88
Average CPI for the 12 months to:		
Average March 2022	3 582,9	1,37
Average March 2021	2 083,5	2,57

The main procedures applied in the restatement of transactions and balances are as follows:

- All corresponding figures as of, and for, the prior year ended including foreign subsidiaries, are restated by applying the change in the index from the end of the prior year to the end of the current year;
- Monetary assets and liabilities for the current year, are not restated because they are already stated in terms of the measuring unit current at statement of financial position date;
- Non-monetary assets and liabilities, and components of shareholders equity / funds, are restated by applying the change in index from date / month of transaction or, if applicable, from the date of their most recent revaluation to the statement of financial position date;
- Property, plant and equipment and intangible assets are restated by applying the change in the index from the date of transaction, or if applicable from the date of their most recent / last revaluation, to the statement of financial position date. Depreciation and amortisation amounts are based on the restated amounts;
- Profit or loss statement items / transactions, except depreciation and amortisation charges as explained above, are restated by applying the change in the average change in index during the period to statement of financial position date;
- Gains and losses arising from net monetary asset or liability positions are included in the profit or loss statement and cashflow from operating activities in the statement of cashflows and
- All items in the cash flow statement are expressed in terms of the measuring unit current at the statement of financial position date.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under the historical cost convention. The policies affected are:

Financing costs and exchange differences: capitalisation during construction of qualifying assets is considered to be a partial recognition of inflation and is reversed to the statement of profit or loss and replaced by indexation of cost.

Inventories: these are carried at the lower of indexed cost and net realisable value.

Donated assets: these are fair valued at the time of receipt, and the resultant gain is treated in the same way as any restatement gain.

Container valuation: subsequent gains on the upward revision of deposit prices are not applied in reducing the value of deferred container expenditure.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of Preparation (continued)

Deferred tax: this is provided in respect of temporary differences arising from the restatement of assets and liabilities.

Property, plant and equipment, right of use and intangible assets: are stated at indexed cost less applicable indexed depreciation and impairment losses.

4.3 Basis of Consolidation

The consolidated financial statements consist of the financial statements of Delta Corporation Limited and subsidiaries controlled by the Group, together with an appropriate share of post-acquisition results and reserves of its material associated companies. Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All Group companies' financial years end on 31 March with the exception of Schweppes Holdings Limited and Nampak Zimbabwe. Schweppes Holdings Limited has a 31 December year end and Nampak Zimbabwe Limited has a 30 September year end. The group accounts for financial transactions up to 31 March for the business units. The results and reserves of subsidiaries and associated companies are included from the effective dates of acquisition up to the effective dates of disposal.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Where the cost of acquisition is below the fair values of the identifiable net assets acquired the gain is credited to profit or loss in the period of acquisition.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are stated at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Any losses applicable to the non-controlling interests in excess of the non-controlling interest are allocated against the interest of the parent.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions and balances are eliminated on consolidation.

The incorporation of the results and financial position of a foreign operation with those of the Group follows normal consolidation procedures, such as the elimination of intragroup balances and intragroup transactions of a subsidiary after the foreign operation's results and financial position has been translated to the reporting currency of the Group, ZW$ and recorded in the foreign currency translation reserve (FCTR).

4.3.1 Investment in subsidiaries

These comprise investments in shares that the directors intend to hold on a continuing basis in the company's business. The investments are stated at cost less provisions for impairment. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Investments in Associates

An associate is an entity in which the Company has a long-term interest and over which the Group has significant influence. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are not recognised. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Where the cost of acquisition is below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition, the discount on acquisition is credited in profit or loss in the period of acquisition. Where a Group company transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associate. Losses incurred by an associate may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

4.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving cessation of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of selling.

4.6 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a cash generating unit to which goodwill was allocated, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.7 Foreign Currency Transactions and Balances

The Group's financial statements are presented in Zimbabwe Dollars (ZW$), which is the Group's functional and presentation currency. Assets and liabilities denominated in foreign currencies are converted to Zimbabwe Dollars (ZW$) at the rates of exchange ruling at the end of the reporting date. Transactions in other currencies are translated to Zimbabwe Dollars (ZW$) at rates of exchange ruling at the time of the transactions.

Exchange differences on monetary assets and liabilities are recognised in profit and loss in the period in which they arise except for:

Exchange differences on foreign borrowings relating to assets under construction for future productive use are included in the cost of the assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Foreign Currency Transactions and Balances (continued)

4.7.1 Foreign Operations

Assets and liabilities of subsidiary companies denominated in foreign currencies are translated into Zimbabwe Dollars at rates of exchange ruling at reporting date and their statements of profit or loss and other comprehensive income results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two. Where there are drastic movements between the opening and closing rates of exchange, the statement of comprehensive income results is translated on a month on month basis using the average rate of exchange for each month. Differences on exchange arising from translation of assets and liabilities at the rate of exchange ruling at reporting date and translation of statement of comprehensive income items at average rates are recognised in other comprehensive income. Upon divestment from a foreign operation, translation differences related to that entity are taken to profit or loss.

4.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.9 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Depreciation is not provided on freehold land and capital projects under development.

The Group reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Other assets are depreciated on such bases as are deemed appropriate to reduce book values to estimated residual values over their useful lives as follows:-

	Method	Period
Buildings:		
Freehold	Straight line	60 years
Leasehold	Straight line	Over-lease
Plant and Equipment:	Reducing balance and straight line	5-25 years
Vehicles:	Straight line	4-10 years
Returnable Containers:	Straight line	1-4 years

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Property, Plant and Equipment (continued)

Returnable containers

Returnable containers which comprise bottles and crates are considered to be property, plant and equipment which are sold and re-purchased at their deposit prices at reporting date. Containers on hand are treated as a component of property, plant and equipment. A further asset is shown in property, plant and equipment, together with its matching liability which is shown on the statement of financial position as container deposits, to reflect the estimated value of the returnable container population in the market and the Group's obligation to re-purchase all bottles and crates which are suitable for re-use. With the exception of returnable plastic bottles which are considered to have a short useful life, the difference between the cost of purchasing new returnable containers and the related current deposit price is included in property, plant and equipment and disclosed as deferred container expenditure. Deferred container expenditure is amortised over four years ("expected useful life of containers") following the year of purchase.

In the historical financial statements the difference is reduced by subsequent gains arising from deposit price increases and any surplus of deposit price increase after reducing deferred container expenditure to nil is shown as income; this is not done in the financial statements produced in terms of hyperinflation accounting principles in view of the restatement of container amortisation and thus the full uplift of container revaluation is shown as income. The value of any returnable containers scrapped is charged to profit or loss.

4.10 Intangible Assets

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internallygenerated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

4.11.1 Goodwill and intangible assets with indefinite useful lives

Goodwill

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11.1 Goodwill and intangible assets with indefinite useful lives (continued)

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are also tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For impairment testing goodwill acquired through business combinations and licences with indefinite useful lives are allocated to the Lagers, Chibuku (Includes Natbrew Zambia and United Bottlers Zambia) and Sparkling CGUs, which are also operating and reportable segments.

The Group performed its annual impairment test in 31 March 2022 and 2021. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 March 2021, the market capitalisation of the Group was above the book value of its equity, indicating there was no potential impairment of goodwill and impairment of the assets of the operating segments.

The Group considers certain trademarks to have indefinite useful lives. The trademarks with indefinite useful life include the exclusive rights to manufacture and distribute certain brands within the geographical location of the markets in which the Group operates. The useful life of the trademarks have been considered indefinite because there is no legal, regulatory, contractual competitive economic or other factors limiting their useful life.

4.12 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Categories of financial assets such as loans and trade receivables are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Employee Benefits

Short term benefits and long term benefits

A liability is recognised for benefits accruing to employees in respect of wages, salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to paid in exchange for the service.

Liabilities in respect of short term benefits are measured at the undiscounted amount of the benefits expected to be in exchange for the related services.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The expected present value is spread over the period of service.

Other long-term employee benefits

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Long service awards

The Group recognises the liability and an expense for long service awards where cash is paid to employees at certain milestone dates in a career with the Group. Such accruals are appropriately discounted to reflect present values of the future payments.

Share based payment transactions

The Company has a share option plan for employees of the Group. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, employees with more than 3 years' service with the Group may be granted options to purchase ordinary shares.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial and customer service measures:

- Improvement in share price
- Improvement in net profit
- Improvement in return to shareholders

The Group issues share options to certain employees. The options are valued at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, and is disclosed in a share options reserve which forms part of equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. The fair value is calculated using the Black-Scholes option pricing model, as adjusted for dividends by Robert Merton. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations. The value transferred to the share options reserve is amortised to retained earnings as the related share options are exercised or forfeited.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined on the following basis.

Merchandise, raw materials and consumable stores are valued at cost on a weighted average cost basis. Manufactured finished products and products in process are valued at raw material cost, plus labour and a portion of manufacturing overhead expenses, where appropriate.

4.15 Financial Instruments

Financial assets and financial liabilities are recognised when a Group entity becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value which usually approximates cost. Trade receivables within the scope of IFRS 15 that do not contain a significant financing component are measured at their transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss" (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI) and financial assets measured at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and staff loans) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash and Cash Equivalent

Cash and cash equivalents consist of cash held by banks, cash on hand and short-term deposits.

Short-term deposits are only shown as cash and cash equivalents if they are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The credit risk of cash and cash equivalents measured at amortized cost is insignificant due to their short-term maturity, counterparties' investment grade credit ratings and established exposure limits. Therefore, the Group does not recognize any credit impairment losses for these financial assets. The cash and cash equivalents are predominantly denominated in US Dollars (US$), South African Rand (ZAR) and Zimbabwe Dollars (ZW$).

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Financial Instruments (continued)

Cash and Cash Equivalent (continued)

Cash and cash equivalents have insignificant interest rate risk and remaining maturities of three months or less at the date of acquisition. There were no restrictions on usage of cash and cash equivalents. The carrying amount of these assets approximates to their fair value.

Other financial instruments

Other financial instruments, including borrowings and payables, are initially measured at fair value, net of transaction costs. Subsequent measurement is at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

4.16 Revenue Recognition

The group recognises revenue primarily from the sale of its diverse portfolio of beverages. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Revenue comprises sales (net of trade discounts) and excludes value added tax. Intra-group revenue which arises in the normal course of business is excluded from Group revenue.

The Group presents revenue gross of excise duties because unlike value added tax, excise is not directly related to the value of sales. It is not generally recognised as a separate item on invoices. The Group therefore considers excise as a cost to the Group and reflects it as a production cost.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company) and the amount of revenue can be measured reliably.

4.17 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as income or as an expense in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Uncertain tax position

The Group reviews all its tax positions at each period end and determines whether there is any uncertainty over tax treatment.

Where there are any uncertainties over income tax treatments the group discloses judgements and assumptions made in determining taxation information.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Retirement Benefit Costs

Retirement benefits are provided for Group employees through various independently administered defined contribution funds, including the National Social Security Authority or other mandatory statutory schemes. Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group's pension scheme is a defined contribution scheme and the cost of the retirement benefit is determined by the level of contribution made in terms of the rules.

The cost of the retirement benefit applicable to the National Social Security Authority scheme is determined by the systematic recognition of legislated contributions.

4.19 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as a net opertaing costs on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Net Operating costs" in profit or loss.

4.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

4.21 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying accounting policies

- **Share based payments**
  The assumptions and methodology underlying the valuation of share based payments are fully described in Note 19.

- **Fair value of share options issued in the current year**
  Options were valued using the Black Scholes model. Expected volatility is based on the Company's historical share price volatility since dollarisation. Refer to note 19.4.

- **Long service awards**
  Included in provisions (note 23.2) is a liability for long service awards which are awarded to employees on reaching certain employment period milestones. The amount recognised is the present value of future cash flows adjusted for life expectancy, salary levels and probability of early contractual terminations. Management uses market and non-market information to come up with these estimates.

- **Impairment of non-financial assets**
  These assets are assessed for indicators of impairment at each reporting date. Irrespective of whether there is any indication of impairment, the Group tests these assets for impairment annually. An impairment loss is recognized in profit or loss, equal to the amount by which the carrying amount of an asset or a cash-generating unit exceeds the higher of its fair value less cost to sell and its value in use.

  When impairments reverse due to change in circumstances, reversals are limited to the initial impairment, what the carrying amount would have been net of depreciation if the impairment was not recognized and the newly calculated recoverable amount.

  Non-financial assets are grouped at Group level, which is the lowest level for which separately identifiable cash flows are available (cash-generating units). The assets within a cash-generating unit can include a combination of board-approved projects and mineral resources outside the approved mine plans.

  Refer to note 4.10 and note 4.11

- **Useful lives and residual values of property, plant and equipment**
  The Group assesses useful lives and residual values of property, plant and equipment each year, taking into account past experience and technology changes. The useful lives are set out in note 4.9 and no changes to those useful lives have been considered necessary during the year. In the case of plant, the residual value at the end of useful life has been assessed as negligible due to the specialist nature of the plant, technology changes and likely de-commissioning costs. Heavy motor vehicles are considered to have a residual value, at end of useful life, of approximately 20% of their original cost.

- **Containers in the market**
  In determining the quantity of useable containers in the market the population is determined based on the actual purchases of containers for the past five years, which is the estimated normal period of use for each container.

  As explained in note 4.9 the deferred container expenditure is amortised from 1 to 4 years following the year of purchase. The Group recognises write offs for containers in excess of 4 years only to the extent to which the Group has re-purchased and destroyed containers on hand.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying accounting policies (continued)

- **Currency of account**
  The financial statements are presented in the ZW$ currency that was designated as the sole transactional, functional and reporting currency through Statutory Instrument 33 of 2019 (SI33/19) dated 22 February 2019 and Statutory Instrument 142 of 2019 (SI142/19) dated 24 June 2019.

  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 period 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 disagree with the professional conclusion of our auditors on the application of IAS 21. The independent auditors EY have issued an adverse review 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.

- **Valuation of Financial Asset**
  As highlighted under Note 10 and Note 18.2 the legacy foreign liabilities are covered by a deposit with the Reserve Bank of Zimbabwe at the exchange rate of US$1: ZW$1. The deposit has been recorded as a Financial asset. The asset was recorded at fair value. Management used external experts to establish the value and appropriate discount.

4.22 Segment Reporting

The Group has four reportable segments, as described below. The segments offer different products but are however managed by the one central team as they require similar technology, processes and marketing strategies. For each of the segments, the Group's Chief Executive Officer - CEO (the chief operating decision maker) reviews internal management reports at least monthly. The following summary describes the operations in each of the Group's reportable segments:

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

5. DEFINITIONS

5.1 Taxed Interest Payable

This is calculated by taxing interest payable at the standard rate of taxation.

5.2 Interest Cover (Times)

This is the ratio which the aggregate of operating income, non-recurring items and equity accounted earnings bears to interest payable (inclusive of capitalised interest).

5.3 Net Assets

These are equivalent to shareholders' equity.

5.4 Pre-tax Return on Total Assets

This is calculated by relating to closing total assets, income before tax inclusive of dividend income and equity accounted earnings.

5.5 Earnings per Share

Attributable and fully diluted earnings bases

The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the number of shares in issue for the period during which they have participated in the income of the Group. Dilution arising in respect of share options granted amounts to 1,44% for 2022 and 1,64% in 2021 respectively.

The weighted number of shares excluding treasury shares was:

	2022 Number of Shares in millions	2021 Number of Shares in millions
Ordinary shares	**1 284,9**	1 275,5
Share options	**11,1**	9,4
Weighted average number of shares	**1 296,0**	1 284,9

5.6 Cash Flow per Share

This focuses on the cash stream actually achieved in the year under review. It is calculated by dividing the cash flow from operations after excluding the proportionate non-controlling interests therein, by the weighted average number of ordinary shares in issue.

5.7 Financial Gearing Ratio

This represents the ratio of interest bearing debt to total shareholders' equity.

6. COUNTRY OF INCORPORATION AND CURRENCY

All Group companies are incorporated in Zimbabwe with the exception of National Breweries Plc which is incorporated in Zambia, Chibuku Holdings Plc which is incorporated in Mauritius, United National Breweries and Delta Beverages South Africa which are incorporated in South Africa. Refer to Note 26.4. The financial statements are expressed in Zimbabwe Dollars(ZW$), being the Group's functional currency.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

7. SEGMENTAL REPORTING

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 reportabale segements in 2022 nor 2021.

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

Information about reportable segments

Information related to each reportable segment is set out below. Segment operation income is used to measure performance because managemnt believes that this information is the most relevant in evaluating the results of the respective segments relative to other entitities 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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

7. SEGMENTAL REPORTING (continued)

Reportable segments

INFLATION ADJUSTED

2022	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
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**
Non-current assets additions	1 749 569	1 805 546	1 173 524	244 208	**4 972 847**	721 390	**5 694 237**

INFLATION ADJUSTED

2021	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
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**	5 991 341	**24 009 957**
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**
Non-current assets additions	995 908	2 420 208	317 093	97 492	**3 830 701**	400 154	**4 230 855**

** 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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

7. SEGMENTAL REPORTING (continued)

Reportable segments (continued)

*HISTORIC COST

2022	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
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**
Non-current assets additions	1 340 434	999 808	1 169 143	201 884	**3 711 269**	459 740	**4 171 009**

*HISTORIC COST

2021	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
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**
Non-current assets additions	492 015	1 324 522	165 447	40 383	**2 022 367**	209 356	**2 231 723**

** 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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

7. SEGMENTAL REPORTING (continued)

Reconciliations of information on reportable segments to IFRS measures (continued)

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	Restated 2021 ZW$'000
i) Revenue				
Total revenue for reportable segments	**109 492 858**	69 376 522	**85 937 969**	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	**138 801**	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 / (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)	**—**	—
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	**11 589 358**	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**	3 763 295	**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**	3 975 382	**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 lease liability for reportable segments	**157 332**	334 407	**157 332**	136 830
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

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

8. DISAGGREGATED REVENUE

Revenue disaggregation by product

INFLATION ADJUSTED

2022	Lager Beer ZW$'000	Soft Drinks ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Other ZW$'000	Total ZW$'000
Gross Sales	50 325 335	22 251 322	43 327 261	8 842 690	673 538	**125 420 146**
Less VAT and discounts	(6 726 346)	(3 088 087)	(5 264 354)	(174 961)	(5 889)	**(15 259 637)**
Revenue	43 598 989	19 163 235	38 062 907	8 667 729	667 649	**110 160 509**
Less excise duties and levies	(9 038 877)	(4 672)	(1 059 268)	(1 691 471)	(2 069)	**(11 796 357)**
Net Sales	34 560 112	19 158 563	37 003 639	6 976 258	665 580	**98 364 152**

2021	Lager Beer ZW$'000	Soft Drinks ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Other ZW$'000	Total ZW$'000
Gross Sales	32 544 237	10 967 421	30 071 078	6 196 039	475 625	**80 254 400**
Less VAT and discounts	(4 403 263)	(1 471 797)	(4 286 873)	(240 321)	(2 115)	**(10 404 369)**
Revenue	28 140 974	9 495 624	25 784 205	5 955 718	473 510	**69 850 031**
Less excise duties and levies	(7 856 970)	—	(730 061)	(1 111 657)	—	**(9 698 688)**
Net Sales	20 284 004	9 495 624	25 054 144	4 844 061	473 510	**60 151 343**

*HISTORIC COST

2022	Lager Beer ZW$'000	Soft Drinks ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Other ZW$'000	Total ZW$'000
Gross Sales	38 748 377	17 381 880	34 998 628	6 695 676	523 568	**98 348 129**
Less VAT and discounts	(5 180 079)	(2 408 258)	(4 165 012)	(133 244)	(4 533)	**(11 891 126)**
Revenue	33 568 298	14 973 622	30 833 616	6 562 432	519 035	**86 457 003**
Less excise duties and levies	(6 838 206)	(4 388)	(874 701)	(1 277 703)	(1 587)	**(8 996 585)**
Net Sales	26 730 092	14 969 234	29 958 915	5 284 729	517 448	**77 460 418**

2021	Lager Beer ZW$'000	Soft Drinks ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Other ZW$'000	Total ZW$'000
Gross Sales	15 173 892	5 262 397	14 259 696	2 815 940	660 602	**38 172 527**
Less VAT and discounts	(2 043 020)	(705 440)	(2 111 828)	(104 951)	(1 004)	**(4 966 243)**
Revenue	13 130 872	4 556 957	12 147 868	2 710 989	659 598	**33 206 284**
Less excise duties and levies	(3 674 483)	—	(352 937)	(505 230)	—	**(4 532 650)**
Net Sales	9 456 389	4 556 957	11 794 931	2 205 759	659 998	**28 673 634**

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	Note	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST 2021 ZW$'000
9. OPERATING INCOME					
Operating income is arrived at after charging:-					
9.1 Net Operating Costs					
Raw materials and consumables used		**36 595 412**	19 737 133	**28 962 898**	10 391 473
Depreciation of property, plant and equipment	9.2	**3 409 562**	2 480 945	**564 515**	508 451
Staff costs		**15 876 768**	11 594 508	**14 385 268**	5 333 381
Excise duties and levies		**11 796 358**	9 698 689	**8 996 585**	4 532 650
Share option expenses		**181 340**	79 531	**134 098**	12 678
Repairs and maintenance		**7 202 893**	3 177 707	**3 504 404**	1 585 244
Container breakages*		**910 180**	180 865	**677 787**	78 244
Selling and marketing expenses		**2 501 572**	1 058 033	**2 163 560**	489 253
Royalties and technical fees		**1 225 569**	560 605	**1 143 461**	345 991
Security cost		**1 095 317**	531 515	**896 849**	206 561
Derecognition of goodwill		**—**	493 104	**—**	285 534
Administration and operating costs		**3 990 704**	2 248 183	**3 426 279**	1 076 091
		84 785 675	51 840 818	**64 855 705**	24 845 551

* Container breakages relate to containers that have come to the end of their useful life.

