REVIEWED GROUP RESULTS

FOR THE YEAR ENDED 30 JUNE 2021

DISTELL
CRAFTING BRANDS SINCE 1925

SALIENT FEATURES

GROUP REVENUE

26,3%

GROUP REVENUE AND VOLUMES RECOVERING TO PRE-COVID-19 LEVELS

- Domestic revenue up 29,4% alongside market share gains across all categories
- Africa revenue (including BLNE) up by 22,9% as route-to-market expands
- Strong and profitable international premium spirits performance continues

EXCISE DUTY

31,8%

- Excise duty contribution up by 31,8% to R8,3 billion

EBITDA

99,8%

REPORTED

87,3% [1, 2]

NORMALISED AND ADJUSTED FOR FOREX

HEADLINE EARNINGS

227,3%

REPORTED

302,4% [2]

NORMALISED AND ADJUSTED FOR FOREX

RETURN ON INVESTED CAPITAL (ROIC)

10bps

ON PRE-COVID-19 LEVELS

Dividend payments remain suspended due to ongoing discussions with Heineken

1 Normalised earnings before interest, tax, depreciation and amortisation (EBITDA) refers to EBITDA adjusted for the: (a) profit or loss on disposal and impairment of property, plant and equipment (PPE) and intangible assets; (b) retrenchment, legal disputes and merger and acquisition related costs, and (c) the expected credit loss on Zimbabwe savings bonds in the prior year.

2 Foreign currencies and abnormal transactions affect the Group's performance. Where relevant in this report, adjusted non-IFRS measures are presented. These adjusted measures represent pro forma financial information. A reconciliation of the pro forma financial information to the equivalent IFRS metrics is provided in note 13 to the condensed consolidated financial statements.

("Distell" or "the Group" or "the Company")

CONTENTS

COMMENTARY

RESULTS IN CONTEXT

The financial results for the year ended 30 June 2021 exhibit a resilient performance of the Group compared to the prior year, when extreme measures were taken worldwide to stem the spread of COVID-19. To place the current-year results in context we include an overview of the current-year performance compared to those of the 2020 and 2019 financial years.

	Group result R billion	% Change 2021 vs. 2020				% Change 2021 vs. 2019			
		Group	South Africa	Africa (incl. BLNE)	Inter-national	Group	South Africa	Africa (incl. BLNE)	Inter-national
Volumes (million litres)	700,7	+26,3%	+28,7%	+30,7%	-10,8%	-2,1%	-3,5%	+11,5%	-22,5%
Revenue	R28,3	+26,3%	+29,4%	+22,9%	+10,0%	+7,9%	+5,8%	+19,2%	+0,3%
Reported EBITDA	R3,8	+99,8%				+53,6%			
Normalised EBITDA adjusted for forex	R3,8	+87,3%				+5,9%			
Reported headline earnings (HLE)	R1,7	+227,3%				+18,0%			
Normalised HLE	R1,8	+166,2%				-2,3%			
Normalised HLE adjusted for forex	R1,9	+302,4%				+3,2%			

OPERATING PERFORMANCE

Group revenue increased by 26,3% to R28,3 billion on 26,3% higher volumes. Revenue excluding excise duty was up by 24,2%.

Domestic revenues increased by 29,4%, with volumes up by 28,7%. This was achieved despite 20% of trading days being lost during the reporting period due to the second and third sale of alcohol bans introduced by the South African government. Our diverse product portfolio, with well-known brands, recent innovations and strong route-to-market in South Africa contributed to market share gains across all three categories. Both ciders and ready-to-drink beverages (RTDs) and spirits surpassed pre-COVID-19 revenue levels. Our digital Business-to-Business sales and e-commerce business showed excellent adoption rates and robust growth as customers and consumers adapted purchasing preferences. All three categories performed well as consumption preferences for trusted brands across categories played to Distell's diverse portfolio strength. The Group's premium cider brand, Savanna, continued its momentum, with phenomenal revenue and market share growth that saw it pulling level with well-known premium beers. Key gin and vodka brands performed well in the spirits category. The wine category benefited from growth in mainstream wine while accessible premium brands started to recover, driven by in-home consumption trends.

In African markets, outside South Africa, revenue increased by 22,9% on 30,7% higher sales volumes, well above pre-COVID-19 levels. Volumes in BLNE countries (Botswana, Lesotho, Namibia and Eswatini), also impacted by various lockdowns, grew by 22,2%. Focus markets on the continent, outside the Southern African Customs Union, grew revenue by 22,4%. Our operations in Nigeria, Ghana, Mozambique and Zambia continued to perform well. The team surpassed its target of growing its overall Africa customer base to 48 000. Excellent growth was achieved across all three categories, driven by ciders and RTDs growing revenue by 65,0%, alongside key spirits and mainstream wine brands. The Africa region contributed 63,6% to foreign revenue, with its contribution to Group revenue comprising 17,2% in the period.

Revenue in international markets outside Africa grew by 10,0% alongside an expected volume decline of 10,8%, attributable to the cessation of sales of non-core wine brands, bulk whisky and the exit from the RTD business. The earnings before interest and tax (EBIT) margin more than doubled. Strong international premium spirits growth continued, led by single malts in all major markets. Scottish Leader grew strongly in Taiwan with market share gains. Amarula grew strongly in most key markets, with gains in Germany reaching a key milestone of 1 million litres in market sales as a result of innovation and a step-up in consumer marketing. The export portfolio put in a resilient performance despite the continued pressure on the global travel retail sector, and out of stock positions as a result of supply chain disruptions due to the pandemic. We have focused our existing wine position to pursue profitable business opportunities while continuing to build our important larger wine brands in selected markets. Despite declines in wine volumes, margins have increased. The business is successfully leveraging the consumer shift to online channels where revenue more than doubled compared to the previous period.

