Delta Corporation LIMITED

Annual Report 2023

Celebrating

125 YEARS ANNIVERSARY

Brighter Together

125th anniversary

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

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Supplementary Information

Shareholder Information

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

www.delta.co.zw

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.

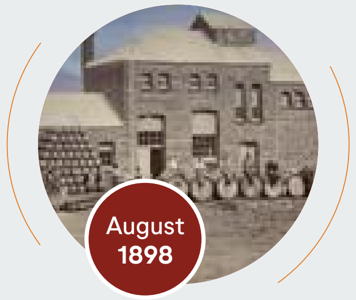
WE UNDERSTAND AND RESPECT OUR CUSTOMERS AND CONSUMERS

- 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

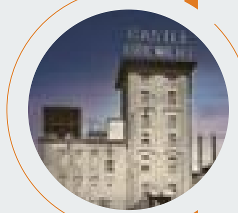
- We consciously balance local and group interests.
- We benefit the local communities in which we operate.
- We endeavour to conduct our business in an environmentally sustainable manner.

Our History



August 1898
Salisbury Mayor Ernest Fairbridge lays the foundation stone at the Salisbury Lager & Beer Company on August 30

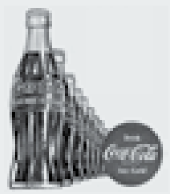
May – 1910
South African Breweries (SAB) acquires Breweries Ltd, reconstructed after 1905 liquidation



December – 1911
Rebuilt six storey Salisbury brewery officially opened

September – 1931
Maltings plant at Salisbury Brewery officially opened

September – 1946
Company listed on ZSE as Rhodesian Breweries



December – 1948
First Coca-Cola produced in Salisbury

October – 1950
Sable Brewery opened in Bulawayo on October 30

May – 1951
SAB brewery opened in Ndola, Northern Rhodesia

January – 1952
Rhodesian Breweries shareholders agree on merger scheme with SAB

June – 1955
Sparletta launched with Orange flavour

February – 1956
Schweppes acquires majority share in Spa Food Products

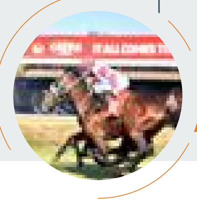
June – 1956
Beer merger in SA sees interests consolidated in Federation of Rhodesia & Nyasaland

November – 1956
Bulawayo Bottlers produces first Fanta in Southern Africa

May – 1958
Canned beer launched in Salisbury

July – 1958
Acquisition of stake in Afdis holding company

April – 1960
Inaugural Castle Tankard run at Borrowdale Racecourse



February – 1962
Official opening of Southerton Brewery by PM Roy Welensky on February 2

March – 1962
Chibuku was lunched at Masvingo brewery

November – 1962
Formation of Northern Breweries in soon to be independent Zambia

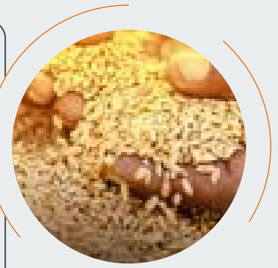
February – 1967
Rhobrew acquires one third stake in Heinrich's Chibuku

August – 1968
Major label relaunch of Castle and Lion Lager

December – 1969
Rhobrew announces major investment to create nationwide hotel chain

June – 1970
Carling Black Label launched

August – 1971
Demolition of Cameron Street Brewery



July – 1976
Que Que Maltings commissioned

March – 1978
Acquires OK Bazaars and Springmaster

April – 1978
Name changed to Delta Corporation Limited

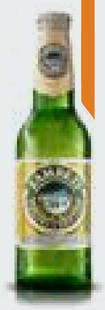
January – 1980
Acquires RIH - Coca Cola Co bottling franchises of Mashonaland and Victoria (United Bottlers)

June – 1980
Zimbabwe Lager introduced

January – 1983
Bulawayo Mayor Councillor Naison Ndlovu officially opens the new Huppmann Brewhouse at Belmont

July – 1984
Sprite introduced

July – 1989
Rationalisation of the soft drinks industry



May – 1990
- Launch of Zambezi Export Lager
- Announces plans for Elephant Hills rebuild and Zimsun listing

June – 1990
Second phase extension at Maltings officially opened

February – 1993
New $200m brewhouse and bottling hall at Southerton officially opened

August – 1993
Bohlingers Lager launched

July – 1994
Bulawayo Bottlers bought for $171m

February – 1995
10 for 1 share split to stimulate activity on ZSE

February – 1997
3 for 1 share split

April – 1997
Third phase extension at Maltings officially opened

March – 1998
Beer canning line commissioned

May – 1999
Centenary Lager launched for 100-year anniversary

October – 2001
OK Zimbabwe demerged and listed

January – 2002
Zimsun demerged

April – 2002
Pelhams demerged and listed

July – 2003
Milk Stout reintroduced

November – 2004
Invests in Headend glass furnace venture

November – 2005
Acquires 39% stake in Ariston

September – 2005
Launches Eagle Lager

April – 2006
Coca-Cola Light comes to market

November – 2009
Concludes sale of 41% Ariston stake

January – 2010
Purchases 49% stake in Schweppes

August – 2014
Delta acquires 21.4% stake of Nampak Zimbabwe after packaging industry merger

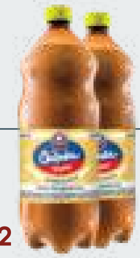
January – 2018
Purchases 70% stake in Natbrew Zambia

November – 2018
Afdis becomes subsidiary after acquiring majority 50.4% stake

April – 2020
Purchases 100% of United National Breweries

March – 2021
Buys the Mutare Bottling Company

March – 2022
Launch of Sable Lager



June – 2022
Launch of Chibuku Super Banana Flavour

Company Profile

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

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 Cameron 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 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.

Financial Highlights

For the year ended 31 March 2023

	INFLATION ADJUSTED		HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
GROUP SUMMARY (ZW$'000)				
Revenue	**536 922 601**	335 163 349	**452 081 417**	86 457 003
Earnings before interest, tax depreciation and ammortisation	**112 600 050**	87 576 524	**106 720 044**	22 165 814
Profit after tax	**63 142 846**	48 682 329	**96 506 637**	19 632 938
Attributable earnings	**83 231 269**	49 747 391	**120 176 723**	20 586 940
Net Funds	**10 381 387**	5 538 098	**10 381 387**	1 820 245
Total Assets	**402 722 435**	286 507 591	**262 936 903**	54 536 823
Market capitalisation	**1 086 361 624**	951 911 840	**1 086 361 624**	312 871 599
SHARE PERFORMANCE (ZW$ cents)				
Earnings per share				
Attributable earnings basis	**4 842**	3 758	**7 401**	1 515
Cash equivalent earnings basis	**8 086**	3 879	**7 128**	1 119
Cash flow per share	**6 462**	3 627	**7 094**	1 086
Dividends per share (US$)*	**0.03**	0.06	**0.03**	0.06
Net asset value per share	**18 500**	13 018	**10 281**	1 796
Market price per share	**83 055**	73 301	**83 055**	24 092
FINANCIAL STATISTICS (%)				
Return on equity (%)	**26.36**	28.42	**74.75**	84.98
Operating margin (operating income to net sales) %	**25.22**	78.00	**25.96**	27.89

*US$0.02 of the dividend was declared at 05 May 2023.

Inflation Adjusted
Return on equity
21.43%
Historic Cost | 44.65%

Inflation Adjusted
Operating margin
25.22%
Historic Cost | 25.96%

	Inflation Adjusted	Historic Cost
Revenue	Increased by 60% to ZW$536.92bn	Increased by 423% to ZW$452.08bn
Operating Income	Increased by 29% to ZW$99.79bn	Increased by 375% to ZW$102.70bn
EBITDA	Increased by 29% to ZW$112.60bn	Increased by 381% to ZW$106.72bn
Headline Earnings per share	Increased by 27% to ZW$4 839.29 cents	Increased by 382% to ZW$7 400.91 cents
Attributable Earnings per share	Increased by 29% to ZW$4 842.23 cents	Increased by 388% to ZW$7 400.79 cents

Chairman's Letter
To Shareholders

Dear Shareholder

Environmental Overview

The Zimbabwean economy recorded modest growth in the reporting period, which was driven by both formal and informal mining, government infrastructure projects and diaspora remittances. Though there was lower than expected maize output, other agricultural products such as wheat recorded growth, contributing towards the economic growth.

The economy was, however, negatively impacted by high inflation, the depreciation of the local currency and increased power supply outages during the second half of the year.

The monetary policy interventions such as the increased interest rates, the introduction of gold coins and delays in government payments, temporarily halted the economic turbulence that was experienced during the year.

The relative stability in inflation and exchange rates witnessed in the second half of 2022 has unwound in the first months of 2023, with the currency depreciating at a faster pace. The use of foreign currency for domestic transactions increased significantly during the year, spurred by the constrained Zimbabwe Dollar liquidity.

Inflation Adjusted
Group Revenue

↑ ZW$**537**billion

Increased by 60%, reflecting the volume gains across business units and the replacement cost-based pricing.

Chairman's Letter to Shareholders (continued)

The official exchange rate depreciated by over 500% during the financial year, whilst we estimated year on year inflation at 206% as measured using the total consumption poverty line, which is a proxy for the Zimbabwe Dollar inflation indices.

Consumer spending continued to be buoyant, being boosted by stable US Dollar pricing, and modest improvements in wages and salaries across various sectors. There has been an increased informalisation of trade due to a number of issues such as the distorted pricing arising from use of multiple exchange rates, high IMTT tax, mandatory liquidations of foreign currency deposits and high bank charges.

South Africa has witnessed slower economic growth being impacted by power supply disruptions, high unemployment, exchange rate volatility, fuel price increases and elevated inflation levels. There are concerns about an anti-immigrant sentiment in some communities and the high incidence of violent crime.

Zambia's policy environment remains promising with significant international investor confidence in the country although consumer spending remains constrained. The firming of commodity prices will have a positive impact on the economy. The debt burden continues to be one of the biggest risks facing the Zambian economy together with the depreciating Kwacha. At the tail end of the year there was concern about the shortage of maize, which may impact the already fragile economy.

The global economies have been impacted by the pass-through effects arising from the supply chain disruptions in the aftermath of the COVID-19 pandemic and higher commodity costs brought about by the war between Russia and Ukraine. There are indications of currency instability and an imminent global recession.

Trading Performance

Lager Beer

Lager beer recorded improved volume performance throughout the year with a growth of 17% compared to prior year, achieving a record volume of 2.2 million hectolitres. The category benefitted from the injection of returnable glass bottles and the improved plant performance. Packaging capacity remains limited, resulting in mismatches of demand and supply of brands and packs. The disruptions in the supply of non-returnable bottles and cans affecting the region are improving which will support one way convenience packs.

The business continues to focus on improving customer service and on increasing consumer facing activities. The installation of an additional packaging plant is progressing to schedule, for commissioning in June 2023 which will underwrite the supply of brands in line with market expectations.

Sorghum Beer

The sorghum beer volume in Zimbabwe grew by 9% for the year. The Chibuku Super supply was constrained by limited production capacity due to disruptions in the supply of power and water.

The group also drove the revival of the Scud pack to enhance market supply and address affordability thus improving demand. A new Chibuku Super plant is being installed at the Harare Brewery which is scheduled for commissioning by June 2023. These investments will enable ongoing efforts to leverage on the available production capacity to cover the regional requirements as well as improve the supply of recently launched Chibuku Super Banana, which has excited the market.

The Chibuku brand celebrated its 60th anniversary during the year, which was highlighted by increased consumer engagements through music and sport activities.

Chairman's Letter to Shareholders (continued)

United National Breweries South Africa recorded a volume growth of 12% over prior year, with slower growth recorded in the second half of the year. This was attributed to price distortions in the market driven by lack of pricing compliance by traders as a result of higher cost of fuel and distribution costs. Butterworths brewery, located in Eastern Cape province, was reopened during the year to address issues of product supply and the cost of distribution. The impact of the rampant power cuts impact production throughout the year.

Chibuku Super was successfully introduced into the South African market, through supplies from regional units. The commissioning of the Super Chibuku Plant in South Africa is expected by August 2023.

Natbrew Plc (Zambia) recorded encouraging volume recovery in second half of the year to close with a growth of 28% for the year. The recovery is driven by the returnable Scud pack and Chibuku Super Banana. The focus is on stabilising the supply chain and revamping the route to consumer to capture the improved consumer demand for our product. There is concern about the maize supply challenges and the impact of the currency depreciation on import costs.

Sparkling Beverages

The Sparkling beverages volume grew by 10% over the previous year and continued to recover market share despite the currency induced pricing distortions. The growth is anchored by the increased market penetration of the returnable glass packs and better availability of packs and flavours.

There were more pronounced product supply disruptions arising from power and water outages in the second half of the year. The supply of PET packs was constrained and is being addressed through the new plant which is scheduled for commissioning in May 2023. This will allow the supply of the full range of flavours and pack sizes.

Wines and Spirits

African Distillers (Afdis) recorded a volume growth of 18% for the year driven by the ciders ready to drink category, which grew by 23% and Wines, which grew by 16%. The volume growth was underpinned by the improved availability of locally produced brands and a revamped route to market which focused on direct store delivery. The business commissioned a new PET line and localised fermentation of ciders during the year.

The entity continues to receive technical support from partners Distell, which is now part of Heineken BV.

Schweppes Holdings Africa

The volumes at Schweppes were flat for the year, having been affected by shortages of juice concentrates and a prolonged plant breakdown that disrupted the supply of Minute Maid branded juice drinks and bottled water. The currency related pricing distortions affecting formal outlets severely disrupted the route to market.

There was an improvement in the intake of juicing fruit during the 2022 season although the long-term supply positions are affected by the levels of exports of fresh fruit.

Nampak Zimbabwe Limited

The volumes at Nampak Zimbabwe have been steady, riding on the recovery in the beverages and other consumer sectors.

The focus remains on stabilising the supply of key imported materials that are affected by developments in the international commodities markets.

Financial Performance

Group revenue increased by 60% to ZW$537 billion in inflation adjusted terms, reflecting the volume gains across business units and the replacement cost-based pricing. Earnings before interest and tax (EBIT) grew by 29 % to ZW$99,79 billion which indicates the benefits of higher throughput and focused cost management.

In historic cost terms, the Group revenue grew by 423% to ZW$452 billion compared to average inflation of 221%. Earnings before interest and tax (EBIT) grew by 371% to ZW$102 billion, reflecting the higher volumes, inflationary stock holding gains and the realignment of cost structures as the economy dollarised. There were some significant increases in costs of fuel, imported raw materials and packaging, driven by the world markets which were impacted by geopolitical developments.

UNB South Africa recorded a near breakeven outturn whilst Natbrew Zambia posted a loss due to depressed volumes. The entities are expected to show an improved performance in the year to March 2024.

Zimbabwe maintained significant contributions in foreign currency takings and has been managing the value chain partners to utilise both currencies. The business has however experienced increased dollarisation of costs. Our business is susceptible to pricing arbitrage opportunities which due to exchange rate volatility impacts currency purchase decisions.

Chairman's Letter to Shareholders (continued)

The Chibuku brand celebrated its 60th anniversary during the year, which was highlighted by increased consumer engagements through music and sport activations.

In order to provide users with a better insight into the underlying performance, the board estimates Group revenue at US$712million, up 19% over the prior year, whilst EBIT is indicated at US$140.6 million.

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

The Group remains cash generative and has funded the on-going capital projects largely from own resources.

Outlook

The election season in Zimbabwe is upon us and will dominate an operating environment that is faced with numerous economic challenges. We anticipate a continuation of the current policy environment anchored by multicurrency trading system with increased dollarisation. The economy will benefit from the improved 2023 agricultural season, the increase in mining activities and the election spending. The increased dollarisation of the economy may result in reduced volatility of inflation and the exchange rate, however there is a risk that increased dollarisation may lead to economic contraction.

There are significant complexities and uncertainties relating to the legislation on pricing, which are exacerbated by the ambiguous and the largely impractical taxation framework. There are also headwinds in the global economy, which are driving commodity pricing and supply disruptions, and the volatility of international financial markets.

Both Zambia and South Africa are facing some challenges although consumer spending is expected to grow, thereby creating opportunities for our entities to recover volume.

The focus remains on leveraging on the ongoing capacity investment projects to exploit any emerging growth opportunities. Aggregate demand will benefit from the recent policies on beneficiation of mineral ore before exportation, diaspora remittances and infrastructure projects.

Advancing Our Sustainability Priorities

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

Dividend

The Board declared a final dividend (number 132) of US2.0 cents per share to be paid on 21 June 2023. This brings the total dividend for the year to US3.0 cents per share.

Appreciation

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

For and on behalf of the Board

S MOYO
Chairman
12 May 2023

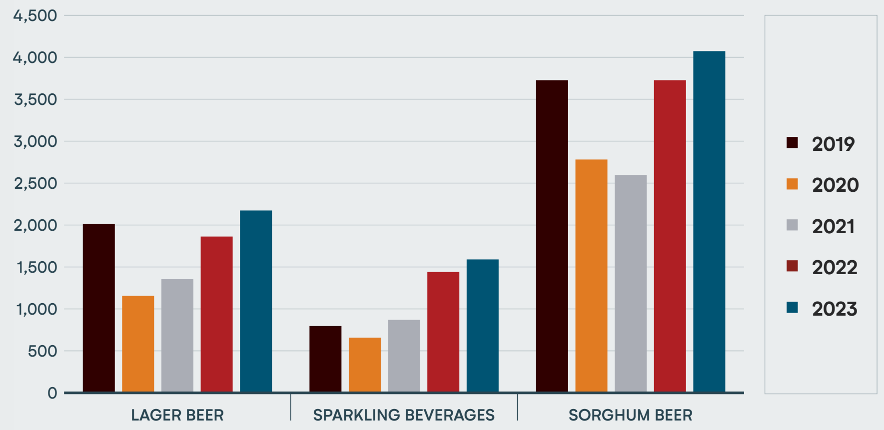
Review of Operations

Beverages Business Overview

Overview of F23 Overall Business Performance

The beverages business recorded an improved volume performance across the categories despite the challenges caused by the multiple exchange rates, shortages of power, and increases in supply chain as a result of the Russia/Ukraine war, benefiting from the stable US Dollar pricing and high velocity of spending in local currency.

Beverage Volume Performance – 000hl



There were reduced supply bottlenecks as the Company had improved access to foreign currency. This allowed the businesses to maintain plant and machinery and increase raw materials stock covers. The businesses were able to increase production output and to offer an improved range of our brands and packs more consistently.

We continued to inject new glass bottles into the Lager Beer and Sparkling Beverages businesses. This allowed better factory efficiencies and consumer access to the more affordable returnable packs.

The Zimbabwean economy experienced devaluation of the local currency and the prevalence of multiple exchange rates leading to the resurgence of hyper-inflation. There were challenges arising from the enforcement of the use of the official exchange rates in converting from either US Dollar or Zimbabwe Dollar market prices. The formal retail channels lost market share to the informal traders who circumvent the legislative restrictions on the use of official exchange rates. This swing in volumes to the informal channels requires frequent adjustments to the distribution logistics such as the increase in the use of the wholesale channel and the need to upscale van sales and direct delivery models.

The measures implemented by the fiscal and monetary authorities in August 2022 resulted in reduced domestic currency liquidity, thereby accelerating the dollarisation of the economy. Whilst these policies achieved some stability in the period from September 2022 to December 2022, the economic downturn accelerated in the first quarter of 2023. The instability of the ZW$ exchange rate is giving impetus to the dollarisation of the economy and the prevalence of multiple exchange rates. Resultantly, there are significant and frequent policy changes as the authorities attempt to avoid an implosion of the economy ahead of the harmonised general elections scheduled for August 2023.

The business continues to benefit from the increased economic activity and higher consumer spending arising from government infrastructure projects, the upsurge in mining activities, and higher diaspora remittances.

There was an increase in electricity supply disruptions during 2022 mainly due to the delay in the commissioning of the Hwange expansion projects and the reduced allocation to the hydro-electricity power station at Kariba. The disruptions to electricity supply had ripple effects on the supply of other utilities such as water. Natbrew Zambia recorded a recovery in volume from a depressed performance in F22 due to the introduction of the returnable Scud pack and Chibuku Super Banana. However, the benefits from a stable economy have not filtered to the consumer.

Review of Operations

Beverages Business Overview (continued)

In South Africa, the volume outturn slowed down in the second half of the year reflecting the pressure on disposable incomes arising from fuel price increases, high unemployment, and the disruptions to economic activity due to unprecedented power cuts. Regional currencies have weakened against the US Dollar.

Sustaining Business Growth

We have set an ambitious growth strategy as we seek to improve operational efficiency, embed best practices in all facets of the business, and offer our customers the best service possible.

- The strategic framework is anchored on investing in **Market Development and an optimised** route to market. We glean valuable insights from the intense engagements with both traders and consumers. The main area of concern has been improving the supply of the full range of brands and packs. We will benefit from the increased packaging capacity when the new packaging lines are commissioned in the first half of F24.
- 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 that we leverage as part of the segmented execution. This is achieved through the programs on Customer engagement under the theme **Collaborating with Customers**. We engage in joint business planning with our key customers for them to satisfy the expectations of our consumers. 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 appeals to the diversity of our consumers. During the current year, we launched and continue to support the smooth, and easy-drinking Sable Lager. In traditional beer, we launched the favoured Chibuku Super Banana which is registering good growth in Zimbabwe and Zambia. Chibuku Super has been introduced successfully into the South African market in a 'live' variant.
- 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 by investing in appropriately configured vehicles, mechanisation of product handling, and optimising the route to the consumer. In this vein, we have revamped the **Retailer Development Programme** which offers training in business and financial management, hygiene, and customer care. We recognise that small retail 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. Our apprenticeship and graduate learnership are being expanded to improve the skills pipeline.

Review of Operations

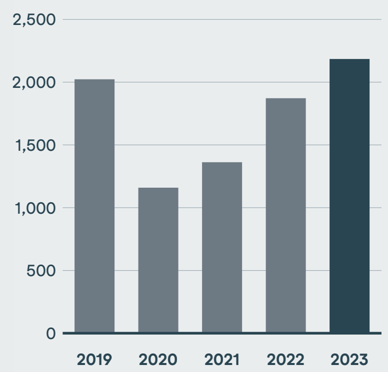
Lager Beer Business

Review of Operations

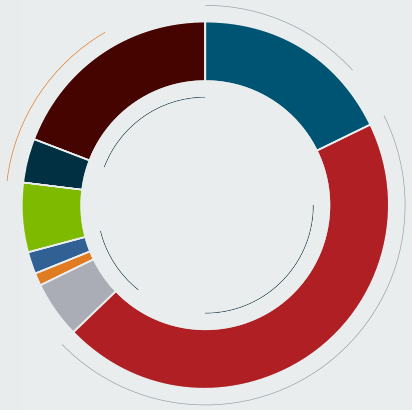
Lager Beer Business

Lager beer volumes grew 17% above the prior year, closing at a record 2,2 million hectolitres. Demand remained firm throughout the year, benefitting from improved product supply.

Lager Beer Volume Performance '000hls



Lager Beer Trade Channel % Sales Contribution



Bar	18%
Bottle Store	45%
General Dealer	5%
Hotels	1%
Restaurants	2%
Supermarkets	6%
Other	4%
Wholesale	19%

The improvement in product supply was mainly due to the efficient utilisation of existing production capacity and the investment in additional returnable glass bottles. There were shortages of cans and glass in the region which limited the availability of one-way convenience packs.

Packaging capacity was limited resulting in intermittent mismatches of demand and supply of brands and packs. Additional packaging capacity is expected to be commissioned in the second quarter of the F24 financial year.

All our trading channels saw growth in volumes against the prior year benefiting significantly from improved product availability. There are gaps in the formal retail channels whose pricing in US Dollars is being distorted by the multiple exchange rates. There are also challenges in extending credit in view of the resurgent high inflation and the high cost of borrowing in local currency. The fast deprecation of the local currency forced the business to increase the frequency of price adjustments, which is disruptive to volume and erodes consumer spending.

Intermittent power outages affected production operations, while in trade, customers incurred additional costs for the refrigeration of beverages using more costly power sources.
We continue to engage with, and appeal to our traders to charge recommended retail prices and to focus on volume growth. Some traders are forced to price up to recoup the additional costs of product collection and the cost of diesel generators.

Elevate and Grow Core Lager

The flagship brand Castle Lager increased its sponsorship of key properties in music and sports which created vibes with the consumers. The action kicked off with the much-anticipated return of the Castle Lager Premier Soccer League which ended with a dominant FC Platinum raising the trophy for the fourth time in a row. The brand increased its engagement with consumers and fans during the 2022 FIFA World Cup in Qatar which included sponsoring packages for winning consumers and retailers to travel and experience finals in Qatar.

Lion Lager

Review of Operations

Lager Beer Business (continued)

The National Braai Day was held in October 2022 with a much-appreciated return after post-Covid with thousands of consumers thronging the Old Hararians Sports Club for a day filled with live music and partying.

There are ongoing initiatives to revive Lion Lager which are supported by the "Own your Pride" campaign and the "Royal Pride" radio show. The Lion Lager Roar & Win Trader's Promotion and activations continued to provide a platform to engage with and reward consumers and traders.

Sable Lager

Sable Lager was launched in March 2022 as a smooth, easy-to-drink mainstream offering. The brand confidently dons a contemporary and refreshing packaging design that cues the refreshing and easy drinking positioning. The uptake of the brand is ahead of the normalised growth curve for new beer brands which is aided by extensive awareness campaigns and product sampling. The boldness of this beer blends well with its sponsorship of the Sables Men's 15s Rugby team.

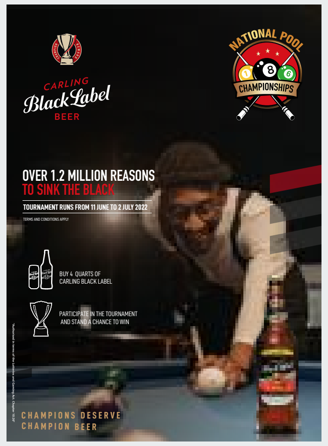
Eagle Lager

Eagle Lager has been refreshed and is now packaged in the standard calabash bottles. This allows the brand to be run on existing packaging lines without losing valuable production time during changeovers. The volumes have responded favourably under the theme "Embrace, Titambire, Simukele!