	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST 2021 ZW$'000
9.2 Depreciation, amortisation and impairment of Property, Plant and Equipment and right of use asset				
Depreciation and amortisation				
Buildings	**476 666**	324 304	**141 845**	53 741
Plant and equipment	**2 729 526**	1 710 196	**337 525**	137 306
Vehicles	**249 509**	109 435	**133 188**	15 986
Containers	**197 461**	142 360	**197 461**	77 157
	3 653 162	2 286 295	**810 019**	284 190
Impairment*	**(272 409)**	195 778	**(272 409)**	113 366
	3 380 753	2 482 073	**537 610**	397 556
Right-of-use asset	**28 809**	194 650	**26 905**	110 895
Total	**3 409 562**	2 676 723	**564 515**	508 451

* This is impairment of property, plant and equipment for foreign entities. It includes a reversal of prior year impairment for United National Breweries of ZW$424,7 million.

	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST 2021 ZW$'000
9.3 Auditors' Remuneration				
Included in administration and operating costs are current year audit fees and expenses as follows:				
Current year audit fees and expenses				
- Group	**78 065**	123 688	**78 065**	65 860
- Company	**11 935**	17 389	**11 935**	10 069
Total	**90 000**	141 077	**90 000**	75 929

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

10 LEGACY DEBT AND FINANCE COSTS / INCOME

10.1 Movement in legacy debt

The Group has legacy foreign liabilities of US$10,7 million (2021: US$18,8 million), being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW$ currency as distinct from the US$, as the functional currency. The Group has registered these liabilities with the Reserve Bank of Zimbabwe and transferred to the Reserve Bank of Zimbabwe the ZW$ equivalent of the foreign liabilities based on the US$/ZW$1:1 exchange rate in line with Directives RU102/2019 and RU28/2019 and as agreed with the Reserve Bank of Zimbabwe. Both the foreign liabilities and the deposits have been accounted for at the closing exchange rate as at 31 March 2022. 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 or loss.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Exchange losses on revaluation of legacy debt	**(1 359 836)**	(3 222 175)	**(1 359 836)**	(1 865 815)
Exchange gain on revaluation of financial asset	**853 750**	2 675 367	**853 750**	1 549 183
Net loss	**(506 086)**	(546 808)	**(506 086)**	(316 632)

An amount of ZW$ 506,1 million was recorded as an unrealised foreign exchange loss relating to the legacy foreign liabilities amount 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 translated 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 Act 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.

10.2 Finance costs and finance income

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Finance Costs				
Bank loans interest	**420 007**	204 940	**393 190**	58 967
Lease finance charges	**16 066**	17 105	**16 066**	9 905
	436 073	222 045	**409 256**	68 872
Finance Income				
Interest on farmer inputs	**51 590**	289 287	**37 666**	112 704
Interest on staff loans	**87 211**	403 953	**47 298**	268 429
	138 801	693 240	**84 964**	381 133

Notes to the Financial Statements

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
11. TAXATION				
11.1 Taxation				
Income tax:				
Current tax	**3 906 546**	3 685 029	**3 906 546**	1 458 375
Withholding tax	**39**	347	**39**	182
Deferred tax	**(72 079)**	1 095 508	**814 866**	76 391
	3 834 506	4 780 884	**4 721 451**	1 534 948
11.2 Reconciliation of Rate of Taxation				
Standard rate	**24,72**	24,72	**24,72**	24,72
Adjusted for:				
Effect of expenses not deductible for tax	**(1,79)**	11,68	**0,98**	11,18
Effects of amounts not taxable - exchange gain	**(8,48)**	(6,26)	**(6,36)**	(6,42)
Equity accounted earnings of associates	**(0,5)**	(0,69)	**(0,28)**	(0,57)
Effects of income taxed at different rates*	**—**	(0,23)	**—**	(0,21)
Permanent differences (restraint of trade capital cost, deferred container expenditure)	**—**	(8,42)	**—**	(8,43)
Effective rate	**18,53**	20,80	**19,06**	20,27

* Relates to interest income which was insignificant this year.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
11.3 Deferred Tax Liabilities				
Balance at the beginning of year	**8 786 516**	6 251 966	**1 008 175**	166 619
Charge to profit or loss for continuing operations	**(72 079)**	1 095 508	**814 866**	76 391
Arising with acquisition of subsidiary	**—**	1 321 405	**—**	765 166
Effects of inflation and exchange differences on foreign subsidiaries	**228 658**	117 637	**696 018**	(1)
Balance at end of year	**8 943 095**	8 786 516	**2 519 059**	1 008 175
Analysis of balance at end of year				
Property, plant and equipment	**7 069 400**	7 030 158	**1 844 549**	404 515
Other temporary differences	**1 873 695**	1 756 358	**674 510**	603 660
	8 943 095	8 786 516	**2 519 059**	1 008 175

11.4 Contingencies

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

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

11. TAXATION (continued)

11.4 Contingencies (continued)

11.4.2 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 .

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
12. PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD PROPERTIES				
Cost	**16 601 166**	16 427 656	**3 753 118**	1 923 434
Capital work in progress	**—**	25 676	**—**	14 578
Accumulated depreciation	**(7 517 721)**	(6 880 860)	**(674 460)**	(335 793)
	9 083 445	9 572 472	**3 078 658**	1 602 219
PLANT AND EQUIPMENT				
Cost	**49 943 916**	49 669 031	**8 127 304**	4 059 060
Capital work in progress	**1 461 885**	356 612	**147 495**	228 403
Accumulated depreciation	**(29 096 538)**	(28 211 858)	**(3 685 966)**	(1 600 688)
	22 309 263	21 813 785	**4 588 833**	2 686 775
VEHICLES				
Cost	**8 462 421**	8 706 712	**2 352 888**	1 047 627
Accumulated depreciation	**(5 968 500)**	(6 043 984)	**(1 741 782)**	(793 249)
	2 493 921	2 662 728	**611 106**	254 378
CONTAINERS				
Containers on hand	**4 427 138**	5 638 048	**4 253 615**	2 690 770
Containers in the market	**5 305 721**	441 074	**2 303 556**	25 146
	9 732 859	6 079 122	**6 557 171**	2 715 916
Total property, plant and equipment	**43 619 488**	40 128 107	**14 835 768**	7 259 288
Movement in net book amount for the year:				
At the beginning of year	**40 128 107**	34 526 055	**7 259 288**	1 642 092
Acquisition of subsidiary	**—**	628 277	**—**	363 807
Capital expenditure	**5 694 237**	4 230 854	**4 171 009**	2 231 723
Disposals	**(123 886)**	(85 246)	**(71 475)**	(28 093)
Translation differences	**894 488**	2 265 173	**4 272 377**	2 035 518
Movement in containers in the market and other adjustments	**407 295**	849 289	**(257 822)**	1 411 797
Depreciation	**(3 653 162)**	(2 286 295)	**(810 019)**	(284 190)
Impairment	**272 409**	(195 778)	**272 409**	(113 366)
At end of year	**43 619 488**	40 128 107	**14 835 768**	7 259 288

Notes to the Financial Statements

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
12. PROPERTY, PLANT AND EQUIPMENT (continued)				
Capital expenditure comprised:				
Land and buildings	**384 281**	466 735	**281 432**	267 085
Plant and equipment	**2 732 144**	2 230 035	**1 521 090**	1 228 028
Vehicles	**585 668**	187 655	**461 446**	93 887
Containers	**1 992 144**	1 346 429	**1 907 041**	642 723
	5 694 237	4 230 854	**4 171 009**	2 231 723
Disposals comprised:				
Land and buildings	**243**	46 281	**5**	26 787
Plant and equipment	**9 010**	2 202	**388**	96
Vehicles	**114 633**	36 763	**71 082**	1 210
	123 886	85 246	**71 475**	28 093
13. RIGHT-OF-USE ASSET				
Balance at the beginning of year	**206 784**	151 423	**59 622**	25 747
Translation differences	**(70 822)**	250 011	**(804)**	144 770
Depreciation	**(28 809)**	(194 650)	**(26 906)**	(110 895)
Right-of-use at end of year	**107 153**	206 784	**31 912**	59 622

The Group leases buildings in Zimbabwe and South Africa as offices. The average lease is 5 years (2021: 5 years). The corresponding lease liability is disclosed in Note 22.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
14. INVESTMENTS IN ASSOCIATES				
14.1 Investment in Associates				
Shares at cost	**438 343**	438 343	**9 600**	9 600
Post-acquisition reserves	**4 066 295**	3 537 039	**1 330 258**	652 155
	4 504 638	3 975 382	**1 339 858**	661 755

Included in post acquisition reserves are current year share of profits of ZW$ 580,1 million (2021: ZW$ 1,3 billion)

Analysis of results and statement of financial position of associates.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
14. INVESTMENTS IN ASSOCIATES (continued)				
14.1 Investment in Associates (continued)				
Schweppes Zimbabwe Limited (49%) (2021: 49%)				
Shares at cost	**24 202**	24 202	**530**	530
Gain arising on acquisition	**423 639**	423 639	**9 278**	9 278
Group's share of post-acquisition distributable reserves	**2 176 475**	1 726 020	**591 069**	263 900
Dividend received from associate	**(85 118)**	(34 245)	**(40 611)**	(750)
	2 539 198	2 139 616	**560 266**	272 958
Total assets	**10 142 003**	12 226 324	**7 404 687**	4 763 285
Total liabilities	**(5 020 762)**	(5 636 160)	**(3 665 664)**	(2 195 806)
Net assets	**5 121 240**	6 590 164	**3 739 023**	2 567 479
Group's share of net assets of associate	**2 509 408**	3 229 180	**1 832 121**	1 258 065
Total revenue	**13 439 851**	10 055 270	**9 871 524**	4 418 515
Total profit for the year	**919 296**	1 107 971	**667 692**	464 862
Group's share of profit of associate	**450 455**	542 906	**327 169**	227 782
Nampak Zimbabwe Limited (21.46%) (2021: 21.46 %)				
Shares at cost	**414 141**	414 141	**9 070**	9 070
Group's share of post-acquisition distributable reserves	**1 551 299**	1 421 625	**770 522**	379 727
	1 965 440	1 835 766	**779 592**	388 797
Total assets	**8 936 818**	8 076 685	**5 999 429**	3 629 768
Total liabilities	**(2 859 706)**	(2 154 545)	**(2 189 840)**	(1 055 010)
Net assets	**6 077 112**	5 922 140	**3 809 589**	2 574 758
Group's share of net assets of associate	**1 304 148**	1 270 891	**817 538**	552 543
Total revenue for the year	**14 195 935**	11 733 718	**10 446 730**	5 328 704
Total profit for year	**604 259**	3 726 102	**1 821 040**	1 657 207
Group's share of profit of associate	**129 674**	799 622	**390 795**	355 637

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was ZW$2,4 billion (2021: ZW$1,2 billion).

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	Restated 2021 ZW$'000
15. TRADEMARKS, GOODWILL, INVESTMENTS AND LOANS				
15.1 Trademarks and Goodwill				
Trademarks				
At beginning of year	**6 215 345**	1 999 233	**2 485 145**	43 785
Arising from acquisition of subsidiary	**—**	913 376	**—**	528 895
Exchange differences arising from translation of foreign subsidiary	**630 990**	3 302 736	**2 655 420**	1 912 465
At cost at end of year	**6 846 335**	6 215 345	**5 140 565**	2 485 145
Goodwill				
At beginning of year	**824 817**	824 817	**18 064**	18 064
Arising from acquisition of subsidiary	**—**	493 104	**—**	285 534
Derecognition of UNB goodwill	**—**	(493 104)	**—**	(285 534)
At cost at end of year	**824 817**	824 817	**18 064**	18 064
Total Trademarks and goodwill	**7 671 152**	7 040 162	**5 158 629**	2 503 209

Sorghum Business Segment

Goodwill arose from the purchase of the Sorghum South Africa business UNB South Africa which is part of the Sorghum Beer Cash generating unit. The subsidiary had been operating below capacity due to reduced volume demand induced by covid related restrictions.

South Africa adopted more stringent measures including bans on the sale of alcohol and restricting trading hours. The selling and distribution of beverages has been curtailed by the restrictions on movement and social gatherings, closure of on-premise consumption outlets and prohibition of other commercial and social activities that were deemed to pose a risk of spreading COVID-19. In 2022, business performance improved as the restrictions were relaxed, following declining infection rates.

The outright banning of social gatherings or limiting their size deprived our products of occasions normally associated with their enjoyment. The absence of our short shelf-life products from the market presented a real and urgent threat to the survival of the business.

The recoverable amount of UNB SA a part of the Sorghum CGU is as detailed below:

Name of Operations	Recoverable amount
UNB South Africa	ZW$ 4,8billion

This has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the strategic turnaround initiatives in each jurisdiction. The pre-tax discount rate applied to cash flow projections is as follows:

Name of Operations	2022 Pre-discount rate	2021
UNB South Africa	21,22%	18.67%

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

15. TRADEMARKS, GOODWILL, INVESTMENTS AND LOANS (continued)

15.1 Trademarks and Goodwill (continued)

Sorghum Business Segment (continued)
Cash flows beyond the five-year period are extrapolated using a 4,6% growth rate (2021: 5%) for UNB SA.

Name of Operation	2022 Extrapolation Growth rate	2021
UNB South Africa	4.6%	5%

This was considered reasonable given current long term GDP growth projections, inflation forecast, the sector in which the business operates, its potential therein and growth prospects.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions
The calculation of value in use for the Sorghum Business Unit is most sensitive to the following assumptions:

- Covid regulatory matters
- Gross margins
- Discount rates
- Raw materials price inflation
- Volume forecast period

Growth rates used to extrapolate cash flows beyond the forecast period
Gross margins – Gross margins are based on average values achieved in the three years preceding the beginning of the budget period relative to the jurisdiction in which the Business Unit operates .

The gross margins for the Natbrew Zambia and UNB South Africa were

Name of Operation	2022 Gross Margins	2021
UNB South Africa	36.5%	5%

These are increased over the budget period for anticipated efficiency improvements. 2% per annum for the South African Sorghum Business Unit.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

A rise in the pre-tax discount rate to 22% (i.e +0.88%) in UNB South Africa would not result in an impairment.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

15. TRADEMARKS, GOODWILL, INVESTMENTS AND LOANS (continued)

15.1 Trademarks and Goodwill (continued)

Raw materials price inflation – Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available, otherwise past actual raw material price movements are used as an indicator of future price movements.

Market share assumptions – When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of traditional beer market to grow significantly over the forecast period.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	**Restated 2021 ZW$'000**	**2022 ZW$'000**	**2021 ZW$'000**
15.2 Investments and Loans				
Investments				
Medical Investments Limited shares	**231**	231	**134**	134
Old Mutual shares	**32 749**	36 705	**32 749**	21 250
	32 980	36 936	**32 883**	21 384
Loans				
Secured – Related Parties	**1 224 588**	807 875	**1 224 685**	467 808
Total Investments and Loans	**1 257 568**	844 811	**1 257 568**	489 192

15.3 Included in the Group's secured loans of ZW$ 1,26 billion are loans to employees made in terms of a Group housing scheme and vehicle ownership scheme. This includes loans to Directors and officers of the Group amounting to ZW$ 768,6 million (2021: ZW$285,3 million). During the year, ZW$ 509,6 million was advanced and ZW$ 26,4 million was repaid. Housing loans are secured through mortgage bonds, share options and terminal benefits whilst the underlying assets under the car loan scheme are pledged as security. The loans are of various tenure and are in line with the employees' contracts of employment and attract variable interest rates of up to 16% per annum depending on the nature of the loan. The interest rates are reviewed periodically by the Remuneration Committee. None of the loans were past due or impaired at the end of the reporting period.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	**2021 ZW$'000**	**2022 ZW$'000**	**2021 ZW$'000**
16. INVENTORIES				
Consumable stores	**4 716 554**	3 464 144	**1 955 082**	767 032
Finished products	**1 577 007**	1 764 469	**1 358 544**	669 263
Raw materials	**8 185 916**	7 582 842	**7 464 046**	2 781 355
Work in progress	**562 496**	429 971	**532 099**	239 762
	15 041 973	13 241 426	**11 309 771**	4 457 412

The cost of inventories recognised as an expense during the year was ZW$ 32,13 billion (2021: ZW$ 10,39 billion).

The Group realised stock losses of ZW$ 660.63 million (2021: ZW$ 392.15 million).

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	**2021 ZW$'000**	**2022 ZW$'000**	**2021 ZW$'000**
17. TRADE AND OTHER RECEIVABLES				
Trade receivables	**4 856 830**	3 009 873	**4 856 830**	1 742 881
Other receivables	**489 444**	155 462	**489 444**	90 021
Allowances for expected credit losses	**(225 290)**	(95 697)	**(225 290)**	(55 414)
	5 120 984	3 069 638	**5 120 984**	1 777 488

Other receivables from third parties relate to sundry debtors of ZW$ 149,9 million (2021: ZW$ 38,4 million) and staff welfare loans. No provisions have been made for these amounts and staff welfare loans are secured.

The Group holds collateral on some receivable balances. The estimated value of this collateral is ZW$ 415,9 million (2021: ZW$ 402,9 million). The Group does not hold other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty. The average debtor days is 7 (2021: 8).