While operating costs increased by 21,2%, this compares to revenue growth of 26,3%. Overall sales and marketing costs declined by 8,5%, as we had to adjust our marketing activities following the introduction of restrictions on gatherings, travel and trading to prevent the spread of COVID-19, and on the sale of our products during various lockdowns. The overall provision for expected credit losses on trade and other receivables increased by 22,0% (2021: R211,9 million, 2020: R173,7 million) as customers across the various distribution channels remain financially constrained because of restrictions on trade, sale of alcohol bans and the general weak economic conditions. The Group, however, decreased its provision for obsolete and slow-moving inventory by 44,9% to R115,1 million. While administration and other costs increased by R318,2 million to R1,3 billion, this was solely due to a R312,1 million (2020: R19,8 million) short-term incentive (STI) bonus payment for all employees as the Group achieved its STI targets aligned to key revenue, cash generation and sustainable development key performance indicators (KPIs) to enable the business to recover.

Other gains and losses reflected a gain of R259,4 million (2020: R209,4 million loss). The gain in the current year included a profit of R180,8 million on the sale of the premium wine farms Alto and Plaisir de Merle. The impairment of R58,7 million of our investment in the TD Spirits LLC (TD Spirits) joint venture in the US made in the prior year was reversed as the Company was able to generate a profit this year and our full investment was refunded prior to this joint venture being terminated.

Foreign currency translation losses amounted to R226,8 million (2020: R266,3 million gains) as the rand strengthened against the major currencies in which the Group trades.

A concerted effort to substantially reduce the Group's interest-bearing debt paid off, with net finance costs declining 23,6% to R291,1 million.

Distell's share of equity-accounted earnings increased by 17% to R113,8 million, driven by an improvement in Tanzania Distilleries Limited's performance.

Reported EBITDA increased by 99,8% to R3,8 billion. Normalised EBITDA, which mainly excludes the items referred to in note 13 to the condensed consolidated financial statements, increased by 56,9%. Normalised EBITDA, excluding foreign currency translation movements, increased by 87,3%.

The effective tax rate declined from 43,6% to 25,1%. This was largely attributable to the R202,6 million impairment of our investments in Best Global Brands Limited and TD Spirits in the prior year, which was not tax deductible, and non-taxable income relating to the sale of the premium wine assets and the reversal of the TD Spirits impairment in the current year.

Headline earnings and headline earnings per share increased by 227,3% to R1,7 billion and by 227,1% to 769,6 cents respectively. Excluding the currency conversion movements and the items referred to in note 13 to the condensed consolidated financial statements, headline earnings increased by 302,4%.

INVESTMENT AND FUNDING

Total assets increased by 1,9% to R25,8 billion.

Investment in net working capital decreased by 18,0% to R5,7 billion. Inventory increased by 1,8% to R8,6 billion. Of this, bulk spirits in maturation, planned in accordance with the Group's longer-term view of consumer demand for its brands in this category, decreased by 3,5% to R3,5 billion. Investment in bottled stock and packaging material increased by 17,3% as we increased production to meet customer demand. Trade and other receivables increased by 12,7%, while trade and other payables increased by 36,1% to reflect more normal levels as the Group used the cash it received from debtors in June 2020, when the ban on alcohol sales was lifted, to pay all amounts due to suppliers that were extended at that stage.

Capital expenditure for the period decreased by over a third compared to the previous year (2021: R877,8 million, 2020: R1,4 billion). Of this, half was spent on the replacement of assets. The remainder was directed to the expansion of capacity, mainly in relation to the finalisation of the Group's optimisation of the South African manufacturing facilities and its expansion into priority markets in Africa. The Group optimisation programme over the past five years, resulting in the rationalisation of 17 plants to 13, has yielded significant efficiency results across all key KPIs, driving unit operational costs down by 50% while increasing factory productivity by 50%. Water and electricity consumption have both decreased by 20% since the start of this project while overall production capacity has increased. Capex spend into the new financial year is set to increase to about R2,0 billion as the Group resumes key investments into growth projects in both South Africa and Africa.

The robust improvement in financial performance since the onset of COVID-19 saw cash generated from operations recover and grow 144% to R4,6 billion (2020: R1,9 billion). This is a 50% improvement on 2019 levels of R3,1 billion.

COMMENTARY *continued*

In addition to the above, the total proceeds on the disposal of property, plant and equipment (PPE) and intangible assets, which mainly relates to the sale of Alto and Plaisir de Merle, was R452,9 million. A further R405,0 million was received when surplus plan assets used to fund the South African post-retirement medical liability was repaid to the Group. Proceeds received on termination of the TD Spirits joint venture referred to above amounted to R67,6 million. The Group deployed excess cash to repay R400,0 million of its medium-term South African debt.

Net debt at the end of the reporting period was more than halved from R5,9 billion in 2020 to R2,2 billion. The Group is highly cash generative, with a strong balance sheet and a much-improved debt to debt-plus-equity ratio of 14,1% (2020: 32,9%) and a debt-to-equity ratio of 16,4% (2020: 48,9%) at the end of the reporting period. The Group was able to comfortably meet its debt covenants relating to its South African medium-term debt. The debt to EBITDA measurement at year-end was 0,53:1 (2020: 3,1:1) compared its current covenant of 2,75:1. This covenant has reverted to its original terms following the temporary amendment to 5:1 by the financial institutions for the June 2020 measurement period following the impact of COVID-19 on the prior year.

EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

Civil unrest broke out in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in violence and the destruction and looting of property and businesses.

One of the Group's distribution centres in KwaZulu-Natal was damaged and our operations were disrupted. Initial assessments placed the damage between R80,0 million and R100,0 million. All other sites in South Africa were without major damage. The Group is in the process of lodging insurance claims to recover losses incurred.

The impact of the civil unrest is regarded as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

PROSPECTS

Looking ahead in the near term, the International Monetary Fund sees developed economies recovering faster than emerging economies due to faster vaccination rates and the ability to return to normalcy as a result.

In our biggest market, South Africa, the economy continues to be supported by favourable external conditions such as high commodity prices, tempered with declining disposable income levels, while the need still exists for meaningful actions towards structural reforms and addressing youth unemployment. The recent unrest in Kwazulu-Natal and Gauteng is evidence of the unfortunate effect syndicates have in an environment where poverty and unemployment have been exacerbated by the pandemic.

The Group will also have to manage volatility around commodity costs, foreign currency headwinds and global shipping prices in relation to exporting to international markets, which is likely to add margin pressure going into the first half of the 2022 financial year.

While these and many other challenges prevail in some of the markets the Group operates in, there are also opportunities. Changing consumer preferences in favour of value and accessible premium, trusted brands across categories and occasions play to the inherent strength of Distell's diverse portfolio. Its ability to innovate and stay relevant to these changes, even during a pandemic, is a mark of its resilience as the Company navigates these challenges with a superior and efficient production network, growing route-to-market and agile workforce.

The Group's overall strategy is to make a difference by creating shared value in its chosen markets. We will do this by building partnerships and contributing to the communities around us in a meaningful way and with purpose behind everything we do. We will also continue our journey to focus on larger, more asset-light brands with the aim to enhance our return on invested capital and reduce complexity in the Group. This will increase our ability to leverage our strengths and deliver sustainable growth for shareholders.

The Group has a strong balance sheet with a powerful and well-known portfolio of brands that service a wide range of consumer needs spanning many price points, channels and geographies.

The commitment, resilience, and agility shown by Distell's employees throughout the pandemic is testament to the progress of the culture transformation at Distell. This was done in an environment where salaries across the board were temporarily decreased between 30% and 10% for most of the reported period, but refunded once the cash position improved at the year-end. The board would like to express its sincere appreciation to all Distell employees for accepting this short-term sacrifice to enable the business to recover, as well as for the tremendous collective effort, in trying circumstances, to intensify customer focus, execution and employee wellbeing.

The new financial year did not start as we would have liked, with a full month's trading being lost due to the alcohol sales ban in July, alongside damage to some of our infrastructure during the recent unrest. We have, however, moved swiftly after re-opening and are assisting customers as we aim to recover lost sales. Distell's African and international markets are performing well following previous key investments and focused market execution. The Group will continue its measured investments in key markets and brands in pursuit of diversification and long-term growth opportunities, alongside seeking complementary inorganic growth opportunities where applicable.

DIVIDENDS

The Group will release a further cautionary announcement with regard to an update on discussions between Heineken and Distell (the Potential Transaction). While the discussions are progressing, several aspects still need to be considered and ultimately agreed upon. The Potential Transaction, should it proceed, will be subject to several conditions, one of which relates to Distell not making any distributions, including dividend declarations to its shareholders in respect of the financial year ended 30 June 2021.

In light of this, the board has taken a decision not to declare a dividend for the financial year ended 30 June 2021. In the event that discussions regarding the Potential Transaction are terminated, the board intends to declare a dividend in respect of the financial year ended 30 June 2021.

Shareholders should take note, that although discussions have progressed, there is no certainty that the remaining aspects will be successfully resolved and agreed. The board believes that it will be able to provide more detailed information to shareholders on the Potential Transaction before the end of Q3 2021.

For the financial year ended 30 June 2020, no final dividend was declared due to uncertainty caused by alcohol bans, and to improve the liquidity of the Group following the impact of COVID-19.

AUDITOR'S REVIEW REPORT

The condensed consolidated financial statements for the year ended 30 June 2021 have been reviewed by PricewaterhouseCoopers Inc., which expressed an unmodified review conclusion thereon.

Signed on behalf of the board

JJ Durand
Chairman

RM Rushton
Group chief executive officer

Stellenbosch
25 August 2021

Directors: JJ Durand (chairman), GP Dingaan, DP du Plessis, T Kruythoff, PR Louw (alternate), MJ Madungandaba, EG Matenge-Sebesho, CA Otto, AC Parker, RM Rushton (Group chief executive officer), CE Sevillano-Barredo, LC Verwey (Group chief financial officer)
Company secretary: L Malan
Registered office: Aan-de-Wagenweg, Stellenbosch 7600
Transfer secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Sponsor: RAND MERCHANT BANK (a division of FirstRand Bank Limited), 1 Merchant Place, c/o Rivonia Road and Fredman Drive, Sandown 2196

www.distell.co.za

ACCESS TO INFORMATION

The full financial results:

- can be viewed on SENS;
- can be viewed online at www.distell.co.za (Investor Centre): https://www.distell.co.za/investor-centre/financial-results/DGHFY21.pdf
- can be viewed online at JSE: https://senspdf.jse.co.za/documents/2021/JSE/ISSE/DGHE/DGHFY21.pdf
- are available for inspection at the Company's registered office and the office of the sponsor at no charge, during normal business hours from 26 August 2021; or
- may be requested in printed format from the company secretary, tel: +27 21 809 7000.