The Company continues to run the sorghum input scheme to grow the sweet red sorghum and other low-tannin varieties which are grown under contract by mostly rural small-scale farmers. The brand remains at the forefront of driving the affordability agenda of the Lager beer category.

Carling Black Label

Carling Black Label maintained its Champion Man positioning which recognises and rewards consumers for their efforts and daily achievements. The CBL National Pool Championships also made a welcome return, after a two-year hiatus due to Covid - 19 restrictions. The games were played nationally, with a notable increase in consumer participation and a growth in female participants. The brand sponsored the Zimbabwe Tertiary Institutions Sports Union Games as well as the inaugural tertiary DJ Clashes, which were held in Bulawayo, Mutare, Zvishavane, Gweru, and Harare.



Castle Lite

Premiumize and Invigorate Beer

STAY IN THE GAME. There were some challenges in accessing the one-way glass required for Castle Lite, hence decision to avail the brand in the returnable glass bottle pack for both 340ml and 660ml. The brand continues to cement its premium credentials by associating with trending and high-profile musicians. The brand visibility was enhanced through the roll-out of premium outlet branding with bespoke DJ booths and commensurate bar fittings. The brand also activates wellness and sport-related partnerships, such as the Vic Falls Marathon, to sway our consumers to the "Lite" side of our beer and reinforce active lifestyles.

Zambezi Lager

Zambezi Lager's growth accelerated this year, strengthening its premium status and growing brand love. The brand is themed around nature and great outdoor activities as typified by the Mighty Zambezi Bonfire and its long-running sponsorship of the Kariba Invitational Tiger Fishing Tournament, which was run in 2022 as a "catch-and-release" tournament. The brand is a key supporter of the Zimbabwe Men's 7s Rugby team, the Cheetahs, who travelled around the world in a busy calendar of local and international tournaments. Other activities include participation in the Victoria Falls Carnival.

Golden Pilsener

Review of Operations

Lager Beer Business (continued)

Golden Pilsener associates with golf under the theme "Putt of Gold" and was an associate sponsor of the 2022 FBC Zimbabwe Open Golf Tournament. This was further amplified with a sales promotion that saw consumers winning a Callaway Golf Set and a trip for two to the South African Open Tournament.

Bohlinger's Lager

The brand's packaging upgrade undertaken in 2021 is having a positive impact on the brand with new consumers being recruited as well as re-energising existing consumers. The "Hit Refresh" campaign will remain a focus into the new year. The premium brands will benefit from the increase in packaging capacity and improvement in the availability of one-way glass expected in F24.

Review of Operations

Lager Beer Business (continued)

Smart Agriculture with Barley

The company runs the barley contracting scheme which ensures that our beer brands use high-quality local barley. The barley feeds into the malting plant at Kwekwe which produces barley for both local and export markets. The barley intake from the 2022 winter crop was 39,500t grown by local farmers. The current barley stocks provide cover for domestic and export malt requirements for the period up to March 2024. A total of 2 400 tonnes of barley was exported into the region in the current year.

The contract scheme provides technical and financial support to local farmers with a focus to improve land husbandry and using modern and sustainable farming methods.

We work collaboratively with seed houses and government agencies in developing new barley varieties that have better agronomic properties and improved malting potential.

Review of Operations

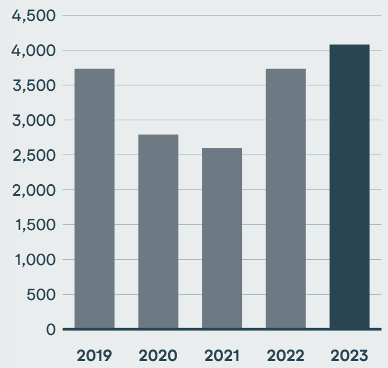
Sorghum Beer Business — Zimbabwe

Review of Operations

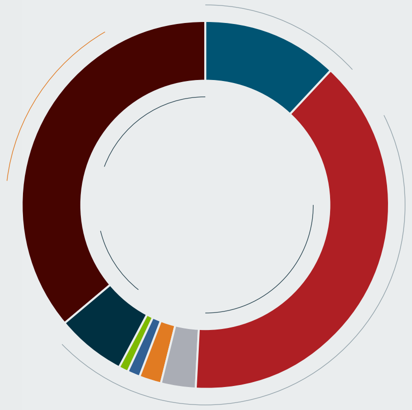
Sorghum Beer Business – Zimbabwe

The volume outturn of 4.1 million hectolitres was 9% above the prior year, trending towards its historical peaks. There was an increase in the contribution of the standard Chibuku Scud returnable pack.

Sorghum Beer Volume Performance '000hls



Sorghum Beer Trade Channel % Sales Contribution



Bar	12%
Bottle Store	39%
General Dealer	3%
Hotels	2%
Petroleum Food Mart	1%
Restaurants	2%
Supermarkets	6%
Wholesale & Distributors	36%

The Chibuku Super production and packaging capacity was fully utilised. A new plant will be commissioned at Harare Brewery in July 2023 to close supply gap challenges.

Demand remained firm during the year, spurred by higher consumer spending from commercial crops, increased mining activity, and government infrastructure projects. There was however some negative impact from the more frequent price adjustments in the last quarter of the year, driven by resurgent exchange rate instability and rising inflation. There were further challenges arising from power and water outages which were more pronounced in the second half of the year.

YEARS OF FRIENDSHIPS

Chibuku Celebrating 60 Years Of Friendships

Chibuku celebrated 60 years of bringing people together and creating friendships. The celebrations took our loyal consumers through the Chibuku journey as well as the different sponsorships around the arts and sports.

The brand activations highlighted the brand ethos of nourishing the bonds of brotherhood.

The trademark and heritage sponsorships namely Chibuku Neshamwari Traditional Dance Festival and the Chibuku Road to Fame made a welcome return post the COVID-19 disruptions in 2020/2021, and with supporting themes for the 60th anniversary.

Friendship and Flavour

The Chibuku Super Banana flavoured variant was launched during the year and has received consumer support in Zimbabwe and the regional markets. The 2 Litre Scud pack was re-introduced in selected markets to give our consumers a better value for money proposition.

Review of Operations

Sorghum Beer Business – Zimbabwe (continued)

Chibuku Road To Fame

Promoting Arts And Culture

Chibuku continued its close collaboration with Zimbabwe National Arts Council and Zimbabwe National Traditional Dancers Association in promoting arts and culture, leveraging on the Chibuku Neshamwari Traditional Dance National festivals held around the country. The dance finals were held in August 2022 at Harare Gardens and won by Dapurahunanzva from Manicaland with their Mbakumba dance routines.

Chibuku Neshamwari Traditional Dance Festival

The annual "Chibuku Road to Fame" maintained its position as one of the Zimbabwe's biggest and most successful music talent identification platforms. The national finals were held in October 2022 at Glamis Arena with Grade 2D Band from Mashonaland West province crowned the winners.

Review of Operations

Sorghum Beer Business – Zimbabwe (continued)

Chibuku In Sports

Chibuku Super Cup remained the biggest knockout soccer tournament in Zimbabwe. The fun-filled and well-attended finals were held at Barbourfields Stadium in Bulawayo, with Herentals edging Bulawayo Chiefs 1-0 to lift the coveted trophy.

Rewarding Our Consumers

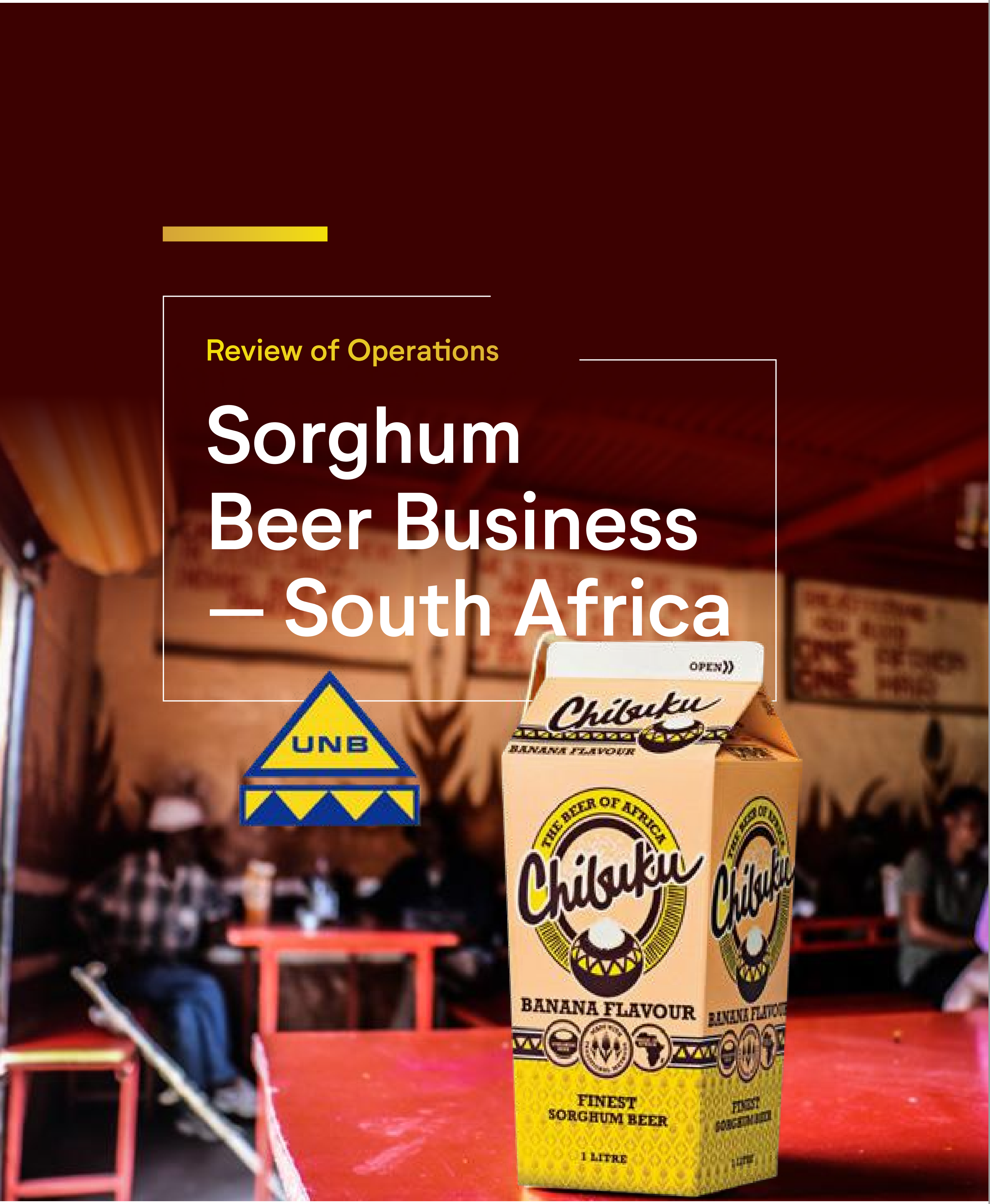
The Chibuku @60 promotion was launched to celebrate the 60 years of existence of the brand, with four lucky customers each winning a Nissan Navara single-cab vehicle.

The annual Super Surprise promotion has become a key event during the Christmas period with the theme of driving high levels of market execution and customer service. The rewards extended to the sales teams with Anne-Yvette Chikerema winning the Best Sales Representative award while John Mabambe scooped the Best Sales Manager award.

Growing Livelihoods with Sorghum

The Company runs a sorghum contracting scheme as the primary source of its sorghum grain requirements for Chibuku and Eagle Lager. A total of 9 500 hectares was cultivated under the 2021/2022 sorghum contract, yielding 12500 tonnes, enough to cover the business' malt requirements.

The scheme contracts both commercial, communal, and small-scale farmers to grow sorghum. Over 11 500 communal/ small scale farmers and 50 commercial farmers participated in the 2021/2022 season's contract. The scheme provides for the livelihood of families in low rainfall areas.



Review of Operations

Sorghum Beer Business – South Africa

United National Breweries (RSA) recorded a volume of 1.5 million hectolitres, a growth of 12% over the prior year. The business continues to focus on expanding the pack offerings and increasing consumer acceptance of our rich portfolio of product and pack variants of traditional sorghum beer brands and recruiting new consumers into the category.

The business suffered some setbacks during the year. These include an escalation in power outages which affected production operations as well limiting the capabilities of most suppliers. The Rand volatility impacted the costs of fuel and imported materials, thereby squeezing profit margins. There are also concerns about high levels of violent crime which includes armed robberies and hijacking of vehicles which impact both the business operations and the safety of employees and customers.

Building Brilliant Brands

The business successfully introduced Chibuku Super into the market based on imports from Zimbabwe. The product is being seeded into the market ahead of the planned investment in local production capacity in 2023 at Phelindaba Brewery in Gauteng.

The business also launched the 1.5l Scud in the last quarter of the year to address affordability.

Our Production Footprint

The Butterworth Brewery, which is in Eastern Cape, was re-opened in the second half of the year to address market service and also reduce freighting costs.

There are ongoing assessments to increase the number of breweries as part of establishing a viable route to market and improving customer service.

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.

Collaborating With Customers

The business has continued to improve its service delivery through the expansion of its depot footprint in strategic areas around the country. Increased interactions with customers have increased the acceptance of our mainstream products and the business' reputation as the leading producer of traditional African beer.

Developing capable and motivated employees

The skills exchange programme between the business and Delta Beverages has continued to benefit our employees and human resource capabilities. This includes enrolling UNB employees into the various development programs offered by Mandel Training Centre and re-introducing the apprenticeship programs with support from the Delta Technical Training Institute.

Review of Operations

Sorghum Beer Business – Zambia

Review of Operations

Sorghum Beer Business – Zambia

The volume for the year increased by 28% over the prior year following a very disappointing trading year in 2021/2022. There is a positive response to the business turnaround plan which is centred on providing the market with quality offerings on a consistent basis. The recovery is led by the increased uptake of returnable packs and the flavoured Chibuku Super.

The business remains hamstrung by the limited working capital, the higher input costs driven by the weakening Kwacha, and the spike in the cost of maize. There is a further impact from the higher cost of distribution arising from fuel price increases. The playing field remains unfavourable due to the prevalence of competitors that evade paying taxes and levies, a disparity that was magnified by the 67% increase in excise duty in January 2022.

Building Brilliant Brands

- The business launched Chibuku Super Banana during the second half of the year and the product has been well received by the market.
- The relaunch of the 1.5l Scud was successful and the product's contribution to the volume performance has been commendable.
- The 22l Keg continues to provide more opportunities for the business to capture market share through its superior quality proposition and competitive pricing.

Developing Our Capability

Commendable progress necessary to improve plant reliability and give assurance on product quality has been made in addressing production capacity challenges.

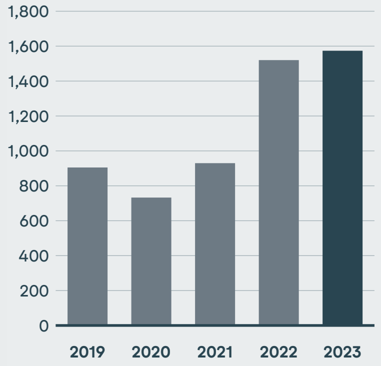
The business will benefit from the skills exchanges with Delta Beverages.

Review of Operations

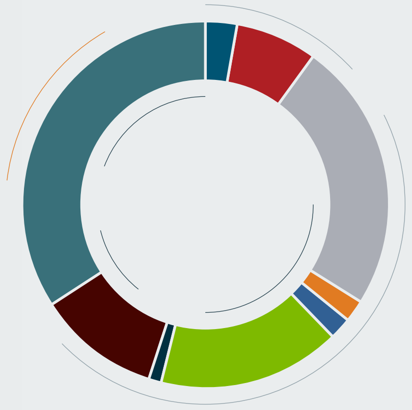
Sparkling Beverages

The Sparkling Beverages volume grew by 10% above the prior year to 1.6 million hectolitres, benefitting from consistent product supply, a stable US Dollar pricing regime, and the recovery of market share.

Sparkling Beverages Volume Performance '000hls



Sparkling Beverages Trade Channel % Sales Contribution



Bar	3%
Bottle Store	7%
General Dealer	24%
HORECA	2%
QSR	2%
Supermarkets	16%
Petroleum Food Mart	1%
Other	11%
Wholesale	34%

There were significant pricing distortions arising from the multiple exchange rates and differential access to foreign currency. The prevailing macroeconomic factors impacted the ability of the key trade channels to price appropriately in the multicurrency framework, thereby skewing demand and trade to the informal markets. The PET production capacity was fully utilised resulting in the business prioritising certain packs. A new PET packaging line commissioned in May 2023 will close the supply gaps and enable the deployment of the pack portfolio. There were further disruptions to product supply occasioned by power and water outages.

Driving Affordability with Returnable Glass Packs

We continue to leverage on the returnable glass packs in driving affordability particularly the 300ml $1 for 4 campaigns. This was supported by the injection of additional returnable bottles and the glass return campaigns on 300ml and 1L packs. There was a notable increase in glass circulation, which assisted in reducing production downtime thereby covering the capacity of constraints on the PET and can packs.

Review of Operations

Sparkling Beverages (continued)

Less Sugar, More Choices

The Coca-Cola Company supports the recommendation of leading health authorities that individuals should consume less than 10% of their total calories from added sugar. There are industry-wide sugar reduction pledges for reducing sugar content in our portfolio. The company continues to extend the flavour range of no or zero-sugar offerings, which now includes Coke, Fanta, Sprite, and Stoney Ginger Beer. The reformulation of the brands to reduce the sugar content is ongoing.

Informal sector support with a focus on women's empowerment

The informal sector is an important channel through which the business develops and empowers individuals and small businesses. We continue to invest into the channel by providing equipment and appropriate after-sales support. The equipment is tailor-made to prolong cold availability as well as improve brand visibility across the trade. In 2022 we deployed an additional 950 vendor trolleys including the provision of branded regalia, training as well as paying vending licenses. 906 of the vendors were women in line with our agenda of driving women's empowerment. There are ongoing initiatives to improve the cooling efficiency of the vending equipment.

Review of Operations

Maheu Business

The Maheu volume declined by 12% during the year partly due to slower uptake on switching to the Ades brand and some escalation in value chain costs such as packaging. The pack has been improved by the addition of a resealable cap. There is a focus on product improvements and expansion of the flavour range.

Review of Operations

Transport and Logistics

Review of Operations

Transport and Logistics

The Company operates an internal fleet of 260 prime movers, 460 trailers, and 120 forklifts that caters for both primary and secondary distribution for the Zimbabwe beverages business. This is complemented by an average of 60 trucks contracted from third parties, reflecting 24% of the kilometres undertaken by the internal fleet.

The primary distribution fleet focuses on freighting of products and returnable containers from manufacturing plants to our distribution centres and utilising the reverse trips for inbound logistics. The secondary distribution fleet focuses on direct-to-store products deliveries across the country and some overnight freighting of products.

The fleet is maintained through our network of 23 workshops countrywide which are manned by sufficiently skilled mechanics. Both Afdis and National Breweries follow the same model of insourcing secondary distribution and some reliance on third-party freighters for primary distribution. United National Breweries utilises contracted third parties for primary distribution and runs a scheme to support some third-party distributors and resellers.

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. We promote efficient door-to-door delivery for convenience and assured product supply to our customers and consumers. The business continues to pursue best practices in transport management across its operations.

In the past financial year, our internal fleet travelled a total of 11.3 million kilometers, up 4% on the prior year due to increased activity and improved fleet utilisation and reliability.

There is continuous training of drivers with a focus on reducing vehicle accidents under the Respect the Road campaign and promoting asset care. The Driver Training School at Ruwa continues to collaborate with the Traffic Safety Council of Zimbabwe on road safety programs. The business now makes use of an enhanced fleet telematics system that promotes real-time tracking and monitoring of drivers. We continue to promote safe driving awareness among our drivers through various communication platforms.

This year we celebrated with our driver, Kamodza Musanzika, who won the regional UD Extra Mile Challenge held in South Africa and came second in the global competition held in Tokyo, Japan in October 2022, giving testimony to the quality and effectiveness of our driver training.

Review of Operations

Transport and Logistics (continued)

Promoting Best Practices 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 the minimum requirements of the United Nations Framework and Guiding Principles on Business and Human Rights, and the Company's Supplier Code of Conduct and Ethics Policy.

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

Suppliers must always act ethically with integrity 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 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.

There were disruptions in logistic chains and shortages of commodities and raw materials across the globe post the COVID-19 Pandemic and arising from the war in Ukraine.

Review of Operations: Associates

African Distillers Limited

Review of Operations: Associates

African Distillers Limited

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

Afdis recorded a volume growth of 18% for the year compared to the prior year, driven by the ciders ready to drink and the wines categories that grew by 23% and 16% respectively. There was a deliberate strategy to shift the route to consumer towards direct store deliveries and reduce reliance on the large chain stores and wholesalers.

Product supply continues to improve, benefiting from localisation of fermentation of ciders and better access to foreign currency. A new PET line was installed during the year for bottling of spirits.

The business continues to receive technical support from Distell in terms of the franchise arrangements. No adverse changes are anticipated following the takeover of Distell by Heineken BV.

Review of Operations: Associates

Schweppes Holdings Africa Limited

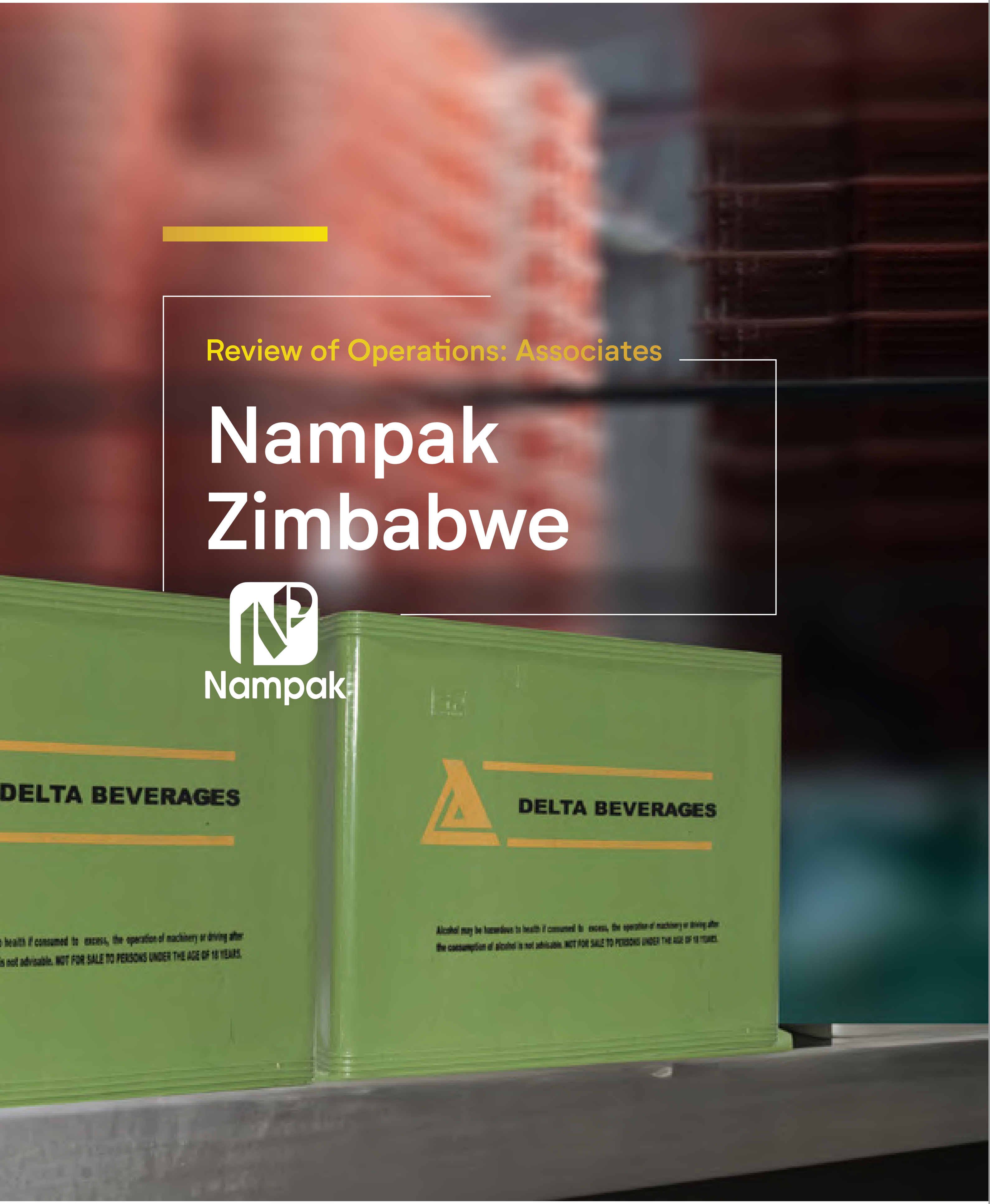
Schweppes Holdings Africa, through its main operating entity Schweppes Zimbabwe Limited, is a manufacturer and distributor of non-carbonated still beverages under licence from The Coca-Cola Company. The product portfolio includes cordials, fruit juices, bottled water, and iced tea.

The processing division includes Beitbridge Juice Company which supplies fruit juice bases, mainly orange juice concentrates, required by the beverages division, and Best Fruit Processors which produces tomato paste for both local and export markets.

The beverage volumes were flat compared to the prior year, having been affected by the shortages of juice concentrates in the first half of the year and a prolonged plant breakdown that disrupted the supply of Minute Maid Juice drinks and bottled water. The route to market was adversely affected by the currency-induced price distortions in the formal retail sector.

There was an improvement in the intake of juicing fruit during the 2022 season. The fruit intake is affected by the attractiveness of the international markets for table fresh fruit and the capacity of BBJ to access foreign currency.

The business continues to explore opportunities to improve the long-term supply of juicing fruit. The Company continues to work collaboratively with over 200 families who have established a 90-hectare orange plantation under the Shashe Citrus Out-Grower Scheme in Maramani Communal Lands in Beitbridge.