The Group has recognised an allowance for credit losses of ZW$ 225,2 million (2021: ZW$ 55,4 million) based on the historical past default performance of the counter party and the analysis of the counter party's financial position. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses ("ECL"), based on the ECL rates in the Delta group-wide provision matrix. The expected credit losses on trade receivables are estimated using the Delta group-wide provision matrix which makes reference to past default experience of group debtors and an analysis of group debtors' current financial positions, adjusted for factors that are specific to the group debtors', general economic conditions of the industry in which the group debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

The Group's current provision matrix is as follows:

Number of days after Granting of Credit	ECL (%)
0-90	—
90+	100%

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and define the credit limits by customer. Limits and customer performance are reviewed regularly. During the year 80% (2021: 80%) of receivables are neither past due nor impaired.

Trade receivables disclosed above include amounts (see below for age analysis) that are past due but at the end of the reporting period for which the Group has not recognised an allowance for credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. Included in over 90 days is ZW$ 166,3 million (2021: ZW$ 45,9 million)that relates to contract farmers input loans that are recoverable at harvest against crop deliveries.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
17. TRADE AND OTHER RECEIVABLES (continued)				
0-30 days	**4 381 400**	2 547 080	**4 379 056**	1 474 899
60-90 days	**230 313**	104 229	**232 657**	60 354
Over 90 days	**245 117**	358 564	**245 117**	207 628
	4 856 830	3 009 873	**4 856 830**	1 742 881
Movement in the allowance of credit losses				
Balance at the beginning of year	**95 697**	81 333	**55 414**	14 324
Increase in allowances for credit losses	**146 195**	71 176	**146 195**	41 215
Effects of IAS 29	**(40 283)**	(56 596)	**—**	—
Amounts written off during the year as uncollectable	**26 047**	(225)	**26 047**	(130)
Amounts recovered during the year	**(2 366)**	9	**(2 366)**	5
Balance at the end of year	**225 290**	95 697	**225 290**	55 414

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period. The concentration risk is limited due to the fact that the customer base is large and unrelated. The Group measures an expected credit loss allowance equal to life time expected credit losses for trade receivables held at amortised costs as these receivables do not contain a significant financing component.

	Notes	INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Ageing of impaired trade receivables					
Over 90 days		**225 290**	95 697	**225 290**	55 414
18. FINANCIAL ASSET - FAIR VALUE AND OTHER ASSETS					
18.1 Other Assets					
Prepayments		**9 959 461**	4 645 964	**8 596 269**	2 287 822

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
18. FINANCIAL ASSET - FAIR VALUE AND OTHER ASSETS (continued)				
18.2 Fair Value Through Profit and Loss				
Financial Asset - Fair value	**1 632 330**	2 790 458	**1 632 330**	1 615 828

The asset has been valued using a Forward Exchange Contract valuation model, being the net present value of ZW$ currency refundable less the net present value of the US$ currency payable. The value of the Blocked Funds Arrangement as at 31 March 2022 is US$ 10,8 million (2021: US$ 18,8 million).

The carrying value of the financial asset has been derived after taking the following into consideration:

- Estimated series of monthly foreign settlements till extinguishment of the legacy debt;
- The US$ interest rate has been determined using yield-to-maturity of US Government bonds;
- The ZW$ interest rate has been derived by adding a Country Risk Premium ("CRP") to a US Government Bond risk free rate; and
- A closing exchange rate of US$/ZW$1: 200 at 31 March 2022

For more details refer to note 10

18.3 Fair value hierarchy

	INFLATION ADJUSTED		*HISTORIC COST	
	March 2022 ZW$'000	March 2021 ZW$'000	March 2022 ZW$'000	March 2021 ZW$'000
Fair value through profit or loss:				
Financial Asset				
Balance at beginning of year	**2 790 458**	3 055 993	**1 615 828**	1 766 470
Approved legacy Debt:	**—**	5 985	**—**	3 460
Repayments	**(813 198)**	(5 473 257)	**(616 059)**	(3 163 732)
Claims	**128 948**	34 710	**128 948**	20 064
Revaluations	**503 613**	5 427 638	**503 613**	2 989 566
Effects of IAS 29	**(977 491)**	(260 611)	**—**	—
Balance at end of year	**1 632 330**	2 790 458	**1 632 330**	1 615 828

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

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$ 120,4 million and ZW$ 264,8 million respectively.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

19. SHARE CAPITAL

19.1 Authorised Share Capital

Authorised share capital comprises 1 400 000 000 ordinary shares of ZW$ 0,01 (one ZW$ cent) per share.

19.2 Ordinary Shares Issued and Fully Paid

	2022 Number of shares in millions	2021 Number of shares in millions
At beginning of year	**1 287**	1 279
Exercise of share options	**14**	8
At end of year	**1 301**	1 287

19.3 Unissued Shares

Subject to the limitations imposed by the Companies and Other Business Entities Act (24:31), in terms of a special resolution of the Company in the General Meeting, the unissued share capital comprising 95 727 405 (2021: 107 888 445) ordinary shares has been placed at the disposal of the directors for an indefinite period.

19.4 Shares Under Option

The directors are empowered to grant share options to certain employees of the Group. These options are exercisable for a period of ten years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange (ZSE) on the day prior to the granting of the options. Each employee share option converts into one ordinary share of Delta Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The number of shares subject to option is approved by shareholders at the General Meeting, and the number of options granted is calculated in accordance with the performance-based formula approved by the Remuneration Committee. The numbers of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations.

Details of the number of shares under option outstanding during the year are as follows:

Date of Grant	Date of expiry	Subscription Prices ZW$	Number of Shares 2022 '000	Number of Shares 2021 '000
1 June 2014	1 June 2024	1,148	—	13
Total options			—	13
10 August 2018	10 August 2028	2,000	—	6 500
10 May 2019	10 May 2029	2,950	**7 375**	10 555
7 May 2020	7 May 2030	5,810	**4 460**	7 327
7 August 2020	7 August 2030	16,230	**8 355**	10 113
6 May 2021	6 May 2031	53,250	**9 280**	—
Total Share Incentives			**29 470**	34 495
			29 470	34 508

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

19. SHARE CAPITAL (continued)

19.4 Shares Under Option (continued)

	2022 '000	2021 '000
Movements in share options during the year:		
Number outstanding at beginning of year	**34 508**	25 359
New options / SARS granted during the year	**9 280**	17 440
Forfeited Shares	**(1 544)**	(280)
Exercised during year	**(12 774)**	(7 650)
Outstanding at end of year	**29 470**	34 869

The weighted average price of exercise of share options and the weighted average stock exchange price for the year were ZW$ 1,48(2021: ZW$ 1,88) and ZW$ 121,89 (2021: ZW$ 20,69) respectively. The number of shares forfeited for the year ended 31 March 2022 is 1 531 000 (2021: 279 889 shares).

Share options granted under the employee share option plan carry no rights to dividends and no voting rights.

In terms of the Company share option scheme, options were granted on 6 May 2021. The estimated fair value of the options granted on this date was ZW$ 214,5 million. The options granted mature after three years and, accordingly, the fair value will be amortised over that period. The Group recognised total expenses of ZW$ 119,4 million (2021: ZW$ 52,5 million) in respect of share options in issue.

The fair value of the options granted in the current year was calculated using the Black-Scholes option pricing model as adjusted for dividends by Robert Merton, and the following weighted average assumptions were made.

Date of Issue	**MAY 2022**
Grant date share price – ZW$	57,71
Exercise price per share – ZW$	53,25
Expected volatility	44,41%
Dividend yield	4,49%
Risk-free interest rate	12,87%

In prior years, expected volatility and dividend yield was determined by reference to an entity in a similar industry (AB InBev) and market due to the circumstances that prevailed in the country. Ordinarily the historical volatility of the Company's share over four years and dividend yield realised was the basis of calculation. The expected life was based on experience over a ten-year period, but the life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions as regards closed periods and behavioural considerations. The weighted average value took into account an expected 0% level of forfeiture.

Expected volatility is based on the Company's historical share price volatility since dollarisation.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

19. SHARE CAPITAL (continued)

19.5 Share Buy Back

The effect of the cost of the share buyback (treasury shares) has been debited to reserves. No shares were bought back during the year to March 2022 (2021 - Nil). The Company held a total of 5 632 579 (2021: 5 632 579) of its own shares as treasury stock.

20. DIRECTORS' SHAREHOLDINGS

In both current and prior year, the Directors held directly and indirectly the following number of shares in the Company:

	2022 Number of shares	2021 Number of shares
E Fundira	**169**	169
C F Dube	**—**	4 807
T Moyo	**6 270**	6 156
C C Jinya	**12 490**	10 990
P Gowero	**—**	4 192 042
A Makamure	**5 076 123**	4 575 812
M M Valela	**14 331 040**	12 959 290
	19 426 092	21 749 266

No changes in Directors' shareholdings have occurred between the financial year end and 6 May 2022 being the date of the last meeting of the directors.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
21. BORROWINGS				
21.1 Movements in Long Term Borrowings				
Balance at beginning of year	**2 873 631**	318 794	**1 663 989**	36 397
Transfer (to) / from short-term loan	**(1 192 760)**	17 724	**(1 192 760)**	10 263
Loans raised	**—**	1 794 064	**—**	1 038 861
Effects of IAS 29	**(190 648)**	(255 939)	**—**	—
Revaluation arising from exchange differences	**106 584**	871 313	**106 584**	504 538
Translation differences	**200 714**	127 674	**1 219 708**	73 930
Balance at end of year	**1 797 521**	2 873 630	**1 797 521**	1 663 989

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
21. BORROWINGS (continued)				
21.2 Movements in Short Term Borrowings				
Balance at beginning of year	**2 352 031**	7 289 169	**1 361 955**	1 254 326
Transfer from / (to) long-term loan	**1 192 760**	(17 724)	**1 192 760**	(10 263)
Loans raised	**170 102**	1 376 692	**124 192**	797 180
Amount repaid	**(2 722 978)**	(1 083 654)	**(1 988 049)**	(627 495)
Translation differences	**168 259**	482 243	**767 390**	279 245
Effects of IAS 29	**298 074**	(5 123 009)	**—**	—
Revaluation arising from exchange differences	**177 582**	(571 686)	**177 582**	(331 038)
Balance at end of year	**1 635 830**	2 352 031	**1 635 830**	1 361 955

Borrowings, which are unsecured, form part of the core borrowings of the Group and are renewed on maturity in terms of ongoing facilities negotiated with the relevant financial institutions. In terms of a resolution of the Company in a general meeting, borrowings shall not exceed, in aggregate, shareholders' equity, which amounts to ZW$ 23,9 billion.

The outstanding balances are repayable within twelve months.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
22. LEASE LIABILITY				
Balance at the beginning of year	**334 407**	167 207	**177 123**	28 431
Arising from acquisition of a subsidiary	**—**	93 399	**—**	54 083
Interest	**(16 066)**	(17 105)	**(16 066)**	(9 905)
Repayments	**(153 249)**	(141 272)	**(153 249)**	(70 601)
Effects of IAS 29	**(157 284)**	(28 524)	**—**	—
Translation differences	**168 641**	260 702	**168 641**	175 115
Lease liability at end of year	**176 449**	334 407	**176 449**	177 123
Maturity analysis				
Short-term - Due within 1 year	**12 953**	161 399	**12 953**	93 459
Long-term - Due between 2 years and 5 years	**163 496**	173 008	**163 496**	83 664
Balance at end of year	**176 449**	334 407	**176 449**	177 123

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied was 10%. The lease agreement was entered on 1 April 2019 for 5 years and payment made in advance. Resultantly no interest is charged in the first year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

		INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
23.	**TRADE, OTHER PAYABLES AND PROVISIONS**				
23.1	**Trade and Other Payables**				
	Trade payables	**3 320 649**	6 170 806	**3 320 649**	3 573 234
	Accruals and other payables	**11 577 356**	6 219 762	**11 577 356**	3 601 582
		14 898 005	12 390 568	**14 898 005**	7 174 816

The carrying amount of trade and other payables is approximately equal to their fair values.

The average credit period on purchases of certain goods is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

		INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
23.2	**Provisions**				
	Employee benefits*				
	Balance at beginning of year	**1 051 721**	1 218 995	**609 004**	207 271
	Net movement	**2 609 226**	693 774	**1 904 999**	401 733
	Effects of IAS 29	**(1 146 944)**	(861 048)	—	—
	Balance at end of year	**2 514 003**	1 051 721	**2 514 003**	609 004
	Containers in the market**				
	Balance at beginning of year	**2 195 383**	1 890 709	**1 271 247**	321 485
	Net container market absorption movement	**224 908**	304 674	**1 149 044**	949 762
	Balance at end of year	**2 420 291**	2 195 383	**2 420 291**	1 271 247
	Provisions at end of year	**4 934 294**	3 247 104	**4 934 294**	1 880 251

* The provision for employee benefits represents annual leave entitlements and long service awards accrued.

** Containers in the market is the estimated value of the returnable containers population in the market and the Group's obligation to re-purchase these containers for re-use. Refer to note 4.9 for further details.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

		INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
24.	**CASH FLOW INFORMATION**				
24.1	**Cash Generated from Operating Activities**				
	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
24.2	**Increase in Working Capital**				
	Increase in inventories	**(1 800 546)**	(5 508 889)	**(6 852 360)**	(3 692 687)
	Increase in receivables and other assets	**(7 364 843)**	(703 611)	**(9 651 944)**	(3 132 363)
	Increase in trade and other payables	**4 194 627**	2 021 968	**10 777 232**	4 867 985
		(4 970 762)	(4 190 532)	**(5 727 072)**	(1 957 065)
24.3	**Income Taxation Paid**				
	Balance at beginning of year	**(769 879)**	(771 027)	**(445 802)**	(129 428)
	Current and withholding tax (Ref note 11.1)	**(3 906 584)**	(3 685 376)	**(3 906 341)**	(1 458 557)
	Effects of changes in translation rates on foreign subsidiaries	**(36 478)**	55 288	**(36 478)**	32 015
	Tax adjustment from subsidiary	**18 864**	—	**18 864**	—
	Effects of IAS 29	**324 457**	1 509 651	**—**	—
	Net liability at end of year*	**1 576 867**	769 879	**1 576 867**	445 802
		(2 792 753)	(2 121 585)	**(2 792 753)**	(1 110 168)

* The net tax liability is a net of current tax asset of ZW$ 0,137 million(2021: ZW$ 36,5 million) and a liability of 1,577 billion (2021: ZW$ 482,2 million) as shown per Consolidated Statement of Financial Position.

** Included in other non cash items are movements in long service and bonus provisions, revaluation of foreign liabilities and translation differences.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	Restated 2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
24. CASH FLOW INFORMATION (continued)				
24.4 Dividend Paid				
By the company:				
Dividend declared at the beginning of year	**(2 444 526)**	(449 303)	**(1 415 514)**	(76 397)
Dividend declared (Ref note 25)	**(5 284 926)**	(3 840 097)	**(4 869 900)**	(1 929 579)
Effects of IAS 29	**407 398**	707 598	**—**	—
Balance at end of year	**3 895 920**	2 444 526	**3 895 920**	1 415 514
	(3 426 134)	(1 137 276)	**(2 389 494)**	(590 462)
By subsidiaries:				
Dividend declared at the beginning of year	**(50 681)**	(56 760)	**(29 347)**	(9 651)
Dividend declared	**(50 993)**	(50 677)	**(40 238)**	(29 345)
Effects of IAS 29	**22 521**	24 935	**—**	—
Balance at end of year	**—**	50 681	**—**	29 347
	(79 153)	(31 821)	**(69 585)**	(9 649)
Total dividends paid	**(3 505 287)**	(1 169 097)	**(2 459 079)**	(600 111)
24.5 Cash and Cash Equivalents				
Made up as follows:				
Cash and cash equivalents	**5 253 596**	3 052 929	**5 253 596**	1 767 813

Cash and cash equivalents is made up of bank balances and cash.

	2022 ZW$ Cents	2021 ZW$ Cents	2022 ZW$'000	2021 ZW$'000
25. DIVIDENDS BY COMPANY				
INFLATION ADJUSTED				
Interim	**107,00**	97,00	**1 389 006**	1 503 208
Final	**300,00**	181,00	**3 895 920**	2 336 889
	407,00	278,00	**5 284 926**	3 840 097
***HISTORIC COST**				
Interim	**75,00**	45,00	**973 980**	578 776
Final	**300,00**	105,00	**3 895 920**	1 350 803
	375,00	150,00	**4 869 900**	1 929 579

26. RELATED PARTY TRANSACTIONS

26.1 Parties with Significant Influence Over The Group

The entities and individuals known to be significant shareholders (owning more than 5% of a class of equity) of Delta Corporation Limited are shown on page 163 of this report.

AB Inbev Group entities are considered to be related parties of the Group by virtue of its 40% equity shareholding in Delta Corporation Limited. Details of the transactions are shown below.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

26. RELATED PARTY TRANSACTIONS (continued)

26.2 Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between Group companies and other related parties are disclosed below.

INFLATION ADJUSTED

	Purchases of goods ZW$'000	Royalties, Technical & other fees ZW$'000	Rental payments ZW$'000	Amounts Owed by Related parties ZW$'000	Amounts Owed to Related parties ZW$'000
2022					
AB InBev Companies	5 840 850	**456 866**	—	—	(1 011 815)
Associates	550 474	—	—	—	(570 015)
Delta Pension Fund	—	—	365 325	—	—
	6 391 324	**456 866**	365 325	—	(1 581 830)
2021					
AB InBev Companies	16 008 100	**1 689 480**	—	**72 907**	(256 487)
Associates	1 337 041	—	—	**7 716**	(73 285)
Delta Pension Fund	—	—	64 977	—	—
	17 345 141	**1 689 480**	64 977	**80 623**	(329 772)

***HISTORIC COST**

	Purchases of goods ZW$'000	Royalties, Technical & other fees ZW$'000	Rental payments ZW$'000	Amounts Owed by Related parties ZW$'000	Amounts Owed to Related parties ZW$'000
2022					
AB InBev Companies	5 840 850	**456 866**	—	—	(1 011 815)
Associates	397 331	—	—	—	(570 015)
Delta Pension Fund	—	—	266 661	—	—
	6 238 181	**456 866**	66 661	**-**	(1 581 830)
2021					
AB InBev Companies	2 721 925	**287 269**	—	**42 217**	(148 520)
Associates	227 343	—	—	**4 468**	(42 436)
Delta Pension Fund	—	—	11 048	—	—
	2 949 268	**287 269**	11 048	**46 685**	(190 956)

During the course of the year Scanlen and Holderness a law firm in which the Group Chairman is a partner, provided legal services to the Group amounting to ZW$ 1,8 million.