INDEPENDENT AUDITOR'S REVIEW REPORT

ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF DISTELL GROUP HOLDINGS LIMITED

We have reviewed the condensed consolidated financial statements of Distell Group Holdings Limited, set out on pages 7 to 18 of the preliminary report, which comprise the condensed consolidated statement of financial position as at 30 June 2021, and the related condensed consolidated income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Distell Group Holdings Limited for the year ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: RM Labuschaigne
Registered Auditor

Stellenbosch, South Africa
25 August 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED	
	30 June 2021 R'000	30 June 2020 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	8 103 115	8 198 184
Financial assets at amortised cost	71 555	84 466
Financial assets at fair value through other comprehensive income (FVOCI)	47 827	49 575
Investments in associates	408 597	373 928
Investments in joint ventures	66 826	57 056
Intangible assets	2 082 759	2 267 557
Retirement benefit assets	385 489	643 936
Deferred income tax assets	62 176	62 747
Total non-current assets	11 228 344	11 737 449
Current assets		
Inventories	8 588 203	8 436 466
Trade and other receivables	3 290 481	2 919 657
Investment in money market funds	–	565 000
Current income tax assets	173 217	177 432
Cash and cash equivalents	2 471 136	1 169 057
Total current assets	14 523 037	13 267 612
Assets classified as held for sale	–	266 776
	14 523 037	13 534 388
Total assets	25 751 381	25 271 837
EQUITY AND LIABILITIES		
Capital and reserves		
Capital and reserves	13 086 980	11 582 926
Non-controlling interest	454 062	409 134
Total equity	13 541 042	11 992 060
Non-current liabilities		
Interest-bearing borrowings	2 077 097	5 122 473
Retirement benefit obligations	24 615	30 414
Deferred income tax liabilities	1 274 914	1 196 469
Total non-current liabilities	3 376 626	6 349 356
Current liabilities		
Trade and other payables	5 768 289	4 238 512
Interest-bearing borrowings	2 611 632	2 478 602
Provisions	344 696	35 511
Derivative financial instruments	85 818	154 485
Current income tax liabilities	23 278	23 311
Total current liabilities	8 833 713	6 930 421
Total equity and liabilities	25 751 381	25 271 837

CONDENSED CONSOLIDATED INCOME STATEMENT

	REVIEWED Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Change %
Revenue	**28 254 542**	22 370 224	26,3
Operating costs	**(25 671 447)**	(21 179 917)	21,2
Costs of goods sold	**(20 430 795)**	(16 065 724)	
Sales and marketing costs	**(2 542 523)**	(2 779 851)	
Distribution costs	**(1 362 550)**	(1 154 545)	
Administration and other costs	**(1 273 546)**	(955 391)	
Net impairment gains and losses on financial assets	**(62 033)**	(224 406)	
Other gains and losses	**259 445**	(209 399)	
Operating profit	**2 842 540**	980 908	189,8
Dividend income	**6 546**	2 538	
Finance income	**66 324**	61 128	
Finance costs	**(357 445)**	(441 978)	
Share of equity-accounted earnings	**113 803**	97 033	
Profit before taxation	**2 671 768**	699 629	281,9
Taxation	**(669 279)**	(305 009)	
Profit for the year	**2 002 489**	394 620	407,4
Attributable to:			
Equity holders of the Company	**1 935 840**	312 300	519,9
Non-controlling interest	**66 649**	82 320	
	2 002 489	394 620	407,4
Per share performance:			
Issued number of ordinary shares ('000)	**223 102**	222 382	
Weighted number of ordinary shares ('000)	**219 840**	219 642	
Weighted number of ordinary shares for diluted earnings ('000)	**220 543**	219 708	
Earnings per ordinary share (cents)			
– Basic earnings basis	**880,6**	142,2	519,3
– Diluted earnings basis	**877,8**	142,1	517,7
– Headline basis	**769,6**	235,3	227,1
– Diluted headline basis	**767,1**	235,2	226,1
Dividends per ordinary share (cents)			
– Interim	**–**	174,0	–
– Final	**–**	–	–
	–	174,0	–
Reconciliation of headline earnings:			
Net profit attributable to equity holders of the Company	**1 935 840**	312 300	519,9
Adjusted for (net of taxation):			
(Reversal of impairment)/impairment of equity-accounted investments	**(58 747)**	202 592	
Impairment of PPE	**–**	35 520	
Profit on disposal of assets classified as held for sale	**(167 988)**	–	
Gain on previously held equity interest and on sale of investments and subsidiaries	**(10 677)**	(10 548)	
Profit on sale of PPE	**(6 618)**	(23 024)	
Headline earnings	**1 691 810**	516 840	227,3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	REVIEWED Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Profit for the year	2 002 489	394 620
Other comprehensive income (net of taxation)	(532 869)	613 470
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(623 687)	623 356
Fair value adjustments of cash flow hedges	53 644	(75 301)
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefits	49 910	56 836
Fair value adjustments		
– Financial assets through other comprehensive income	(11 172)	9 147
Share of other comprehensive income of associates	(1 564)	(568)
Total comprehensive income for the year	1 469 620	1 008 090
Attributable to:		
Equity holders of the Company	1 402 971	926 114
Non-controlling interest	66 649	81 976
	1 469 620	1 008 090