Review of Operations: Associates

Nampak Zimbabwe

Review of Operations: Associates

Nampak Zimbabwe

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 injection, stretch blow, rotational moulding of primary and secondary plastic and PET packaging products for food and beverages sectors.
Hunyani	Manufacture of paper, printing, and packaging products.
CarnaudMetalbox	Manufacture of metal aerosol cans, crowns, and plastic bottles

Nampak reported a steady volume outturn, benefiting from the recoveries of beverages and other consumer sectors. The supply of key raw materials remains a challenge due to the disruptions arising from the war in Ukraine, post COVID-19 pressure, and constrained access to foreign currency. The focus remains on stabilising the supply chain and protecting working capital.

Report of the Directors

The Directors present their 76th Annual Report together with the Audited Financial Statements of the Group for the year ended 31 March 2023.

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.

	2013 ZW$'000
Revenue	452 081 417
Operating Income	102 701 498
Net Finance Charges	7 225 516
Share of Associates Income	3 747 514
Profit Before Tax	113 674 528
Profit attributable to Owners	97 132 858
Less Dividends	
Dividends Declared and Paid (US$0.01 cents per share)	(9 795 411)
Add Forfeiture of shares	13 142
Distributable Reserves at the beginning of the year	21 173 704
Distributable Reserves at the end of the year	108 524 293

Property, Plant and Equipment

Capital expenditure (inclusive of returnable containers) for the year to 31 March 2023 totalled ZW$43.3 billion. The capital expenditure for the year to 31 March 2024 is planned at ZW$92.6 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 ZWL$0.01 (one cent) each. A total of 9 423 590 shares were allotted in accordance with the share option schemes. The ordinary shares in issue are 1 308 063 606.

Accordingly, the issued share capital is now ZW$147.8 billion comprising nominal capital of ZW$13,0 million and share premium of 134.8 million. The number of shares currently under the Share Appreciation Rights Scheme is 28 272 000.

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 an interim dividend of US$1.0 cent per share and a final dividend of US$2.0 cents per share. This brings the total dividend in respect of the year ended 31 March 2023 to US$3.0 cents.

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.

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 2022.

Purchase of Own Shares (continued)

The authority is due to expire at the conclusion of the next annual general meeting in July 2023. 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 of 5 632 579 of its own shares as at 31 March 2023.

Going Concern

The directors have reviewed the Group's performance for the year and the principal risks it 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 172 to 175. Messrs L E M Ngwerume and J A Kirby retired from the Board on 29 July 2022.

Messrs T Moyo and J Mushosho retire by rotation. Mr B Mbanga retires at the end of his interim appointment. All being eligible, will offer themselves for re-election. The election of directors will be by individual motions.

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 76th Annual General Meeting of the Company will be held at 12:30 hours on Friday 28 July 2023 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
Chairman
12 May 2023

M M Valela
Chief Executive

F N Musinga
Company Secretary

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
12 May 2023

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 recently introduced 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 172 to 175.

Corporate Governance (continued)

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, chaired by an independent non-executive director and comprises of non-executive directors. The Chief Executive and the Finance Director 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. 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 the review of 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 at 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 high 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 which is 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.

Corporate Governance (continued)

Directors' Attendance of Meetings

(From 1 April 2022 to 31 March 2023)

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

- Messrs L E M Ngwerume and J A Kirby retired from the Board during the year, whilst Mr B Mbanga joined during the year.
- The membership of committees was altered during the year.

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. As has been experienced in previous general elections, political tensions will rise during and post the 2023 elections scheduled between July 2023 and August 2023. The authorities' efforts to normalise relations with key western governments, and the international community at large, are being hampered by the perceptions that the country has not implemented the reforms that will ensure free and fair elections.

The country slid into economic uncertainty following the fiscal and monetary policies implemented during the 2018 to 2019 relating to the adoption of the local currency and abandoning the multi-currency framework. Consumer incomes have been eroded by the resurgent hyperinflation and currency depreciation. The Zimbabwe Dollar, which was adopted as the sole legal tender in June 2019, has depreciated sharply, setting the economy on the path to re-dollarise. A scarcity of foreign currency in the economy persists, giving rise to constrained supplies of imported materials and services, disrupting production operations hence escalating business continuity risks. This has ameliorated somewhat following the introduction of the foreign currency auction system and the re-dollarisation of the economy.

The residual impact of COVID-19 have been felt across the globe due to the disruptions to economic activities. 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.

The government reintroduced the multicurrency system allowing use of foreign currency for domestic transactions, a framework which will run until 2025 under the National Development Strategy 1. There are challenges relating to the multiple exchange rates which distort values of goods and services. The Foreign Currency Auction System has created significant opportunities for arbitrage thus affecting efficiencies in the allocation of resources in the economy at large. This particularly creates pricing competitiveness challenges as players who access foreign currency from the auction can derive wider trading margins due to arbitrage.

Principal Business Risks (continued)

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 introduced when the country reverted to the use of a local currency and the move back to multi-currency trading. In addition, complex and inconsistent legislative changes have been implemented relating to the currency used for settlement of some tax heads. The positions adopted by the Company with respect to income tax and some indirect taxes may differ from those of the tax authorities, thereby creating uncertainties.

b) Policies

The policy environment remains fluid creating uncertainties in our ability to plan on a long term basis. Of note are issues related to currency management, exchange control and monetary policies which affect the access to foreign currency and local bank notes or digital money transfers, thereby affecting our ability to supply product and the ability of consumers to purchase our products.

c) Distorted Currency and Asset Values

There are multiple exchange rates used by market players in setting prices of goods and services which are also based on the manner or form of payment; whether in local bank notes, via an electronic payment platform or foreign currency notes or transfer. This makes it difficult to establish the true value of products in either local or foreign currency. The measurement of financial performance is difficult in a hyperinflationary environment. Some of the regulations for accessing foreign currency result in economic players using runners and currency aggregators to import goods and services, which increases the number of value chain partners and escalates the legal compliance challenges and risks of fraud.

Principal Business Risks (continued)

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, which could lead to possible 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 and 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, product supply and to accelerate innovation together with the ongoing efforts to streamline value chain costs.

Product Safety and Quality Issues and Trademarks

Our success depends largely 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 could be terminated on notice.

There are heightened risks of employees contracting ailments from the viruses during epidemics such as the recent COVID-19 within the work environment. This requires significant changes to the practices on hygiene and safety practices to mitigate and reduce such eventualities.

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.

Principal Business Risks (continued)

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.

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 to be 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.

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 its operations.

There are regulations on access to personal data of consumers and customers and the need to adhere to ethical standards for the development of tools to utilise artificial intelligence in business settings.

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 a negative impact on the supply and cost of beverages.

Report of the Remuneration Committee

The Remuneration Committee submits its 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 takes into account 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 the 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 rate changes. Annual reviews are done to take into account 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.

Report of the Remuneration Committee (continued)

Compensation for the Chief Executive Officer and members of the Group Management Committee (continued)

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.

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 and an unstable exchange rate. 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 received and reviewed recommendations from the Chief Executive Officer on the selection and appointment of senior management.

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

Condolences — Late Mr Moses Gambiza

The committee expresses its sadness and extends its condolences to the family of Mr Moses Gambiza who passed away in December 2022. He was a senior executive in the role of Operations Director – Lager Beer and Sparkling Beverages and had been with the Group for 22 years.

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).

Annual Non-Executive Directors' Fees

Non-Executive Directors

	At March 2023 ZW$ Annual
Base Fee	
Board Chairman	27 896 000
Other Directors	17 109 000
Committee Chair	
Audit	17 109 000
Remuneration	8 555 000
Nominations	4 277 000
Committee Membership	
Audit	10 638 000
Remuneration	4 277 000
Nominations	4 277 000

The fees are paid quarterly.

Report of the Remuneration Committee (continued)

Remuneration of Directors and other Key Management

The remuneration of directors and members of key management during the year was as follows: (Historical Cost).

	2023 ZW$'000	2022 ZW$'000
Short Term	3 933 915	644 487
Post-Employment	319 192	52 639
Share Based	441 922	81 273
Total Directors and Key Management	4 695 029	778 399
Included in the amounts above are the following with respect of directors' emoluments:		
For services as directors	127 147	25 467
For managerial services	1 549 356	306 555
Total	1 676 503	332 022

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$3 776 million (2022 – ZW$768.6million).

Signed on Behalf of The Board

Fundira

E Fundira
Remuneration Committee Chairman
12 May 2023

Report of the Audit Committee

The Audit Committee submits its 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 Finance Director, 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. The Zimbabwe National Statistics Agency (ZimStats) stopped publishing the local currency Consumer Price Index (CPI) in January 2023, in preference for a Blended CPI, as directed by Government under Statutory Instrument 27/2023. The Blended CPI was considered to be inapplicable for reporting in the ZW$ currency. The company had to estimate the inflation factors for February and March 2023 as provided under paragraphs 17 and 37 of IAS 29.

ii) **The challenges arising from complying with International Accounting Standard 21:** Effects of Changes in Foreign Exchange Rates, as the country has reverted to the use of a dual currency framework as promulgated under Finance Act No 8 of 2022. There is a discernible disparity between the official auction exchange rate and the widely applied market exchange rates despite the existence of legislation prescribing the use of the official rates for pricing purposes. The 2022 Auditors' Report contained a modified opinion on the financial statements in relation to the use of estimated rates for reporting purposes. This modification has continued into the current reporting period.

iii) The business operations were adversely affected by the measures adopted globally and, in each country, to mitigate the spread of COVID 19 from 2020 to 2021. Whilst the businesses in Zimbabwe and Zambia were allowed to operate, during the various levels of lockdowns and restrictions implemented, South Africa adopted more stringent bans on sale or trading in alcoholic beverages. These measures severely disrupted trading for United National Breweries, which resulted in a depletion of its cash resources. The business has implemented recovery strategies but had to require the support of the parent company.

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 have largely been cleared, with the Government issuing treasury bills for the balance. The Committee was satisfied with the accounting treatments of the legacy debts and treasury bills.

vi) Some critical accounting judgements and estimations were made in the preparation of the financial statements. These include the valuation of the financial assets and treasury bills, the valuation of share-based payments, estimation of the containers in the market and the assessment of impairment assets.

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.

Report of the Audit Committee (continued)

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 Finance Director 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 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.

T Moyo
Audit Committee Chairman
12 May 2023

Annual Financial Statements

for the year ended 31 March 2023

Directors' Responsibility for Financial Reporting

for the year ended 31 March 2023

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, 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 2024. On the basis of this review, and in 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 65 to 68.

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 2023, which appear on pages 69 to 129 were approved by the Board of Directors on 12 May 2023 and are signed on its behalf by:

S Moyo
Chairman

M M Valela
Chief Executive Officer

EY
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

Adverse Opinion

We have audited the Consolidated Inflation Adjusted Financial Statements of Delta Corporation Limited (the Group) set out on pages 69 to 129, which comprise the Consolidated Inflation Adjusted Statement of Financial Position as at 31 March 2023, 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 as at 31 March 2023, 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 2023, 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$). We believe that the use of a transaction rate is inappropriate for financial reporting as it does not meet the definition of a spot rate as the rate is not accessible through a legal exchange mechanism. We believe that management should have applied the auction exchange rate and/or the Willing-Buyer-Willing-Seller (WBWS) exchange rate as determined by the interbank market, as either one of these two rates 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.

As no retrospective adjustments in terms of IAS 8 have been made, the matter continues to impact the following amounts on the consolidated inflation adjusted statement of financial position which still comprise material amounts from opening balances: Property, Plant and Equipment stated at ZW$173 923 271 000 (2022: ZW$132 712 292 000).

A member firm of Ernst & Young Global Limited

Independent Auditor's Report (continued)

As opening balances enter into the determination of financial performance, our audit report is modified in respect of the impact of these matters on the Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income.

Further, the corresponding amounts for Intangible Assets – Trademarks and Goodwill, Other Assets, Current Tax Liability, Borrowings, Cash and Cash Equivalents, Trade and Other Receivables and Trade and Other Payables on the consolidated inflation adjusted statement of financial position, and Finance Charges, Movement in Legacy Debt and Share of Profit of Associates on the Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income are materially misstated. Our audit report is therefore also modified due to the possible impact of this matter on comparability of the prior period and current period amounts. Our prior year audit report was also modified due to this matter.

Additionally, the following current year elements are impacted due to the continuing matter:

(i) The Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income items that are affected are as follows:
- Revenue stated at ZW$ 536 922 601 000 (2022: ZW$ 335 163 349 000)
- Net Operating Costs stated at ZW$ 437 127 781 000 (2022: ZW$ 257 960 417 000)
- Exchange Gains/(Losses) stated at ZW$ 29 966 508 000 (2022: ZW$ 7 071 333 000)
- Income Tax Expense stated at ZW$ 24 186 210 000 (2022: ZW$ 11 666 485 000)
- Foreign Exchange Differences on translation of Foreign Operations stated at ZW$ 15 975 437 000 (2022: ZW$ 394 859 000)

(ii) The consolidated inflation adjusted statement of financial position items that are affected are as follows:
- Inventories stated at ZW$ 96 351 625 000(current year only)
- Retained Earnings stated at ZW$ 203 607 277 000 (2022: ZW$ 149 349 951 000)
- Deferred Tax Liability stated at ZW$ 31 169 372 000 (2022: ZW$ 27 209 367 000)
- Foreign Currency Translation Transfer Reserve stated at ZW$25 089 410 000 (current year only)

Non-compliance with International Financial Reporting Standards IAS 16 - Property Plant and Equipment

Included in the Statement of Financial Position in the Property, Plant and Equipment balance are returnable containers of ZW$46 924 065 000 which are accounted for based on the container policy disclosed per note 4.9. There was a net increase in the value in the current year amounting to ZW$3 791 457 000. This increase does not comply with IAS 16 – Property Plant and Equipment as the amount relates to an uplift of the cost of returnable containers at the reporting date. The Group's accounting policy for Property, Plant and Equipment is to account for it at cost. The returnable containers are a component of Property, Plant and Equipment which has been accounted for at deposit value, which is higher than the cost. Therefore, the uplift of the cost of the containers to the closing deposit value does not align with International Financial Reporting Standards (IAS 16 - Property, Plant and Equipment).

Consequently, the Net Operating Costs stated at ZW$437 127 781 000, Net Monetary Adjustment of ZW$34 840 255 000, Income Tax Expense of ZW$24 186 210 000 on The Consolidated Inflation Adjusted Statement of Comprehensive Income and the Retained Earnings of ZW$203 607 277 000, Deferred Tax Liability of ZW$31 169 372 000 and Current Tax liability of ZW$ 4 879 541 000, Non-Controlling Interest of ZW$1 693 863 000 on the Consolidated Inflation Adjusted Statement of Financial Position are also 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 16, IAS 21, IAS 8 and consequential impact on IAS 29 as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the Net Monetary Adjustment of ZW$ 34 840 255 000 (2022: ZW$ 23 246 276 000) on the Consolidated Inflation Adjusted Statement of Profit or Loss and Other Comprehensive Income is impacted.

Independent Auditor's Report (continued)

The effects of the above departures from IFRS are material and pervasive to the Consolidated Inflation Adjusted Financial Statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Inflation Adjusted Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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 reports included in the following sections of the annual report: the Value Statements, Company Profile, Principal Business Risk, Financial Highlights, Chairman's Letter to Shareholders, Review of Operations, Reports of the Directors, Corporate Governance, the Report of the Remuneration Committee, Report of the Audit committee, Supplementary Information and Shareholder Information. These were made available to us after the date of the auditor's report. Other information also includes the Directors responsibility for financial reporting but does not include the Consolidated Inflation Adjusted Financial Statements and our Auditors Report thereon. The Directors are responsible for "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. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21, IAS 8, IAS 16 and the consequential impact on IAS 29.

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'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 the Group 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 scepticism 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'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'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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Inflation Adjusted Financial Statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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
19 May 2023

Consolidated Statements of Comprehensive Income

for the year ended 31 March 2023

		INFLATION ADJUSTED		*HISTORIC COST	
	Notes	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
REVENUE	8	**536 922 601**	335 163 349	**452 081 417**	86 457 003
NET OPERATING COSTS	9.1	**(437 127 783)**	(257 960 417)	**(349 379 919)**	(64 855 705)
OPERATING INCOME		**99 794 818**	77 202 932	**102 701 498**	21 601 298
Finance charges		**(6 876 242)**	(1 326 752)	**(6 216 127)**	(409 256)
Finance income		**59 112**	422 302	**32 603**	84 964
Exchange gain		**29 966 508**	7 071 333	**14 636 097**	2 865 505
Movement in legacy debt	10	**(1 227 057)**	(1 539 767)	**(1 227 057)**	(506 086)
Net monetary Loss		**(34 840 255)**	(23 246 276)	**—**	—
Share of profit of associate	14	**452 172**	1 765 042	**3 747 514**	717 964
Profit before taxation		**87 329 056**	60 348 814	**113 674 528**	24 354 389
income tax expense	11.1	**(24 186 210)**	(11 666 485)	**(17 167 891)**	(4 721 451)
PROFIT FOR THE YEAR		**63 142 846**	48 682 329	**96 506 637**	19 632 938
Profit for the year attributable to:					
Owners of the parent		**65 392 176**	48 581 359	**97 132 858**	19 340 403
Non-controlling interest		**(2 249 330)**	100 970	**(626 221)**	292 535
TOTAL PROFIT FOR THE YEAR		**63 142 846**	48 682 329	**96 506 637**	19 632 938
Other comprehensive income for the year					
Foreign exchange differences on translation of foreign operations		**15 975 437**	(394 859)	**19 070 714**	733 508
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**79 118 283**	48 287 470	**115 577 351**	20 366 446
Other comprehensive income that will not be reclassified to profit and loss					
Total comprehensive income for the year attributable to:					
Owners of the parent company		**83 231 269**	49 747 391	**120 176 723**	20 586 940
Non-controlling interest		**(4 112 986)**	(1 459 921)	**(4 599 372)**	(220 494)
		79 118 283	48 287 470	**115 577 351**	20 366 446
Weighted average shares in issue (millions)	5.5	**1,304**	1,296	**1,304**	1,296
EARNINGS PER SHARE (CENTS)					
- Headline earnings		**4,839.29**	3,818.59	**7,400.91**	1,536.39
- Diluted earnings		**4,777.89**	3,710.84	**7,302.46**	1,496.53
- Basic earnings		**4,842.23**	3,757.59	**7,400.79**	1,515.39

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

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	**173 923 271**	132 712 292	**79 360 766**	14 835 768
Right of use of asset	13	**525 591**	326 013	**73 448**	31 912
Investments in associates	14	**14 157 530**	13 705 362	**5 087 372**	1 339 858
Intangible assets – Trademarks and Goodwill	15.1	**28 146 509**	23 339 480	**21 075 114**	5 158 629
Investments and loans	15.2	**7 426 173**	3 826 151	**7 426 173**	1 257 568
Financial assets at armotised cost	18.2	**1 435 442**	—	**1 435 442**	—
		225 614 516	173 909 298	**114 458 315**	22 623 735
Current Assets					
Inventories	16	**96 351 625**	45 765 203	**74 411 957**	11 309 771
Trade and other receivables	17	**40 978 246**	15 580 593	**40 978 246**	5 120 984
Other assets	18.3	**23 766 296**	30 301 650	**17 076 633**	8 596 270
Current tax asset		**—**	417	**—**	137
Financial assets at fair value	18.1	**—**	4 966 364	**—**	1 632 330
Cash and cash equivalents	24.5	**16 011 752**	15 984 066	**16 011 752**	5 253 596
		177 107 919	112 598 293	**148 478 588**	31 913 088
Total Assets		**402 722 435**	286 507 591	**262 936 903**	54 536 823
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19.2	**1 772 427**	1 772 314	**13 081**	12 986
Share Premium		**12 087 555**	12 053 579	**134 811**	106 462
Share options reserve		**2 149 581**	1 486 194	**729 954**	135 911
Share buyback		**(2 280 877)**	(2 280 877)	**(16 418)**	(16 418)
Foreign currency translation reserve		**25 089 410**	7 250 317	**25 089 410**	2 045 545
Retained earnings		**203 607 277**	149 349 951	**108 540 711**	21 190 122
Adjustment arising from change in non-controlling interest		**(1 185 112)**	(974 549)	**(427 172)**	(211 004)
Equity attributable to equity holders of the parent		**241 240 261**	168 656 929	**134 064 377**	23 263 604
Non-controlling interest		**(1 693 863)**	2 667 337	**(4 958 521)**	(160 863)
Total shareholders' equity		**239 546 398**	171 324 266	**129 105 856**	23 102 741
Non-Current Liabilities					
Long-term borrowings	21.2	**467 767**	5 468 957	**467 767**	1 797 521
Long-term lease liablity	22	**1 818 920**	497 437	**1 818 920**	163 496
Deferred tax liabilities	11	**31 169 372**	27 209 367	**1 824 382**	2 519 059
		33 456 059	33 175 761	**4 111 069**	4 480 076
Current Liabilities					
Short-term borrowings	21.2	**5 162 598**	4 977 011	**5 162 598**	1 635 830
Short term Lease liability	22	**208 853**	39 410	**208 853**	12 953
Trade and other payables	23.1	**91 409 769**	45 327 181	**91 409 769**	14 898 005
Provisions	23.2	**28 059 215**	15 012 590	**28 059 215**	4 934 294
Dividends payable		**2**	11 853 337	**2**	3 895 920
Current tax liability		**4 879 541**	4 798 035	**4 879 541**	1 577 004
		129 719 978	82 007 564	**129 719 978**	26 954 006
Total Equity and Liabilities		**402 722 435**	286 507 591	**262 936 903**	54 536 823
Net asset value per share (cents)		**18,499.96**	13,018.00	**10,280.97**	1 795.62

The financial statements were approved by the Board and authorised for issue on 12 May 2023.

* 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 2023

	Notes	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
Cash flow from operating activities					
Cash generated from operating activities	24.1	**128 853 574**	62 015 749	**109 458 883**	19 587 141
Increase in working capital	24.2	**(41 481 316)**	(15 123 543)	**(16 351 239)**	(5 727 072)
Cash generated from operations		**87 372 258**	46 892 206	**93 107 644**	13 860 069
Interest received		**59 112**	422 302	**32 603**	84 964
Interest paid		**(6 692 468)**	(1 326 752)	**(6 082 061)**	(409 256)
Interest paid on short term lease liability		**(183 774)**	(48 881)	**(134 066)**	(16 066)
Income tax paid	24.3	**(21 121 942)**	(8 496 951)	**(15 612 839)**	(2 792 446)
Capital gains tax paid		**(2 085)**	—	**(1 944)**	—
Net cash flow from operating activities		**59 431 101**	37 441 924	**71 309 337**	10 727 265
Cash flow from investing activities					
Additions in investments and loans		**(8 385 675)**	(1 745 323)	**(7 028 252)**	(1 761 012)
Repayments of investments and loans		**1 675 581**	489 513	**1 474 703**	992 636
Dividend received from associate		**—**	154 781	**—**	39 861
Purchase of property, plant and equipment to expand operations		**(33 040 907)**	(7 490 115)	**(30 458 730)**	(1 803 281)
Purchase of property, plant and equipment to mantain operations		**(12 832 670)**	(9 834 601)	**(11 829 785)**	(2 367 728)
Proceeds on disposal of property, plant and equipment		**73 873**	43 271	**53 892**	14 222
Net cash utilised in investing activities		**(52 509 798)**	(18 382 474)	**(47 788 172)**	(4 885 302)
Cash flow from financing activities					
Dividends paid by company	24.4	**(16 876 667)**	(10 424 011)	**(13 691 331)**	(2 389 494)
Dividends paid by subsidiaries	24.4	**(231 312)**	(577 589)	**(192 396)**	(69 585)
Purchase of shares in subsidiary		**(232 123)**	(463 573)	**(226 544)**	(214 957)
Repayment of short term lease liability	22	**(574 923)**	(466 260)	**(419 416)**	(153 249)
Loans raised	21	**5 299 147**	517 535	**4 384 797**	124 192
Repayment of borrowings	21.2	**(13 025 800)**	(8 284 661)	**(11 927 672)**	(1 988 049)
Net cash utilised in financing activities		**(25 641 678)**	(19 698 559)	**(22 072 562)**	(4 691 142)
(Decrease) / increase in cash and cash equivalents before effects of currency translation		**(18 720 375)**	(639 109)	**1 448 603**	1 150 514
Effects of currency translation on opening cash and cash equivalents		**6 176 318**	7 803 212	**4 505 732**	1 872 517
Effects of currency translation on cash and cash equivalents - foreign operations		**4 070 236**	1 577 545	**2 969 308**	378 560
Effects of IAS 29 on cash and cash equivalents		**6 838 956**	(2 302 272)	**—**	—
Net increase in cash and cash equivalents		**(1 634 865)**	6 439 376	**8 923 643**	3 401 591
Cash and cash equivalents at beginning of year		**15 727 912**	9 288 536	**5 169 404**	1 767 813
Cash and cash equivalents at end of year		**14 093 047**	15 727 912	**14 093 047**	5 169 404
Comprising:-					
Bank balances and cash		**16 011 752**	15 984 066	**16 011 752**	5 253 596
Bank overdraft		**(1 918 705)**	(256 154)	**(1 918 705)**	(84 192)
Cash and cash equivalents at end of year		**14 093 047**	15 727 912	**14 093 047**	5 169 404