Transactions with related parties are carried out at arm's length. The amounts outstanding are unsecured and will be settled on normal terms. No expense has been recognised in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

26. RELATED PARTY TRANSACTIONS (continued)

26.3 Remuneration of Directors and Other Key Management

The remuneration of directors and other members of key management during the year was as follows:

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Short-term benefits	**781 191**	1 343 706	**644 487**	697 197
Post-employment benefits	**70 122**	51 475	**52 639**	23 636
Share based payments	**143 006**	77 521	**81 273**	24 819
	994 319	1 472 702	**778 399**	745 652
Included in the above amounts are the following in respect of directors' emoluments:				
For services as directors	**34 105**	40 247	**25 467**	17 885
For managerial services	**384 021**	259 138	**306 556**	121 892
	418 126	299 385	**332 023**	139 777

26.4 Subsidiaries*, Associates** and Joint Ventures***

Name	Country of Incorporation	Principal activity	Effective Interest 2022	Effective Interest 2021
Delta Beverages (Private) Limited*	Zimbabwe	Beverages Manufacture	**100%**	100%
National Breweries Limited*	Zimbabwe	Dormant	**100%**	100%
Chibuku Breweries Limited*	Zimbabwe	Dormant	**100%**	100%
United Bottlers (Private) Limited*	Zimbabwe	Dormant	**100%**	100%
Bevcool (Private) Limited*	Zimbabwe	Dormant	**100%**	100%
Polycon Converters (Private) Limited*	Zimbabwe	Dormant	**100%**	100%
Matchwell Investments (Private) Limited*	Zimbabwe	Dormant	**100%**	100%
Delta Beverages South Africa	South Africa	Holding	**100%**	100%
Chibuku Holdings Plc*	Mauritius	Holding	**100%**	100%
Newshelf T/A United National Breweries Pty Ltd*	South Africa	Sorghum Beer Manufacture	**100%**	100%
Delta Beverages South Africa*	South Africa	Holding	**100%**	100%
Headend (Private) Limited*	Zimbabwe	Dormant	**92%**	92%
Mandel Training Centre P/L*	Zimbabwe	Dormant	**75%**	75%
National Breweries Plc*	Zambia	Sorghum Beer Manufacture	**70%**	70%
Afdis Holdings Limited / Afdis Limited*	Zimbabwe	Beverages Manufacture	**51%**	51%
Food & Industrial Processors (Private) Limited**	Zimbabwe	Starch Distributor	**49%**	49%
Schweppes Zimbabwe Limited**	Zimbabwe	Beverages Manufacture	**49%**	49%
Nampak Zimbabwe Limited**	Zimbabwe	Plastics & Paper Manufacture	**21%**	21%
PetrecoZim (Private) Limited***	Zimbabwe	Plastics Recycling	**15%**	15%

Food & Industrial Processors is a starch distribution entity and the investment was written off in prior years. The Group does not participate in the policy making process. The investment has been considered immaterial.

PetrecoZim is a PET plastic recycling entity which the Group invested in as part of the post-consumer waste management initiative in line with its sustainable development framework. The Group does not expect to derive any future economic benefits from this investment and does not wield significant influence and as such all contributions towards the investment have been written off and are considered immaterial to the Group.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

		INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
27.	**COMMITMENTS FOR CAPITAL EXPENDITURE**				
	Authorised by directors but not contracted for	**12 761 000**	22 394 406	**12 761 000**	12 967 585

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

28. PENSION FUNDS

Group operating companies and all employees contribute to one or more of the following independently administered pension funds. These include Delta Beverages Pension Fund, African Distillers Pension Fund and National Breweries Pension Trust Scheme.

28.1 Delta Group Pension Fund

The funds are independently administered defined contribution funds and are, accordingly, not subject to actuarial valuations.

28.2 National Social Security Authority Scheme

In Zimbabwe the Group Companies and all employees contribute to the National Pension Scheme whilst in Zambia they contribute to the National Pension Scheme Authority and in South Africa to the United National Breweries SA Provident Fund.

These are defined contribution schemes promulgated as compulsory national schemes. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

		INFLATION ADJUSTED		*HISTORIC COST	
		2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
28.3	**Pension costs recognised as an expense for the year**				
	Group Pension Funds	**456 681**	509 859	**456 681**	203 780
	National Social Security Authority	**76 902**	—	**76 902**	—
	Scheme / United National Breweries SA				
	(Pty) Ltd Provident Fund	**12 594**	88 714	**12 594**	51 370
	Scheme / NPSA Fund Zambia	**123 179**	24 157	**123 179**	13 988
		669 355	622 730	**669 356**	269 138

29. FINANCIAL RISK MANAGEMENT

29.1 Treasury Risk Management

The Group Management Committee, consisting of senior executives of the Group, meets on a regular basis to analyse, amongst other matters, currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits is reviewed at quarterly Board meetings.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (continued)

29.2 Foreign Currency Management

Exposure to exchange rate fluctuations and foreign loans is limited by Group treasury policy and is monitored by the Group Management Committee. Operating subsidiaries manage short-term currency exposures relating to trade imports and exports within approved parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period were as follows:

INFLATION ADJUSTED

	Liabilities		Assets		Net exposure	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
USD	(2 147 691)	(3 701 740)	2 620 986	854 006	473 294	(2 847 734)
Euro	(11 294)	(64)	387	378	(10 907)	314
Rand	(55 252)	(398 177)	2 215 424	131 912	2 160 171	(266 265)

***HISTORIC COST**

	Liabilities		Assets		Net exposure	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
USD	(2 147 691)	(2 143 510)	2 620 986	494 516	473 294	(1 648 994)
Euro	(11 294)	(37)	387	219	(10 907)	182
Rand	(55 252)	(230 566)	2 215 424	76 384	2 160 171	(154 182)

The following table details the Group's sensitivity to a 10% and 22% increase in the ZW$ Dollar against the USD, Euro and South African Rand. The 22% and 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a percentage change in foreign currency rates. A positive number below indicates an increase in profit where the ZW$ Dollar strengthens or weakens in a favourable manner against the net exposure.

INFLATION ADJUSTED

	Euro Impact		Rand Impact		USD Impact	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Profit/(Loss)	(1 950)	46	(20 993)	(39 575)	(815 971)	(423 260)

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (continued)

29.2 Foreign Currency Management (continued)

*HISTORIC COST

	Euro Impact		Rand Impact		USD Impact	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Profit / (loss)	(1 129)	18	(12 156)	(15 418)	(472 492)	(164 899)

29.3 Interest Risk Management

Group policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include bankers' acceptances, call loans, overdrafts, commercial paper, foreign loans and where appropriate, long-term loans. Approved investment instruments include fixed and call deposits. The risk is limited as there are no variable/ floating rate instruments held.

29.4 Liquidity Risk Management

The Group has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest rate tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods and fixed interest rates. There are no financial liabilities with floating rates. The tables have been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. All interest rate cash flows are fixed in nature. The contractual maturity is based on the earliest date on which the Group may be required to pay.

INFLATION ADJUSTED

	Weighted average effective interest rate %	0-2 months ZW$'000	2-12 months ZW$'000	12-36 months ZW$'000	Total ZW$'000
31 March 2022					
Borrowings	7.5	—	1 758 741	1 977 272	**3 736 013**
Trade and other payables		3 320 649	—	—	**3 320 649**
		3 320 649	1 758 741	1 977 272	**7 056 662**
31 March 2021					
Borrowings	7,5	—	2 528 434	3 160 993	**5 689 427**
Trade and other payables		6 170 806	—	—	**6 170 806**
		6 170 806	2 528 434	3 160 993	**11 860 233**

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (continued)

29.4 Liquidity Risk Management (continued)

HISTORIC COST

	Weighted average effective interest rate %	0-2 months ZW$'000	2-12 months ZW$'000	12-36 months ZW$'000	Total ZW$'000
31 March 2022					
Fixed interest rate	7,5	—	1 758 741	1 977 272	**3 736 013**
Trade and other payables		3 320 649	—	—	**3 320 649**
		3 320 649	1 758 741	1 977 272	**7 056 662**
31 March 2021					
Fixed interest rate	7,5	—	1 464 287	1 830 388	**3 294 675**
Trade and other payables		3 573 234	—	—	**3 573 234**
		3 573 234	1 464 287	1 830 388	**6 867 909**

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
FINANCING FACILITIES				
Unsecured bank loan facility with various maturity dates through to January 2023 and of which:				
Total available	**3 433 351**	5 225 662	**3 433 351**	3 025 944
Amount used	**(3 433 351)**	(5 225 662)	**(3 433 351)**	(3 025 944)
Amount unused	**—**	—	**—**	—

The directors consider that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

29.5 Credit Risk Management

Potential concentration of credit risk consists principally of short-term, cash and cash equivalent and trade debtors. The Group deposits short-term cash surpluses only with major banks of high credit standing. Trade debtors comprise a large, widespread customer base and Group companies perform on-going credit evaluations of the financial condition of their customers. The Group uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. The Group does not have significant credit risk exposure to any single trade debtor. Concentration of credit risk did not exceed 10% for any counter-party. The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

29.6 Fair Value of Financial Instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

29. FINANCIAL RISK MANAGEMENT (continued)

29.7 Categories of Financial Instruments

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Financial assets				
Cash and bank balances	**5 253 596**	3 052 929	**5 253 596**	1 767 813
Financial asset - Fair value through profit and loss	**1 632 330**	2 790 458	**1 632 330**	1 615 828
Trade and other receivables	**3 708 951**	3 069 638	**3 708 951**	1 777 488
Loans	**1 224 819**	807 875	**1 224 819**	467 804
Financial liabilities				
Amortised cost:				
Borrowings	**3 433 351**	5 225 662	**3 433 351**	3 025 944
Trade and other payables	**3 320 649**	6 170 806	**3 320 649**	3 573 234

29.8 Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The capital structure of the Group consists of net cash (comprising borrowings as offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings). The Group is not subject to any externally imposed capital requirements. The gearing ratio is 7,49% in current year (2021: 20,47%)

29.9 Financial Risk Management Objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

30. 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 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.

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 excess duty in January 2022 negatively impacted the recovery plans. Business recovery measures are being implemented with cash flow support from the parent.

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

31. RESTATEMENT OF PRIOR YEAR FIGURES

Cashflow

The Group has reclassified certain balances within the cashflows to align and reorganize the reporting to the requirements of International Accounting Standard 7 (IAS 7 - Statement of Cashflows). This has resulted in certain movements being presented in a different manner from prior year. The 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 liabity	—	(141 272)	(141 272)
Effects of IAS 29	—	(3 136 763)	(3 136 761)
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	—	—	—

Historical cost	As previously reported	Impact of restatement	As restated
Cash generated from operating activities - excluding working capital movement	6 091 164	(1 323 271)	4 767 894
Working capital movement	(1 957 065)	70 601	(1 886 464)
Cashflows from Financing Activities	591 283	17 153	608 436
Movement in lease liability	—	(70 601)	(70 601)
Effects of currency translation on cash and cash equivalents - foreign operations	—	17 906	17 906
Effects of currency translation on opening cash and cash equivalents	—	1 358 813	1 358 813
Net impact	—	—	—

Notes to the Financial Statements (continued)

for the year ended 31 March 2022

31. RESTATEMENT OF PRIOR YEAR FIGURES (continued)

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.

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

Historic Cost	As previously reported	Impact of restatement	As restated
Goodwill*	303 598	(285 534)	18 064
Net operating costs	24 560 017	285 534	24 845 551

* Goodwill write off

32. 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 the impact of these changes, it does not expect a significant impact to its operations.

33. IMPAIRMENT OF ASSETS

Impairment Assessment of Assets

Management undertakes the requisite assessments for possible impairment of individual asset or clusters of assets at each reporting period. Natbrew booked no asset impairments in F22 (2021: ZW$ 151,9 million). No further significant impairments are envisaged.

Company Statement of Profit or Loss And Other Comprehensive Income

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Dividend and other income	**5 438 282**	3 519 307	**4 984 866**	2 001 859
Administrative expenses	**(95 779)**	(67 410)	**(61 446)**	(29 380)
Monetary loss	**(94 264)**	127 164	**—**	—
Profit before tax	**5 248 239**	3 579 061	**4 923 420**	1 972 479
Taxation	**—**	—	**—**	—
PROFIT FOR THE YEAR	**5 248 239**	3 579 061	**4 923 420**	1 972 479
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5 248 239**	3 579 061	**4 923 420**	1 972 479

Revenue relates to dividends and management fees received from the subsidiaries, Delta Beverages (Private) Limited and from AFDIS Holdings Limited. Both entities are related parties.

Administrative expenses relate to expenditure paid for by Delta Beverages (Private) Limited and charged to the Company as management fees.

* Historic cost results are included as supplementary information. Refer to note 4.2.

Company Statement of Financial Position

as at 31 March 2022

	Notes	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST 2021 ZW$'000
ASSETS					
Non-current Assets					
Interest in subsidiaries	A	**5 191 934**	4 928 882	**327 827**	112 870
Investments in associates		**414 141**	414 141	**9 069**	9 069
Trademarks		**1 667 355**	1 666 623	**36 500**	36 500
Other investments	F	**32 980**	36 936	**32 883**	21 384
		7 306 410	7 046 582	**406 279**	179 823
Current Assets					
Loans to subsidiaries	B	**3 954 354**	2 663 788	**3 954 354**	1 542 479
Other receivables	C	**18 793**	13 241	**18 793**	7 667
		3 973 147	2 677 029	**3 973 147**	1 550 146
Total Assets		**11 279 557**	9 723 611	**4 379 426**	1 729 969
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	**582 519**	582 332	**12 986**	12 865
Share premium		**3 961 735**	3 934 000	**106 462**	88 565
Share option reserve		**420 097**	315 121	**119 411**	35 565
Retained earnings		**2 400 834**	2 434 977	**226 195**	170 132
Total Equity		**7 365 185**	7 266 430	**465 054**	307 127
Current Liabilities					
Other payables	D	**18 452**	12 655	**18 452**	7 328
Dividends payable	24.4	**3 895 920**	2 444 526	**3 895 920**	1 415 514
		3 914 372	2 457 181	**3 914 372**	1 422 842
Total Equity and Liabilities		**11 279 557**	9 723 611	**4 379 426**	1 729 969

The financial statements were approved by the Board of Directors and authorised for issue on 6 May 2022.

* Historic cost results are included as supplementary information. Refer to note 4.2.

M M Valela
Chief Executive Officer

A Makamure
Executive Director - Finance

Company Statement of Financial Position (continued)

as at 31 March 2022

A. INTEREST IN SUBSIDIARIES

Details of all subsidiaries are provided in the Group structure included on note 26.4. This is an interest in Delta Beverages (Private) Limited, National Breweries Plc, African Distillers Limited and Delta Beverages South Africa recognised at cost.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Interest in subsidiaries				
Delta Beverages (Private) Limited	**3 977**	3 977	**87**	87
National Breweries Limited	**594**	594	**13**	13
United Bottlers (Private) Limited	**772**	772	**17**	17
Chibuku Breweries Limited	**6 314**	6 314	**138**	138
National Breweries Plc	**589 086**	589 086	**12 901**	12 901
Delta Beverages South Africa	**—**	—	**—**	—
United National Breweries South Africa	**—**	—	**—**	—
African Distillers Limited	**4 591 191**	4 328 139	**314 671**	99 714
	5 191 934	4 928 882	**327 827**	112 870

B. LOANS TO SUBSIDIARIES

Loans to subsidiaries relate to loans issued to Delta Beverages (Private) Limited. The loans do not have fixed repayment dates and have nil interest. There are no amounts that are past due or impaired.

C. OTHER RECEIVABLES

Receivables relate to dividends paid over to the share transfer secretaries, but not yet distributed to shareholders. There are no amounts that are past due or impaired.

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Other Debtors	**18 793**	13 241	**18 793**	7 667

Company Statement of Financial Position (continued)

as at 31 March 2022

D. OTHER PAYABLES

Other payables relate to outstanding dividends that have been declared but not collected by the shareholders from the share transfer secretaries.

E. INTEREST IN ASSOCIATED COMPANIES

Associated companies relate to investments in Nampak Zimbabwe Limited disclosed in note 14. These are recognised at cost.

F. OTHER INVESTMENTS

Details of other investments are as per table below;

	INFLATION ADJUSTED		*HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000	2022 ZW$'000	2021 ZW$'000
Trademarks	**1 667 452**	1 666 623	**36 500**	36 630
Investments				
Medical Investments Limited shares	**231**	231	**134**	134
Old Mutual shares*	**32 749**	36 705	**32 749**	21 250
	32 980	36 936	**32 883**	21 384

*Refer to note 15.2

G. ACCOUNTING POLICIES

The Company inflation adjusted financial statements have been prepared in accordance with the policies detailed in notes 1 to 4 of this Annual Report.

Company Statement of Cash Flows

for the year ended 31 March 2022

	Notes	INFLATION ADJUSTED 2022 ZW$'000	INFLATION ADJUSTED Restated 2021 ZW$'000	*HISTORIC COST 2022 ZW$'000	*HISTORIC COST Restated 2021 ZW$'000
Cash flow from operating activities					
Profit before tax		**5 248 239**	3 579 061	**4 923 420**	1 972 479
Non-cash items:-					
Fair value loss / (gain) on financial asset		**3 224**	(33 358)	**(11 495)**	(11 326)
Effects of IAS29		**464 461**	(660 046)	**—**	—
Monetary gain / (loss)		**94 264**	(24 666)	**—**	—
Increase in working capital		**(1 290 329)**	(2 670 621)	**(2 411 884)**	(1 395 826)
Other non cash items		**(423 276)**	968 669	**104 410**	30 536
Net cash flow from operating activities		**4 096 583**	1 159 039	**2 604 451**	595 863
Cash flow from investing activities					
Purchase of shares in subsidiary		**(263 052)**	(21 763)	**(214 957)**	(5 401)
Net cash from investing activities		**(263 052)**	(21 763)	**(214 957)**	(5 401)
Cash flow from financing activities					
Dividend paid		**(3 833 531)**	(1 137 276)	**(2 389 494)**	(590 462)
Net cash utilised in financing activities		**(3 833 531)**	(1 137 276)	**(2 389 494)**	(590 462)
Net movement in cash and cash equivalents		**—**	—	**—**	—
Cash and cash equivalents at beginning of year		**—**	—	**—**	—
Cash and cash equivalents at end of year		**—**	—	**—**	—

All cash payments are made through Delta Beverages (Private) Limited a wholly owned subsidiary.

* Historic cost results are included as supplimentary information. Refer to note 4.2

Company Statement of Changes In Equity

for the year ended 31 March 2022

INFLATION ADJUSTED

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Retained Earnings ZW$'000	Total equity ZW$'000
At 1 April 2020		582 088	3 929 676	258 071	2 692 399	**7 462 234**
Profitfor the year		—	—	—	3 579 061	**3 579 061**
Other comprehensive income		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	3 579 061	**3 579 061**
Transactions with owners:						
Share options exercised		244	4 324	—	—	**4 568**
Forfeited Share		—	—	—	3 615	**3 615**
Recognition of share based payments		—	—	57 050	—	**57 050**
Dividend declared	24.4	—	—	—	(3 840 097)	**(3 840 097)**
At 1 April 2021 - Restated		582 332	3 934 000	315 121	2 398 291	**7 266 431**
Profit for the year		—	—	—	5 248 239	**5 248 239**
Other comprehensive income		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	5 248 239	**5 248 239**
Transactions with owners:						
Share options exercised		187	27 735	(27 921)	—	**—**
Share based payment recognition		—	—	135 440	—	**135 440**
Dividend declared	24.4	—	—	—	(5 284 926)	**(5 284 926)**
Forfeiture of shares		—	—	(2 543)	2 2 543	**—**
At 31 March 2022		582 519	3 961 735	420 097	2 400 834	**7 365 184**

Company Statement of Changes In Equity (continued)

for the year ended 31 March 2022

*HISTORIC COST

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Retained Earnings ZW$'000	Total equity ZW$'000
At 1 April 2020		12 789	87 125	8 642	125 139	**233 695**
Profit for the year		—	—	—	1 972 479	**1 972 479**
Other comprehensive income, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	1 972 479	**1 972 479**
Transactions with owners:						
Share options exercised		76	1 440	—	—	**1 516**
Recognition of share based payments		—	—	26 923	—	**26 923**
Forfeited shares		—	—	—	2 093	**2 093**
Dividend declared	24.4	—	—	—	(1 929 579)	**(1 929 579)**
At 1 April 2021		12 865	88 565	35 565	170 132	**307 127**
Profit for the year		—	—	—	4 923 420	**4 923 420**
Other comprehensive income, net of tax		—	—	—	—	**—**
Total Comprehensive Income for the year		—	—	—	4 923 420	**4 923 420**
Transactions with owners:						
Share options exercised	19.5	121	17 897	(18 018)	—	**—**
Forfeited shares adjustment		—	—	(2 544)	2 543	**—**
Share based payment recognition		—	—	104 408	—	**104 407**
Dividend declared	24.4	—	—	—	(4 869 900)	**(4 869 900)**
At 31 March 2022		12 986	106 462	119 411	226 195	**5 334 954**

* Historic cost results are included as supplementary information. Refer note 4.2.