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	REVIEWED Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Attributable to equity holders		
Opening balance	11 582 926	11 572 540
Comprehensive income		
Profit for the year	1 935 840	312 300
Other comprehensive income (net of taxation)		
Fair value adjustments:		
– Financial assets through other comprehensive income	(11 172)	9 147
Cash flow hedge of interest rate swaps	53 644	(75 301)
Currency translation differences	(623 687)	623 700
Remeasurements of post-employment benefits	49 910	56 836
Share of other comprehensive income of associates	(1 564)	(568)
Total other comprehensive losses	(532 869)	613 814
Total comprehensive income for the year	1 402 971	926 114
Transactions with owners		
Employee share scheme:		
– Shares paid and delivered	5	1
– Value of employee services	107 482	15 143
Dividends paid	–	(929 460)
Transactions with non-controlling interests	(6 404)	(1 412)
Total transactions with owners	101 083	(915 728)
Attributable to equity holders	13 086 980	11 582 926
Non-controlling interest		
Opening balance	409 134	357 464
Profit for the year	66 649	82 320
Dividends paid	(4 416)	(8 810)
Sale of interest to non-controlling interest	–	(20 158)
Currency translation differences	–	(344)
Transactions with non-controlling interests	(17 305)	(1 338)
Total non–controlling interest	454 062	409 134
Total equity at the end of the year	13 541 042	11 992 060

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	REVIEWED Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000
Cash flows from operating activities		
Operating profit	**2 842 540**	980 908
Non-cash flow items	**957 687**	1 189 647
Working capital changes	**772 914**	(293 304)
Inventories	**(255 275)**	(2 107)
Trade and other receivables	**(513 055)**	817 315
Trade payables and provisions	**1 541 244**	(1 108 512)
Cash generated from operations	**4 573 141**	1 877 251
Net financing costs	**(295 736)**	(422 437)
Taxation paid	**(602 635)**	(413 035)
Proceeds from retirement benefit assets transferred to the Group	**405 000**	–
Net cash generated from operating activities	**4 079 770**	1 041 779
Cash flows from investment activities		
Purchases of PPE to maintain operations	**(441 054)**	(458 115)
Purchases of PPE to expand operations	**(436 780)**	(900 641)
Proceeds from sale of PPE	**68 109**	102 010
Proceeds from sale of assets classified as held for sale	**384 781**	–
Purchases of financial assets and money market funds	**(1 322)**	(631 816)
Proceeds from financial assets and money market funds	**581 364**	24 714
Purchases of associates and joint ventures	**(12 500)**	(9 836)
Proceeds from associates and joint ventures disposed	**67 631**	–
Purchases of intangible assets	**(73 456)**	(120 790)
Proceeds from intangible assets	**1**	441
Proceeds from disposal of interest in subsidiaries, net of cash	**–**	(5 845)
Acquisition of subsidiaries, net of cash	**(23 425)**	–
Cash inflow/(outflow) from investment activities	**113 349**	(1 999 878)
Cash flows from financing activities		
Proceeds from ordinary shares issued	**5**	1
Lease payments	**(123 274)**	(129 903)
Proceeds from interest-bearing borrowings	**28 837**	159 906
Repayment of interest-bearing borrowings	**(400 000)**	–
Dividends paid	**(4 416)**	(938 270)
Cash outflow from financing activities	**(498 848)**	(908 266)
Increase/(decrease) in net cash, cash equivalents and bank overdrafts	**3 694 271**	(1 866 365)
Net cash, cash equivalents and bank overdrafts at the beginning of the year	**(1 180 943)**	630 816
Exchange losses on cash, cash equivalents and bank overdrafts	**(42 192)**	54 606
Net cash, cash equivalents and bank overdrafts at the end of the year	**2 471 136**	(1 180 943)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. BASIS OF PREPARATION, ACCOUNTING POLICY AND COMPARATIVE FIGURES

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for preliminary reports and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended (Companies Act). The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The directors are responsible for the preparation of the condensed consolidated annual financial statements, prepared under supervision of the Group chief financial officer, LC Verwey CA(SA).

The accounting policies applied in the preparation of the condensed consolidated annual financial statements are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

The Group has adopted all new as well as amended accounting pronouncements issued by the International Accounting Standards Board (IASB) that are effective for financial years commencing 1 July 2020. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 July 2020 have a material impact on the consolidated results of the Group.

	REVIEWED	
	30 June 2021 R'000	30 June 2020 R'000
2. SALES VOLUMES (LITRES '000)	700 667	554 635
3. NET INTEREST-BEARING BORROWINGS		
Interest-bearing borrowings		
Non-current	2 077 097	5 122 473
Current	2 611 632	2 478 602
	4 688 729	7 601 075
Cash and cash equivalents and investment in money market funds	(2 471 136)	(1 734 057)
	2 217 593	5 867 018
4. CAPITAL COMMITMENTS		
Contracted	625 592	291 175
Authorised, but not contracted	1 639 587	800 442
	2 265 179	1 091 617
5. DEPRECIATION AND AMORTISATION		
Depreciation of PPE	731 937	702 026
Amortisation of intangible assets	80 708	106 557
6. NET ASSET VALUE PER SHARE (CENTS)	6 069	5 393

7. SEGMENTAL AND REVENUE ANALYSIS

Operating segments were identified based on financial information reviewed regularly by management for the purpose of assessing performance and allocating resources to these segments. Revenue includes excise duty. With the formation of the Venture Business division and subsequent restructuring of all our international operations outside Africa, all information relating to International is now reported as one segment. In order to ensure comparability between the current and prior year segment information, the prior year information, including revenue, costs and allocations, have therefore also been restated to align with the current year segmentation basis as is currently reported to the chief operating decision-maker. In addition, other gains and losses and currency conversion gains and losses were allocated to the various reportable segments from Corporate.