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

Group Statements of Changes In Total Equity

for the year ended 31 March 2023

INFLATION ADJUSTED

	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Share Buy back ZW$'000	Change in Ownership ZW$'000	Foreign Currency Translation Reserve ZW$'000	Retained Earnings ZW$'000	Attributable to owners of the parent ZW$'000	Non-controlling Interests ZW$'000	Total Equity ZW$'000
At 1 April 2021	**1 771 745**	**11 969 195**	**1 027 157**	**(2 280 877)**	**(208 046)**	**6 084 285**	**116 840 242**	**135 203 701**	**3 979 474**	**139 183 175**
Profit for the year	—	—	—	—	—	—	48 581 359	48 581 359	100 970	48 682 329
Other comprehensive income, net of tax	—	—	—	—	—	1 166 032	—	1 166 032	(1 560 891)	(394 859)
Total Comprehensive Income for the year	**—**	**—**	**—**	**—**	**—**	**1 166 032**	**48 581 359**	**49 747 391**	**(1 459 921)**	**48 287 470**
Transactions with owners:										
Share options excercised	569	84 384	(84 953)	—	—	—	—	—	—	—
Recognition of share based payments	—	—	551 727	—	—	—	—	551 727	—	551 727
Forfeiture of shares	—	—	(7 737)	—	—	—	7 737	—	—	—
Adjustment arising from change of ownership - AFDIS	—	—	—	—	(766 503)	—	—	(766 503)	302 930	(463 573)
Dividends declared	—	—	—	—	—	—	(16 079 387)	(16 079 387)	(155 146)	(16 234 533)
At 1 April 2022	1 772 314	12 053 579	1 486 194	(2 280 877)	(974 549)	7 250 317	149 349 951	168 656 929	2 667 337	171 324 266
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**65 392 176**	**65 392 176**	**(2 249 330)**	**63 142 846**
Other comprehensive income	—	—	—	—	—	17 839 093	—	17 839 093	(1 863 656)	15 975 437
Total Comprehensive Income for the year	**—**	**—**	**—**	**—**	**—**	**17 839 093**	**65 392 176**	**83 231 269**	**(4 112 986)**	**79 118 283**
Transactions with owners:										
Share options excercised	113	33 976	(34 089)	—	—	—	—	—	4 660	4 660
Recognition of share based payments	—	—	735 484	—	—	—	—	735 484	—	735 484
Forfeiture of shares	—	—	(38 008)	—	—	—	38 008	—	—	—
Share options excercised	—	—	—	—	—	—	—	—	—	—
Adjustment arising from change of ownership - AFDIS	—	—	—	—	(210 563)	—	—	(210 563)	(21 560)	(232 123)
Dividends declared: Current year	—	—	—	—	—	—	(11 172 858)	(11 172 858)	(231 314)	(11 404 172)
At 31 March 2023	**1 772 427**	**12 087 555**	**2 149 581**	**(2 280 877)**	**(1 185 112)**	**25 089 410**	**203 607 277**	**241 240 261**	**(1 693 863)**	**239 546 398**

Group Statements of Changes In Total Equity (continued)

for the year ended 31 March 2023

***HISTORIC COST**

	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Share Buy back ZW$'000	Change in Ownership ZW$'000	Foreign Currency Translation Reserve ZW$'000	Retained Earnings ZW$'000	Attributable to owners of the parent ZW$'000	Non-controlling Interests ZW$'000	Total Equity ZW$'000
At 1 April 2021	**12 865**	**88 565**	**22 374**	**(16 418)**	**(6 509)**	**799 008**	**6 717 076**	**7 616 961**	**105 496**	**7 722 457**
Profit for the year	—	—	—	—	—	—	19 340 403	19 340 403	292 535	19 632 938
Other comprehensive income, net of tax	—	—	—	—	—	1 246 537	—	1 246 537	(513 029)	733 508
Total Comprehensive Income for the year	**—**	**—**	**—**	**—**	**—**	**1 246 537**	**19 340 403**	**20 586 940**	**(220 494)**	**20 366 446**
Transactions with owners:										
Share options excercised	121	17 897	(18 018)	—	—	—	—	—	4 835	4 835
Recognition of share based payments	—	—	134 098	—	—	—	—	134 098	—	134 098
Forfeiture of shares	—	—	(2 543)	—	—	—	2 543	—	—	—
Adjustment arising from change of ownership - AFDIS	—	—	—	—	(204 495)	—	—	(204 495)	(10 462)	(214 957)
Dividends declared: Current year	—	—	—	—	—	—	(4 869 900)	(4 869 900)	(40 238)	(4 910 138)
At 31 March 2022	**12 986**	**106 462**	**135 911**	**(16 418)**	**(211 004)**	**2 045 545**	**21 190 122**	**23 263 604**	**(160 863)**	**23 102 741**
Profit for the period	—	—	—	—	—	—	97 132 858	97 132 858	(626 221)	96 506 637
Other comprehensive income, net of tax	—	—	—	—	—	23 043 865	—	23 043 865	(3 973 151)	19 070 714
Total Comprehensive Income for the period	**—**	**—**	**—**	**—**	**—**	**23 043 865**	**97 132 858**	**120 176 723**	**(4 599 372)**	**115 577 351**
Transactions with owners:										
Share options excercised	95	28 349	(28 444)	—	—	—	—	—	4 488	4 488
Recognition of share based payments	—	—	635 629	—	—	—	—	635 629	—	635 629
Forfeiture of shares	—	—	(13 142)	—	—	—	13 142	—	—	—
Adjustment arising from change of ownership - AFDIS	—	—	—	—	(216 168)	—	—	(216 168)	(10 376)	(226 544)
Dividends declared: Current year	—	—	—	—	—	—	(9 795 411)	(9 795 411)	(192 398)	(9 987 809)
At 31 March 2023	**13 081**	**134 811**	**729 954**	**(16 418)**	**(427 172)**	**25 089 410**	**108 540 711**	**134 064 377**	**(4 958 521)**	**129 105 856**

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

Notes to the Financial Statements

for the year ended 31 March 2023

1. GENERAL INFORMATION

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

The Group 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 adopted the amendments to IAS 37.

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 2023

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 adopted the amendments of IFRS 3.

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 adopted the amendments of IAS 16.

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 judgment. 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

The Group 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 2023

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.

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

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 Practice Statement 2	Making Materiality Judgements
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 12	Income Taxes
Ammendments to IFRS 16	Leases

The directors of the Group do not anticipate that the application of the amendments in the future will have a significant 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 2024.

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 the settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendment requires the disclosure of information about the covenants and the related liabilities when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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

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

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies.

Effective for annual periods beginning on or after 1 January 2023.

The aim is to provide accounting policy disclosures that are more useful by replacing the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies, and adding guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

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.

Amendments to IAS 8, Definition of Accounting Estimates

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

To clarify the interaction between an accounting policy and an accounting estimate, the standard has been amended to state that: "An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty - that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such cases, an entity develops an accounting estimate to achieve the objective set out by the accounting policy"

Amendments to IFRS 16, 'Leases': Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024.

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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 abridged consolidated financial information is presented in Zimbabwean dollars. They have been prepared under the inflation-adjusted accounting basis in line with the provisions of International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29), hence the historical cost information has been restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made. Accordingly, the inflation-adjusted financial statements represent the primary financial statements of the Company and the Group. The historical cost financial statements have been provided by way of supplementary information.

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

On the 3rd of March 2023, the Government issued SI 27 of 2023, which defined the term "rate of inflation" and introduced a new inflation rate measurement method. Consequently, ZIMSTAT stopped reporting ZW$ inflation and CPI figures and only released blended CPI figures. This change created a challenge for the Group, as it had been using the ZW$ CPI for reporting hyperinflated historical figures.

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

In the absence of a reliable, independently determined index, the Group had to consider various methodologies of determining the appropriate indices for the month of February and March. This included the use of independent experts as well as consideration of the movements in the exchange rates which have a bearing on inflation developments. As an additional step, the Group compared the data used in publications issued by recognised institutions. The Group has concluded that indices used for hyperinflationary accounting are reasonable. The determination of the indices is a significant area of judgement. The timing of the resolution of the uncertainty regarding the CPI is unknown. Refer to note 30 for the CPI sensitivity analysis.

The conversion factors used to restate the financial statements as at 31 March 2023 are as follows:

	Index	Conversion Factor
31 March 2023	**14 500.86**	1.00
31 March 2022	**4 766.10**	3.04
31 March 2021	**2 759.83**	5.25
Average CPI for the 12 months to:		
Average March 2023	**11 618.07**	1.37
Average March 2022	**3 582.90**	4.17

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of Preparation (continued)

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.

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

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

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of Consolidation (continued)

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 noncontrolling 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 noncontrolling 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 (Company)

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.

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. At Company, the investment is held at cost. The results, assets and liabilities of associates are incorporated in the Group 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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

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 the 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. For IAS 29 - Financial Reporting in Hyperinflaonary Economies, the impact of inflation is usually recognised in borrowing costs. It is not appropriate both to restate the capital expenditure financed by borrowing and to capitalise that part of the borrowing costs that compensates for the inflation during the same period. This part of the borrowing costs is recognised as an expense in the period in which the costs are incurred.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For IAS 29 - Financial Reporting in Hyperinflaonary Economies, the impact of inflation is usually recognised in borrowing costs. It is not appropriate both to restate the capital expenditure financed by borrowing and to capitalise that part of the borrowing costs that compensates for the inflation during the same period. This part of the borrowing costs is recognised as an expense in the period in which the costs 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

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Property, Plant and Equipment (continued)

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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 as at 31 March 2023. 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 2023, 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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Employee Benefits (continued)

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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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 2023

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 2023

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 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a rightof-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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Leases (continued)

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the rightof-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. those payments occurs and are included in the line "Net Operating costs" in profit or loss.

4.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; itis 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.

4.20 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 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Critical judgements in applying accounting policies

- **CPI determination**
  The assumptions and methodology underlying the CPI determination is fully described in Note 4.2.

- **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 period of service, life expectancy, salary levels and probability of early contractual terminations. Management uses market and nonmarket 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 subsidiary 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 subsidiary or divisional level, which is the lowest level for which separately identifiable cash flows are available (cash-generating units).

  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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Critical judgements in applying accounting policies (continued)

- **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.

- **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.

Application of IAS 21 - The Effects of Changes in Foreign Exchange Rates

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 opinion for the current year ended 31 March 2023 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.

4.22 Segment Reporting

The Group has four reportable segments, as described in note 7. 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. Refer to note 7 for a description of the operations in each of the Group's reportable segments:

Notes to the Financial Statements (continued)
for the year ended 31 March 2023

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 1.35% for 2023 and 1.44% in 2022 respectively.

The weighted number of shares excluding treasury shares was:

	2023 Number of Shares in millions	2022 Number of Shares in millions
Ordinary shares	**1 308.1**	1 284.9
Share options*	**17.60**	11.10
Weighted average number of shares	**1 304.0**	1 296.0

* The share options included in the weighted average number of shares are exercised shares.

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.

Notes to the Financial Statements (continued)
for the year ended 31 March 2023

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.

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 reportable segments in 2023 nor 2022.

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

Information about reportable segements
Information related to each reportable segment is set out below. Segment operation income is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

7. SEGMENTAL REPORTING (continued)

Reportable segments

INFLATION ADJUSTED

2023	Lager Beer ZW$'000	Sparkling Beverages ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Total reportable segments ZW$'000	All other segments and intersegment eliminations ZW$'000	Total ZW$'000
Segment revenue	222 852 031	92 223 907	179 745 869	41 005 939	**535 827 746**	17 930 764	**553 758 510**
Inter-segment revenue	—	—	—	—	**—**	(16 835 909)	**(16 835 909)**
External revenue	222 852 031	92 223 907	179 745 869	41 005 939	**535 827 746**	1 094 855	**536 922 601**
Segment operating income	56 767 620	9 933 233	18 865 258	5 398 896	**90 965 007**	8 829 811	**99 794 818**
Segment finance costs	—	—	(111 285)	(609 091)	**(720 376)**	(6 155 866)	**(6 876 242)**
Segment net working capital*	(62 878)	9 583 982	13 194 141	8 263 271	**30 978 516**	21 288 968	**52 267 484**
Segment trade and other payables	(30 038 491)	(24 198 935)	(36 683 159)	(10 659 718)	**(101 580 303)**	(23 260 132)	**(124 840 435)**
Segment working capital assets	29 975 613	33 782 917	49 877 300	18 922 989	**132 558 819**	44 549 100	**177 107 919**
Segment property, plant and equipment	41 017 215	60 428 497	53 803 398	4 866 904	**160 116 014**	13 807 257	**173 923 271**
Non-current assets additions	19 744 863	8 580 288	11 523 170	1 452 178	**41 300 499**	4 573 078	**45 873 577**
Segment depreciation	(2 421 187)	(1 912 456)	(4 799 012)	(310 325)	**(9 442 980)**	(3 362 253)	**(12 805 232)**

INFLATION ADJUSTED

2022

2022	Lager Beer ZW$'000	Sparkling Beverages ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Total reportable segments ZW$'000	All other segments and intersegment eliminations ZW$'000	Total ZW$'000
External revenue	132 649 921	58 304 142	115 806 395	26 371 562	**333 132 020**	10 812 008	**343 944 028**
Inter-segment revenue	—	—	—	—	**—**	(8 780 679)	**(8 780 679)**
Segment revenue	132 649 921	58 304 142	115 806 395	26 371 562	**333 132 020**	2 031 329	**335 163 349**
Segment operating income	37 119 951	7 355 648	19 482 348	6 794 167	**70 752 114**	6 450 818	**77 202 932**
Segment net working capital*	8 473 682	1 544 875	1 333 987	6 527 434	**17 879 978**	24 395 342	**42 275 320**
Segment trade and other payables	(12 460 373)	(13 402 133)	(25 529 566)	(3 098 844)	**(54 490 916)**	(10 865 276)	**(65 356 192)**
Segment working capital assets	20 934 055	14 947 008	26 863 553	9 626 278	**72 370 894**	35 260 618	**107 631 512**
Segment property, plant and equipment	29 675 130	45 047 453	41 638 073	3 729 527	**120 090 183**	12 622 109	**132 712 292**
Non-current assets additions	5 323 064	5 493 374	3 570 447	743 003	**15 129 888**	2 194 828	**17 324 716**
Segment depreciation	(4 228 211)	(2 114 224)	(3 283 220)	(222 535)	**(9 848 189)**	(525 404)	**(10 373 592)**

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Notes to the Financial Statements (continued)

for the year ended 31 March 2023

7. SEGMENTAL REPORTING (continued)

Reportable segments (continued)

HISTORIC COST

2023	Lager Beer ZW$'000	Sparkling Beverages ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Total reportable segments ZW$'000	All other segments and intersegment eliminations ZW$'000	Total ZW$'000
Segment revenue	186 007 528	77 183 946	153 873 333	34 194 079	**451 258 886**	15 107 938	**466 366 824**
Inter-segment revenue	—	—	—	—	**—**	(14 285 407)	**(14 285 407)**
External revenue	186 007 528	77 183 946	153 873 333	34 194 079	**451 258 886**	822 531	**452 081 417**
Segment operating income	49 811 955	13 491 285	18 092 586	7 452 530	**88 848 356**	13 853 142	**102 701 498**
Segment finance costs	—	—	(111 285)	(550 730)	**(662 015)**	(5 554 112)	**(6 216 127)**
Segment net working capital*	(7 217 745)	7 146 294	1 280 650	6 554 269	**7 763 468**	15 874 685	**23 638 153**
Segment trade and other payables**	(30 038 491)	(24 198 935)	(36 683 159)	(10 659 718)	**(101 580 303)**	(23 260 132)	**(124 840 435)**
Segment working capital assets	22 820 746	31 345 229	37 963 809	17 213 987	**109 343 771**	39 134 817	**148 478 588**
Segment property, plant and equipment	20 705 727	21 416 793	31 264 242	1 161 224	**74 547 986**	4 812 780	**79 360 766**
Non-current assets additions	17 345 931	8 288 469	11 241 854	995 100	**37 871 354**	4 417 161	**42 288 515**
Segment depreciation	(1 220 685)	(331 631)	(2 126 456)	(82 488)	**(3 761 260)**	(257 286)	**(4 018 546)**

HISTORIC COST

2022

2022	Lager Beer ZW$'000	Sparkling Beverages ZW$'000	Sorghum Beer ZW$'000	Wines and Spirits ZW$'000	Total reportable segments ZW$'000	All other segments and intersegment eliminations ZW$'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)**
Segment 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**
Segment depreciation	(57 769)	(146 654)	(270 764)	(14 875)	**(490 062)**	(74 453)	**(564 515)**

** 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 2023

7. SEGMENTAL REPORTING (continued)

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

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
i) Revenue				
Total revenue for reportable segments	**535 827 746**	333 132 020	**451 258 886**	85 937 969
Revenue for other segments	**17 930 764**	10 812 008	**15 107 938**	2 732 674
Elimination of inter-segment revenue	**(16 835 909)**	(8 780 679)	**(14 285 407)**	(2 213 640)
Consolidated revenue	**536 922 601**	335 163 349	**452 081 417**	86 457 003
ii) Operating income				
Total operating income for reportable segments	**90 965 007**	70 752 114	**88 848 356**	20 090 553
Operating income for other segments	**8 829 811**	6 450 818	**13 853 142**	1 510 745
- Finance income	**59 112**	422 302	**32 603**	84 964
- Finance cost	**(6 876 242)**	(1 326 752)	**(6 216 127)**	(409 256)
- Share of profit in associates	**452 172**	1 765 042	**3 747 514**	717 964
- Exchange gains / (losses)	**29 966 508**	7 071 333	**14 636 097**	2 865 505
- Movement in legacy debt	**(1 227 057)**	(1 539 767)	**(1 227 057)**	(506 086)
- Net monetary loss	**(34 840 255)**	(23 246 276)	**—**	—
Consolidated profit before tax	**87 329 056**	60 348 814	**113 674 528**	24 354 389
iii) Assets				
Total working capital assets for reportable segments	**132 558 819**	72 370 894	**109 343 771**	20 128 992
Working capital assets for other segments	**44 549 100**	35 260 618	**39 134 817**	10 151 629
Total property, plant and equipment for reportable segments	**160 116 014**	120 090 183	**74 547 986**	14 155 806
Property, plant and equipment for other segments	**13 807 257**	12 622 109	**4 812 780**	679 962
Intangible assets	**28 146 509**	23 339 480	**21 075 114**	5 158 629
Right-of-use asset	**525 591**	326 013	**73 448**	31 912
Equity-accounted investees	**14 157 530**	13 705 362	**5 087 372**	1 339 858
Investments and loans	**7 426 173**	3 826 151	**7 426 173**	1 257 568
Financial Asset at armotised cost	**1 435 442**	—	**1 435 442**	—
Financial Asset at fair value	**—**	4 966 364	**—**	1 632 330
Current tax asset	**—**	417	**—**	137
Consolidated total assets	**402 722 435**	286 507 591	**262 936 903**	54 536 823
iv) Liabilities				
Total trade and other payables for reportable segments*	**101 580 303**	54 509 670	**101 580 303**	17 916 079
Trade and other payables for other segments*	**23 260 132**	10 807 113	**23 260 132**	3 552 050
Total long-term borrowings for reportable segments	**467 767**	5 468 958	**467 767**	1 797 521
Long-term lease liability for reportable segments*	**910 439**	478 683	**910 439**	157 332
Long-term lease liability for other segments	**908 481**	58 163	**908 481**	19 117
Total deferred tax liabilities for reportable segments	**2 372 001**	4 583 739	**1 355 640**	1 155 562
Deferred tax liabilities for other segments	**28 797 371**	22 625 627	**468 742**	1 363 497
Dividend payable	**2**	11 853 337	**2**	3 895 920
Current tax liability	**4 879 541**	4 798 035	**4 879 541**	1 577 004
Consolidated total liabilities	**163 176 037**	115 183 325	**133 831 047**	31 434 082

* In the current year, short-term lease liability has been reclassified to trade and other payables. In 2022 short-term lease liability was included in long-term lease liabilities.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

8. DISAGGREGATED REVENUE

Revenue disaggregation by product

INFLATION ADJUSTED

2023	Lager Beer ZW$ 000	Sparkling Beverages ZW$ 000	Sorghum Beer ZW$ 000	Wines and Spirits ZW$ 000	Malt Sales ZW$ 000	Total ZW$ 000
Gross Sales	257 308 821	107 229 193	215 313 413	42 370 093	1 119 047	**623 340 567**
Less VAT and discounts	(34 456 790)	(15 005 286)	(35 567 544)	(1 364 154)	(24 192)	**(86 417 966)**
Revenue	222 852 031	92 223 907	179 745 869	41 005 939	1 094 855	**536 922 601**
Less excise duties and levies	(52 919 451)	(31 721)	(5 323 043)	(8 437 630)	(6 315)	**(66 718 160)**
Net Sales	169 932 580	92 192 186	174 422 826	32 568 309	1 088 540	**470 204 441**

2022	Lager Beer ZW$ 000	Sparkling Beverages ZW$ 000	Sorghum Beer ZW$ 000	Wines and Spirits ZW$ 000	Malt Sales ZW$ 000	Total ZW$ 000
Gross Sales	153 114 832	67 699 647	131 823 192	26 903 884	2 049 239	**381 590 794**
Less VAT and discounts	(20 464 908)	(9 395 505)	(16 016 797)	(532 319)	(17 916)	**(46 427 445)**
Revenue	132 649 924	58 304 142	115 806 395	26 371 565	2 031 323	**335 163 349**
Less excise duties and levies	(27 500 783)	(14 215)	(3 222 823)	(5 146 301)	(6 295)	**(35 890 417)**
Net Sales	105 149 141	58 289 927	112 583 572	21 225 264	2 025 028	**299 272 932**

HISTORIC COST

2023	Lager Beer ZW$ 000	Sparkling Beverages ZW$ 000	Sorghum Beer ZW$ 000	Wines and Spirits ZW$ 000	Malt Sales ZW$ 000	Total ZW$ 000
Gross Sales	214 802 238	89 743 877	185 289 667	35 375 265	843 239	**526 054 286**
Less VAT and discounts	(28 794 710)	(12 559 931)	(31 416 333)	(1 181 186)	(20 709)	**(73 972 869)**
Revenue	186 007 528	77 183 946	153 873 334	34 194 079	822 530	**452 081 417**
Less excise duties and levies	(44 741 577)	(29 910)	(4 586 613)	(7 054 218)	(5 572)	**(56 417 890)**
Net Sales	141 265 951	77 154 036	149 286 721	27 139 861	816 958	**395 663 529**

2022	Lager Beer ZW$ 000	Sparkling Beverages ZW$ 000	Sorghum Beer ZW$ 000	Wines and Spirits ZW$ 000	Malt Sales 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	**77 460 421**

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	Notes	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
9. OPERATING INCOME					
Operating income is arrived at after charging:-					
9.1 Net Operating Costs					
Raw materials, consumables used and container adjustments**		**183 389 083**	111 341 541	**141 913 578**	28 962 898
Depreciation expense	9.2	**12 805 232**	10 373 592	**4 018 546**	564 515
Staff costs		**100 839 566**	48 305 067	**85 884 337**	14 385 268
Excise and levies		**66 718 160**	35 890 419	**56 417 891**	8 996 585
Share option expenses		**735 484**	551 727	**635 629**	134 098
Repairs and maintenance		**25 599 894**	21 914 802	**20 852 039**	3 504 404
Container breakages*		**5 993 688**	2 769 223	**5 265 660**	677 787
Selling and marketing expenses		**13 415 725**	7 611 033	**11 079 518**	2 163 560
Royalties and technical fees		**6 000 955**	3 728 794	**4 948 880**	1 143 461
Security costs		**6 287 246**	3 332 502	**4 586 654**	896 850
Administration and other operating expenses		**15 342 750**	12 141 717	**13 777 187**	3 426 279
		437 127 783	257 960 417	**349 379 919**	64 855 705

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

** Included in raw material, consumables and container adjustments are container adjustments amounting to ZW$17 billion (2022: ZW$2.9 billion).

	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
9.2 Depreciation, amortisation and impairment of Property, Plant and Equipment and right of use asset				
Buildings	**1 184 134**	1 450 256	**223 994**	141 845
Plant and equipment	**7 450 549**	8 304 583	**1 218 694**	337 525
Vehicles	**2 055 765**	759 131	**498 098**	133 188
Containers	**2 050 652**	600 775	**2 025 884**	197 461
Total	**12 741 100**	11 114 745	**3 966 670**	810 019
Impairment net of reversals*	**—**	(828 804)	**—**	(272 409)
	12 741 100	10 285 941	**3 966 670**	537 610
Right-of-use asset	**64 132**	87 651	**51 876**	26 905
Total	**12 805 232**	10 373 592	**4 018 546**	564 515

* No impairment has been recorded during the year. Impairment recorded in 2022 related to property, plant and equipment for foreign entities and a reversal of 2021 impairment for United National Breweries of ZW$1.3 billion.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	HISTORIC COST 2023 ZW$'000	HISTORIC COST 2022 ZW$'000
9. OPERATING INCOME (continued)				
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	**948 109**	237 513	**858 456**	78 065
- Company	**66 978**	36 312	**48 889**	11 935
Total	**1 015 087**	273 825	**907 345**	90 000

10. LEGACY DEBT AND FINANCE COSTS / INCOME

10.1 Movement in legacy debt

The Group extinguished all legacy foreign liabilities as at 31 March 2023 (2022: ZW$6.5 billion), being those amounts that were due and payable on 22 February 2019 when the authorities promulgated SI33/2019 which introduced the ZW$ currency as distinct from the US$, and the functional currency. The Group had registered these liabilities with the Reserve Bank of Zimbabwe and transferred to the Reserve Bank of Zimbabwe the ZW$ 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 were being accounted for at the closing exchange rates. The cash cover deposits at the Reserve Bank of Zimbabwe were disclosed as a financial asset. The following exchange losses and revaluation gains have been recorded in the statement of profit or loss.

	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
Exchange losses on revaluation of legacy debt	**(5 169 176)**	(4 137 301)	**(5 169 176)**	(1 359 836)
Exchange gains on revaluation of financial asset	**3 942 119**	2 597 534	**3 942 119**	853 750
	(1 227 057)	(1 539 767)	**(1 227 057)**	(506 086)

An amount of ZW$1.2 billion (2022: ZW$1.5 billion) was recorded as a foreign exchange loss relating to the legacy foreign liabilities held during the year. In compliance with IFRS, the deposit at the Reserve Bank of Zimbabwe represented a commitment to pay equivalent value in US$ and therefore treated as a financial derivative translated at closing rate and discounted to Net Present Value.

The legacy debts were transferred from the Reserve Bank of Zimbabwe to the Government of Zimbabwe under the Finance Act No. 7 of 2021. At the end of the year, the Government issued United States Dollar denominated treasury bills in settlement of the legacy debts. As such, the asset presented on the financial statements is the treasury bid component related to legacy debts. (Refer to note 18.2).