Group Statistics

for the year ended 31 March 2022

	INFLATION ADJUSTED		*HISTORIC COST	
	2022	2021	**2022**	2021
SHARE PERFORMANCE				
PER SHARE (ZW$ cents)				
Attributable earnings	**1 262,05**	900,35	**1 589,02**	602,62
Diluted earnings	**1 254,01**	762,55	**1 510,65**	543,97
Cash equivalent earnings	**1 274,85**	795,12	**1 119,36**	309,71
Dividends	**195,00**	279,08	**195**	150,00
Cash flow	**1 192,12**	838,53	**1 085,74**	429,58
Net asset value	**4 278,70**	3 458,54	**1 795,62**	592,81
Closing market price (ZW$ cents)			**24 092,25**	4 622,08
ZSE industrial index			**52 432,53**	14 740,05
SHARE INFORMATION				
In issue (m's)			**1 299**	1 286
Market capitalisation (ZW$ m's)			**312 872**	59 462
Trading volume (m's)			**122,2**	135,6
Trading percentage (%)			**9,41**	10,54
RATIOS AND RETURNS				
PROFITABILITY				
Return on equity (%)	**29,04**	25,29	**89,11**	100,27
Income after taxation to total capital employed (%)	**28,86**	23,70	**84,39**	94,70
Pretax return on total assets (%)	**21,06**	19,37	**44,66**	38,18
SOLVENCY				
Long term debt to total Shareholders' funds (%)	**3**	6,28	**8**	21,55
Interest cover (times)	**58**	81	**53**	121
Total liabilities to total Shareholders' funds (%)	**67**	72,82	**136**	196,74
LIQUIDITY				
Current assets to interest free liabilities & short-term borrowings	**1,37**	1,25	**1,18**	0,96
PRODUCTIVITY				
Turnover per employee ($000's)	**17 042**	7 130	**13 375**	5 853
Turnover to payroll (times)	**6,94**	6,02	**6,01**	6,23
OTHER				
Number of shareholders	**7 673**	7 130	**7 673**	7 130

Environmental, Social and Governance Report

Environmental, Social and Governance Report

Striving for a Sustainable and inclusive future for a BRIGHTER and BETTER WORLD

Our Purpose

"We bring enjoyment and refreshment to our consumers by nurturing our brands and growing our business sustainably for the betterment of our employees and communities"

Our Group is a multi-beverage business with a focus on both alcoholic and non-alcoholic beverages. We do business in a way that improves livelihoods and helps build communities. We do this by delivering to our consumers refreshing and enjoyable high-quality products. In doing so, we create jobs, pay taxes, build skills, which demonstrates that business growth and sustainable development can be mutually reinforcing rather than be in conflict. The multiplier effect of our investments and business operations through the value chains is a catalyst for national development.

We are a significant contributor to fiscal revenues, which allow governments to provide public services for the betterment of their citizens.

	HISTORIC COST	
	2022 ZW$'000	2021 ZW$'000
Direct Taxes	**5 080 367**	81 886
Excise Taxes	**6 646 598**	453 014
Other Indirect Taxes	**3 286 719**	372 706
Total Taxes	**15 013 684**	907 606

The bottling and brewing of our great beverages depend on a healthy natural environment and thriving communities. We depend on water and other natural ingredients to bottle and brew our beverages. We hope to create a **BETTER WORLD** for everyone, including the communities and ecosystems where we operate and where our colleagues and consumers live.

To do that, we have developed ambitious goals to drive positive environmental impact and inclusive growth, because when our communities thrive, we also thrive. *Our initiatives align with the UN Sustainable Development Goals (SDGs) and support our commitment to build a company that last the next 100+ years and beyond.*

To us, a future with more cheers is shared prosperity, for our communities, for the planet and for our company. It is growth that is inclusive, value that is shared, and is worth celebrating TOGETHER. Sustainability is good business and is a foundational part of our company. We believe in our Brands and Our Future.

This includes building a resilient and agile value chain in order to solidify our role as a trusted partner in local communities which will enable us to identify and capture new sources of business value.

Our Environmental, Social and Governance (ESG) initiatives are critical to the delivery of our company strategy and purpose.

To enable a sustainable, equitable future for all, we have developed goals and ambitious programs that build environmental resilience, reduce the harmful consumption of alcohol, and promote inclusive growth and sustainable livelihoods across our value chain.

We believe that the future of business and of the planet is inclusive. We have to do our part to tackle shared global and local environmental and social challenges. Our commitment to improving the communities we are a part of remains unwavering in doing this we collaborate with governments, value chain partners and other stakeholders. We look ahead to the coming year and beyond with a renewed vision and focus to create a future with more cheers through greater shared prosperity.

Our Environmental, Social and Governance (ESG) initiatives are critical to the delivery of our company strategy and purpose.

Environmental, Social and Governance Report (continued)

Our strategic ESG priorities

Smart Drinking & Moderation

- Influencing behaviour change with social norms through the power of our brands and their marketing.
- Expanding consumer access to low alcohol beer alternatives.
- Amplifying our Smart Drinking messages through digital and technology.
- Advocacy efforts to reduce harmful consumption: promoting differentiation.

Water Stewardship

- Tailored solutions are needed to address the complex water challenges in our local environs.
- Innovation can help unlock higher water efficiency and improved water security.
- Partnerships and multi-stakeholder collaboration are critical for scaling impact.

Climate

- Working toward a shared long-term ambition pushes us forward.
- Short-term goals to reduce energy consumption.
- Collaborating with others to reduce carbon emissions.

Sustainable Agriculture

- Farmers are at the centre of sustainable agriculture.
- Building resilience with regenerative practices is critical to the future of farming and nature.
- Technology is a key enabler of sustainable agriculture.

Circular Packaging

- Innovation is key in developing circular packaging.
- Investing in local recycling systems is a critical enabler to scale up circular packaging.
- Brands can build awareness and engage consumers to think about their own packaging choices and recycling habits.

Entrepreneurship

- The digital transformation of small- and medium-sized businesses extends the impact of our efforts.
- Empowering women entrepreneurs is good for communities and for business.
- Capacity building and market linkages help sustain growth.

Ethics & Transparency

- Ethical behaviour is the foundation for building a company that lasts.
- Ethicsis key to building trust with consumers and customers.
- Respecting human rights is fundamental to creating healthy, thriving communities.
- Prioritising health and safety are critical for creating shared prosperity with our colleagues.

Diversity & Inclusion

- We strive to be an inclusive workplace with equal opportunity for all.
- We are using the power of our brands to inspire change.

Supporting our communities in response to COVID-19

We have witnessed firsthand the impact COVID-19 has had on our business partners, our colleagues, and our consumers.

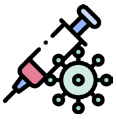
During the year our efforts focused on helping communities and our employees to access vaccines, intensifying awareness, donation of medical supplies and support to our trade customers to remain open whilst adhereing to recommended protocols.

The COVID-19 pandemic remained a great challenge to our business and to the communities we serve in the past year. Consumers were required to quarantine at home; bars and bottlestores were forced to radically alter their operations and ensure only vaccinated patrons had access to them. The health and safety of every one of our people, consumers and partners remained very important. The pandemic reamains in our midst, hence the ongoing agility and vigilence in responding to any new variants.

±30,000 units of hand sanitisers donated

±500,000 masks donated

2 major hospitals supported



4 vaccination campaigns supported

COVID-19 Communication

The COVID-19 communication continued to run through internal communication platforms, print media and on the social media. These focused on disseminating information on the pandemic especially the health guidelines from relevant authorities and the importance of getting vaccinated.

The COVID-19 internal communication was extended to externals via the Delta social media communication platforms.

Environmental, Social and Governance Report (continued)

Reflecting on our progress across priorities

Smart Drinking & Moderation

We want every experience with beer to be positive and are committed to reducing the harmful use of alcohol. We support the World Health Organisation (WHO) target of reducing the harmful use of alcohol by at least 10% in every country by 2025, and the United Nations Sustainable Development Goals (UN SDG) ambition to strengthen the prevention of harmful use of alcohol globally.

We are using our Smart Drinking Goals as benchmarks to shift social norms and behaviours around harmful alcohol use while improving our own business practices. We recognise that partnerships are essential to achieving our goals and are taking a multi-stakeholder approach. We have been collaborating with public health experts to help reduce the harmful use of alcohol.

Reducing Added Sugar

More drinks, less sugar.

As we continue to evolve as a total beverage company and respond to consumers' desires for more choices across categories, we are reducing added sugar while providing more drinks with nutrition benefits; optimizing our mix of products; offering more small packaging choices; and providing consumers with clear nutrition information.

Nutritional Beverages

We are offering a portfolio of drinks with nutrition and hydration benefits, including juices, waters and other non-sparkling beverages.

Reducing the harmful use of alcohol

No stakeholder commitment is more critical than our role in addressing the harmful use of alcohol. We fulfil this commitment through a range of efforts that include responsible marketing and communications, changing social norms in our market, identifying evidence-based interventions to reduce the harmful use of alcohol, empowering consumers with information and choice, and focusing on road safety.

Responsible Marketing

Marketing is an indispensable part of our business and hence we do so responsibly.

We adhere to our Responsible Marketing and Communications Code.

In addition to our own efforts, we continuously seek effective partnerships.

We also count on our own colleagues as Smart Drinking Champions. For the second time last year, we participated in the Global Be(er) Responsible Day (GBRD) to promote responsible alcohol consumption.

Beer is part of celebrating life throughout the world and a major engine of economic activity. However, all products containing alcohol can be consumed in ways that cause harm. In the last decade, data from the World Health Organisation (WHO) shows that the harmful consumption of alcohol has decreased around the world. But more must be done. Harmful drinking impacts our people, our communities and, therefore, our business.

Reflecting on our progress across priorities (continued)

Responsible Marketing (continued)

The Smart Drinking Initiative launched in 2018 is aimed to bring to bear our company's resources, skills, capabilities to contribute to the global effort to reduce the harmful consumption of alcohol. We have since evolved the Smart Drinking strategy into a five-pillar program:

1: Influencing behavior change with social norms through the power of our brands and their marketing.
2: Providing Smart Drinking resources and evidence-based programs to consumers and communities
3: Expanding consumer access to No- and Low- Alcohol Beer (NABLAB) alternatives.
4: Amplifying our Smart Drinking messages through digital and technology.
5: Promoting the adoption of evidence-based public policy regarding alcohol.

Here is how we are tracking the progress of our Smart Drinking Initiative in 2021.

Social Norms	Responsible Marketing	Product Portfolio	Labelling
By shaping social norms through "social norms marketing" a specific technique to engage with consumers to improve behaviours in society, it is possible to reduce harmful consumption. **Ambition** Influence social norms and individual behaviours to reduce harmful use of alcohol by availing financial resources in our markets (Zimbabwe, Zambia, and South Africa) that allow dedicated social marketing campaigns and related programs. **Progress** Since 2018, we have upscaled the social norms and marketing. Our Smart Drinking Commercial Communications Code continues to guide our commercial teams on how to sell and market our beers in a responsible way by not appealing to underage consumers, not depicting irresponsible alcohol consumption, and by putting safeguards in place in our digital communication platforms.	Our marketing teams are encouraged to advertise alcohol responsibly. **Ambition** Reduce the harmful use of alcohol by at least 10% through adopting global best practices. **Progress** There are several interventions that can be most impactful in reducing the harmful effects of drinking: the respect the road campaign against drunk driving that includes the designated driver project, responsible beverage service focused on educating retailers not to serve under-age and those showing signs of intoxication. We work with various partners such as the Traffic Safety Council, The Zimbabwe Alcoholic Beverages Manufacturers' Association and ZIMPACT.	As consumers seek to make better, more responsible choices, it is important for them to have lower- alcohol alternatives that give them the flexibility to pace or taper off their drinking over the course of a social occasion. **Ambition** To explore the introduction of no alcohol beer into the market and ensure No- and/or Low- Alcohol beer products represent at least 20% of our beer volume by the end of 2030. **Progress** The contribution of NABLAB increased from 1% to 3% of beer volume in F22. We continue to engage our authorities to review the excise regimes that allow keener pricing to incentivise consumption of low alcohol brands. We are intensifying NABLAB innovations and scaling up marketing of the low alcohol offerings.	Our labels and secondary packaging are a key touchpoint with consumers. They offer a unique platform to provide actionable advice that research has shown potentially influences drinking behaviours. We believe in transparency and in helping our consumers understand why and how alcohol should be consumed within limits. For these reasons, we are working to increase alcohol literacy among them. **Ambition** We continue to monitor on a yearly basis that all our beer products in our markets comply to the legislation in terms labelling to increase alcohol health literacy by 2025. **Progress** In 2019, work began to align our can packaging with the Rest of Africa where the "do not drink and drive and do not drink alcohol whilst pregnant" icons were added. This is being done to improve alcohol health literacy in our market.

Environmental, Social and Governance Report (continued)

Reflecting on our progress across priorities (continued)

Marketing Campaigns

Our ambition
Influence social norms and individual behaviours to reduce harmful use of alcohol by providing resources behind the social marketing campaigns and related programs.

Our approach
Social Marketing Theory is a new and exciting front in public health. We are harnessing our company's creativity to this emerging concept and partnering with others to further the entire field. Our brands share the purpose of reducing harmful consumption of alcohol, and their social marketing campaigns are promoting behaviour change connected to that purpose in a sustained way.

Social Norms
We continue to make progress towards our Social Norms goal by investing in social marketing programs and campaigns to influence behaviour.

Our progress & lessons learned
Since 2018, we have invested approximately USD$1 200 000 in social norms programs, social marketing, and related initiatives. Our Smart Drinking Commercial Communications Code continues to guide our commercial teams on how to sell and market our beers in a responsible way by not appealing to underage consumers, not depicting irresponsible alcohol consumption, and by putting safeguards in place in our digital communication platforms. 421 commercial personnel including our advertising agencies were trained on the code. The Code includes an internal review and approval process to ensure compliance. We believe that our policies on employee behaviour, commercial communication, product labelling and the company-wide education programmes reinforce high levels of conduct in relation to alcohol consumption.

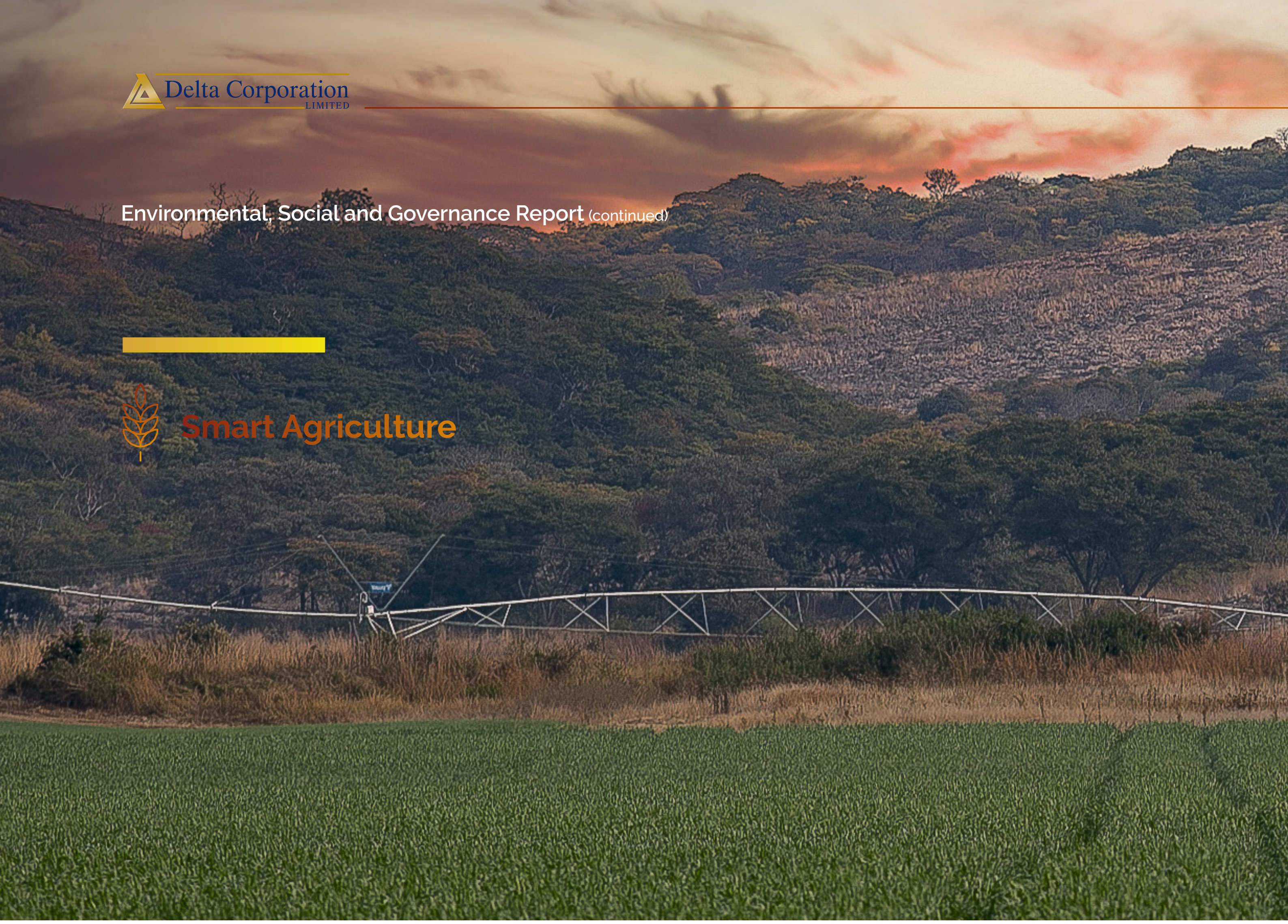
For the past four consecutive years we have run with the "Designated Driver Campaign" in partnership with the Traffic Safety Council of Zimbabwe at major brand or corporate events. We have used breathalysers to test consumers for alcohol level at major events like the Castle Tankard, July Festival and the Castle Lager National Braai Day. To date, over 7 550 consumers have been tested and 81 have requested for a designated driver to take them home after an event.

In 2020/21, our brands developed five Smart Drinking campaigns. During the COVID-19 lockdowns, we promoted Smart Drinking behaviors with social marketing campaigns such as #Stayathome by Castle Lager, #Staysafe by Chibuku Super.

We ran the "Drink Responsibly" campaign to motivate consumers to moderate consumption of alcohol so they can live their fullest lives. Through this campaign and targeted intervention, we continue to change alcohol consumption behaviours and challenge social norms.

In addition, since 2015 we have been working with 12 universities across Zimbabwe under the BOOST Fellowship partnership whereby tertiary students undertake projects that communicate and advance behaviour change around alcohol in their communities and at their campuses.

Lastly, we continued to run the Pledge <18 campaign. This campaign advocates against underage drinking while driving the commitment of young people to this cause through signing their pledges. The programme partners ZIMPACT, BOOST Fellowship and the National Blood Services.



Smart Agriculture

We are part of Agriculture in each of our Businesses.

As a beverage manufacturer, we rely on agricultural crops to brew our beers and as sweeteners of our soft drinks. We are creating secure, sustainable supply chains both for malting barley, maize and sorghum including key agricultural raw materials such as sugar and juicing fruits. We are helping farmers increase profitability, productivity and social development while reducing environmental impact.