Reviewed year ended 30 June 2021	South Africa R'000	BLNE R'000	Rest of Africa R'000	International R'000	Corporate R'000	Total R'000	Change %
Revenue	20 536 935	2 061 328	2 802 132	2 783 621	70 526	28 254 542	26,3
Costs of goods sold	(14 862 513)	(1 498 775)	(2 059 162)	(1 628 214)	(382 131)	(20 430 795)	27,2
Material costs and overheads	(14 862 453)	(1 476 950)	(2 000 498)	(1 560 276)	(303 867)	(20 204 044)	23,7
Currency conversion gains and losses	(60)	(21 825)	(58 664)	(67 938)	(78 264)	(226 751)	
Gross profit	5 674 422	562 553	742 970	1 155 407	(311 605)	7 823 747	24,1
Operating costs	(2 439 547)	(249 820)	(375 125)	(819 478)	(1 356 682)	(5 240 652)	2,5
Operating profit before allocations	3 234 875	312 733	367 845	335 929	(1 668 287)	2 583 095	117,0
Equity-accounted earnings	(3 615)	–	95 064	21 056	1 298	113 803	
EBIT before allocations (excluding other gains and losses)	3 231 260	312 733	462 909	356 985	(1 666 989)	2 696 898	109,5
Allocations	(846 160)	(87 230)	(106 060)	(80 115)	1 119 565	–	
EBIT after allocations (excluding other gains and losses)	2 385 100	225 503	356 849	276 870	(547 424)	2 696 898	109,5
Other gains and losses	10 069	–	–	69 480	179 896	259 445	
Equity-accounted earnings	3 615	–	(95 064)	(21 056)	(1 298)	(113 803)	17,3
Operating profit	2 398 784	225 503	261 785	325 294	(368 826)	2 842 540	189,8
EBIT before allocations attributable to:							
Equity holders of the Company	3 219 539	312 733	406 970	356 985	(1 665 978)	2 630 249	
Non-controlling interest	11 721	–	55 939	–	(1 011)	66 649	
	3 231 260	312 733	462 909	356 985	(1 666 989)	2 696 898	
Non-current assets	6 954 954	133 663	1 372 932	2 766 795	–	11 228 344	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

7. SEGMENTAL AND REVENUE ANALYSIS *CONTINUED*

Reviewed year ended 30 June 2020 (restated)	South Africa R'000	BLNE R'000	Rest of Africa R'000	Interna-tional R'000	Corporate R'000	Total R'000
Revenue	15 876 373	1 667 681	2 289 361	2 530 833	5 976	22 370 224
Costs of goods sold	(11 351 075)	(1 148 794)	(1 570 603)	(1 581 372)	(413 880)	(16 065 724)
Material costs and overheads	(11 351 237)	(1 145 887)	(1 639 445)	(1 611 952)	(583 528)	(16 332 049)
Currency conversion gains and losses	162	(2 907)	68 842	30 580	169 648	266 325
Gross profit	4 525 298	518 887	718 758	949 461	(407 904)	6 304 500
Operating costs	(2 407 310)	(225 573)	(404 114)	(815 259)	(1 261 937)	(5 114 193)
Operating profit before allocations	2 117 988	293 314	314 644	134 202	(1 669 841)	1 190 307
Equity-accounted earnings	(5 290)	–	86 334	14 702	1 287	97 033
EBIT before allocations (excluding other gains and losses)	2 112 698	293 314	400 978	148 904	(1 668 554)	1 287 340
Allocations	(1 028 774)	(114 000)	(233 769)	(111 183)	1 487 726	–
EBIT after allocations (excluding other gains and losses)	1 083 924	179 314	167 209	37 721	(180 828)	1 287 340
Other gains and losses	39 409	–	(143 845)	(48 199)	(56 764)	(209 399)
Equity-accounted earnings	5 290	–	(86 334)	(14 702)	(1 287)	(97 033)
Operating profit	1 128 623	179 314	(62 970)	(25 180)	(238 879)	980 908
EBIT before allocations attributable to:						
Equity holders of the Company	2 091 659	293 314	339 935	148 904	(1 668 792)	1 205 020
Non-controlling interest	21 039	–	61 043	–	238	82 320
	2 112 698	293 314	400 978	148 904	(1 668 554)	1 287 340
Non-current assets	7 160 660	131 108	1 495 817	2 949 864	–	11 737 449

Note: BLNE = Botswana, Lesotho, Namibia and Eswatini (formerly Swaziland)
EBIT = Earnings before interest and taxation

The Group also reports on a measure of revenue per category, which is detailed below:

	REVIEWED		
Category	Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000	Change %
Spirits	11 127 186	8 942 612	24,4
Wines	6 879 807	5 655 874	21,6
Cider and RTDs	10 223 134	7 724 645	32,3
Other	24 415	47 093	(48,2)
Total revenue	**28 254 542**	22 370 224	26,3