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
10. LEGACY DEBT AND FINANCE COSTS / INCOME (continued)				
10.2 Finance costs and finance income				
Finance Costs				
Bank loans interest	**6 669 010**	1 277 871	**6 064 948**	393 190
Lease finance charges	**207 232**	48 881	**151 179**	16 066
	6 876 242	1 326 752	**6 216 127**	409 256
Finance Income				
Interest on farmer inputs	**—**	156 964	**—**	37 666
Interest on staff loans	**59 112**	265 338	**32 603**	47 298
	59 112	422 302	**32 603**	84 964
11. TAXATION				
11.1 Taxation				
Income tax:				
Current tax	**18 915 376**	11 885 666	**18 915 376**	3 906 546
Withholding tax	**—**	119	**—**	39
Deferred tax	**5 268 749**	(219 300)	**(1 749 429)**	814 866
Capital gains tax	**2 085**	—	**1 944**	—
	24 186 210	11 666 485	**17 167 891**	4 721 451
11.2 Reconcilliation of Rate of Taxation				
Standard rate	**24.72%**	24.72%	**24.72%**	24.72%
Adjusted for:				
Effect of expenses not deductible for tax*	**2.03%**	(1.79%)	**(1.19%)**	0.98%
Effects of amounts not taxable-exchange gain	**0.00%**	(8.48%)	**(2.30%)**	(6.36%)
Effects of rebasing tax base of property, plant and equipment	**(0.06%)**	—	**(0.03%)**	—
Equity accounted earnings of associates	**0.13%**	(0.50%)	**0.81%**	(0.28%)
Effects of income taxed at different rates	**(2.77%)**	3.00%	**(2.13%)**	2.00%
Other temporary differences	**3.66%**	1.58%	**5.14%**	—
Effective rate	**27.71%**	18.53%	**15.02%**	21.06%

* Included in expenses not deductible for tax are IMTT, share based payment expense, excess pension, subscriptions and entertainment expenses.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
11. TAXATION (continued)				
11.3 Deferred Tax Liabilities				
Balance at the beginning of year	**27 209 367**	26 732 975	**2 519 059**	1 008 175
Charge to profit or loss	**5 268 749**	(219 300)	**(1 749 429)**	814 866
Effects of inflation and exchange differences on foreign subsidiaries	**(1 308 744)**	695 692	**1 054 752**	696 018
Balance at end of year	**31 169 372**	27 209 367	**1 824 382**	2 519 059
Analysis of balance at end of year				
** Property, plant and equipment	**26 703 055**	21 508 650	**7 336 402**	1 844 549
*** Other taxable temporary differences	**4 466 317**	5 700 717	**(5 512 020)**	674 510
	31 169 372	27 209 367	**1 824 382**	2 519 059

** The Finance Act [Chapter 23:04] was amended to include that, "if, in relation to capital allowances claimed (in any year of assessment before the year of assessment beginning on the 1st of January, 2023) in terms of paragraphs 2, 3 and 4 of the Fourth Schedule to the Taxes Act, any balance of such allowances remains unredeemed as at the 1st of January, 2023, any such unredeemed balance shall be rebased to the local currency equivalent of the outstanding foreign currency invoice value using the Reserve Bank auction rate prevailing on the 1st of January 2023."

The tax bases of Property, plant, and equipment bought in foreign currency have therefore been rebased inline with the ammendment, the impact of which resulted in a decrease in the temporary difference and deferred tax liability.

*** Included in other temporary differences are provisions (ZW$5.1 billion) (2022: ZW$1.4 billion), prepayments ZW$1.6 billion (2022: ZW$1.8 billion), inventory ZW$6.5 billion (2022: ZW$3.7 billion).

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.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
12. PROPERTY, PLANT AND EQUIPMENT				
FREEHOLD PROPERTIES				
Cost	**54 503 453**	50 509 048	**13 777 182**	3 753 118
Capital work in progress	**605 239**	—	**605 239**	—
Accumulated depreciation	**(24 490 374)**	(22 872 666)	**(2 390 819)**	(674 460)
	30 618 318	27 636 382	**11 991 602**	3 078 658

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
12. PROPERTY, PLANT AND EQUIPMENT (continued)				
PLANT AND EQUIPMENT				
Cost	**173 252 981**	151 954 364	**39 615 306**	8 127 304
Capital work in progress	**9 073 397**	4 447 785	**4 276 124**	147 495
Accumulated depreciation	**(97 366 783)**	(88 526 217)	**(12 002 711)**	(3 685 966)
	84 959 595	67 875 932	**31 888 719**	4 588 833
VEHICLES				
Cost	**33 721 638**	25 746 916	**12 888 238**	2 352 888
Accumulated depreciation	**(22 300 345)**	(18 159 161)	**(7 061 059)**	(1 741 782)
	11 421 293	7 587 755	**5 827 179**	611 106
CONTAINERS				
Cost	**20 641 588**	13 469 567	**18 736 576**	4 253 615
Containers in the market	**26 282 477**	16 142 656	**10 916 690**	2 303 556
	46 924 065	29 612 223	**29 653 266**	6 557 171
Total property, plant and equipment	**173 923 271**	132 712 292	**79 360 766**	14 835 768
Movement in net book amount for the year:				
At the beginning of the year	**132 712 291**	122 089 766	**14 835 767**	7 259 288
Capital expenditure	**45 873 577**	17 324 716	**42 288 515**	4 171 009
Disposals	**(79 886)**	(376 923)	**(52 321)**	(71 475)
Translation differences	**4 366 932**	2 721 480	**14 721 169**	4 272 377
Movement in containers in the market and other adjustments	**3 791 457**	1 239 195	**11 534 306**	(257 822)
Depreciation	**(12 741 100)**	(11 114 745)	**(3 966 670)**	(810 019)
Impairment	**—**	828 804	**—**	272 409
At end of the year	**173 923 271**	132 712 293	**79 360 766**	14 835 767
Capital expenditure comprised:				
Land and buildings	**1 671 430**	1 169 175	**1 643 620**	281 432
Plant and equipment	**23 972 887**	8 312 548	**22 459 236**	1 521 090
Vehicles	**5 430 436**	1 781 895	**5 071 766**	461 446
Containers	**14 798 824**	6 061 098	**13 113 893**	1 907 041
	45 873 577	17 324 716	**42 288 515**	4 171 009
Disposals comprised:				
Land and buildings	**—**	739	**—**	5
Plant and equipment	**1 385**	27 413	**831**	390
Vehicles	**78 501**	348 771	**51 491**	71 080
	79 886	376 923	**52 321**	71 475

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
13. RIGHT-OF-USE ASSET				
Balance at beginning of year	**326 013**	629 140	**31 912**	59 622
Additions	**389 393**	—	**147 883**	—
Transalation differences	**(125 683)**	(215 476)	**(54 471)**	(804)
Depreciation	**(64 132)**	(87 651)	**(51 876)**	(26 906)
Right-of-use asset at end of year	**525 591**	326 013	**73 448**	31 912

The Group leases buildings in Zimbabwe and South Africa as offices. The average lease is 10 years (2022: 10 years). The corresponding lease liability is disclosed in Note 22.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
14. INVESTMENT IN ASSOCIATES				
Shares at cost	**1 333 659**	1 333 659	**9 600**	9 600
Post acquisition reserves	**12 823 871**	12 371 703	**5 077 772**	1 330 258
	14 157 530	13 705 362	**5 087 372**	1 339 858
Included in post-acquisition reserves are current year share of profits of ZW$ 452 million (2022: ZW$1,8 million).				
Analysis of results and statement of financial position of associates.				
Schweppes Zimbabwe Limited (49%)(2022: 49%)				
Shares at cost	**73 635**	73 635	**530**	530
Gain arising on acquisition	**1 288 922**	1 288 922	**9 278**	9 278
Group share of post acquisition reserves	**6 578 164**	6 621 925	**1 113 289**	591 069
Dividend received	**—**	(258 972)	**—**	(40 611)
	7 940 721	7 725 510	**1 123 097**	560 266
Total assets	**48 518 385**	30 857 043	**41 770 733**	7 404 687
Total liabilities	**(25 247 782)**	(15 275 670)	**(24 398 636)**	(3 665 664)
Net assets*	**23 270 603**	15 581 374	**17 372 097**	3 739 023
Group's share of net assets of associate	**11 402 595**	7 634 873	**8 512 328**	1 832 121
Total revenue	**55 690 766**	40 890 747	**46 584 317**	9 871 524
Total profit for the year or period	**439 206**	2 796 958	**1 148 635**	667 692
Group's share of profits of associates for the period	**215 211**	1 370 509	**562 831**	327 169

* The difference between the carrying amount and the Group's share of net assets of associate amounting to ZW$3.5 billion (2022: ZW$90.6 million) is a result of different accounting policies between the Group and the associate.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
14. INVESTMENT IN ASSOCIATES (continued)				
Nampak Zimbabwe Limited (21.46%) (2022: 21,46%)				
Shares at cost	**1 260 024**	1 260 024	**9 070**	9 070
Group share of post acquisition reserves	**4 956 785**	4 719 827	**3 955 205**	770 522
	6 216 809	5 979 851	**3 964 275**	779 592
Total assets	**43 541 194**	27 190 269	**33 875 772**	5 999 429
Total liabilities	**(17 814 123)**	(8 700 656)	**(15 912 142)**	(2 189 840)
Net assets	**25 727 071**	18 489 613	**17 963 630**	3 809 589
Group's share of net assets of associate	**5 521 029**	3 967 871	**3 854 995**	817 538
Total revenue	**71 740 811**	43 191 132	**39 188 378**	10 446 730
Total (losses)/profit for the year or period	**1 104 199**	1 838 458	**14 840 089**	1 821 040
Group's share of profits of associates for the year	**236 961**	394 533	**3 184 683**	390 795

The market value of the Group's interest in Nampak Zimbabwe Limited which is listed on the stock exchange in Zimbabwe was ZW$5 billion (2022: ZW$7.3 billion).

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
15. TRADEMARKS, GOODWILL, INVESTMENTS AND LOANS				
15.1 Intangible assets - Trademarks and Goodwill				
Trademarks				
At beginning of year	**20 829 974**	18 910 187	**5 140 565**	2 485 145
Exchange differences arising from translation of foreign subsidiary	**4 807 032**	1 919 787	**15 916 485**	2 655 420
At cost at end of year	**25 637 006**	20 829 974	**21 057 050**	5 140 565
Goodwill				
At beginning of year	**2 509 506**	2 509 506	**18 064**	18 064
At cost at end of year	**2 509 503**	2 509 506	**18 064**	18 064
Total Trademarks and Goodwill	**28 146 509**	23 339 480	**21 075 114**	5 158 629

Sorghum Beer Business Zimbabwe Trademarks

Included in the trademarks balance is the Chibuku trademark amounting to ZW$6.1 billion (2022: ZWL$6.1 billion). The useful life of the trademarks have been considered indefinite because there is no legal, regulatory, contractual competitive economic or other factors limiting the useful life of the Chibuku trademarks. An annual impairment assessment was performed as at 31 March 2023 and management considered the operating profit for the year. In addition, a new Chibuku plant line will be installed during the financial period ending 31 March 2024 which will increase capacity. Chibuku has a strong brand recognition and reputation with a growing market shown by the 9% increase in volume.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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

15.1 Intangible assets - Trademarks and Goodwill (continued)

Sorghum Business Segment - UNB SA

The selling and distribution of beverages for UNB SA has improved due to the relaxation of COVID-19 restrictions. Business performance has in turn improved during the year ended 31 March 2023. The carrying amount of the Intangible assets - trademarks in UNB SA amounts to ZW$19.6 billion (ZW$13.8 billion).

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

	Recoverable amount	
Name of Operations	2023 ZW$ 000	2022 ZW$ 000
UNB South Africa	**93 185 794**	14 592 000

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	2023 Pre-discount rate	2022
UNB South Africa	19.93%	21.22%

Cash flows beyond the five-year period are extrapolated using a 4% growth rate (2022: 4.6%) for UNB SA.

Name of Operations	2023 Extrapolation Growth rate	2022
UNB South Africa	4.00%	4.60%

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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

15.1 Intangible assets - Trademarks and Goodwill (continued)

Growth rates used to extrapolate cash flows beyond the forecast period (continued)

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

Name of Operations	2023 Gross Margins	2022 Gross Margins
UNB South Africa	28.60%	36.50%

These are increased over the budget period for anticipated efficiency improvements at 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 decrease in the pre-tax discount rate to 19.3% (i.e +1.29%) in UNB South Africa would not result in an impairment.

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 the traditional beer market to grow significantly over the forecast period.

		Fair value hierachy	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
15.2	Investments and Loans					
	Investments					
	Medical Investments Limited shares*	3	**581 394**	703	**581 394**	134
	Old Mutual shares**	1	**144 901**	99 639	**144 901**	32 749
15.3	Loans					
	Secured - Related Parties	3	**6 699 878**	3 725 809	**6 699 878**	1 224 685
			7 426 173	3 826 151	**7 426 173**	1 257 568

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

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

15.3 Loans (continued)

Included in the Group's secured loans of ZW$6.7 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$1.1 billion (2022: ZW$2.3 billion). During the year, ZW$8.2 billion was advanced and ZW$1.7 billion 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.

** Level 1 instruments comprise of listed shares.
* Level 3 instruments value is derived through the valuation of shares

		INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
16.	INVENTORIES				
	Consumable stores	**24 056 899**	14 350 117	**10 014 082**	1 955 082
	Finished products	**13 388 613**	4 798 044	**10 262 975**	1 358 544
	Raw materials	**56 136 921**	24 905 649	**51 564 882**	7 464 046
	Work in progress	**2 769 192**	1 711 393	**2 570 018**	532 099
		96 351 625	45 765 203	**74 411 957**	11 309 771

The cost of inventories recognised as an expense during the year was ZW$164.8 billion (2022: ZW$97.67 billion).

The Group realised stock losses of ZW$3.7 billion (2022: ZW$2 billion).

		INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
17.	TRADE AND OTHER RECEIVABLES				
	Trade receivables	**23 904 570**	14 776 905	**23 904 570**	4 856 830
	Other receivables	**18 941 734**	1 489 133	**18 941 734**	489 444
	Allowances for credit losses	**(1 868 058)**	(685 445)	**(1 868 058)**	(225 290)
		40 978 246	15 580 593	**40 978 246**	5 120 984

Other receivables from third parties relate to sundry debtors of ZW$11.2 billion (2022: ZW$455.7 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$3 billion (2022: ZW$1.2 billion). 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 (2022: 7).

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

17. TRADE AND OTHER RECEIVABLES (continued)

The Group has recognised an allowance for credit losses of ZW$22 billion (2022: ZW$684.6 million) based on the historical past default performance of the counterparty and the analysis of the counterparty'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 as indicated in the matrix below.

The Group's current provision matrix is as follows:

Number of Days After Granting of Credit	ECL (%)
0 - 90	2%
90+	27%

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 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 81% (2022: 80%) of recievables 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$3.7 billion (2022: ZW$505,5 million) that relates to contract farmers input loans that are recoverable at harvest against crop deliveries.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
0 - 30 days	**13 635 926**	13 330 410	**13 635 926**	4 379 056
31 - 60 days	**2 808 698**	—	**2 808 698**	—
61 - 90 days	**1 339 987**	700 727	**1 339 987**	232 657
Over 90 days	**4 251 901**	745 768	**4 251 901**	245 117
	22 036 512	1 446 495	**22 036 512**	4 856 830
Movement in allowance for credit losses				
Balance at the beginning of the year	**685 444**	291 158	**225 290**	55 414
Increase in allowance for credit losses	**909 144**	444 798	**909 144**	146 195
Effects of IAS 29	**(733 336)**	(122 561)	**—**	—
Amounts written off during the year as uncollected	**1 009 981**	79 248	**736 799**	26 047
Amounts recovered during the year	**(3 175)**	(7 199)	**(3 175)**	(2 366)
Balance at end of year	**1 868 058**	685 444	**1 868 058**	225 290

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

17. TRADE AND OTHER RECEIVABLES (continued)

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 lifetime expected credit losses for trade receivables held at amortised cost as these receivables do not contain a significant financing component.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Ageing of impaired trade receivables				
0 - 90 days	**325 798**	—	**325798**	—
Over 90 days	**1 542 260**	685 444	**1 542 260**	225 290
Total	**1 868 058**	685 444	**1 868 058**	225 290

18. FINANCIAL ASSET-FAIR VALUE AND OTHER ASSETS

18.1 Financial Asset-Fair Value

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Balance at beginning of year	**4 966 364**	4 916 157	**1 632 330**	1 615 828
Revaluations	**3 942 119**	6 210 646	**3 942 119**	503 613
Receipts	**(6 499 939)**	(10 028 500)	**(4 887 551)**	(616 059)
Claims	**—**	1 590 211	**—**	128 948
Derecognition	**(686 898)**	—	**(686 898)**	—
Effects of IAS 29	**(1 721 646)**	(7 654 878)	**—**	—
Fair Value Through Profit and Loss	**—**	4 966 364	**—**	1 632 330

The asset related to blocked funds paid to RBZ as a financial cover for legacy debts. The legacy debts were extinguished and refunds received from the RBZ. The value of the Blocked Funds Arrangement as at 31 March 2023 is US$ nil (2022: US$10,8 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 the 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: 1 000 at 31 March 2023

For more details refer to note 10

Fair Value Hierarchy

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

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

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

18. FINANCIAL ASSET-FAIR VALUE AND OTHER ASSETS (continued)

18.1 Financial Asset-Fair Value (continued)

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%

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
18.2 Financial Asset - Armotised cost				
Treasury Bills	1 435 442	—	1 435 442	—
	1 435 442	—	1 435 442	—

Treasury bills disclosed above represents the treasury bid component received from the Reserve Bank of Zimbabwe in settlement of the legacy debt. These are carried at 0% coupon and has a tenure of 3 years.

The Group measures these bills at amortised cost and are discounted using an effective interest rate of 10%. On fair value hierarchy, the treasury bills are classified as level 3 instruments due to the absence of an active market with sufficient trades.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
18.3 Other Assets				
Prepayments	23 766 296	30 301 650	17 076 633	8 596 270
	23 766 296	30 301 650	17 076 633	8 596 270

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

	2023 Number of shares in millions	2022 Number of shares in millions
At beginning of year	1 299	1 287
Exercise of share options	9	12*
At end of year	1 308	1 299

* The amount has been restated from 14 that had been disclosed in the prior year.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

19. SHARE CAPITAL (continued)

19.3 Unissused Shares

Subject to the limitations imposed by the Companies Act (Chapter 24:31), in terms of a special resolution of the Company in the General Meeting, the unissued share capital comprising 86 303 815 (2022: 95 727 405) 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 vest after three years and are exercisable for a period of ten years. 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 in a 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	Historic Grant Prices ZW$	Inflation Adjusted Grant Prices ZW$	Number of Shares 2023 '000	Number of Shares 2022 '000
Total options					
10 May 2019	10 May 2029	2.95	345	230	7 375
7 May 2020	7 May 2030	5.81	77	3 980	4 460
10 August 2020	10 August 2030	16.23	111	5 962	8 355
6 May 2021	6 May 2031	53.25	269	9 180	9 280
6 May 2022	6 May 2032	394.95	860	8 920	—
Total Share Incentives				28 272	29 470
				28 272	29 470

	2023 '000	2022 '000
Movements in share options during the year:		
Number outstanding at beginning of year	29 470	34 508
New options /SARS granted during year	8 920	9 280
Forfeited Shares	(694)	(1 544)
Exercised during year	(9 424)	(12 774)
Outstanding at end of year	28 272	29 470

The weighted average price of exercise of share options and the weighted average stock exchange price for the year were ZW$3.02 (2022: ZW$4.50) and ZW$339.98 (2022: ZW$370.55) respectively. The number of shares forfeited for the year ended 31 March 2023 is 694 410 (2022: 1 544 000 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 2022. The estimated fair value of the options granted on this date was ZW$1.598 billion 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$594 million (2022: ZW$362.98 million) in respect of share options in issue.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

19. SHARE CAPITAL (continued)

19.4 Shares Under Option (continued)

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$	394.95
Expected volatility	52.12%
Dividend yield	4.30%
Risk-free interest rate	10.48%

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 2% level of forfeiture.

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

19.5 Share Buy Back

The effect of the cost of the share buy back (treasury shares) has been debited to reserves. The Company held a total of 5 632 579 (2022: 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:

	2023 Number of shares	2022 Number of shares
E Fundira	**169**	169
S Moyo	**6 270**	—
T Moyo	**21 007**	6 270
C C Jinya	**12 490**	12 490
A Makamure	**6 037 723**	5 076 123
M M Valela	**17 344 050**	14 331 040
	23 421 709	19 426 092

No changes in Directors' shareholdings have occurred between the financial year end and 5 May 2023, being the date of the last meeting of the directors.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
21. BORROWINGS				
21.1 Movements in Long Term Borrowings				
Balance at beginning of year	**5 468 957**	8 743 022	**1 797 521**	1 663 989
Translation differences on foreign balances	**1 786 595**	610 672	**5 458 032**	1 219 708
Transfer (to) / from short-term loan	**(5 943 754)**	(3 628 972)	**(5 943 754)**	(1 192 760)
Loans raised	**596 006**	—	**434 797**	—
Repayment	**(1 278 829)**	—	**(1 278 829)**	—
Effects of IAS 29	**(161 208)**	(580 047)	**—**	—
Revaluation arising from exchange differences	**—**	324 282	**—**	106 584
Balance at end of year	**467 767**	5 468 957	**467 767**	1 797 521
21.2 Movements in Short Term borrowings				
Balance at beginning of year	**4 977 011**	7 156 054	**1 635 830**	1 361 955
Translation differences on foreign balances	**780 595**	511 928	**2 245 349**	767 390
Transfer from / (to) long-term loan	**5 943 754**	3 628 972	**5 943 754**	1 192 760
Loans raised excluding overdraft	**4 703 141**	261 381	**3 950 000**	40 000
Overdraft	**1 918 705**	256 154	**1 918 705**	84 192
Repayment	**(11 746 971)**	(8 284 661)	**(10 648 843)**	(1 988 049)
Effects of IAS 29	**(1 575 027)**	906 890	**—**	—
Revaluation arising from exchange differences	**161 390**	540 293	**117 803**	177 582
Balance at end of year	**5 162 598**	4 977 011	**5 162 598**	1 635 830

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$129 billion (2022: ZW$171 billion).

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
22. LEASE LIABILITY				
Balance at the beginning of the year	**536 847**	1 017 433	**176 449**	177 123
Additions	**389 393**	—	**147 883**	—
Repayments	**(574 923)**	(466 260)	**(419 416)**	(153 249)
Interest	**(183 774)**	(48 881)	**(134 066)**	(16 066)
Effects of IAS 29	**(396 693)**	(478 537)	**—**	—
Translation differences	**2 256 923**	513 092	**2 256 923**	168 641
Lease liability at end of year	**2 027 773**	536 847	**2 027 773**	176 449
Maturity analysis				
Short-term - Due within 1 year	**208 853**	39 410	**208 853**	12 953
Long-term - Due between 2 years and 10 years	**1 818 920**	497 437	**1 818 920**	163 496
Balance at end of year	**2 027 773**	536 847	**2 027 773**	176 449

The weighted average rate applied was 10% for leases within Zimbabwe and 12.25% for UNB SA related leases.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
23. TRADE, OTHER PAYABLES AND PROVISIONS				
23.1 Trade and Other Payables				
Trade payables	**30 476 006**	10 103 075	**30 476 006**	3 320 649
Accruals and other payables	**60 933 763**	35 224 106	**60 933 763**	11 577 356
	91 409 769	45 327 181	**91 409 769**	14 898 005

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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
23.2 Provisions				
Employee benefits*				
Balance at beginning of year	**7 648 854**	3 199 861	**2 514 003**	609 004
Net movement	**19 622 425**	7 938 570	**14 322 938**	1 904 999
Effects of IAS 29	**(10 434 338)**	(3 489 577)	**—**	—
Balance at end of year	**16 836 941**	7 648 854	**16 836 941**	2 514 003
Containers in the market **				
Balance at beginning of year	**7 363 736**	6 679 453	**2 420 291**	1 271 247
Net container market absorption movement	**8 801 983**	6 092 489	**8 801 983**	1 149 044
Effects of IAS 29	**(4 943 445)**	(5 408 206)	**—**	—
Balance at end of year	**11 222 274**	7 363 736	**11 222 274**	2 420 291
Provisions at end of year	**28 059 215**	15 012 590	**28 059 215**	4 934 294

* 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 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
24. CASH FLOW INFORMATION				
24.1 Cash generated from operating activities				
Profit before tax	**87 329 056**	60 348 814	**113 674 528**	24 354 389
Depreciation of property, plant and equipment, right of use and container amortisation	**12 805 232**	11 202 396	**4 018 546**	836 924
Impairment of property, plant and equipment	**—**	(828 804)	**—**	(272 409)
Profit/(loss) on disposal of property, plant and equipment	**38 333**	38 545	**(1 571)**	344
Share option expense	**735 484**	551 727	**635 629**	134 098
Finances charges	**6 876 242**	1 326 752	**6 216 127**	409 256
Finance Income	**(59 112)**	(422 302)	**(32 603)**	(84 964)
Unrealised exchange gains	**(8 997 250)**	(7 071 333)	**(8 997 250)**	(2 865 505)
Movement in legacy debt	**1 227 057**	1 539 767	**1 227 057**	506 086
Share of profit of associates	**(452 172)**	(1 765 042)	**(3 747 514)**	(717 964)
Stock losses and breakages	**3 999 057**	2 009 979	**3 537 443**	593 333
Container adjustments	**(17 489 710)**	(2 935 517)	**(13 967 391)**	(728 344)
Net monetary loss	**34 840 255**	23 246 276	**—**	—
Other non cash items**	**8 001 102**	(25 225 509)	**6 895 882**	(2 578 103)
	128 853 574	62 015 749	**109 458 883**	19 587 141
24.2 Movement in working capital				
Increase in inventories	**(81 307 808)**	(5 478 161)	**(59 315 465)**	(6 852 360)
Increase in receivables and other assets	**(43 735 752)**	(22 407 535)	**(40 598 018)**	(9 651 944)
Increase in trade and other payables	**83 562 244**	12 762 153	**83 562 244**	10 777 232
	(41 481 316)	(15 123 543)	**(16 351 239)**	(5 727 072)
24.3 Income Taxation Paid				
Balance at beginning of year	**(4 797 618)**	(2 342 357)	**(1 577 004)**	(445 802)
Current and withholding tax (Ref note 11.1)	**(18 915 376)**	(11 885 785)	**(18 915 376)**	(3 906 585)
Effects of changes in translation rates on foreign subsiaries	**—**	(111 398)	**—**	(36 341)
Tax adjustment from subsidiary	**—**	57 394	**—**	19 278
Effects of IAS 29	**(2 288 489)**	987 160	**—**	—
Net liability at end of year	**4 879 541**	4 798 035	**4 879 541**	1 577 004
	(21 121 942)	(8 496 951)	**(15 612 839)**	(2 792 446)

* The net tax liability is a net of current tax asset of ZW$18.9 billion(2022: ZW$0.416 million) and a liability of 4.9 billion (2022: ZW$4.79 million) as shown per Consolidated Statement of Financial Position.