Our ambition
100% of our direct farmers will be skilled, connected and financially empowered by 2025.

Our approach
In the current year, 75% of our direct farmers met our criteria for skilled; 52% for connected and 45% for financially empowered.

We work with and support a network of dedicated farmers in the production of three priority crops (barley, maize, and sorghum). Our framework under the pillars of "skilled, connected and financially empowered" aims to ensure that farmers have access to good varieties and technical training (skilled), improved insights and information (connected), and the ability to invest in and grow their business for the long term (financially empowered).

We have taken a farmer-centric approach in our commitment to ensure 100% of our direct farmers will be skilled, connected and financially empowered by 2025. Today we work with over 11 500 farmers including both commercial and smallholder farmers. A contracting split of 91:9 (in terms of tonnage) between communal and commercial sector was achieved in 2021 sorghum contract period. In barley production, 120 commercial farmers were contracted. We continue with efforts to integrate marginalised communities in the scheme and maintain mutually favourable terms.

Our Research and Agronomy teams focus on increasing farmer resilience and reducing production volatility through improved breeding and crop management practices. We are working diligently to ensure the framework appropriately supports farmers to adopt the practices and tools they need to address the challenges they face in their local environments.

We partner staff from the department of research and specialist services in the ministry of agriculture. We take the lead in the development of new crop varieties suited to local conditions, and work with farmers to improve their agricultural practices and operations. We have a longstanding partnership with the Agricultural Research Trust at their farm in Harare for tailormade breeding of barley varieties in association with leading seed houses and other agribusiness companies. We believe technology has enormous potential to positively transform the future of farming and this is used during research. We are investing in key enablers and lasting programs that will help improve their yields, profitability, and stewardship of natural resources.

Supporting farmers through the pandemic

We also work closely with farmers to improve on-farm safety as part of our work to embed Responsible Sourcing Policy for Farms into our direct supply chain. COVID-19 presented challenges for both farmers and providers of key inputs. We leveraged digital tools to provide technical support across both smallholder and commercial markets, distributed PPE at buying sites and provided logistical support to ensure a successful harvest season and delivery of crops.

Maintaining profitability can be a concern for many farmers, as farming is susceptible to environmental risk and shifting commodity markets, more so for smallholder farmers who cannot take forward positions in buying inputs.

Water Stewardship

The Kidzcan Water Project Commissioning

Our ambition

We are big consumers of water in our breweries and bottling plants and we commit to using the water resource sparingly.

Our approach

We aim to brew our beers at the highest level of water efficiency and we continually challenge ourselves to do even more. We have set ambitious water efficiency targets across our business.

Environmental, Social and Governance Report (continued)

Improving Operational Water Efficiency

Water quality and availability are critical to brewing and bottling our brands. Without water, there are no beverages. We must also be responsible stewards of water supplies for the communities where we operate. We continue with our efforts to drive water efficiencies in our integrated operations.

Water being a key ingredient in all our products is also a critical resource for people, economies, and our environmental ecosystems. Water and climate change are closely linked, with climate change impacting the availability and quality of this resource.

Supporting projects to address water challenges in local communities

We are committed to being a part of the solution to the growing water challenges in areas where we operate. Every day, our teams are working to increase our water efficiency internally and partnering with local authorities, other water users, and like-minded organisations to achieve measurable improvements in water quality and availability in our communities.

Partnering with organisations and experts to increase our impact

We listen carefully to major water conservation organisations and combine their knowledge with our scale and expertise to help ensure a reliable, clean supply of water, not only for ourselves but also for local communities. To guide our water conservation efforts, we actively engage with local experts on watersheds, water systems and sustainable agriculture. These experts help us develop and implement strategies and measure the economic, environmental, and social impacts of our efforts.

Supporting water access during the COVID-19 pandemic to help local communities

The COVID-19 pandemic has made the necessity of clean water even more clear, as access to water for sanitation and hygiene is the first line of defence against the virus. In addition to continued progress against our water stewardship goal, we leveraged our capabilities to further increase water access during this unprecedented global health crisis.

During the year we made measurable progress in reducing the amount of water we use to brew beer and bottle our soft drink. We achieved this year-over-year reduction by creating efficiencies in on-site water use. We have also focused on managing our water-related risks, protecting local watersheds, investing in community water-access programs, and engaging our colleagues in our efforts. We work with City Councils to address water infrastructure and maintenance challenges.

We have provided equipment support to Local Authority maintenance teams to restore water (and electricity) to the industrial areas where we operate when there is water distribution and reticulation infrastructure problem (e.g. pipe bursts). Water usage has been coming down over the years. On average in-factory water usage has reduced by over 30% over the last five years, benefiting from the ongoing factory upgrades.

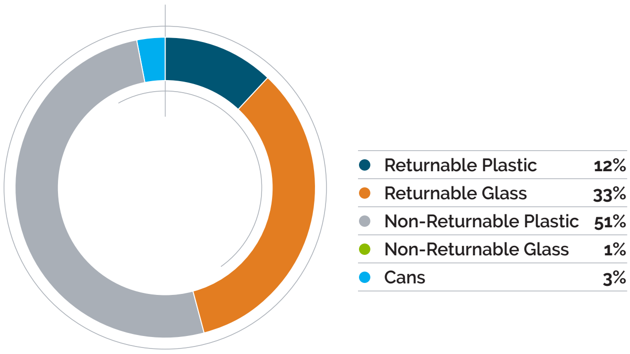
Examples of our work to provide water to local communities this year include 7 boreholes sunk in the high-density suburbs in the City of Bulawayo with the assistance of The Coca-Cola Foundation which improved water accessible for drinking and handwashing for over 200 000 people.

The Coca-Cola Gwabalanda Borehole Commissioning Project

Circular Packaging

Our ambition

We will continue investing in returnable packs and support recycling initiatives of our PET, non-returnable bottles, and cans.



Our approach

In the current year, 64% of our products were in packaging that was returnable (Kegs and Returnable Glass and plastics) or made from majority recycled content (cans portfolio with more than 50% recycled content).

As a leading beverage company, we care about the complete lifecycle of the packaging our beverages are packed in. We know that our packaging footprint is a significant contributor to our total greenhouse gas emissions, and we estimate that achieving our circular packaging commitment will contribute to lowering these emissions, thereby assist us achieve our climate action goal.

We are constantly looking for ways to increase the recycled content in our packaging, support recovery and reuse of bottles, lightweight our packaging and continue to advocate for returnable solutions. To achieve our circular packaging vision, we focus on four key areas: Reuse, Reduce, Recycle, and Rethink. We intend to improve our recycling rates in packaging materials by working with trusted partners, through technological innovations of both the primary and secondary packaging and our brands.

Reusing our packaging to champion the growth of circular economies

Returnable packaging is the best example of zero-waste packaging. Most of our bottles can be used up to 15 times, reducing carbon emissions by nearly five times when compared to non-returnable glass bottles and one-way packs. Although the pandemic impacted our returnable packaging mix, we continue to drive returnable type of packaging as our primary focus.

Environmental, Social and Governance Report (continued)

Examining the impact of the pandemic on our Circular Packaging goals
Our recycled content goal was impacted this year by the COVID-19 pandemic, and it has revealed the fragility of recycling systems across the world and reinforced the necessity of investing in building infrastructure and resilience.

Lockdowns impacted sorting operations as well as collection rates. The shift in consumption from returnable to one-way packaging solutions has impacted both glass and cans recycled content in the short term, increasing the amount of waste being generated. Furthermore, the closure of the on-premises channel reduced the use of returnable bottles and draught beer kegs.

Waste collectors are critical to the recycling initiatives. We continued to support waste collectors and aggregators participating in our Circular Packaging programs throughout the COVID-19 pandemic, as well as partnering with local authorities and environmental agencies in waste management.

REUSE
We continued our efforts to protect and promote our returnable packaging.

REDUCE
We are doing our best to reduce the amount of material we put into the market and our carbon footprint. We work closely with our packaging suppliers to reduce the weight of bottle.

RECYCLE
We are partnering with waste management organisations in the country, including the Zimbabwe Sunshine project, an organisation that sets up waste collection points in local communities and has collected more than 27 500 tons of post-consumer packaging waste during the year, contributing to general sanitation. We have educated consumers to shift recycling attitudes through the Make A Difference (MAD) campaign.

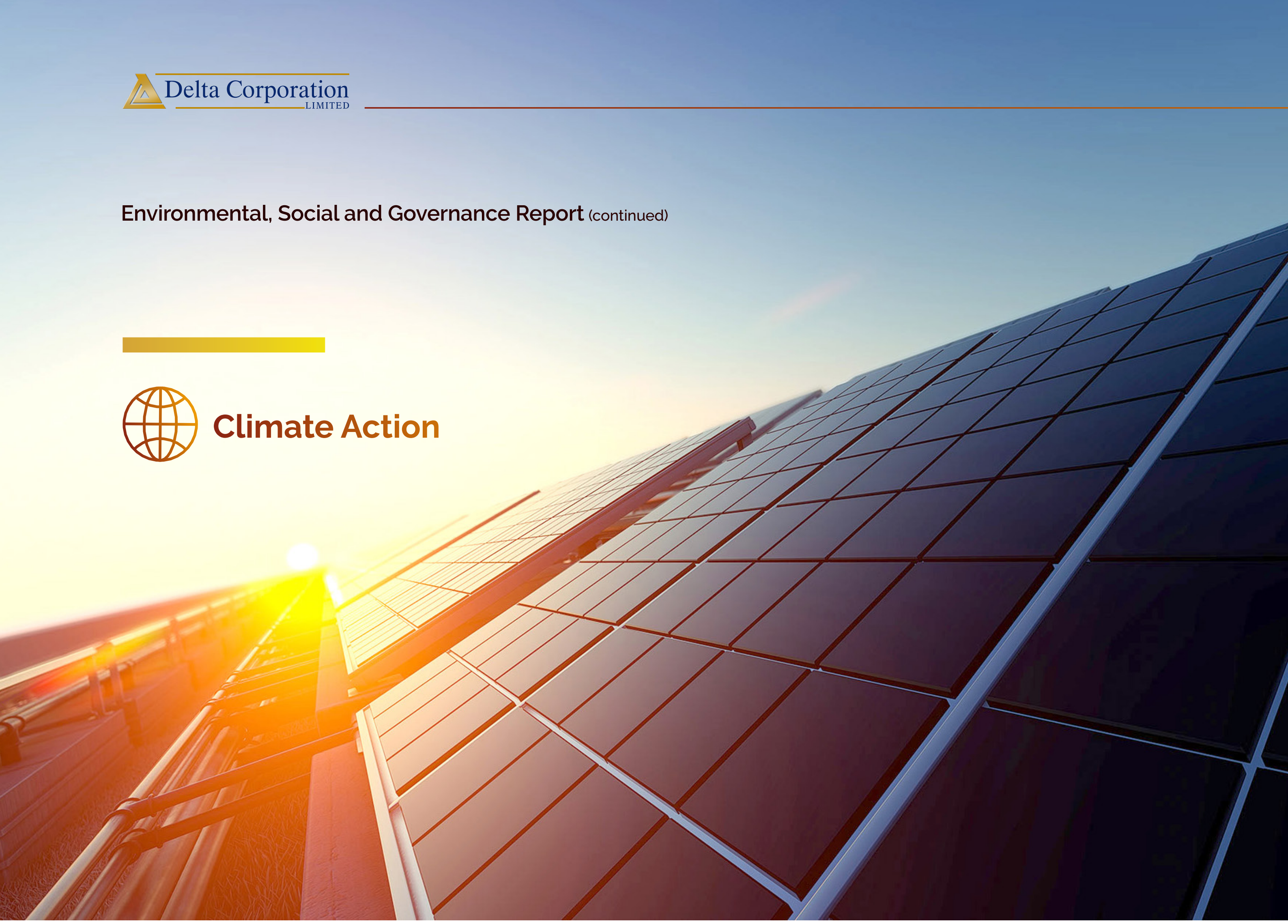
RETHINK
We continue to explore the use of alternative materials, technologies and designs for materials that will reduce pollution from used packaging.

Collaborating in Waste Management.
The Group believes in the use of returnable glass bottles as a trusted and effective way to reduce the environmental impact of our packaging as they are much more resource efficient than the one-way packages such as cans and PET. We seek to minimise the amount of waste we send to landfill from our breweries and bottling plants through recycling initiatives, including using waste as fuel in our operations.

Reducing post-consumer packaging waste is an industry-wide challenge. We have partnered with local stakeholders to develop recovery and recycling solutions. The growth of the contribution of sorghum beer packaged in PET has increased the need for sustainable solutions to reduce litter from used primary packages such as PET and cans. We are working collaboratively with the environmental agency (EMA), local authorities and other environmental groups to intensify the education of consumers on segregation of litter, placement of litter in bins and general consciousness on a cleaner environment.

The consumer waste cages that have been installed at major shopping centres are now being used to accumulate used cans and PET. The used cans are crushed and pressed into tin cake for export. The change over from steel to aluminium cans is largely complete, which creates secondary usage of the used cans. The PetrecoZim PET recycling factory in Adbernnie, Harare, is fully functional and can absorb all material that is recovered and delivered to it. This has now created income generating opportunities for waste collectors. We continued with the Make A Difference (MAD) campaign which enlists the support of community groups in taking care of the hygiene and cleanliness of the localities, discouraging littering particularly by travellers and motorists and the segregation of waste in the home. We are encouraging our employees to volunteer in the clean-up campaigns.

World Without Waste
The Company borrows from the World Without Waste strategy of our partners, The Coca-Cola Company whose goal is to collect and recycle every used bottle or that we sell by 2030. Our holistic plan focuses on the entire packaging lifecycle-from how packaging is designed and made to how it's recycled and repurposed.



Climate Action

Our ambition

We will work closely with government, non-governmental organisations, and environmental agencies to ensure we reduce our carbon emissions along the value chain.

Our approach

Climate change has far-reaching consequences for our business and for the communities where we live and work. Responsible Sourcing Policy requires all business partners to observe applicable laws and regulations concerning the environment. We also require suppliers to measure and commit to reducing their energy use in manufacturing and transportation.

INCREASING ENERGY EFFICIENCY

We aim to reduce our supply chain emissions. Our production and distribution processes use significant amounts of fossil fuels and generate CO_2 emissions. We continue to record and analyse data on the levels of these emissions for comparison to set benchmarks. There are ongoing collaborative efforts across the supply chain to implement projects that reduce CO_2 emissions. We have Injected CO_2 - Based HFC-free coolers or to replace HFC refrigerants in our coolers, reducing global warming potential and energy demand. This also includes use of solar powered and low energy demand equipment.

Key initiatives such as the light-weighting of primary and secondary packaging, use of light weight trailers, use of natural lighting, installation of energy management devices and LED lighting have resulted in significant progress in the various energy usage measures.

Working with suppliers to drive results

Our sustainability programs are monitored by an internal sustainability and environmental council which comprises the senior leaders in the organisation. ESG is a standing agenda item in business meetings and for the board of directors.

We are working with our largest suppliers to align their own sustainability goals so we can scale and accelerate impact.

Ethics & Transparency

The Board of Directors and our leadership team are committed to promoting and maintaining the highest standards of ethical behaviour and transparency. This guides everything that we do as an organisation and serves as our foundation in creating a future with more cheers.

We have implemented internal codes, standards, and policies on a range of ethical issues, including anti-bribery and corruption, human rights and anti-discrimination. These codes, standards and policies are designed to guide and support our colleagues and business partners.

Further, prioritising the health and safety of our colleagues is a core value. We are always training our colleagues to make the right choices for safety, for themselves and for others. Whether brewing or delivering our products, operating machinery, driving to work in any vehicle or commuting, safety always comes first. We work vigorously to achieve high standards of health and safety in our offices, breweries, facilities and throughout our value chain by building an independent safety culture through trainings, workshops, and coaching sessions. Safety metrics are cascaded and monitored through safety management systems.

Highlights for the year

To help our colleagues in understanding and addressing ethical dilemmas, we launched new online trainings on a variety of topics, including anti-corruption, supply chain ethics, digital ethics, anti-money laundering and our Code of business conduct (COBC)..

Click here for our Code of Business Conduct >

- In 2021, we significantly accelerated our Ethics Policy roll out. 376 employees were trained on the policy.
- The Ethics & Compliance team has worked in a more agile style, improving efficiencies and engagement.
- In addition, in 2021, the Company rolled out the Compete with Confidence program with the assistance of ABInbev to sales employees.

Revamping our policies
In 2021, we refreshed some of our policies in order to bring additional clarity to our rules and drive more transparency across our operations. For example, the Anti-Corruption Policy states we have zero tolerance towards bribery and corrupt conduct in any form. This policy prohibits both active and passive bribery and other corrupt payments in both the public and commercial sectors. It supplements the general provisions set out in the Company's Code of Business Conduct/Ethics Policy and is designed to help colleagues comply with the US Foreign Corrupt Practices Act, the UK Bribery Act, other applicable laws against bribery and corruption as well as various government conflict of interest and public disclosure laws as part of the ABInBev family.

Improving our training approach
We strive for effective communication in elevating awareness of ethics and compliance issues, including anti-bribery, anti-corruption, anti-harassment and discrimination, conflicts of interests, antitrust, and digital ethics. To this end, we used digital innovation to make training more productive and enjoyable by transitioning our training approach from a slide deck presentation to interactive animations that portray possible scenarios based on real life cases.

Focusing on digital ethics
In 2021, we continued to revise our digital ethics and data privacy strategies and agenda with a cross-functional approach in order to ensure it moves along with our digital transformation.

INCLUSIVE GROWTH:

Supporting small businesses and Communities to grow and thrive

Our ambition
Empowering small businesses and entrepreneurs across our value chain to help ensure their success.

Our approach
Small businesses and entrepreneurs play a critical role in economic development and are an important source of incomes and livelihoods in local communities. Across our distribution chain, we engage every day with millions of retail customers who play a critical role for our business as an important point of connection with our consumers.

These same small businesses and entrepreneurs play a critical role in economic development and are an important source of incomes and livelihoods in their local communities. To help support these communities, we are working to provide support to retailers, farmers, suppliers, and recycling collectors across our value chain through multiple initiatives.

We value our relationships with our small business partners and recognize the challenges many face in sustaining and growing their operations, such as limited business skills and the need for affordable financial services and infrastructure. As their business partner, we believe we can help them address these barriers to unlock their entrepreneurial potential and enable us to grow together.

Since 2018, we evolved our retailer development program to holistically focus on business skills, financial inclusion, and infrastructure development. The Retailer Development Programme is designed to equip our retailers, particularly the small sized outlets, with basic business management skills to help improve their businesses and incomes. A total of 2,807 retailers have been trained since 2018 covering the key modules such as financial management, product handling, understanding beer business and responsible retailing and environmental awareness.

Helping customers and retailers overcome lockdown challenges

With widespread lockdowns, we supported our bar, pub, restaurant, and small retailer customers through a variety of efforts.

As part of our commitment to help communities thrive, we have a responsibility to help the small businesses in our supply chain. They are critical to the success of our business operations.

The program prioritises women owned small retail outlets, and women farmers.

Bursary beneficiaries induction program

GROWING WITH OUR COMMUNITIES: Investment in Education and Training

Our investment in education includes the school bursaries program which supports A-Level up to university scholars and has so far benefited over 800 students. In the current year, we had a total of 86 students. The beneficiaries are selected with the help of the Ministry of Primary and Secondary Education. Our bursary scheme program is also complimented by our Delta Technical Institute (DTI) that develops artisans for the Group and other partner organisations.

Over 1 500 artisans have graduated from the institute over the years most of whom are absorbed in various jobs within the organisation. On the other hand, Mandel Training Centre focuses on imparting managerial skills to trainees through its extended programs like the Graduate Development Program and Supervisory Development Program.