	REVIEWED Year ended 30 June 2021 R'000	Year ended 30 June 2020 R'000

7. SEGMENTAL AND REVENUE ANALYSIS *CONTINUED*

Corporate operating profit

Corporate operating profit comprises the following major categories:

	2021 R'000	2020 R'000
Corporate head office	(220 046)	(234 149)
Corporate and shared services	(413 087)	(349 348)
Group expenses	(161 708)	(149 867)
Group provisions, accruals and credit loss provision on financial assets	8 892	(167 889)
Supply chain	(874 600)	(944 212)
Net foreign exchange gains	(78 264)	169 648
Allocations to geographical regions	1 119 565	1 487 726
Other gains and losses	179 896	(56 764)
Revenue and other non-allocated items	70 526	5 976
Operating profit	**(368 826)**	(238 879)

Notes:

The corporate categories listed above include the following functions:

1. Corporate head office: Group human resources (HR), global marketing, corporate governance, growth and innovation, corporate and regulatory affairs and development;
2. Corporate and shared services: Group information communication technology (ICT), shared service centre, internal audit, HR training and business improvement;
3. Group expenses: Employee share scheme and long-service bonus costs, post-retirement medical costs, legal fees, audit fees, directors' fees, administration offices' service and site costs;
4. Group provisions, accruals and credit loss provision: Restructuring and retrenchment costs; and
5. Supply chain: Centralised procurement and supply chain management. It also includes production variances from standard, inventory losses and provisions. Certain production variances from standard are allocated from 'Corporate' to the regions and are included in 'Allocations'.

8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 June 2021. There have been no material changes in the Group's credit, liquidity and market risk or key inputs in measuring fair value since 30 June 2020.

Fair value estimation

Items carried at fair value are classified according to the fair value hierarchy, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable inputs, which reflect the market conditions, including that of COVID-19 in their expectations of future cash flows related to the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets at FVOCI and money market funds are classified as level 1, 2 or 3 and derivative financial assets and liabilities are classified as level 2.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

8. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *CONTINUED*

Fair value estimation *continued*

Fair value measurements at 30 June 2021	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets at FVOCI	**4 511**	**122**	**43 194**	**47 827**
Derivative financial assets	**–**	**10 708**	**–**	**10 708**
Derivative financial liabilities	**–**	**(85 818)**	**–**	**(85 818)**
	4 511	**(74 988)**	**43 194**	**(27 283)**
Fair value measurements at 30 June 2020				
Financial assets at FVOCI	2 061	132	47 382	49 575
Investment in money market funds	565 000	–	–	565 000
Derivative financial assets	–	894	–	894
Derivative financial liabilities	–	(154 485)	–	(154 485)
	567 061	(153 459)	47 382	460 984

There have been no transfers between level 1, 2 or 3 during the period, nor were there any significant changes to the valuation techniques and inputs used to determine fair values.

Valuation techniques used to derive level 2 and 3 fair values

Financial assets at FVOCI

These are valued using discounted cash flow techniques or the Group's share in the net assets.

Derivative financial assets and liabilities include the following:

Forward foreign exchange contracts

These are valued using foreign exchange bid or offer rates at year-end.

Interest rate swaps

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows through the use of discounted cash flow techniques using only market observable information.

The movement in level 3 assets for the period ended 30 June 2021 is as follows:

	2021 R'000	2020 R'000
Opening balance	**47 382**	40 179
Fair value adjustments	**(4 188)**	7 354
Disposals	**–**	(151)
Balance at the end of the year	**43 194**	47 382

The fair values of all other financial assets and liabilities approximate their carrying amounts.

9. RELATED PARTY TRANSACTIONS

The Group did not pay dividends on ordinary shares in the current reporting period. In the previous financial year the Group paid dividends of R295,5 million to subsidiaries of Remgro Limited.

10. OTHER KEY MATTERS IMPACTING THIS YEAR'S RESULTS

10(a) Reversal of impairment of investment in joint ventures

The impairment of R58,7 million of our investment in the TD Spirits LLC joint venture in the US made in the prior year was reversed as the Company was able to generate a profit this year and our full investment was refunded prior to this joint venture being terminated.

10(b) Inventory provisions

The current year inventory provisions are lower than that of the previous year as obsolete stock of the previous year were written off during the current year and due the increase in sales volumes, less obsolete inventory was identified this year. The nature of the inventory provided for in the current year is consistent with the prior year, however the extent has decreased. Certain products in the Group's portfolio have a limited shelf life. Due to the COVID-19 related ban on the sale of our products in some countries, the Group had to make provision for additional obsolete inventory in the prior year. Higher inventory levels of certain categories of products, mainly in the wine category, resulted in additional inventory provisions in 2020 due to the impact of vintage changes in the next financial year.

Inventory provisions amounted to R115,1 million (2020: R208,8 million).

10(c) Major assets disposals

The premium wine farms Alto and Plaisir de Merle were disclosed as assets of a disposal group classified as held for sale on 30 June 2020. The farming operations and related intangible assets were sold during the current financial year and a profit of R180,8 million related to these disposals is included in other gains and losses in the income statement. The operating results of the trademarks and farming operations do not meet the criteria to be classified as a separate major line of business or geographical area of operations and it has therefore not been disclosed separately as a discontinued operation.