** Included in other non cash items are movements in container breakages, bad debts written off and financial asset derecognition.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
24. CASH FLOW INFORMATION				
24.4 Dividend Paid				
By the company:				
Balance at beginning of year	**(11 853 338)**	(7 437 470)	**(3 895 920)**	(1 415 514)
Dividend declared (Ref note 25)	**(11 172 858)**	(16 079 387)	**(9 795 411)**	(4 869 900)
Effects of IAS 29	**6 149 529**	1 239 508	**—**	—
Balance at end of year	**—**	11 853 338	**—**	3 895 920
	(16 876 667)	(10 424 011)	**(13 691 331)**	(2 389 494)
By subsidiary:				
Declared dividend at the beginning of year	**—**	(154 197)	**—**	(29 347)
Dividend declared	**(231 314)**	(155 146)	**(192 398)**	(40 238)
Effects of IAS 29	**—**	68 520	**—**	—
Balance at end of year	**2**	—	**2**	—
	(231 312)	(240 823)	**(192 396)**	(69 585)
Total Dividends Paid	**(17 107 979)**	(10 664 834)	**(13 883 727)**	(2 459 079)
24.5 Cash and Cash Equivalents				
Made up as follows:				
Cash and cash equivalents	**16 011 752**	15 984 066	**16 011 752**	5 253 596

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

	2023 ZW$ Cents	2022 ZW$ Cents	2023 ZW$ Cents	2022 ZW$ Cents
25. DIVIDENDS DECLARED BY COMPANY				
INFLATION ADJUSTED				
Interim	**855**	326	**11 172 857**	4 226 051
Final	**—**	913	**—**	11 853 337
	855	1 239	**11 172 857**	16 079 388
HISTORIC COST				
Interim	**750**	45	**9 795 411**	973 980
Final	**—**	105	**—**	3 895 920
	750	150.00	**9 795 411**	4 869 900

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 182 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 2023

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
2023					
AB InBev Companies	22 960 551	**4 522 609**	—	**—**	(5 093 682)
Nampak Zimbabwe Limited	17 458	**—**	—	**—**	(432)
Schweppes Zimbabwe Limited	6 646	**—**	—	**—**	—
Delta Pension Fund	—	**—**	82 446	**—**	(69 000)
	22 984 655	**4 522 609**	82 446	**—**	(5 163 114)
2022					
AB InBev Companies	17 770 786	**1 390 015**	—	**—**	(3 078 447)
Nampak Zimbabwe Limited	875 565	**—**	—	**—**	(1 734 271)
Schweppes Zimbabwe Limited	333 315	**—**	—	**—**	—
Delta Pension Fund	—	**—**	1 111 501	**—**	1 111 501
	18 979 666	**1 390 015**	1 111 501	**—**	(4 812 718)

***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
2023					
AB InBev Companies	22 960 551	**4 522 609**	—	**—**	(5 093 682)
Nampak Zimbabwe Limited	17 458	**—**	—	**—**	—
Schweppes Zimbabwe Limited	6 646	**—**	—	**—**	(432)
Delta Pension Fund	—	**—**	82 446	**—**	(69 000)
	22 984 655	**4 522 609**	82 446	**—**	(5 163 114)
2022					
AB InBev Companies	5 840 850	**456 866**	—	**—**	(1 011 815)
Nampak Zimbabwe Limited	287 778	**—**	—	**—**	(570 015)
Schweppes Zimbabwe Limited	109 553	**—**	—	**—**	—
Delta Pension Fund	—	**—**	266 661	**—**	—
	6 238 181	**456 866**	266 661	**—**	(1 581 830)

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$26.3 million (2022: ZW$5.5 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 2023

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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Short-term benefits	**4 504 607**	2 376 774	**3 933 915**	644 487
Post-employment benefits	**383 438**	213 346	**319 192**	52 639
Share based payments	**605 773**	435 096	**441 922**	81 273
	5 493 818	3 025 216	**4 695 029**	778 399
Included in the above amounts are the following in respect of directors' emoluments:				
For services as directors	**153 296**	103 764	**127 147**	25 467
For managerial services	**1 813 201**	1 168 384	**1 549 356**	306 556
	1 966 497	1 272 148	**1 676 503**	332 023

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

Name	Country of Incorporation	Principal activity	Effective Interest 2023	Effective Interest 2022
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%
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 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
27. COMMITMENTS FOR CAPITAL EXPENDITURE				
Authorised by directors but not contracted for	**92 596 000**	38 825 343	**92 596 000**	12 761 000
	92 596 000	38 825 343	**92 596 000**	12 761 000

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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
28.3 Pension costs recognised as an expense				
Group Pension Funds	**4 637 890**	1 389 452	**3 383 422**	456 681
National Social Security Authority Scheme	**1 552 917**	233 974	**1 132 880**	76 902
Scheme / NPSA Fund Zambia	**106 828**	374 772	**77 933**	123 179
Scheme / United National Breweries SA (Pty) Ltd Provident Fund	**36 302**	38 317	**26 483**	12 594
	6 333 937	2 036 515	**4 620 718**	669 356

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.

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

29. FINANCIAL RISK MANAGEMENT (continued)

29.2 Foreign Currency Management (continued)

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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
USD	**(6 181 248)**	(6 534 350)	**2 291 362**	7 974 350	**(3 889 886)**	1 439 997
Euro	**(338 904)**	(34 362)	**3 933 883**	1 177	**3 594 979**	(33 185)
GBP	**—**	—	**9 051**	—	**9 051**	—
Rand	**(583 406)**	(168 104)	**10 815 576**	6 740 428	**10 232 170**	6 572 320

HISTORIC COST

	Liabilities		Assets		Net exposure	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
USD	**(6 181 248)**	(2 147 691)	**2 291 362**	2 620 986	**(3 889 886)**	473 295
Euro	**(338 904)**	(11 294)	**3 933 883**	387	**3 594 979**	(10 907)
GBP	**—**	—	**9 051**	—	**9 051**	—
Rand	**(583 406)**	(55 252)	**10 815 576**	2 215 424	**10 232 170**	2 160 172

The following table details the Group's sensitivity to a 10% increase or decrease in the ZW$ Dollar against the USD, Euro and South African Rand. The 10% represent 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 favorable manner against the net exposure.

INFLATION ADJUSTED

	Euro Impact		Rand Impact		USD Impact		GBP Impact	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Impact on profit (+/-)	**359 498**	(3 435)	**1 023 217**	(36 985)	**(388 989)**	(1 437 557)	**905**	—

HISTORIC COST

	Euro Impact		Rand Impact		USD Impact		GBP Impact	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Impact on profit (+/-)	**359 498**	(1 129)	**1 023 217**	(12 156)	**(388 989)**	(472 492)	**905**	—

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

29. FINANCIAL RISK MANAGEMENT (continued)

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 2023					
Borrowings	7,5	—	5 549 793	502 850	**6 052 642**
Trade payables		30 476 006	—	—	**30 476 006**
		30 476 006	5 549 793	502 850	**36 528 648**
31 March 2022					
Borrowings	7,5	—	5 350 969	6 015 850	**11 366 819**
Trade payables		10 103 075	—	—	**10 103 075**
		10 103 075	5 350 969	6 015 850	**21 469 894**

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 2023					
Borrowings	7,5	—	5 549 793	502 850	**6 052 642**
Trade payables		30 476 006	—	—	**30 476 006**
		30 476 006	5 549 793	502 850	**36 528 648**
31 March 2022					
Borrowings	7,5	—	1 758 741	1 977 272	**3 736 013**
Trade payables		3 320 649	—	—	**3 320 649**
		3 320 649	1 758 741	1 977 272	**7 056 662**

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

29. FINANCIAL RISK MANAGEMENT (continued)

29.4 Liquidity Risk Management (continued)

Liquidity and Interest rate tables (continued)

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZWS'000	2022 ZWS'000	2023 ZWS'000	2022 ZWS'000
FINANCING FACILITIES				
Unsecured bank loan facility with various maturity dates through to September 2023 and of which:				
Amount used	**428**	10 437 387	**428**	3 433 351
Amount unused	**1 527 197**	(10 437 387)	**1 527 197**	(3 433 351)
Total available	**1 527 625**	—	**1 527 625**	—

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% (2022: 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.

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

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

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.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

29. FINANCIAL RISK MANAGEMENT (continued)

29.7 Categories of Financial Instruments

	Notes	INFLATION ADJUSTED 2023 ZWS'000	INFLATION ADJUSTED 2022 ZWS'000	*HISTORIC COST 2023 ZWS'000	*HISTORIC COST 2022 ZWS'000
Financial assets					
Amortised cost:					
Cash and bank balances		**16 011 752**	15 984 066	**16 011 752**	5 253 596
Trade and other receivables	17	**40 978 246**	11 284 483	**40 978 246**	3 708 951
Loans	15.3	**6 699 878**	3 725 809	**6 699 878**	1 224 685
Financial asset at armotised costs	18.2	**1 435 442**	—	**1 435 442**	—
Fair value through profit/loss:					
Investments	15.2	**726 295**	100 342	**726 295**	32 883
Financial asset - Fair value through profit and loss	18.1	**—**	4 966 364	**—**	1 632 330
Financial liabilities					
Amortised cost:					
Borrowings	21	**5 630 365**	10 445 970	**5 630 365**	3 433 351
Trade payables	23.1	**30 476 006**	10 103 075	**30 476 006**	3 320 649

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 68% in current year (2022: 67%).

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. CPI SENSITIVITY

The Group considered various methodologies in determining the ZWL inflation indices to use for the purposes of preparation of Hyperinflation accounts. The methodologies applied were consistent with those required by International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies. In determining the indices, the group considered the movement in the exchange rates and engaged the use of an expert in determining the basket of goods in line with the methodologies previously used by the regulatory statistics body. Our assessment recognises the invariable challenges in the methodologies applied as the basket of goods is impacted by multiple exchange rates. The analysis below seeks to demonstrate the sensitivity of the indice used in preparing hyperinflation accounts in comparison to indices derived using other methodologies.

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

30. CPI SENSITIVITY (continued)

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

A - Consideration of Interbank Exchange rate in the determination of Indices
This methodology assumed the use of the movement in the interbank exchange rate.

B - Consideration of Internal Exchange rate in the determination of Indices
As communicated per note 9, the Group uses an internally determined exchange rate. This methodology assumed the use of the movement in the internal exchange rate.

C - Use of an Independent Expert
Based on the pricing of general goods independently determined by external experts and data generated by reputable research institutions. The estimates are based on a basket of goods with pricing determined differently using multiple exchange rates available in the official and alternative markets. The basket of goods and weighting thereof follows the bases used by the regulatory bodies and has been considered as the best estimate of the reflection of the National Consumer Price Index and hence has been adopted for reporting.

	C	A		B	
	*Index Based on expert repopulated basket	Index based on official exchange rate	**Impact of change in the conversion factor (%)	Index based on Internal exchange rate	***Impact of change in the conversion factor (%)
31 March 2023 Estimated Index	**14 500.86**	16 258.44	**12%**	15 892.66	**10%**
Average March 2023	**11 618.07**	11 777.50	**1%**	11 827.10	**2%**

* The Group adopted the use of the expert derived index
** Impact of change in the conversion factor if the Index based on the official exchange rate is used instead of the expert-derived index
*** Impact of change in the conversion factor if the Index based on the internal exchange rate is used instead of the expert-derived index

Effect on key items of the financials
If the average rate for the year and the March 2023 index increased by 1% and 12% (A) respectively or 2% and 10% (B) respectively, the effect of the movement on key financial aspects will be as follows:

	Scenario A effect	Scenario B effect
	2023 ZW$'000	2023 ZW$'000
Increase by 1%/ 2%		
Operating income	**997 948**	1 795 488
Profit for the year	**631 428**	1 136 054
Impact of increase by 12%/ 10%		
Total assets	**48 326 692**	38 653 506
Total equity and reserves	**29 034 275**	22 991 786
Total liabilities	**19 777 788**	15 661 720

Notes to the Financial Statements (continued)

for the year ended 31 March 2023

30. CPI SENSITIVITY (continued)

Effect on key items of the financials (continued)
Management has determined that the change in the inflation measurement technique, that is, use of estimated CPIs in February and March 2023 constitutes a change in accounting estimate, rather than a prior period error.

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

31. GOING CONCERN

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

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

Natbrew Zambia has faced funding challenges arising from cumulative financial losses and loss of volume over the years. Management is implementing a business recovery plan over the next 5 years. The significant recovery of volume in F23 demonstrates the positive effects of this turnaround.

Company Statements of Comprehensive Income

for the year ended 31 March 2023

		INFLATION ADJUSTED		*HISTORIC COST	
	Notes	Audited 2023 ZW$'000	Audited 2022 ZW$'000	Unaudited 2023 ZW$'000	Unaudited 2022 ZW$'000
REVENUE					
Dividend and other income*	J	**11 974 047**	16,545,973	**10 433 686**	4 984 866
Exchange Losses		**—**	—	**—**	—
Administrative expenses**		**(394 273)**	(291 408)	**(312 095)**	(61 446)
Monetary loss		**(350 833)**	(286 798)	**—**	—
Profit before tax		**11 228 941**	15 967 767	**10 121 591**	4 923 420
Taxation		**—**	—	**—**	—
PROFIT FOR THE YEAR		**11 228 941**	15 967 767	**10 121 591**	4 923 420
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11 228 941**	15 967 767	**10 121 591**	4 923 420

* Dividends and other income relates to dividends and management fees received from the subsidiary, Delta Beverages (Private) Limited, and dividends received from AFDIS Holdings Limited, a subsidiary of the Company. 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.

Company Statement of Financial Position

As at 31 March 2023

		INFLATION ADJUSTED		*HISTORIC COST	
	Notes	Audited 2023 ZW$'000	Audited 2022 ZW$'000	Unaudited 2023 ZW$'000	Unaudited 2022 ZW$'000
ASSETS					
Non-Current Assets					
Interest in subsidiaries	A	**16 028 584**	15 796 459	**554 371**	327 827
Investments in associates	E	**1 260 024**	1 260 024	**9 069**	9 069
Trademarks	F	**5 072 928**	5 072 928	**36 500**	36 500
Loans and Other investments	G	**7 170 929**	100 342	**7 170 929**	32 883
		29 532 465	22 229 753	**7 770 869**	406 279
Current Assets					
Loans to subsidiaries	B	**—**	12 031 122	**—**	3 954 354
Trade and other receivables	C	**484 089**	57 178	**484 089**	18 793
		484 089	12 088 300	**484 089**	3 973 147
Total Assets		**30 016 554**	34 318 053	**8 254 958**	4 379 426
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	19.2	**1 772 427**	1 772 314	**13 081**	12 986
Share Premium		**12 087 555**	12 053 579	**134 811**	106 462
Share options reserve		**1 918 868**	1 278 145	**677 607**	119 411
Retained earnings		**7 368 070**	7 304 537	**559 825**	226 195
Total shareholders' equity		**23 146 920**	22 408 575	**1 385 324**	465 054
Current Liabilities					
Trade and other payables	D	**484 089**	56 140	**484 089**	18 452
Dividends Payable	24.4	**—**	11 853 338	**—**	3 895 920
Loans from Subsidiaries	H	**6 385 545**	—	**6 385 545**	—
		6 869 634	11 909 478	**6 869 634**	3 914 372
Total Equity and Liabilities		**30 016 554**	34 318 053	**8 254 958**	4 379 426

The financial statements were approved by the Board and authorised for issue on 12 May 2023

M M Valela
Chief Executive Officer

A Makamure
Executive Director - Finance

Company Statement of Financial Position (continued)

As at 31 March 2023

A. INTEREST IN SUBSIDIARIES

Details of all subsidiaries are provided on Note 26.4 of the Consolidated AFS.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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Interest in subsidiaries				
Delta Beverages (Private) Limited	**12 100**	12 100	**87**	87
National Breweries Limited	**1 807**	1 807	**13**	13
United Bottlers (Private) Limited	**2 346**	2 346	**17**	17
Chibuku Breweries Limited	**19 210**	19 210	**138**	138
National Breweries Plc	**1 792 294**	1 792 294	**12 902**	12 902
Delta Beverages South Africa*				
African Distillers Limited	**14 200 827**	13 968 702	**541 214**	314 670
	16 028 584	15 796 459	**554 371**	327 827

* DBSA is a wholly owned subsidiary of the Company at cost of ZW$1.00

B. LOANS TO SUBSIDIARIES

Loans to subsidiaries relate to intergroup charges between Delta Beverages (Pvt) Limited and the company. The intergroup charges include management fees, share options and dividends declared by the company that are settled through Delta Beverages (Pvt) Limited.These do not have a fixed repayment dates and have nil interest.There are no amounts that are past due or impaired and the company does not hold financial assets that are measured in accordance with IFRS 9 (4.1.2 or 4.1.2a).

C. OTHER RECEIVABLES

Receivables relate to dividends owing from the subsidiaries as well as 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	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Dividends receivable from subsidiaries	—	—	—	—
Other debtors	**484 089**	57 178	**484 089**	18 793
	484 089	57 178	**484 089**	18 793

D. TRADE AND OTHER PAYABLES

These relate to outstanding dividends which have been declared but not collected by the shareholders from the share transfer secretaries.

Company Statement of Financial Position (continued)

As at 31 March 2023

E. INTEREST IN ASSOCIATED COMPANIES

Associated companies relate to investments in Nampak Zimbabwe Limited.These are recognised at cost. Refer to Note 14 of the Consolidated AFS.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Investments in associates				
Nampak Zimbabwe	**1 260 024**	1 260 024	**9 069**	9 069

F. TRADEMARKS

Trademarks include exclusive rights to manufacture and distribute certain brands within the geographical location of the markets in which we operate. These are considered to have indefinite useful lives and are not amortised this is disclosed in Note 4.11 of the consolidated AFS.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Trademarks	**5 072 928**	5 072 928	**36 500**	36 500

G. LOANS AND OTHER INVESTMENTS

Medical Investments Limited shares	**581 394**	703	**581 394**	134
Old Mutual Shares*	**144 901**	99 639	**144 901**	32 749
	726 295	100 342	**726 295**	32 883
Loans				
Shareholder Loan - National Breweries	**2 034 012**	—	**2 034 012**	—
Shareholder Loan - United National Breweries South Africa	**4 410 622**	—	**4 410 622**	—
	6 444 634	—	**6 444 634**	—

Fair Value Hierachy

Assets measured at fair value through profit or loss are categorised in terms of the fair value hierachy as follows:

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Level 1: Quoted Prices In An Active Market *	**144 901**	99 639	**144 901**	32 749
Level 2: Observable Inputs **	**—**	—	**—**	—
Level 3: Unobservable Inputs	**581 394**	703	**581 394**	134
Fair Value	**726 295**	100 342	**726 295**	32 883

* Old Mutual Shares - The shares are listed on Johannesburg Stock Exchange

** Medical Investments Limited shares are not publicly traded hence the price per share for the recent right issue was used to determine fair value

Company Statement of Financial Position (continued)

As at 31 March 2023

H. LOAN FROM SUBSIDIARIES

Loans from subsidiaries relate to obligations settled by Delta Beverages (Pvt) Limited net of management fees and share options. The loans do not have a fixed repayment dates and have nil interest.

	INFLATION ADJUSTED		*HISTORIC COST	
	2023 ZW$'000	2022 ZW$'000	2023 ZW$'000	2022 ZW$'000
Delta Beverages (Private) Limited	**6 385 545**	—	**6 385 545**	—

I. CASHFLOW STATEMENT INFORMATION

	INFLATION ADJUSTED 2023 ZW$'000	INFLATION ADJUSTED 2022 ZW$'000	*HISTORIC COST 2023 ZW$'000	*HISTORIC COST 2022 ZW$'000
WORKING CAPITAL MOVEMENT				
Decrease in receivables and other assets	**11 604 211**	(3 926 547)	**3 430 616**	(2 526 394)
Increase in trade and other payables	**6 813 494**	721	**6 909 623**	114 510
	18 417 705	(3 925 826)	**10 340 239**	(2 411 884)

J. ACCOUNTING POLICIES

Dividend and other income*

Dividend income from investments is recognised when the company rights to receive payments have been established and the amount of revenue can be reliably measured.

Other income refers to management fees and these are recognised when obligations of the company are settled by the subsidiary, Delta Beverages (Private) Limited.

The company inflation adjusted financial statements have been prepared in accordance with the policies detailed in Notes 1 to 4 of the Consolidated AFS.

Company Statements of Changes In Total Equity

for the year ended 31 March 2023

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Retained Earnings Restated ZW$'000	Total Equity ZW$'000
INFLATION ADJUSTED						
At 1 April 2021		1 771 745	11 969 195	958 756	7 408 421	**22 108 117**
Profit for the year		—	—	—	15 967 767	**15 967 767**
Other Comprehensive income for the year, net of tax		—	—	—	—	—
Total Comprehensive Income for the year		—	—	—	15 967 767	**15 967 767**
Transactions with owners:						
Share options excercised		569	84 384	(84 950)	—	—
Forfeited shares adjustment		—	—	(7 737)	7 737	—
Share based payment recognotion		—	—	412 076	—	**412 076**
Dividends Declared	24.4	—	—	—	(16 079 387)	**(16 079 387)**
At 1 April 2022		1 772 314	12 053 579	1 278 145	7 304 537	**22 408 573**
Profit for the year		—	—	—	11 228 941	**11 228 94**
Other Comprehensive income for the year, net of tax		—	—	—	—	—
Total Comprehensive Income for the year		—	—	—	11 228 941	**11 228 941**
Transactions with owners:						
Effects of IAS 29		—	—	—	—	—
Share options excercised		113	33 976	(34 089)	—	—
Forfeited shares adjustment		—	—	(7 450)	7 450	—
Share based payment recognition		—	—	682 262	—	**682 262**
Dividends Declared	24.4	—	—	—	(11 172 858)	**(11 172 858)**
At 31 March 2023		1 772 427	12 087 555	1 918 868	7 368 070	**23 146 918**

Company Statements of Changes In Total Equity (continued)

As at 31 March 2023

	Notes	Share Capital ZW$'000	Share Premium ZW$'000	Share Options Reserve ZW$'000	Retained Earnings Restated ZW$'000	Total Equity ZW$'000
UNAUDITED HISTORIC COST						
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 for the year, net of tax		—	—	—	—	—
Total Comprehensive Income for the year		—	—	—	4 923 420	**4 923 420**
Transactions with owners:						
Share options excercised		121	17 897	(18 018)	—	—
Forfeited shares adjustment		—	—	(2 543)	2 543	—
Share based payment recognition		—	—	104 408	—	**104 408**
Dividends Declared	24.4	—	—	—	(4 869 900)	**(4 869 900)**
At 1 April 2022		12 986	106 462	119 412	226 195	**465 055**
Profit for the year		—	—	—	10 121 591	**10 121 591**
Other Comprehensive income for the year, net of tax		—	—	—	—	—
Total Comprehensive Income for the year		—	—	—	10 121 591	**10 121 591**
Transactions with owners:						
Share options excercised		95	28 349	(28 444)	—	—
Forfeited shares adjustment		—	—	(7 450)	7 450	—
Share based payments recognition		—	—	594 089	—	**594 089**
Dividends Declared	24.4	—	—	—	(9 795 411)	**(9 795 411)**
At 31 March 2023		13 081	134 811	677 607	559 825	**1 385 324**

Group Statistics

for the year ended 31 March 2023

	INFLATION ADJUSTED		*HISTORIC COST	
	2023	2022	2023	2022
SHARE PERFORMANCE				
PER SHARE (ZW$ cents)				
Attributable earnings	**4 842**	3 758	**7 401**	1 515
Diluted earnings	**4 778**	3 711	**7 302**	1 497
Cash equivalent earnings	**8 086**	3 879	**7 128**	1 119
Dividends (ZW$ cents)	**855**	593	**750**	195
Cash flow	**6 462**	3 627	**7 094**	1 086
Net asset value	**18 500**	13 018	**10 281**	1 796
Closing market price (ZW$ cents)	**83 055**	73 240	**83 055**	24 092
ZSE industrial index	**127 353**	159 395	**127 353**	52 433
SHARE INFORMATION				
In issue (m's)	**—**	—	**1 308**	1 299
Market capitalisation (ZW$ 000's)	**—**	—	**1 086 361 624**	312 872
Trading volume (m's)	**—**	—	**106.4**	122.2
Trading percentage (%)	**—**	—	**8.13**	9.41
RATIOS AND RETURNS				
PROFITABILITY				
Return on equity (%)	**26.36**	28.42	**74.75**	84.98
Income after taxation to total capital employed (%)	**23.13**	23.81	**72.44**	71.18
Pretax return on total assets (%)	**21.68**	21.06	**43.23**	44.66
SOLVENCY				
Long term debt to total Shareholders' funds (%)	**1**	3.19	**2**	8
Interest cover (times)	**14**	46.49	**19**	19
Total liabilities to total Shareholders' funds (%)	**68**	67.23	**104**	136
LIQUIDITY				
Current assets to interest free liabilities & short-term borrowings	**1.37**	1.37	**1.14**	1.18
PRODUCTIVITY				
Turnover per employee ($000's)	**76 105**	51 808	**64 080**	13 375
Turnover to payroll (times)	**5.32**	6.94	**5.26**	6.01
OTHER				
Number of shareholders	**8,369**	7 673	**8,369**	7,673

Environmental, Social And Governance (ESG) Report 2022–2023

Enable a sustainable and inclusive future for a BRIGHTER and BETTER WORLD

MAKE A DIFFERENCE

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".

In 2023 we celebrate our company's rich, 125-year history, a journey with many significant achievements; of growing brilliant brands, providing for livelihoods, contributing to the development of our country, and indeed a demonstration of resilience and adaptation. This growth and sustainance reflect our core values and commitment to social and environmental responsibility.