A key pillar of our direct support to communities is the Delta Schools Infrastructure Program whose aim is to work collaboratively with the chosen community to construct learning facilities at one or two primary schools a year. This initiative includes construction of model classroom blocks, supply of furniture and other amenities. Communities are encouraged to participate by contributing their labour to mould bricks and supply water during construction in order to instil a sense of ownership which is important for maintaining the facilities. We handed over one model classroom block with four classrooms and two sets of ablution facilities to Cheuchi Primary School, Makonde district of Mashonaland West Province in 2021. This was built in partnership with The Coca-Cola Company Women's Linc.

Our Value Chain – Human Rights across our Value Chain

Our ambition
Respect human rights in our operations and across our value chain.

Our approach
We believe that respecting human rights is fundamental to creating healthy, thriving communities as reflected in the United Nations Guiding Principles on Business and Human Rights. We vet every supplier to check for compliance with Good Manufacturing Practices (GMP). Suppliers have to commit to not using child labour, to pay fair wages, provide protective clothing and observe minimum safety protocols.

Strengthening our human rights work in Agriculture

We work directly with our 11 500 farmers to evolve and strengthen our work in agriculture. We thrive to understand the needs of our farmers and impact of our programs. We are building on a framework to better meet the needs of some of our women-led farms. We continued working to understand our barley and sorghum supply chain. We have focused on people safety in the farms, creating safety checklists and training materials and building partnerships.

Supporting our circular packaging partners

To support our informal waste collectors directly, we launched several community-based initiatives in partnership with ZimSunshine Group, which reduces consumer packaging waste and improves sanitation and hygiene. We are working with PetreCo Zim to create a social impact framework for our circular packaging programs that work with informal waste collectors and small businesses to help us better understand our collectors' needs and challenges.

Improving purchasing practices for our suppliers

In 2021, we have worked to improve our payment processes for all our suppliers.

Awards & recognitions
We are proud to have our ESG efforts recognised by leading rating and rankings agencies and awards organisations.

IPRCZ
- Delta Corporation won the best CSR campaign through the MAD campaign.

MAZ
- Delta Corporation won the best CSR campaign through the MAD campaign.

CSR NETWORK
- Delta Corporation won the best CSR campaign through the MAD campaign.

Diversity & Inclusion

Our company must be an inclusive and diverse workplace where everyone feels they belong regardless of their personal characteristics or social identities. Our greatest strength is our people, and we support the opportunity for every individual to excel.

We work to continue fostering an inclusive workplace so that everyone can succeed in our business.

Handing over of food hampers to the underpriviledged families

Coca-Cola Women's Linc Zimbabwe Chapter

Inclusive Growth:
Together for more resilient communities

Our efforts to build a better world go beyond environmental sustainability. Our success as a business is closely linked to the talents of a diverse workforce, the products and services of small suppliers, the thousands of shops, bars and restaurants that serve our products and a diverse consumer base around the world.

We believe that at its core, inclusive growth is about fairness, decency, and long-term sustainability. Our approach to diversity and inclusion, colleague engagement, human rights, smart drinking, and workplace safety all highlight our role in helping to build communities that are fairer and stronger.

Our People - Diversity & Inclusion (D&I)

Our ambition

Continue fostering an inclusive workplace so that underrepresented groups are not only represented but can succeed in our business.

Our approach
Our company must be an inclusive and diverse workplace where everyone feels they belong no matter their personal characteristics or social identities, such as race and ethnicity, nationality, gender identity, age, abilities, socioeconomic status, or religion. Our greatest strength is our people, they are the ones committed to achieving our goals.

- We strive to be an inclusive workplace with equal opportunity. Everyone at Delta should feel comfortable, confident, and respected to bring their authentic selves to work every day and to grow at the pace of their talent.
- We aim to make our company as diverse as the communities we serve, enabling us to create solutions with our brands and services to best meet their needs.
- We dream bigger and better when we are together. We promote the diversity of teams and different perspectives that bring innovative ideas to deliver and transform our business.
- Everyone at our company has the responsibility to champion an equitable workplace and root out discrimination of any kind.

To deliver on our firm and unwavering commitment to meritocracy, an equitable, diverse and inclusive culture is essential. Our D&I strategy focuses on bringing people together for a better world through our people, workplace, marketplace, value chain and communities, because a diverse company is critical to connecting with consumers and driving business performance and innovation. We continue our focus on creating greater diversity and providing all colleagues with a fair and equal chance to succeed. We believe in equal pay for equal work.

We are building a culture of diversity and inclusivity

The Diversity and Inclusion Policy was launched during the year and is being embedded through training.

Empowering and advancing women in our workplace

One way we are helping to amplify diverse perspectives is by empowering women in the workplace. We are working to diversify our talent pool through our Graduate Trainee (GT) Program. In 2021, our GT class was made up of 50% women and 50% men.

Women are key to the world's shared success. We focus on empowering women both in the workplace and throughout the country. As part of our women empowerment initiative, we economically empowered 500 women across our Coca-Cola, Zimbabwe business value chain in 2021.

Vending trolley equipment project

This project helps to equip women entrepreneurs to overcome social and economic barriers by providing vending trolleys for our beverages, business skills training, access to financial services and assets, and connections with peers and mentors.

386 women were empowered in the past year through issuance of vending trollies and cooler boxes for the informal trade.

Environmental, Social and Governance Report (continued)

Our People - Well-being

Our ambition

To nurture Our workplaces to support the well-being of our colleagues and enable them to thrive.

Our approach

Employee well-being is critical to our business and is a key component of our overall benefits strategy as it has significant impact on talent attraction and retention, engagement, and cultural adaptability. We aim to foster an environment in which colleagues are able to be proactive in their own well-being and develop mindsets and behaviours to support them in navigating challenging times. We also work to enable professional communities within our company to collaboratively support each other's health and well-being. We seek to contribute to improved perception of value through enhanced engagement and connectivity to the company. Finally, we use a multi-pronged communications strategy to raise awareness and understanding of company-provided well-being programs.

Our People - Workplace Safety

Our ambition

Embedding a culture of safety throughout our value chain.

Our approach
The health and safety of our colleagues is always our top priority. We work vigorously to achieve high standards of health and safety in our offices, breweries, bottling plants, facilities and throughout our value chain. This year a top priority was on colleague safety and well-being throughout the pandemic. We have implemented precautionary measures to ensure that working environments meet or exceed guidelines from the World Health Organisation and local governments. We evaluated best practices and created protocols around personal protective equipment, testing, social distancing, temperature checks and cleaning requirements, then cascaded the approach across our business units.

We are committed to a safe workplace

At the outset of the pandemic, we created a 10- point Return to Workplace plan to allow for the safe and effective reopening of our office environments, breweries, distribution centers and other facilities, while staying true to our commitment to put our people first. We established guidelines for returning to the workplace, including adhering to the guidance of local governments and health departments, limiting the number of colleagues at each location, and providing trainings to follow safety procedures when on site. We recognise that during 2021, the pandemic impacted our workforce in different ways and our people have had different needs and concerns. We have therefore adopted flexible work options when possible in response to the changing and varied local circumstances.

Environmental, Social and Governance Report (continued)

Our teams worked closely across the region to support each other as they returned to work.

Notice periods were given to prepare for returning to the workplace, with a gradual and staggered approach. Each location took site-specific actions including security measures, social distancing signage, tools for hand sanitation and access to PPE such as masks and testing. As the situation continues to evolve, we remain committed to a safe and flexible return to work plan.

We continue to build a culture of safety

Despite the COVID-19 challenges, we remained focused on other safety priorities such as electrical safety program, violence prevention programs and road safety programs. We pivoted our in-person trainings and site visits to virtual visits and audits to continue supporting our teams.

Ensuring the safety of our employees and communities is critical to our business. We continue to build strong safety leaders throughout the organisation and work towards an injury-free workplace by leading safety initiatives.

To that end, in 2021 we continued with our risk- based injuries and fatality prevention program. Additionally, we continued enrolling our Managers and Team Leaders in the NSSA OSHEMAC training program to improve safety leadership, coaching and overall safety culture. This program has been identified as one of our key pillars for creating safety ownership at every level of the organisation and driving the company safety culture.

To help further reduce serious incidents and fatalities on roadways, our Driver Training School in Ruwa ran robust training programs for all Heavy Motor Vehicle drivers and forklift operators. refresher courses. Road Safety Training was a key module in the training conducted by the Sales Academy and the Distribution Academy programs conducted in partnership with Mandel Training Centre

Detailed safety specifications are in place to ensure safety in all equipment and processes, with increased focus on higher risk operations that include work at height, ammonia, dust, steam, and hazardous energy. We continue to closely monitor these types of operations and ensure compliance to protect our employees and contractors.

We will continue our focus on preventing fatalities and serious injuries on the roads through improved road safety training programs in 2022 and beyond.

The Group continued a sustained wellness program for employees through sporting activities.


Coca-Cola

Group Structure

Delta Corporation Limited

- 100% Delta Beverages (Pvt) Limited
  - 100% Beverages Manufacturing & Distribution
  - 100% Kwekwe Maltings
  - 49% Schweppes Holdings Africa Limited
- 70% Natbrew Plc (Zambia)
- 100% Newshelf 1167 (Pty) Limited t/a UNB (RSA)
- 50,4% African Distillers Limited
- 49% Food & Industrial Processors (Pvt) Ltd
- 21,4% Nampak Zimbabwe Limited

Delta Corporation Limited and its subsidiary and associated companies are registered in Zimbabwe except for Natbrew Plc which is incorporated in Zambia and United National Breweries entities incorporated in South Africa.

Portfolio of Businesses

ACTIVITIES

Beverages Manufacturing and Distribution

Lager Beer Business

Brewing Lager Beer, 2 Breweries
Castle Lager, Castle Lite, Golden Pilsener, Lion Lager, Carling Black Label, Zambezi Lager, Bohlinger's Lager, Eagle Lager, Sable Lager
Imported Brands: Castle 1895 Draught, Castle Milk Stout, Carling Blue Label, Redds, Flying Fish

Traditional Beer Business

Brewing Sorghum Beer, 9 Breweries
Chibuku, Chibuku Super and Thabani

Sparkling Beverages Business

Bottling Carbonated Sparkling Beverages, 3 Bottling Plants
Coca-Cola, Coca Cola Light, Coke Zero, Fanta, Sparletta, Sprite, Sprite Zero, Schweppes, Burn, Powerplay, Monster, Novida

Transport and Distribution Business

Provision and maintenance of primary and secondary distribution vehicles & the distribution of beverage products
23 Heavy Vehicle Workshops, 23 Delta Beverage Centres & 2 Customer Collection Depots

Alternative Beverages

ADES Maheu & Super Sip, Super Sip Yoghurt, 1 factory

Agro Industrial

Kwekwe Maltings

Barley and Sorghum malting, 2 Malting Plants

Subsidiaries and Associates

Schweppes Holdings Africa Limited

Bottling of Non-carbonated cordials, 2 Plants
Mazoe, Calypso, Ripe & Ready, Fruitade, Still Water (Schweppes & BonAqua), Minute Maid, Fuze Tea

African Distillers Limited

Wine & spirit producer, 1 Distillery,
6 Depots plus imported wines & ciders

National Breweries Plc – Zambia

5 Traditional Beer Breweries (3 Operational), 5 Distribution Depots
Chibuku Super, ShakeShake

United National Breweries Pty Limited – RSA

15 Traditional Beer Breweries (2 Operational), 1 Malting Plant, 21 Distribution Depots
Chibuku, Leopard, Ijuba, Tlokwe, Zebra, Jo'burg, ShakeShake, Ukhozi Amahewu, Chibuku Mtombo Mmela

Nampak Zimbabwe Limited

Comprises Hunyani - Paper Packaging; Carnaud Metal Box – crown corks, tin cans and plastics packaging and MegaPak - manufacture of PET, injection and blow moulded plastic products

Food And Industrial Processors (Pvt) Ltd

Wholesale distributor of starches and glucose

Mandel Training Centre (Pvt) Ltd

Training and leadership development
1 Training & Conference Centre

Petrecozim (Pvt) Ltd

Recycling of PET plastics
1 Factory

Directorate and Management

Board of Directors

Chairman

S Moyo	BL(Hons) and LLB~

Executive Directors

M M Valela – Chief Executive Officer	B Tech (Accounts); CA(Z)
A Makamure – Executive Director – Finance	B Acc; FCA(Z); LLB

Non-Executive Directors

E Fundira	Bsc Econ~
Dr C C Jinya	BA Econ (Hons); DBS (Honoris Causa) *
J A Kirby	B Acc; CA(SA) *
Dr A M P Marufu	BSc Compt Sci & Physics; MSc; MBA; PHD
T Moyo	B.Acc; CA(Z) *
J Mushosho	B Acc; CA(Z)/SA
L E M Ngwerume	BA; MBA; IMS ~
R T Rivett-Carnac	BA, BCompt; CA(SA)*
L A Swartz	BA (Hons); Dip HR ~

* Member of the Audit Committee	~ Member of the Remuneration Committee

Group Management Committee

M M Valela	B. Tech (Accounts); CA(Z)	Chief Executive Officer
A Makamure	B. Acc (Hons); FCA(Z); LLB	Executive Director – Finance
M Gambiza	B. Compt (Hons); CA(Z)	Operations Director – Beverages
T Mafunga	B. Compt (Hon); CA(Z)	Group Treasurer
M R Makomva	B. Acc; FCA(Z); MBL	Managing Director – National Breweries Plc (Zambia)
D Mange	B.Sc; MBL; M.Sc	Director – Information Technology
R E Mbelengwa	B. Acc (Hons); CA(Z)	Supply Chain Director
S M Muchenje	BBS (Hons); MPhil	Managing Director – African Distillers Limited
K P Munda	BSc Psychology; M.Sc; MBA	Human Resources Director
F Musinga	LLB	Company Secretary
I Muzorewa	BBS Marketing & Mgmt	Marketing Director
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	Operations Director – Beverages
M Pemhiwa	BSc Psychology; MBA	General Manager – Sorghum Beer
T Rinomhota	BSc Engineering	General Manager – Lager Beer

Board of Directors

Sternford Moyo
BL(Hons) and LLB
Chairman of The Board of Directors
R

Matlhogonolo Mothibedi Valela
B Tech (Accounts); CA(Z)
Chief Executive Officer

Alex Makamure
B. Acc (Hons); LLB; FCA (Z)
Executive Director Finance

Emma Fundira
BSc Econ (Hons)
R

Dr Charity Chiratidzo Jinya
BA Econ (Hons); DBS (Hons Causa),
Fellow Institute of Bankers
A

Jonathan Andrew Kirby
B.Acc; CA (SA)
A

R Member of the Audit Committee
A Member of the Remuneration Committee

Sternford Moyo
BL(Hons) and LLB
Chairman of The Board of Directors

Sternford Moyo joined the Board on 01 August 2021 as Chairman of Delta Corporation Limited. He is a member of the Remuneration and Nominations Committees.

He holds an LLB from the University of Zimbabwe. Sternford is a Senior Partner of one of Zimbabwe's oldest legal practices, Scanlen & Holderness. He sits on Boards of PPC Zimbabwe, Padenga Holdings, Alpha Media, International Bar Association and Joydrill Investments. He was former Chairman of Stanbic Bank Zimbabwe and Zimbabwe Revenue Authority.

Matlhogonolo Mothibedi Valela
B Tech (Accounts); CA(Z)
Chief Executive Officer

Matlhogonolo Valela was appointed as Group Chief Executive Officer on 1 July 2021. He had been Executive Director - Finance since June 2011 and assumed the role of Chief Operating Officer on 1 April 2021. Mr Valela joined the Group in December 1996 as an accountant at the then National Breweries division. He occupied various roles of increasing seniority in operational finance and accounting, becoming the Group Treasurer in 2003. Matts sits on the boards of the Company's subsidiaries and associates; African Distillers, Nampak Zimbabwe, National Breweries Plc Zambia, United National Breweries (RSA) and Schweppes Holdings Africa.

Alex Makamure
B. Acc (Hons); LLB; FCA (Z)
Executive Director Finance

Alex Makamure was appointed as the Group Executive Director - Finance with effect from 1 April 2021. He was the Company Secretary and Group Treasurer from April 2011 and had functional responsibility for Corporate Affairs and Supply Chain and other Group Services such as tax administration and executive compensation. Mr Makamure joined the Group in 1998 as Finance Manager at Chibuku Breweries Division becoming Divisional Finance Director in 2002. He served as the General Manager Finance for the combined beverages business from 2003 until his appointment as Company Secretary in January 2006.

Mr Makamure sits on the board of Schweppes Zimbabwe Limited, African Distillers Limited and United National Breweries (RSA) as a company representative. Alex is a board member at Medical Investments Limited (Avenues Clinic).

Emma Fundira
BSc Econ (Hons)

Mrs Emma Fundira joined the Board in January 2019 and became a member of the Remuneration and Nominations Committees in August 2020. Mrs Fundira is the Managing Director and co-founder of Finesse Advisory Services, a financial consultancy which provides corporate financing and asset management solutions. She had a career in merchant banking with the country's leading financial institutions. Emma holds a BSc Economics (Hons) degree from the University of Zimbabwe where she has also lectured in economics. Mrs Fundira chairs the Cimas Medical Aid Society board and is currently a non-executive director of the Reserve Bank of Zimbabwe and Boost Fellowship. She is a Trustee of African Women's Entrepreneurship Program. Emma has recently served on the boards of First Capital Bank Zimbabwe (formerly Barclays Bank) and Nampak Zimbabwe. She has also served on the boards of leading private schools.

Dr Charity Chiratidzo Jinya
BA Econ (Hons); DBS (Hons Causa), Fellow Institute of Bankers

Dr Charity Chiratidzo Jinya joined the board in April 2016 and was appointed to the audit committee in April 2020. She recently retired from Nedbank where she was the Managing Director of Nedbank Zimbabwe Bank. Dr Jinya was the President of the Bankers Association of Zimbabwe. She sits on the boards of Old Mutual Investment Group (Zimbabwe), Bindura Nickel Corporation as well the Monetary Policy Committee of the Reserve Bank of Zimbabwe. Dr Jinya had a distinguished career in banking, having also served as managing director and executive director of leading listed banks in Zimbabwe and Uganda. She was crowned as the Director of the Year 2015 awarded by the Institute of Directors, Zimbabwe. She is involved with various charities in the education, church sectors and youth mentorship programmes.

Jonathan Andrew Kirby
B.Acc; CA (SA)

Jon Kirby joined the board in August 2012. He is a member of the Audit Committee. Mr Kirby retired from the AB InBev Group in July 2017 where he was the Vice President Finance of the Africa Zone and a long time Finance Director of the then SABMiller Africa, a group he joined in 1992. He has held various finance positions in SABMiller Africa and Asia (now AB InBev) and sat on a number of subsidiary company boards. He is a director on the boards of ZamBeef Products PLC Zambia and Consol Glass (Pty) (South Africa).

Board of Directors (continued)

Dr Alex Masiya Passmore Marufu
BSc; MSc; MBA; PhD

Todd Moyo
B. Acc; CA (Z)

A

Jonas Mushosho
B. Compt; B. Acc; FCIS; CA (Z)/SA

Luke Edward Mathew Ngwerume
BA; MBA; IMS)

R

Richard Rivett-Carnac
B. Com BBS CA (SA)

A

Lucia Adele Swartz
BA (Psychology & Geography); Dip HR

R

R Member of the Audit Committee
A Member of the Remuneration Committee

Dr Alex Masiya Passmore Marufu
BSc; MSc; MBA; PhD

Dr Marufu was appointed to the Board on 01 August 2021. He is a highly experienced technology executive with over 30 years' experience in managing technology projects and businesses. He is SAP Certified with vast network, Technology Business Development, Electronic payment Systems and Sales experience. He has managed projects worth hundreds of millions of US Dollars in many countries from South Africa to Nigeria. Currently he is the regional General Manager of a listed Records Management business. He has served on numerous boards of technology companies and sit on the board of a bank with a two billion dollar asset base.