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, and build skills, which demonstrates that business growth and sustainable development can be mutually reinforcing rather than being in conflict. The multiplier effect of our investments and business operations through the value chains is a catalyst for national development.

	HISTORICAL COSTS
	ZW$'000
Direct Taxes	12 658 641
Excise Taxes	44 674 306
Other Indirect Taxes	9 924 611
Total Taxes	**67 257 558**

A total of US$63,3million was remitted in foreign currency.

Bottling and brewing our great beverages depends 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.

Our business strategy is centred around people – our customers and employees as we strive for sustainable solutions that build resilience into the business to respond to current and future challenges while we **MAKE A DIFFERENCE** to the environment we live in. 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 lasts 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.

Our **Environmental, Social, and Governance (ESG) initiatives** are critical to the delivery of our company strategy and purpose. We believe that a strong ESG agenda is vital for our future. We endeavour to build a resilient and agile value chain that will solidify our role as a trusted partner in our ongoing efforts to identify and capture new sources of business value.

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 varied activities.

We believe that the future of business and of the planet is inclusive. We must do our part to tackle shared global and local environmental and social challenges. Our commitment to improving the communities 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 strategic ESG priorities

We have grouped the United Nations Sustainable Development Goals (UN-SDGs) into eight strategic priorities that help us embed ESG into the fabric of our organisation. We believe these priorities are where we can deliver the greatest shared value for local communities and the planet. These priorities are organised across three cross-cutting themes that succinctly capture our quest for shared prosperity.

Kariba Hydroelectric power station

Environmental, Social and Governance Report (continued)

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 environment.
- 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.
- Ethics is 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.

Environmental, Social and Governance Report (continued)

Beverages are inclusive, natural, and local

Environmental, Social and Governance Report (continued)

Inclusive

Our value chain cuts across many sectors; from small-scale and commercial farmers to thousands of small retailers, to colleagues and consumers.

We strive to improve livelihoods and increase access to opportunity throughout these spheres. Our inclusivity extends to our product offerings for a more diverse consumer base covering soft drinks, water, ready-to-drink meal replacements such as Maheu and Supersip, the Traditional African Beer offerings and the full range of lager beer, ciders, and spirits.

Natural

Our products are made from simple ingredients based on nature, so we have to use nature-based solutions to develop resilience where it is needed most, in order to address challenges such as water stress, climate change, and biodiversity loss.

Local

We believe in the future of local economies and invest in their well-being and resilience to be the primary source of our raw materials. Beverages are a driving force for economic growth, sustaining a significant number of formal and informal jobs in the countries we operate in. As we invest in the business, we contribute to the social and economic development of local communities. In addition, beverages are a driving force for promoting social norms centred on responsibility and moderation. Through the Smart Drinking initiatives, we endeavour to promote the adaptation of social norms that reduce the abuse of alcohol. All our labels carry responsibility messages depicted by icons such as no to drunk driving, no to underage drinking, and no to drinking by pregnant women. Our efforts earned us the Corporate Social Responsibility Network Zimbabwe [CRSNZ] CSR & Sustainability Governance Oriented Organisation Award in 2022.

Environmental, Social and Governance Report (continued)

Smart Drinking & Moderation

Beer is part of celebrating life throughout the world and a major engine of economic activity, creating and sustaining numerous jobs, businesses, and social activities.

We are guided by our Responsible Marketing and Consumer Communications Codes in our efforts to ensure that products containing alcohol are consumed responsibly. We recognise that harmful drinking impacts our people, our communities and therefore our business. It is therefore imperative that we work collaboratively and as guided by the World Health Organisation to reduce harmful consumption.

Data from the World Health Organization (WHO) shows that the harmful consumption of alcohol has decreased globally over the last decade. We are leading the way, using the core strengths of our business, and investing behind evidence-based initiatives to promote what we call "Smart Drinking."

Our Global Smart Drinking Goals

Smart Drinking focuses on four key areas, each with established goals: social norms marketing, multi-year pilots, product portfolio and labeling.

We want every experience with beer to be positive and are committed to reducing the harmful use of alcohol. We support the World Health Organization (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.

Environmental, Social and Governance Report (continued)

Social Norms

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
Availing requisite financial resources towards dedicated social marketing campaigns and related programs.

Progress
The allocation of financial resources towards social norms campaigns is a priority. We have invested more than 500,000 USD since 2018.

In 2022, we upscaled the social norms 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.

Responsible Marketing

Ambition
Discernibly reduce the harmful use of alcohol through implementation of the best practices in our markets.

Progress
We have identified three interventions that can be most impactful and are evidence- based: Road Safety, Responsible Beverage Service (RBS) trainings formerly known as Retailer Development Program, Screenings, and Briefing Intervention (SBI).

Working in partnership with local experts, and governments; we are supporting the Traffic Safety Council of Zimbabwe [TSCZ] programs in Zimbabwe using the evidence-based techniques.

Product Portfolio

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.

Offering drinks with reduced added sugar, with more nutrition and wellness benefits.

Ambition
Ensure No- or Lower-Alcohol Beer (NABLAB) products represent at least 70% of Delta's beer volume by the end of 2030.

Progress
In 2022, 54% of our beer volume was less than 3.8% alcohol-by-volume (ABV). The products at 4.8% ABV or below represent 66% of our portfolio driven by the traditional beer offerings. We continue to reformulate the lower ABV brands to increase their marketing appeal.

Labelling

Ambition
To ensure consistency in placement of Guidance Labels on all our beer products and to increase alcohol health literacy.

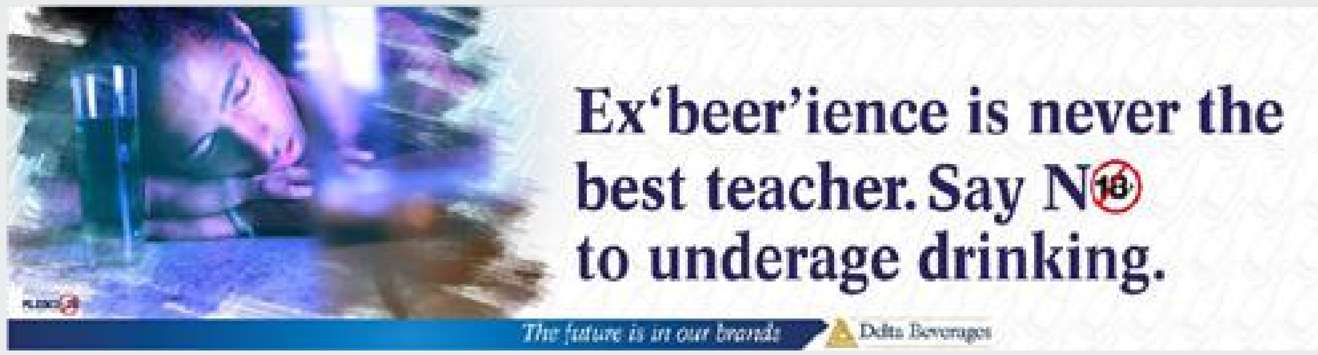
Providing clear nutrition information on packaging and in communications.

Progress
We have updated our label designs on 100% of our primary product packaging.

Today, our labels share clear, actionable information on how consumers can reduce harmful drinking.

Environmental, Social and Governance Report (continued)

Highlights, Examples and Developments During the Year



Social Norms

Research indicates that it is possible to improve individual patterns of consumption by reminding consumers that moderation and control are group norms. Social norms marketing is a combination of evidence-based techniques proven to promote safer behaviors by connecting social norms with the communications of brands people know and trust.

With our iconic brand portfolio, we have an opportunity to improve consumption patterns by promoting social norms that produce positive outcomes. Here are some examples of social norms marketing in action:

We had successful interactions at Chinhoyi University of Technology with, our "Pledge 18" campaign in partnership with ZIMPACT as we sought to promote Smart Drinking behaviors and provide simple, straightforward, and actionable advice. This included:

- #OneAndOne, recommending people alternate drinks interspaced with glasses of water;
- #At100WithZero, suggesting consumers include low-alcohol beers and non-alcoholic beverages in their events; and
- #LessABVMoreFun, advocating for lower-alcohol beverage consumption.

Promoting moderation within the party culture in Zimbabwe

We helped promote moderation through our "Chill Zone" campaigns at the Castle Tankard and Castle National Braai Day events.

The campaigns, done in partnership with ZIMPACT, included displaying Smart Drinking messages throughout the events and recommending interspacing beer with bottles of water or non-alcoholic beverages.

Environmental, Social and Governance Report (continued)

Highlights, Examples and Developments During the Year (continued)

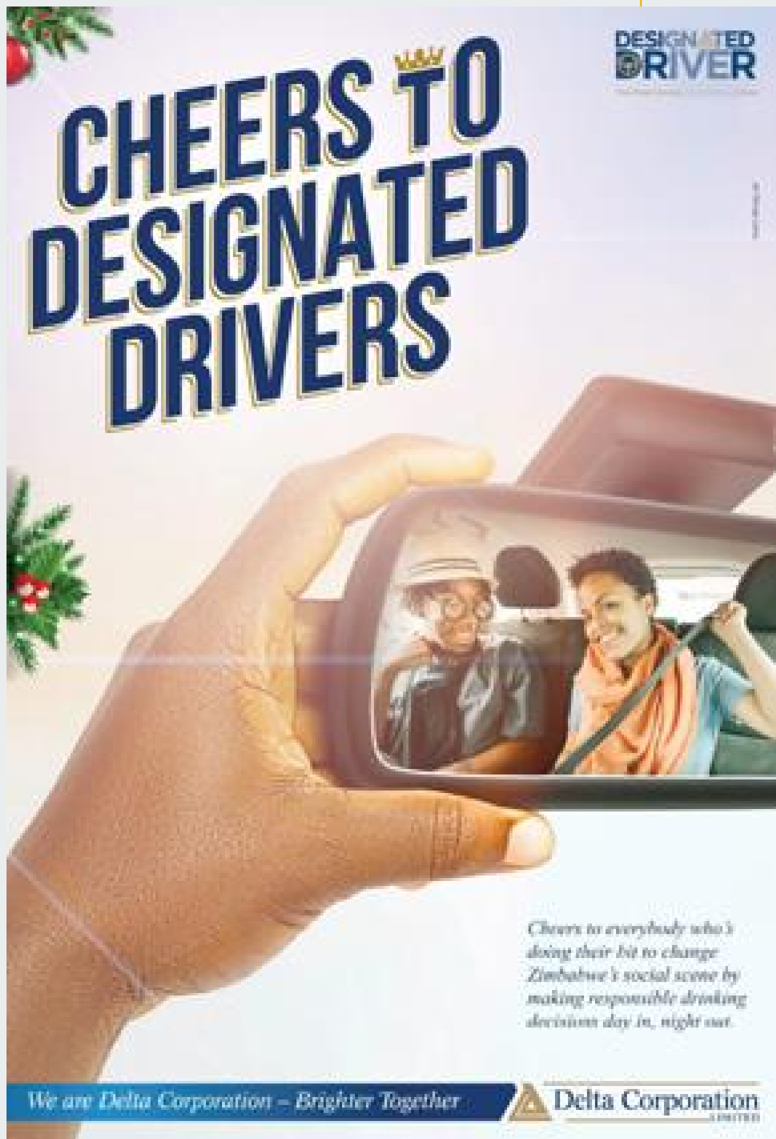
Smart Drinking Social Norms Marketing Competition

In 2022, we rolled out our Smart Drinking Social Norms Marketing Campaign, called "Golden Rules" and "Morning After" which aims to leverage the power of brand-led campaigns focused on promoting Smart Drinking. The Golden Pilsener campaign also emphasised pairing food with beer.

#DontDrive&Drink Campaign

We partnered with the Traffic Safety Council of Zimbabwe (TSCZ) in an initiative, called #DontDrive&Drink.

This included car advertisements with a Smart Drinking message: "Stay Alive" and Cheers to Designated Drivers".



Highlights, Examples and Developments During the Year (continued)

Responsible Beverage Service (RBS)

RBS formerly known as the Retail Development Program [RDP] is a training program for community point-of-sale (POS) professionals, such as bar keepers and servers, focused on promoting positive consumer behaviors.

We are working to make RBS training accessible, easier to scale and more impactful by taking it online and connecting it to our commercial platforms. In 2022, more than 500 POS Professionals in Zimbabwe completed the training through our in-house training.

Road Safety

We actively support the UN goal to reduce road traffic fatalities by 50% by 2030. In, 2022, we renewed and expanded our partnership with TSCZ to improve road safety.

Product Portfolio

We continue to innovate, giving consumers more choices. Our NABLAB goal established a threshold for low-alcohol beer of 3.8% ABV. In 2022, 66% of our beer volume met this threshold. We will need the support of the authorities to reconfigure the excise duty regimes in order that the consumer can access these low ABV brands at competitive prices.

We are committed to offering people with more drink choices across a range of categories in a variety of packages, ensuring that we develop and deliver great tasting beverages for all occasions and lifestyles.

The products at 4.8% ABV or below, represent the larger portion of our portfolio, driven by the traditional beer offerings.

We are focussing our marketing on promoting a low and no-calorie portfolio of soft drinks. The Zero Sugar range was expanded to cover Coke, Fanta, Sprite, and Stoney Ginger Beer in both cans and PET.

Environmental, Social and Governance Report (continued)

Highlights, Examples and Developments During the Year (continued)

Labeling

Our labels and secondary packaging are a key touchpoint with consumers which we use for actionable advice to positively influence consumer behavior. Clear information on nutrition, ingredients, and alcohol content is carried on the packaging, in our communication and advertising, beyond what is prescribed in legislation.

LESS SUGAR, MORE CHOICES.

As a total beverage company, The Coca Cola Company is committed to offering more drink choices across categories, and in a variety of packages.

Ever-evolving consumer tastes and preferences help steer our business strategy and shape the line-up of beverages we bring to the market.

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.

Our sustainability goals and ambitions

To drive action toward our commitment to a future with more cheers, we are focused on achieving goals and ambitions where we believe we can make a meaningful contribution.

Our sustainability goals aim to deliver a measurable positive impact on the environment and our communities. We summarise these goals into key focus areas of Smart Agriculture, Water Stewardship, Climate Action, and Circular Packaging.

Our Strategic ESG Priorities

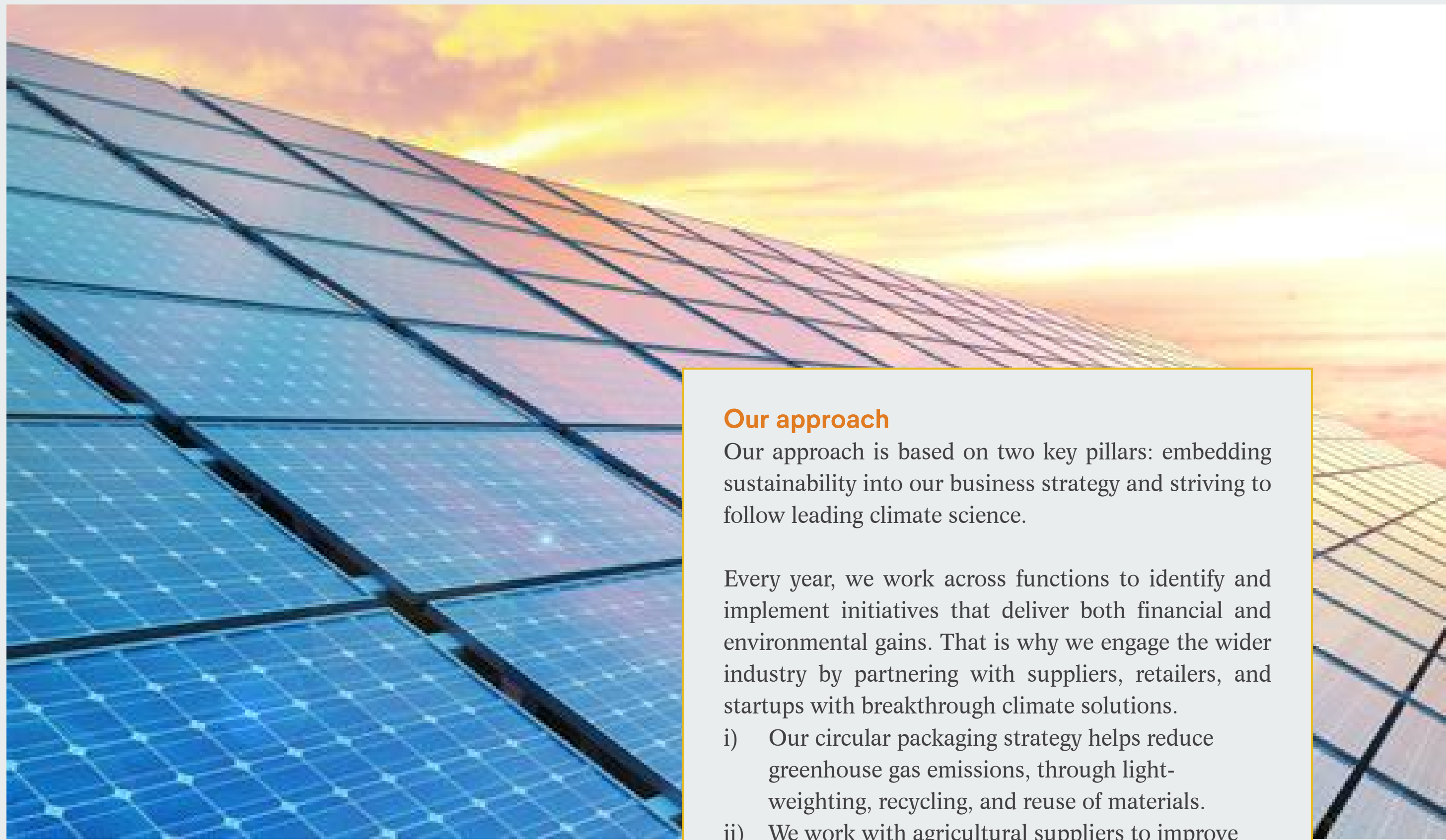
Sustainable Agriculture
100% of our direct farmers will be skilled, connected, and financially empowered.

Water Stewardship
We commit to using the water resource sparingly.

Circular Packaging
100% of products should be in packaging that is Returnable or made from a majority of recycled content.

Climate Action
We work with other stakeholders to reduce carbon emissions along the value chain.

Climate



Climate change poses risks to our business and our stakeholders. We rely on agricultural crops and water as our key ingredients, we require raw materials for our packaging and we need energy and fuel to brew, transport, and cool our beverages.

The environmental and social climate-related impacts in our value chain also affect the local communities and people's homes and work places.

Zimbabwe relies to a large extent on electricity that comes from renewable sources such as Kariba Hydro station. We are working to reduce our carbon emissions across our value chain in line with emerging science.

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

Our approach
Our approach is based on two key pillars: embedding sustainability into our business strategy and striving to follow leading climate science.

Every year, we work across functions to identify and implement initiatives that deliver both financial and environmental gains. That is why we engage the wider industry by partnering with suppliers, retailers, and startups with breakthrough climate solutions.

i) Our circular packaging strategy helps reduce greenhouse gas emissions, through light-weighting, recycling, and reuse of materials.
ii) We work with agricultural suppliers to improve energy efficiency, improvements in water conservation, and crop yields, and introduce regenerative agriculture practices to enrich soil health while increasing carbon capture. We also believe implementing nature-based solutions can improve watershed health and help tackle climate change.
iii) The production and manufacturing operations are being optimised for energy efficiency and reducing emissions.
iv) In distribution, the focus is on increased fuel efficiency; light-weighting of trailers, and reduction of payloads through light-weighting of glass and other containers. We are poised to venture into electric and hybrid vehicles.
v) We continue to reduce the population of Hydrofluorocarbon (HFC) refrigerators and replace them with newer HFC-free and energy-efficient units.

Water Stewardship

We aim to brew our beers at the highest level of water efficiency, and we continually challenge ourselves to do even more.

We are big consumers of water in our breweries and bottling plants, and we commit to using the water resource sparingly. We have set ambitious water efficiency targets across our business.

Water is essential to life, a key ingredient in our products, and is critical for the health and well-being of communities around the world. The growing scarcity of freshwater resources is not just an important issue for our company but also for the people, economies, and environmental ecosystems where we operate.

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. High-quality beverages depend on clean water and quality crops, both of which are heavily dependent on healthy, natural environments. We, therefore, continue with our efforts to drive water efficiencies in our integrated operations.

Environmental, Social and Governance Report (continued)

Our strategy

We are focused on playing our part in finding solutions to the growing water challenges across our communities and throughout our supply chain.

- By driving water use efficiency, responsible discharge, and effluent reuse within our operations.
- By investing in shared water security and the health of watersheds. 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;
- In local communities by promoting and supporting water access and disaster relief efforts. We are committed to being a part of the solution to the growing water challenges in the 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;
- By promoting water security and conservation, better utilisation in the farming and processing of our key brewing materials.
- By contributing to the broader water landscape through innovation, policy engagement and thought leadership.

Developing local solutions to build resilience

Water and climate change are inextricably linked. We feel their impacts through more frequent, intense, and extreme weather events such as floods, droughts, heatwaves, and wildfires. Sustainable water management is central to building the resilience of societies and ecosystems and ensuring the continuity of our supply chain.

Water security is local and complex, and there is no single solution. Each of our sites will have its own specific set of local water issues to address and help reach our Water Stewardship Goals.

Sustainable Agriculture

Our beverages and some of our packaging materials are made from agricultural ingredients which we source from many kinds of suppliers, ranging from smallholder farmers, and local communities, to large and multinational suppliers.

These supply chains depend on thriving communities and healthy ecosystems which require continuous improvements in farming methods and technologies, to build resilience through crop management, improved varieties, and risk mitigation tools.

Improvements in agriculture can help reduce greenhouse gas emissions, protect watersheds, and improve biodiversity. Beyond these environmental aspects, we know that the impacts of climate change on agriculture are closely linked with the social and economic challenges faced by farmers.

In Zimbabwe, we work directly with over 11 000 commercial and smallholder farmers under our contract schemes who produce over 100% of our barley and sorghum grain requirements, and in 2022 we increased the maize contract from 2 000 to 5 000 hectares which will cater for over 50% of the business requirement.

Environmental, Social and Governance Report (continued)

Our strategy

Our Smart Agriculture Goal is that 100% of our direct farmers will be skilled, connected and financially empowered by 2025. We take a farmer-centric approach to supporting sustainable agriculture. We use our direct and local connections with farmers, secured through our agronomists, researchers, and the various partners providing seed, and inputs on the ground. The interventions are aimed at providing access to improved crop varieties, training, insights, and timely information for better decision-making and appropriate financial tools.

We pride ourselves that our direct involvement in barley and sorghum farming for five decades has ensured local sourcing of these key brewing materials and become the primary model around which the agricultural policies in Zimbabwe are being remodelled. The program aims to develop new farmers, with a focus on improving farm productivity through research, technology, and hands-on support. Our contracted farmers have achieved above average yields and profitability, which demonstrates broader agricultural resilience and more sustainable food systems.

We are developing similar models for other agricultural materials such as juicing fruits and vineyards. Schweppes Zimbabwe is currently working collaboratively with communities at Shashe in Beitbridge District on a communal orange plantation.

Our ambition

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

Our approach

In the current year, 80% of our direct farmers met our criteria for skilled; 64% for connected, and 51% for financially empowered. A contracting split of 91:9 (in terms of tonnage) between the communal and commercial sectors was achieved in the 2022 sorghum contract period. In barley production, 47 commercial farmers were contracted.

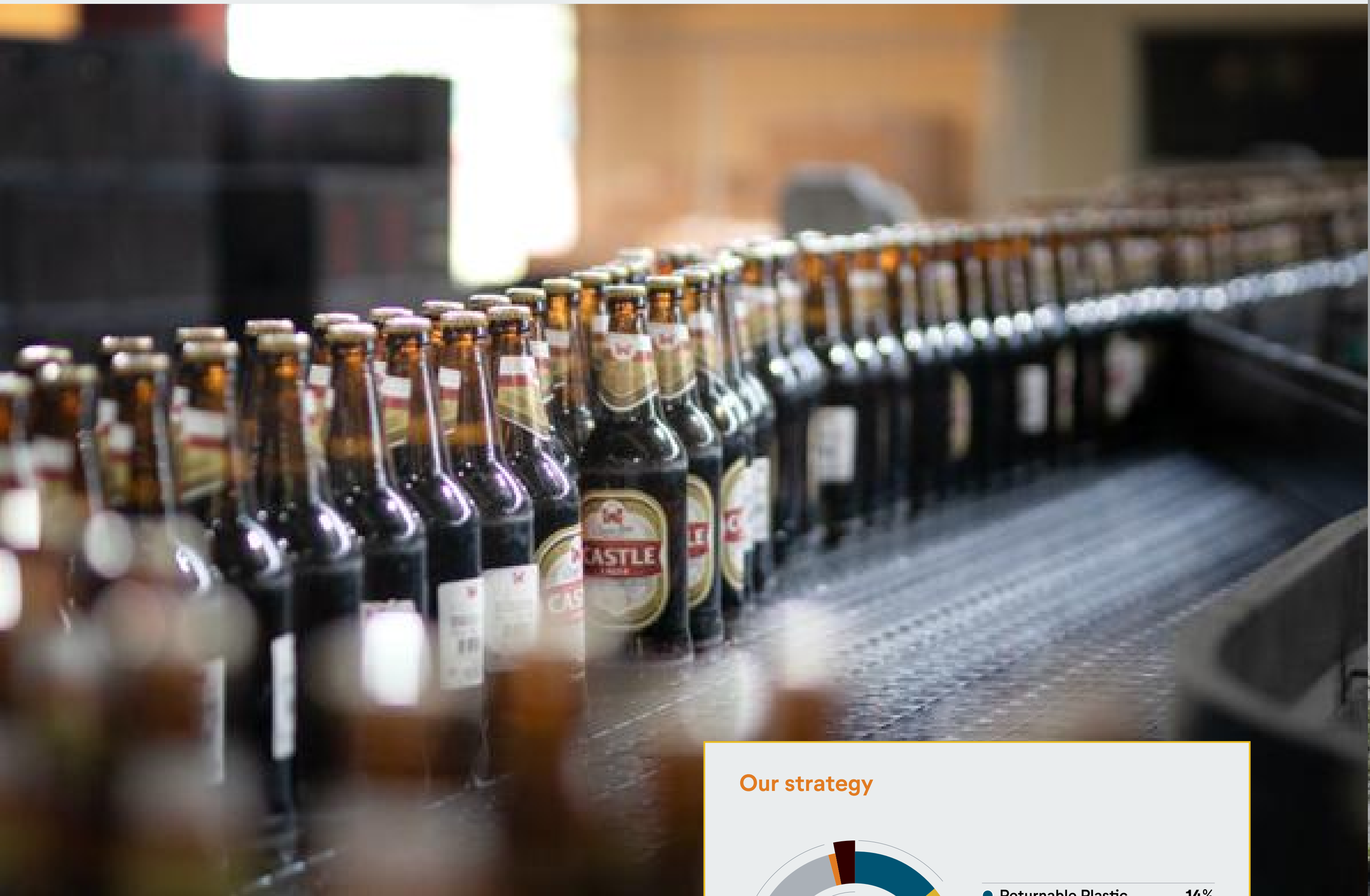
We partner with staff from the Department of Research and Specialist Services in the Ministry of Agriculture. We take the lead in the development of new crop varieties suited to local conditions, and work with farmers to improve their agricultural practices and operations. We have a longstanding partnership 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 climate resilience and biodiversity

We are working in our agricultural supply chains to address these integrated issues, using a collaborative systems approach to help improve soil health and farmer productivity, protect and restore water resources and biodiversity, and mitigate the impacts of climate change for more resilient communities.

Environmental, Social and Governance Report (continued)

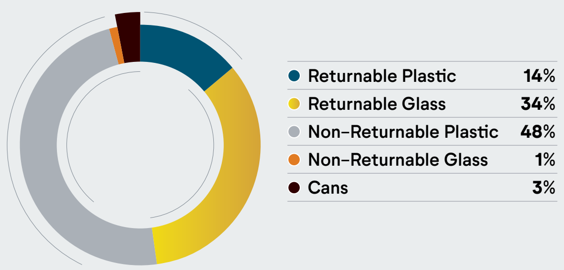
Circular Packaging



We deliver our beverages in a variety of packaging formats, from glass and PET bottles to aluminium cans, refillable plastic bottles, vinyl drinking cups, etc.

Both primary and secondary packaging create complex waste streams that pose the challenges of polluting the environment and resultant impacts on ecosystems. We consciously work with others and authorities to increase the use of circular packaging, optimally utilise finite resources and provide our business with long-term packaging supply security and help eliminate waste.

Our strategy



We have taken deliberate measures to maintain returnable packaging as the core of our offerings; the investment in and support of the returnable 300ml glass pack in soft drinks, the rejuvenation of the 1.5l Scud pack in traditional beer and maintaining over 70% of the lager beer volume in the returnable pint and quart packs.

Environmental, Social and Governance Report (continued)

Our approach is based on four principles:

1. **Reduce** the amount of packaging material through light-weighting and **Reduce** the use of virgin materials;
2. Increase the availability and use of **recycled content**;
3. Promote the **recovery and reuse** of packaging; the increase in refillable packaging reduces the waste arising from single-use packaging waste.
4. **Rethink** our packaging and distribution models.

These strategies require that we collaborate with our partners upstream and downstream of our operations. We, therefore, work with and support our packaging material supply partners, consumers, and recyclers through education, research, joint investments, and collaboration with regulators in formulating policies.

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, 66% of our products were in packaging that was returnable (Kegs and Returnable Glass and plastics) or made from most of the recyclable and recycled content. Glass, aluminium, PET and High-density polyethylene (HDPE) plastic are all recyclable materials and play a crucial role in a circular economy and therefore a key pillar of our efforts to reduce carbon footprints. Cans and light weighted PET or PET with recycled content require less energy to produce and transport, thereby further lowering the carbon footprint.

In 2022/2023 financial year, our total volume in returnable packaging increased by nearly 12% compared to the previous year, despite the regional shortages of glass and aluminium cans.

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 one-way bottles. Driving returnable packaging remains our primary focus.

Environmental, Social and Governance Report (continued)

Circular Packaging (continued)


PetrecoZim recycling plant

RECYCLE

We are partnering with waste management organisations in the country, including the Zimbabwe Sunshine Project, an organization that sets up waste collection points in local communities and has collected more than 31,500 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.

REDUCE

We are doing our best to reduce the amount of material we put into the market and our carbon footprint. We are investing in packaging technologies that will allow further light-weighting of PET bottles. We are encouraged by the leading players in the beverage industry to make bold commitments to reduce the amount of virgin material in PET bottles. In the same vein, we are collaborating with The Coca-Cola Company and its associates to introduce refillable PET. We already have the processes and networks that allow the collection of used PET bottles for their return to recycling facilities.


Employee clean up campaign

Environmental, Social and Governance Report (continued)

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 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 the segregation of litter, placement of litter in bins, and general consciousness of a cleaner environment.

The consumer waste cages that have been installed at major shopping centres are being used to accumulate used cans and PET. The used cans are crushed and pressed into tin cake for export. The changeover 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 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 partner, The Coca-Cola Company whose goal is to collect and recycle every used bottle that we sell by 2030. Our holistic plan focuses on the entire packaging lifecycle — from how packaging is designed and made to how it is recycled and repurposed.

MAD campaign - Chegutu

Environmental, Social and Governance Report (continued)

Ethics & Transparency

We are committed to promoting the highest standards of ethical behaviour and transparency. This guides everything that we do as an organization and serves as our foundation in creating a future with more cheers. These endeavours are supported by robust governance structures and programs on anti-corruption, ethical conduct, and human rights.

Ethical behaviour is our foundation for building a company to last

Together with our policies, our Code of Business Conduct (COBC) contains ethical principles that address key risk areas, including anti-bribery and corruption, digital ethics, human rights, and anti-discrimination. The COBC and supporting policies are designed to guide and support our colleagues and business partners to adhere to the highest standards of business integrity and ethics. 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 we are part of the ABInBev family.

Our Compliance Channel gives colleagues direct access to the Ethics & Compliance team to ask questions, access our confidential compliance helpline, seek guidance, access internal policies, or request approvals related to certain compliance matters.

The Compliance Channel, led by our Corporate Affairs and Legal teams, works to relay any issues, arising both internally or externally, to the relevant departments or escalate them, as necessary.

Ethical behaviour is everybody's business.

We conduct risk-based training that covers key Ethics & Compliance areas. In 2022, we launched online training focused on conflicts of interest, digital ethics principles and harassment bystander intervention, and the rollout of sexual harassment policies across the business. Over 700 associates attended formal training during the year.

We continue to amplify the importance of ethical practices to empower our colleagues to report ethics and compliance matters and strengthen investigation mechanisms in a consistent and transparent manner. In addition, in 2022, the Company rolled out the Compete with Confidence rollout program with the assistance of ABInbev to sales employees.

Environmental, Social and Governance Report (continued)

Ethics & Transparency (continued)

Fraud and corruption risk management

We continue to encourage both internal and external stakeholders to utilise the tipoff anonymous platform for reporting all suspected transgressions relating to ethics and fraud or corruption.

Focusing on digital ethics

In 2022, we continued to revise our digital ethics and data privacy strategies with a focus on the proper use of social media for both business and private purposes. The company uses various platforms to communicate and share information both internally and externally. There are complex challenges arising from cyber security, and compliance with data protection laws, requiring that we improve our policies on confidentiality, proper use of electronic media, and general digital ethics.

Respecting Human Rights Across Our Value Chain

We seek to foster business practices that support and respect human rights and align with the UN Global Compact principles as set out in our Human Rights Policy.

This policy integrates with Good Manufacturing Practices and Responsible Sourcing policies which guide our engagements with suppliers and service providers. Of particular focus is the avoidance of forced labour or child labour in farming operations, the payment of fair wages, provision of appropriate protective equipment and adherence to safety protocols throughout the value chain.

We complement the various initiatives on human rights by embedding the following complementary policies:

- Responsible Marketing and Communications Code;
- Diversity and Inclusion Policy;
- Anti-Harassment and Anti-Discrimination Policy;
- Health and Safety Policy; and
- Global Whistle-blower Policy.

We share our policies with colleagues through internal communications channels and online training, and we communicate the relevant policies to our business partners during the contracting process by including them in contract clauses.

Respect for human rights is everyone's responsibility and priority.

Environmental, Social and Governance Report (continued)

Entrepreneurship & Economic Empowerment


2023 Internal Learnership Induction Participants

We work with entrepreneurs across our value chain from seed to sip and beyond, including farmers, waste collectors and recyclers, suppliers, and retailers.

Our activities enable the economic empowerment of a diverse network of customers, suppliers, and communities across our value chain. As we produce and market our beverages, we work not only with suppliers of ingredients but procure from suppliers who are a catalyst for economic activities such as engineering and construction, transportation, facilities management, banking and financial services, ICT and marketing, and other diverse services. Through meaningful engagement with these entrepreneurs and other key partners, we catalyse resources and opportunities to develop localised solutions. These entrepreneurs are often the backbone of their communities, and their success is tied to supporting their families and growing the local economy. In addition, the Company and its employees provide a market for these diverse services, who in turn are our consumers and customers.

INCLUSIVE GROWTH: SUPPORTING SMALL BUSINESSES AND COMMUNITIES TO GROW AND THRIVE

Small businesses and entrepreneurs play a critical role in economic development and are an important source of income and livelihood in local communities. Across our distribution chain, we engage every day a multitude of retail customers who play a critical role in our business as an important point of connection with our consumers. These small businesses and entrepreneurs play a critical role in economic development and are an important source of income and livelihood 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.

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 3,107 retailers have been trained since 2018 covering key modules such as financial management, product handling, understanding the beer business, responsible retailing and environmental awareness.

Environmental, Social and Governance Report (continued)

Empowering women in business uplifts communities


2022 A' Level Bursary Students Graduates

Women's economic empowerment is a transformative way to strengthen communities, grow economies, and promote sustainable development.

In our soft drinks, operations, the women empowerment program has helped uplift thousands of women entrepreneurs across the country. Since 2018, more than 3,000 women business owners have been provided access to vending trolleys.

Our contract schemes for cereals are skewed in favour of small holder farmers, who are the pillars of over 11 000 households.

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 2,000 students. In the current year, we had a total of 100 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) which develops artisans for the Group and other partner organisations.

Over 1 800 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 the 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 to instil a sense of ownership which is important for maintaining the facilities.

Diversity, Equity & 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.

We are advancing initiatives for a future that is Inclusive, Empowered and Equitable across our business and throughout our value chain, positively impacting our people, suppliers, customers, consumers, and communities.

An empowered future – Nurturing women's potential

We run targeted programs to empower women with the skills and resources they need to reach their full potential.

Womens's LINC

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.

Environmental, Social and Governance Report (continued)

Delta ladies celebrating International Women's Day under global theme "Embrace Equity"

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 Diversity Equity and Inclusion (DEI) 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 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 Management Trainee (GT) Program. In 2022, our GT class was made up of 50% women and 50% men.

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 a significant impact on talent attraction and retention, engagement, and cultural adaptability. We aim to foster an environment in which colleagues can 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 an 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.

Environmental, Social and Governance Report (continued)

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. During the year our 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 Organization 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

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 2022 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's 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. 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 an 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.

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)
- 51.6% African Distillers Limited
- 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	LLB; ~

Executive Directors

M M Valela – Chief Executive Officer	B Tech (Accounts); CA(Z)
A Makamure – Finance Director	B Acc, FCA(Z) LLB, FCIArb

Non-Executive Directors

E Fundira	Bsc Econ~
Dr C C Jinya	BA Econ (Hons), DBS (Honoris Causa) *
A M P Marufu	BSc Compt Sci & Physics, MSc, MBA, PHD
B Mbanga	B Compt, MBA, FCCA*
T Moyo	B Acc(Hons);FCA (Z);CA(SA)*
J Mushosho	B Acc; CA(Z)/SA, FICSA, MBA~
R T Rivett-Carnac	BA, BCompt, CA(SA)*
L A Swartz	BA (Psych & Geo); Dip HR; AMP ~

* 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; FCIArb	Finance Director
T J Chipangura	HND (Marketing), Pst Grad Dip Mgmt, MBA	General Manager – Sparkling
Mr J Gweru	BSc Econ, MCIL	General Manager Transport
T Mafunga	BCompt (Hons); CA(Z)	Group Treasurer
D Mange	B.Sc; MBL	Director – Information Technology
K Mapingire	BBS (Marketing), Dip(IMM), MBA	Managing Director – NB
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, MSc, MBA	Human Resources Director
F Musinga	LLB	Group Legal Counsel & Co. Sec
I Muzorewa	BBS Marketing & Mgmt	Marketing Director
L Nkunzane	BSc(Bio & Biochem); Dip Master Brewer	General Manager – Lager Beer
Dr M G Nyandoroh	B.Sc (Hons); M.Sc; Phd	Operations Director – Beverages
M Pemhiwa	BSc Psych; MBA	General Manager – Sorghum Beer
G Reade	Dip Leadership & Strategy (GIBS)	Managing Director – UNB
T Rinomhota	BSc Eng	Operations Director – Beverages

Board of Directors

Sternford Moyo
(LLB)
Chairman of The Board of Directors

R

Sternford Moyo joined the Board in August 2021 and was appointed as Chairman of board and Company. 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 was recently the President of the International Bar Association. He sits on Boards of PPC Zimbabwe, Padenga Holdings, Alpha Media 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 subsidiary companies and associates; African Distillers, Nampak Zimbabwe, National Breweries Plc Zambia, United National Breweries (RSA) and Schweppes Holdings Africa.

Todd Moyo
B Acc (Hons); FCA (Z); CA (SA)

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 actively 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.

Emma Fundira
BSc Econ (Hons)

R

Mrs Emma Fundira joined the Board in January 2019 and currently chairs the Remuneration and Nominations Committees. 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 (honours) from the University of Zimbabwe where she has also lectured in economics. Mrs Fundira chairs the Cimas Medical Aid Society. She is a non-executive director of the Reserve Bank of Zimbabwe, Boost Fellowship and a Trustee of African Women's Entrepreneurship Program. She has recently served on the boards of First Capital Bank Zimbabwe (formerly Barclays Bank and Nampak Zimbabwe. She has served on the boards of leading private schools.

Dr Alex Masiya Passmore Marufu
BSc, MSc, MBA, PhD

Dr Marufu was appointed to the Board in 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 regional General Manager of a listed Records Management business. He has served on numerous boards of technology companies and is a member of the CBZ board of directors.

Charity Chiratidzo Jinya
BA Econ (Hons); DBS (Hons Causa), Fellow Institute of Bankers

A

Dr Charity Chiratidzo Jinya joined the board in April 2016 and was appointed to the audit committee in April 2020. She retired from Nedbank where she was the Managing Director of Nedbank Zimbabwe Bank in 2020. Dr Jinya has previously served as the President of the Bankers Association of Zimbabwe. She sits on the boards of Old Mutual Investment Group (Zimbabwe) and 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 and church sectors and youth mentorship programmes.

Legend

R Member of the Remuneration Committee

A Member of the Audit Committee

Board of Directors (continued)

Benedict Mbanga
BCompt, MBA, FCCA

Benedict Mbanga joined the board in August 2022 and is a member of the Audit Committee.

He is the Co-Founder and Managing Director of Mangwana Capital (Zimbabwe & Mauritius), an entity that is registered with the Securities Exchange Commission as an Investment Advisor, providing various corporate finance services such as business valuations, mergers and acquisitions, due diligence, and capital raising.

Mr Mbanga served articles with and became a partner with Deloitte Zimbabwe in audit assurance and financial advisory. He left practice in 2018 having occupied senior positions in the broader Deloitte Africa franchise, and the Zimbabwe and Central Africa business units.

He serves as a director on various Boards of Mangwana Capital's investee companies domiciled in the UK, Zambia and Zimbabwe

Alex Makamure
B. Acc (Hons); FCA (Z); LLB; FCIArb

Executive Director Finance

A

Alex Makamure was appointed as the 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 boards 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).

Lucia Adele Swartz
BA (Psychology & Geography), Dip HR, Amp

R

Ms Lucia Adele Swartz joined the Board in January 2019 as a representative of AB InBev, where she recently retired as 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. She 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 and Nominations committees.

Richard Rivett–Carnac
BCom BBS CA (SA)

A

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 In-Bev Africa Zone. Mr Rivett-Carnac (Boris) is a chartered accountant and 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. He has also worked for an investment bank and as portfolio analyst.

Mr Rivett-Carnac is a member of the Audit Committee.

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 also occupied senior roles in the Department of Taxes (now Zimra) where he has 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.

Group Management Committee

The profiles of the Chief Executive and Finance Director are included under Board of Directors

Tichaona Joseph Chipangura
HND (Marketing), Post Graduate Dip 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 Lagers from 2010 to 2014. Tichaona was seconded on SAB Miller foreign immersion programme to Tanzania Breweries in 2009. Mr Chipangura commenced his career at Delta in 1993 as a Research Officer at United Bottlers (SBs), in 1997 and grew through the ranks to Distribution Centre Manager and then Regional Sales & Distribution Executive (Southern Region) in 2005.

Johnphas Gweru
BSc Econ (UZ), MCIL (Transport Logistics) UK
General Manager – Delta Transport

Johnphas Gweru was appointed the General Manager - Delta Transport in March 2020 and became a member of the General Management Committee in February 2023. He joined the Group in 2001 as a Distribution Manager at United Bottlers. Johnphas has served in various managerial positions in sales and distribution, freighting and logistics and operations management. He previously worked for a passenger transport company.

Tumai Mafunga
BCompt (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. He is the former President of the Institute of Chartered Accountants of Zimbabwe.

Davison Mange
BSc (UZ); MBL (UNISA); Msc (BE. Econ)
Director – Information Technology

Dave Mange was appointed to 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.

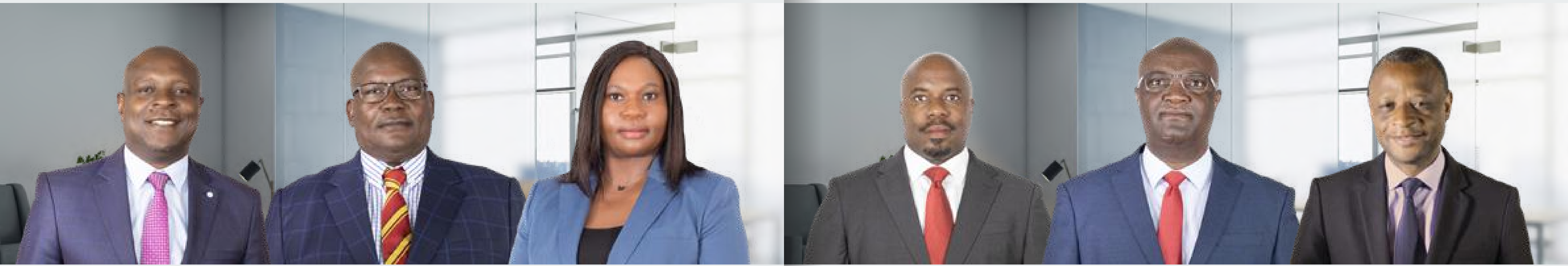
Kenneth Mapingire
BBS (Marketing), Dip (IMM), MBA
Managing Director – Natbrew

Kenneth Mapingire was appointed Managing Director of National Breweries Plc-Zambia in July 2022. He re-joined Delta in 2013 having previously been with the Group from 1997 to 2003 in the former Chibuku Breweries Division. Kenny has served in various managerial and executive positions in sales and distribution, channel marketing and operations management largely within the Sorghum Beer business. He has previously worked in various capacities in the fast-moving consumer goods sectors in Zimbabwe and Malawi.

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.

Group Management Committee (continued)



Stanley Machinda Muchenje
BBS (Hons); IMM (SA), MPHIL Marketing
Managing Director – African Distillers Limited

Stanley Muchenje was appointed as the Managing Director of 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), Dip 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 Lager Beer a position he held until March 2021. He had been with OK Zimbabwe from 1998-2003 before and after its demerger with Delta. He moved from OK to Delta Beverages as Human Resources Manager in 2003 and left to join in 2005 to work for DHL International as HR Manager.

Faith Nzilani Musinga
LLB, GIBS Leadership Development
Group Legal & 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. She 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.

Lucky Zibusisio Nkunzane
BSc (BIO & Biochem) (Hons) (UZ), Dip Master Brewer
General Manager – Lager Beer Business

Lucky Nkunzane was appointed General Manager Lager Beer in February 2023. He joined the Group in 1993 as a trainee brewer at the National Breweries Division and promoted to brewing manager in 1998 covering both Belmont and Southerton breweries. He was appointed the Plant Manager-Belmont Brewery in 2009 and moved to Southerton Brewery in 2017. He became the Lager Beer Technical Executive with responsibility for Kwekwe Maltings in 2018.

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 organization 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.

Group Management Committee (continued)

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.

Gary Reade
Diploma In Leadership & Strategy (GIBS)
Managing Director – United National Breweries (UNB) (SA)

Gary Reade was appointed Managing Director of UNB in February 2023. Gary joined UNB SA in August of 2006, serving in various roles of increasing responsibility in commercial and brewery management. He was appointed the UNB Sales & Distribution Director in 2016 and assuming the role of Acting Managing Director of UNB in May of 2022.

Tichafa Rinomhota
BSc Eng;
Operations Director – Lager Beer & Sparkling Beverages Business

Tichafa Rinomhota was appointed Operations Director responsible for the Lager Beer and Sparkling Beverages in February 2023. He previously served in the position of General Manager – Lager Beer Business from 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 76th 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 28 July 2023 at 1230 hours for the following 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 2023 together with the Report of Directors and Auditors thereon.

2. **To appoint Directors**
   Messrs T Moyo and J Mushosho retire by rotation. Mr B Mbanga retires at the end of his interim appointment. 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 2023.
   (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**
   Members will be asked to re-appoint Messrs Ernst & Young Chartered Accountants for their third year and approve their remuneration for the past financial year.

Special Business

1. **Share Appreciation Rights Scheme – 2023**
   To resolve with or without amendments:
   THAT the "Delta Corporation Limited Share Appreciation Rights Scheme - 2023" be and is hereby authorised for implementation and that the Directors can allocate up to 25 000 000 (Twenty-five million) ordinary shares to this Scheme. The rules of the Scheme will be available for inspection at the registered office of the Company fourteen (14) days before meeting.

2. **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.

By the order of The Board

F Musinga
Company Secretary

Sable House
Northridge Close
Borrowdale
Harare
Zimbabwe
27 June 2023

Please Note: An electronic version of the Delta Corporation Annual Report and Proxy form can be found on our website **https://www.delta.co.zw/investors-corner/annual-results/**

Shareholders Analysis

Size of Shareholding	Number of Holders	%	Issued Shares	%
1 to 5 000	6 468	77,3	5 412 536	0,4
5 001 to 10 000	538	6,4	4 102 495	0,3
10 001 to 25 000	456	5,5	7 209 537	0,6
25 001 to 50 000	233	2,8	8 288 515	0,6
50 001 to 100 000	221	2,6	16 023 629	1,2
100 001 to 500 000	293	3,5	67 050 354	5,1
Above 500 000	160	1,9	1 205 609 119	91,8
	8 369	100,0	1 313 696 185	100,0
Category				
Local Companies	866	10,3	146 977 802	11,2
Foreign Companies	15	0,2	533 519 484	40,6
Pension Funds	415	5,0	182 362 635	13,9
Nominees, Local	162	1,9	55 954 554	4,3
Nominees, Foreign	48	0,6	163 912 786	12,5
Insurance Companies & Banks	45	0,5	158 900 609	12,1
Resident Individuals	6 373	76,2	60 206 646	4,6
Non-Resident - Individuals	21	0,3	113 584	0,0
Investments & Trusts	230	2,7	4 099 177	0,3
Fund Managers	25	0,3	1 166 829	0,1
Deceased Estates	121	1,4	1 147 846	0,1
Other Organisations	48	0,6	5 334 233	0,4
	8 369	100,0	1 313 696 185	100,0

Shareholder	2023	%	2022	%
AB InBev Zimbabwe (NNR)	311 264 215	23,7	311 264 215	23,9
Stanbic Nominees (Pvt) Ltd NNR	240 958 911	18,3	235 299 947	18,0
Rainier Inc.	193 137 519	14,7	193 137 519	14,8
Old Mutual Life Assurance Co,	152 996 207	11,6	151 329 411	11,6
National Social Security Authority (NPS)	26 120 477	2,0	26 120 477	2,0
Standard Chartered Nominees -NNR	25 792 523	2,0	25 669 831	2,0
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	17 344 050	1,3	14 331 040	1,1
Delta Employee Participation Trust Co (Pvt) Ltd	14 233 211	1,1	—	—
Other	291 423 147	22,2	281 765 911	21,6
	1 313 696 185	100,0	1 304 272 595	100,0

Shareholders Analysis (continued)

Major Shareholders	2023	%	2022	%
Old Mutual	159 460 970	12,1	164 598 165	12,6
ABInBev entities	526 580 569	40,1	526 580 569	40,4
	686 041 539	52,2	691 178 734	53,0
Resident and Non-Resident Shareholders				
Resident	603 641 488	45,9	584 204 272	44,8
Non-Resident	710 054 697	54,1	720 068 323	55,2
	1 313 696 185	100,0	1 304 272 595	100,0

Share Price Information

Mid Range Price (ZW$ cents) at:		
30 June 2022	33 500,00 cents	
30 September 2022	24 870,00 cents	
31 December 2022	36 000,00 cents	
31 March 2022	83 045,00 cents	
Price Range	**Date**	**Price**
Highest	31 March 2023	83 045,00 cents
Lowest	19 September 2022	12 505,00 cents

Calendar

76th Annual General Meeting	28 July 2023
Financial Year End	31 March 2024
Interim Reports:	**Anticipated Dates:**
6 months to 30 September	November 2023
6 months to 31 March 2023 and	
Final dividend declaration	May 2024
Dividend Payment Date – final	June 2024
Annual Report Published	July 2024

Registered Office:	Transfer Secretaries:
Sable House	Corpserve (Private) Limited
Northridge Close	2nd Floor
Northridge Park	Intermarket Centre
P O Box BW294	Cnr. Kwame Nkrumah / 1st Street
Borrowdale	P O Box 2208
Harare	Harare
Zimbabwe	Zimbabwe
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