Todd Moyo
B. Acc; CA (Z)

Todd Moyo joined the board in April 2016 and is Chairman of the Audit Committee since January 2020. He is currently the Managing Director of Datlabs (Private) Limited. He sits on a number of boards and is currently non-executive chairman of National Foods and PPC Zimbabwe and is a member of the PPC Africa Limited board. Todd participates in several charitable trusts and committees in the education, medical services and civic arenas. He participates in the activities of professional associations such as the Institute of Chartered Accountants of Zimbabwe and industry bodies such as the Confederation of Zimbabwe Industries.

Jonas Mushosho
B. Compt; B. Acc; FCIS; CA(Z)

Jonas Mushosho joined the board in August 2020 as a nominee of the Old Mutual Group. He retired from Old Mutual in December 2019 where he was the Managing Director of Old Mutual - Rest of Africa and Chief Executive Officer of Old Mutual Zimbabwe. Jonas worked in various leadership roles at Old Mutual since 1990. He occupied senior roles in the Department of Taxes (now Zimra) where he subsequently served as a non-executive director. Mr Mushosho has extensive international business experience having led business portfolios in diverse markets on the African continent, particularly in the financial services sector. He is passionate about coaching, nurturing, developing and mentoring business talent. Mr Mushosho is a member of the Zimbabwe Open University Council.

Luke Edward Mathew Ngwerume
BA; MBA; IMS)

Luke Ngwerume joined the board in November 2007 and chairs the Remuneration Committee and Nominations Committee. He is the Chief Executive of ZimSelector.com and chairs Stiefel Investments Private Limited, an investment entity and is the non-executive chairman of the board of Axia Corporation. Mr Ngwerume also sits on the boards of Infrastructure Development Bank of Zimbabwe, Old Mutual Nigeria and Standard Telephone & Cables. Luke retired from the position of Chief Executive of Old Mutual Zimbabwe in 2012 after serving the group for a number of years.

Richard Rivett-Carnac
B. Com BBS CA (SA)

Richard Rivett-Carnac was appointed to the Board in November 2020 as a representative of AB InBev, having been an alternate director since July 2017. He is currently the Vice President Finance for AB InBev Africa Zone. Mr Rivett-Carnac (Boris) was the director responsible for mergers and acquisitions and treasury at the Africa Zone until his elevation to the VP Finance role in September 2020. He has spearheaded the company in its divesture from the bottling and sorghum beer entities. He has previously worked for SABMiller in both South Africa and the United Kingdom on mergers and acquisitions, public flotations, and various due diligence processes. Boris has also worked for an investment bank as portfolio analyst.

Mr Rivett-Carnac is a member of the Audit Committee.

Lucia Adele Swartz
BA (Psychology & Geography); Dip HR

Ms Lucia Adele Swartz joined the Board in January 2019 as a representative of AB InBev, where she is the Vice President - People at the Africa Zone. Lucia holds a degree in Psychology and Geography from the University of Western Cape and diplomas in human resources and management. Ms Swartz joined AB InBev Africa (formerly SABMiller Africa) in February 2015, having worked in senior human capital roles at Sappi Limited where she worked for 13 years. She has also worked for leading international companies such as Seagram Spirits & Wine Group, BP and Reckitt & Coleman. Lucia serves on the boards of AB InBev entities such as Tanzania Breweries and SAB Limited. She has served as a non-executive director of New Clicks and other AB InBev subsidiaries.

Lucia is a member of the Remuneration Committee.

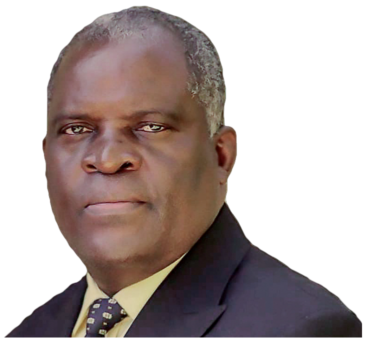
Group Management Committee

The profiles of the Chief Executive and Executive Director - Finance are included under Board of Directors

Tichaona Joseph Chipangura
HND (Marketing), Post Graduate Diploma Management, MBA
General Manager - Sparkling Beverages

Moses Gambiza
B. COMPT (HONS); CA (Z)
Operations Director - Lager Beer, Soft Drinks & Transport

Tumai Mafunga
B. COMPT (HONS); CA (Z)
Group Treasurer



Martin Rutendo Makomva
B. Acc (HONS); FCA (Z); MBL
Managing Director - National Breweries Plc - Zambia

Davison Mange
BSc (UZ); MBL (UNISA); MSc (BE. ECON)
Director - Information Technology

Tichaona Joseph Chipangura
HND (Marketing), Post Graduate Diploma Management, MBA
General Manager
Sparkling Beverages

Tichaona Chipangura was appointed General Manager Sparkling Beverages in April 2021. Mr Chipangura was the National Sales Executive Sparkling Beverages from 2015 - March 2021. He was the Sales and Distribution Executive for the Lager Beer Business from 2010 to 2014. Tichaona was seconded on the SABMiller foreign immersion programme to Tanzania Breweries in 2009. He commenced his career at Delta in 1993 as a Research Officer at the then United Bottlers (SBs). He rose through the ranks to Distribution Centre Manager and then Regional Sales & Distribution Executive (Southern Region) in 2005.

Moses Gambiza
B. COMPT (HONS); CA(Z)
Operations Director
Lager Beer, Soft Drinks & Transport

Moses Gambiza was appointed as the Operations Director responsible for the Lager Beer, Sparkling Beverages and Transport in April 2021. He was the General Manager – Sparkling Beverages since April 2014. Mr Gambiza joined the Group in 2000 as a Financial Controller at the then National Breweries. He held various positions in finance until his appointment to the Group Management Committee as General Manager – Southern Region in May 2013.

Tumai Mafunga
B. COMPT (HONS); CA (Z)
Group Treasurer

Tumai Mafunga joined the Company as Group Treasurer in July 2021. He was with Deloitte and Touche Africa for 21 years and was a partner for 12 years. During his career at Deloitte, he was Head of Audit and Assurance Services Zimbabwe and part of Africa Management Committee and Head Telecommunications, Media and Technology Central Africa among other senior positions. Tumai is the current President of Institute of Chartered Accountants of Zimbabwe.

Martin Rutendo Makomva
B. Acc (HONS); FCA (Z); MBL
Managing Director
National Breweries Plc - Zambia

Martin Makomva re-joined the Group in January 2020 as Managing Director of National Breweries Plc - Zambia. Martin served as Managing Director of MegaPak Zimbabwe for fourteen years and transferred to Nampak Zimbabwe with the unit following its demerger from Delta in 2014. He first joined Delta at Chibuku Breweries Division in 1987 becoming the division managing director in 1993. Mr Makomva is a keen livestock breeder and serves on the councils of the Brahman Breeders Society of Zimbabwe and the Zimbabwe Herd Book.

Davison Mange
BSc (UZ); MBL (UNISA); MSc (BE. ECON)
Director
Information Technology

Dave Mange was appointed Director Information Technology in 2011. He joined the Group's IT Internship programme in 1990. Mr Mange held various management positions before his appointment as General Manager Information Technology in 2007.

Group Management Committee (continued)

The profiles of the Chief Executive and Executive Director - Finance are included under Board of Directors

Roselyn Edith Mbelengwa
B. Acc (HONS); CA (Z)
Supply Chain Director

Stanley Machinda Muchenje
BBS (HONS); IMM (SA); MPHIL Marketing
Managing Director - African Distillers Limited

Kennedy Pomerayi Munda
BSc Psychology (HONS) (UZ); Diploma In Personnel Management (IPMZ); MSc Strategy (CUT); MBA (NUST)
Human Resources Director

Faith Nzilani Musinga
(LLB); GIBS Leadership Development
Company Secretary

Irimayi Muzorewa
BBS (Marketing & Management), EMBA
Marketing Director

Roselyn Edith Mbelengwa
B. Acc (HONS); CA (Z)
Supply Chain Director

Roselyn Mbelengwa was appointed as Supply Chain Director in April 2021, becoming a member of the Group Management Committee. Mrs Mbelengwa joined Delta in 2004 as a Finance Executive at Head Office. She moved in the same role to Delta Transport in 2017. She was appointed as Head of Procurement in 2018. Roselyn had previously worked in finance in other service and manufacturing enterprises.

Stanley Machinda Muchenje
BBS (HONS); IMM (SA);
MPHIL Marketing
Managing Director
African Distillers Limited

Stanley Muchenje was appointed as the Managing Director of African Distillers Limited(Afdis) in April 2021. He moved to Afdis from Delta Beverages in March 2021 having joined the Group at National Breweries (Lagers) as a sales representative in 1997. Stan has held various senior positions in Sales, Distribution and Marketing at Delta Beverages. He spent two years on secondment to SABMiller from 2012 to 2015 during which period he had the opportunity to manage beer brands in various markets across Africa.

Kennedy Pomerayi Munda
BSc Psychology (HONS) (UZ); Diploma In Personnel Management (IPMZ); MSc Strategy (CUT); MBA (NUST)
Human Resources Director

Kenny Munda was appointed Human Resources Director in April 2021. He re-joined the Group in 2012, as HR Executive for the Lager Beer Business a position he held until March 2021. Mr Munda had been with OK Zimbabwe from 1998 to 2003 before and after its demerger with Delta. He moved from OK to Delta Beverages as Human Resources Manager in 2003 and left in 2005 to work for DHL International as HR Manager.

Faith Nzilani Musinga
(LLB); GIBS Leadership Development
Company Secretary

Faith Musinga joined Delta as Group Company Secretary on 01 February 2022. She was recently with PPC Zimbabwe Limited as the Head of Legal and Compliance incorporating Company Secretarial role from 2014 to 2021. Faith previously worked at Ariston Holdings Limited and PG Industries Zimbabwe and as a Magistrate with the Judicial Services Commission.

Irimayi Muzorewa
BBS (Marketing & Management), EMBA
Marketing Director

Irimayi Muzorewa was appointed Marketing Director for Delta Beverages in June 2021. Mr Muzorewa joined Delta in 2011 as a Channel Marketing Executive. He has previously worked at Unilever Zimbabwe, Nelspot Brands, British American Tobacco and other FMCG entities in sales and marketing.

Group Management Committee (continued)

The profiles of the Chief Executive and Executive Director - Finance are included under Board of Directors

Dr Munyaradzi Godfrey Nyandoroh
BSc (HONS) (UZ); MSc (UZ); PHD (KENT)
Operations Director - Sorghum Beer Business

Marshall Pemhiwa
BSc. (HONS) Psych; HR Dip; Dip OCC. Psych; MBA
General Manager - Sorghum Beer Zimbabwe

Tichafa Rinomhota
BSC ENG;
General Manager - Lager Beer Business

Dr Munyaradzi Godfrey Nyandoroh
BSc (HONS) (UZ);
MSc (UZ); PHD (KENT)
Operations Director
Sorghum Beer Business

Dr Munyaradzi Nyandoroh was appointed the Operations Director – Sorghum Beer, overseeing the Sorghum Beer operations in Zimbabwe, Zambia and South Africa in April 2021. He was the General Manager – Lager Beer Business since April 2014. He joined the Group in 1986, working in the technical department of the then Chibuku Breweries Division. He left the organisation in 1992 to pursue further studies and re-joined in 1996 as Technical Director for Chibuku Breweries. He was appointed General Manager for the Agricultural Services department in 2002, and as General Manager – Beverages Operations for the Southern Region and thereafter the Northern Region.

Marshall Pemhiwa
BSc. (HONS) Psych; HR Dip;
Dip OCC. Psych; MBA
General Manager
Sorghum Beer Zimbabwe

Marshall Pemhiwa assumed the position of General Manager – Sorghum Beer Zimbabwe in April 2021 having previously occupied the position of Human Resources Director since April 2011. Marshall joined the Group in March 1998 as a Graduate Trainee Psychologist & Human Resources. He held various management positions in the field of human resources and industrial relations, assuming the position of HR Executive - Beverage Operations in 2009. He is a past president of the Institute of People Management and is involved in committees at Dominican Convent School Harare.

Tichafa Rinomhota
BSc ENG;
General Manager
Lager Beer Business

Tichafa Rinomhota assumed the position of General Manager – Lager Beer Business in April 2021 having been appointed as the General Manager – Sorghum Beer in April 2017. Mr Rinomhota was the Group Technical Director from 2011 to 2017. He joined the group at the then National Breweries Division in 1999 as Engineering Manager and rose through the ranks to become the General Manager – Technical for the Lager Business in 2007. Previously he worked for several mining and construction companies.

Notice to Members

Notice is hereby given that the 75th Annual General Meeting of Members of Delta Corporation Limited will be held at the Registered Office of the Company at Northridge Close, Borrowdale on Friday 29 July 2022 at 1230 hours for the purposes tabulated below. Shareholders will be asked to connect and attend the meeting virtually via the link: https://escrowagm.com/eagmZim/Login.aspx

Ordinary Business

1. Statutory Financial Statements

To receive and adopt the Financial Statements for the year ended 31 March 2022 together with the Report of Directors and Auditors thereon.

2. To appoint Directors

Messrs L E M Ngwerume and J A Kirby retire from the Board on 29 July 2022 and therefore do not seek re-election. Mrs E Fundira, Ms L A Swartz and Dr C C Jinya retire by rotation. Messrs S Moyo and Dr A M P Marufu retire at the end of their interim appointments. All being eligible, will offer themselves for re-election. The election of directors will be by individual motions.

3. Directors Fees

To approve the directors' fees for the financial year ended 31 March 2022.
(NOTE: The consolidated directors' emoluments are included in the notes to the financial statements and in the Report of the Remuneration Committee).

4. Independent Auditors

To re-appoint auditors and approve the auditor's remuneration for the past year.

Members will be asked to re-appoint Messrs Ernst & Young Chartered Accountants for their second year and approve their remuneration for the F22 financial year.

Special Business

5. Share Buy Back

Shareholders will be asked to consider and if deemed fit, to resolve with or without amendments, **THAT** the Company authorises in advance, in terms of Section 128 of the Companies and Other Business Entities Act (Chapter 24:31) the purchase by the Company of its own shares upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that:

a. the authority shall expire on the date of the Company's next Annual General Meeting;
b. acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (ten percent) of the Company's issued ordinary share capital.
c. the maximum and minimum prices, respectively, at which such ordinary shares may be acquired will be not more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company;
d. a press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meetings, 3% (three percent) of the number of ordinary shares in issue prior to the acquisition.

It will be recorded that, in terms of Companies and Other Business Entities Act and the regulations of the Zimbabwe Stock Exchange, it is the intention of the Directors of the Company to utilise this authority at a future date provided the cash resources of the Company are in excess of its requirements and the transaction is considered to be in the best interests of shareholders generally. In considering cash resource availability the Directors will take account of, inter alia, the long-term cash need of the Company, and will ensure the Company will remain solvent after the re-purchase.

NOTE: In terms of section 171 of the Companies and Other Business Entities Act (Chapter 24:31), a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company. Proxy forms should be forwarded to reach the office of the Company Secretary at least 48 (forty-eight) hours before the commencement of the meeting.

By The Order Of The Board

F Musinga
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe
30 June 2022

Shareholders Analysis

Size of Shareholding	Number of Holders	%	Issued Shares	%
1 to 5 000	6 023	78,5	5 088 703	0,4
5 001 to 10 000	397	5,2	2 834 974	0,2
10 001 to 25 000	388	5,1	6 157 960	0,5
25 001 to 50 000	239	3,1	8 612 265	0,7
50 001 to 100 000	194	2,5	13 799 187	1,1
100 001 to 500 000	272	3,5	61 806 159	4,7
Above 500 000	160	2,1	1 205 973 347	92,4
	7 673	100,0	1 304 272 595	100,0
Category				
Local Companies	822	10,7	129 324 127	9,9
Foreign Companies	14	0,2	527 075 599	40,4
Pension Funds	398	5,2	185 648 371	14,2
Nominees - Local	169	2,2	70 877 747	5,4
Nominees - Foreign	47	0,6	168 238 812	12,9
Insurance Companies & Banks	42	0,6	157 771 847	12,1
Resident Individuals	5 533	72,1	50 647 995	3,9
Non-Resident - Individuals	225	2,9	2 000 621	0,2
Investments & Trusts	227	3,0	5 842 902	0,5
Fund Managers	24	0,3	1 191 835	0,1
Deceased Estates	117	1,5	611 636	0,1
Other Organisations	55	0,7	5 040 734	0,3
	7 673	100,0	1 304 272 595	100,0

Included in the category of “Over 500 000 shares’ is Delta Employee Share Participation Trust Company Private Limited which holds 14 233 211 shares on behalf of 2 320 employees who participate in the scheme.

Shareholder	2022	%	2021	%
AB InBev Zimbabwe (NNR)	311 264 215	23,9	311 264 215	24,1
Stanbic Nominees (Pvt) Ltd NNR	235 299 947	18,0	246 244 483	19,1
Rainier Inc.	193 137 519	14,8	193 137 519	14,9
Old Mutual Life Assurance Co.	151 329 411	11,6	153 315 685	11,9
National Social Security Authority (NPS)	26 120 477	2,0	26 120 477	2,0
Standard Chartered Nominees - NNR	25 669 831	2,0	26 975 279	2,1
TN Asset Management Nominees	24 928 319	1,9	—	—
Browning Investments NV	22 178 835	1,7	22 178 835	1,7
National Social Security Authority (WCIF)	18 247 090	1,4	18 247 090	1,4
Amaval Investments (Pvt) Ltd	14 331 040	1,1	—	—
Other	281 765 911	21,6	294 627 972	22,8
	1 304 272 595	100,0	1 292 111 555	100,0

Shareholders Analysis (continued)

Major Shareholders	2022	%	2021	%
Old Mutual	**164 598 165**	12,6	**173 132 357**	13,4
AB InBev entities	**526 580 569**	40,4	**526 580 569**	40,8
	691 178 734	**53,0**	**699 712 926**	**54,2**
RESIDENT and NON RESIDENT SHAREHOLDERS				
Resident	**584 204 272**	44,8	**558 052 654**	43,2
Non-Resident	**720 068 323**	55,2	**734 058 901**	56,8
	1 304 272 595	**100,0**	**1 292 111 555**	**100,0**

Share Price Information

Mid Range Price (ZW$ cents) at:	
30 June 2021	7 275
30 September 2021	11 105
31 December 2021	16 200
31 March 2022	24 080
Price Range :	
Highest 21 March 2022	25 000
Lowest 15 April 2021	4 050

Calendar

75th Annual General Meeting	29 July 2022
Financial Year End	31 March 2023
Interim Reports:	**Anticipated Dates:**
6 months to 30 September 2022	November 2022
12 months to 31 March 2023 and	
Final dividend declaration	May 2023
Dividend Payment Date – Final	June 2023
Annual Report Published	July 2022

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Telephone: 263 242 883865/72
E-mail: f.musinga@delta.co.zw

Transfer Secretaries:
Corpserve (Private) Limited
2nd Floor
Intermarket Centre
Cnr. Kwame Nkrumah / 1st Street
(P O Box 2208)
Harare
Zimbabwe
Telephone: 263 242 751559/61
E-mail: corpserve@corpserve.co.zw

Notes

Notes


ORIGINAL TASTE
Coca-Cola

Delta Corporation
LIMITED