11. IMPACT OF COVID-19

The COVID-19 pandemic and, in particular, the South African government's ban and restrictions on the trading of alcoholic beverages, had a significant impact on the trading of the Group since the start of the first lockdown on 26 March 2020. The Group showed resilience and was able to improve its financial health, as more fully disclosed in the rest of this report, following further bans from mid July 2020 to mid August 2020, and again during January 2021. We have considered the following aspects in the assessment of the ongoing impact on our operations:

Going concern considerations

The going concern basis has been adopted in the preparation of the condensed consolidated financial statements.

The Group has a strong balance sheet, underpinned by the recent consolidation of and upgrades to its production network, powerful and well-known brands across the portfolio range servicing consumer needs over various price points and a strong customer base covering all channels and geographies.

The Group has access to committed banking facilities of R7,3 billion for its South African operations, of which R1,4 billion (net after cash and cash equivalents) was utilised on 30 June 2021. Management regards the Group as having sufficient financial and operational capacity to continue operations, albeit in a constrained trading environment in South Africa.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

11. IMPACT OF COVID-19 *CONTINUED*

Liquidity considerations

Although the duration of the pandemic is still uncertain, the Group has put in place the necessary structures and processes to monitor and mitigate against existing and emerging risks to the business, including liquidity risk. The Group has sufficient committed banking facilities in South Africa which will allow it to meet its forecasted financial commitments for the next financial year based on the various scenarios the Group considered for how long sales restrictions could be in place.

At year-end the Group was able to comfortably meet all covenant requirements relating to its South African medium term debt. The net debt to EBITDA covenant was amended for the 30 June 2020 measurement period due to the impact that the regulations to contain the spread of COVID-19 had on the operating activities of the Group. The covenant have since reverted to the original agreed terms. The covenant measurements for 30 June were as follows:

	Covenant	2021	2020
Net debt to EBITDA	**< 2,75:1 (2020: < 5:1)**	**0,53:1**	3,11:1
Interest cover	**> 3,5:1**	**11,46:1**	5,1:1

12. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021 which resulted in violence and the destruction and looting of property and businesses.

One of the Group's distribution centres in KwaZulu-Natal was damaged and our operations disrupted. Initial assessments placed the damage between R80,0 million and R100,0 million. All other sites in South Africa were without major damage. The Group is in the process of lodging insurance claims to recover losses incurred.

The businesses of many of our customers and consumers in the affected areas were also severely damaged or destroyed during the unrest. Distell will continue to assist all our customers to help rebuild their businesses and support them as trade resumes.

The impact of the civil unrest is regarded as a non-adjusting event in terms of IAS 10 *Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

The directors are not aware of any other matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

13. PRO FORMA INFORMATION

The results of the Group are significantly impacted by abnormal or non-recurring transactions and the change in foreign exchange rates. Abnormal transactions refer to events outside the general operating activities of the Group, including legal disputes, costs associated with potential significant corporate transactions and major restructurings which can span more than one financial year.

The Group therefore also discloses adjusted measures in order to indicate the Group's businesses' performance excluding the effect of abnormal and non-recurring transactions and foreign currency fluctuations. These adjusted measures constitute pro forma financial information.

The pro forma financial information is the responsibility of the board of directors of the Company and is presented for illustrative purposes only. Because of its nature, the pro forma financial information may not fairly present the Group's financial position, changes in equity, results of operations or cash flows.

An assurance report (in terms of ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*) has been issued by the Group's auditor in respect of the pro forma financial information included in this announcement and the report is included on page 21.

The current and prior year numbers, as presented in the tables below, were extracted without adjustments from the condensed consolidated financial statements for the years ended 30 June 2021 and 30 June 2020. Prior year numbers for normalised headline earnings and -EBITDA have been restated to exclude the impact of the prospective implementation of IFRS 16 *Leases* on 1 July 2019 as it is now treated consistently in both financial years.

	REVIEWED	RESTATED	
	30 June 2021 R'000	30 June 2020 R'000	Change %
The adjustments below represent abnormal or non-recurring items which significantly impacted the financial results of the Group:			
Headline earnings	**1 691 810**	516 840	227,3
Adjusted for (net of taxation):			
Expected credit loss on Zimbabwe savings bonds	**–**	77 297	
Legal disputes and related legal fees	**27 143**	15 430	
Merger and acquisition related costs	**16 706**	15 668	
Retrenchment costs related to major restructurings	**15 598**	32 537	
Normalised headline earnings	**1 751 257**	657 772	166,2

The results of the Group are also significantly impacted by the change in foreign exchange rates, mainly relating to the UK pound, euro, US dollar (USD) and Angola kwanza (AOA) for both reporting periods, as a result of:

a) the translation of foreign operations to the reporting currency; and
b) the translation of South African monetary assets and liabilities denominated in foreign currency to the reporting currency at period-end.

In the prior year the income of foreign subsidiaries was converted at an average aggregated daily ZAR/US dollar (USD) exchange rate of R15,64 compared to R15,43 in the current year, and the Angolan kwanza devaluated from an average aggregated daily kwanza/USD exchange rate of 466,7 to 634,3 in the current year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

13. PRO FORMA INFORMATION *CONTINUED*

	REVIEWED 30 June 2021 R'000	RESTATED 30 June 2020 R'000	Change %
The adjustments below thus represent a restatement of the 2020 foreign income using the current year aggregated daily average exchange rates.			
Normalised headline earnings	1 751 257	657 772	166,2
Adjusted for (net of taxation):			
Prior year restatement to current year aggregated daily average exchange rates	–	2 953	
Exclusion of effect of conversion of foreign currency monetary assets and liabilities to the reporting currency			
– Other major currencies	163 555	(191 842)	
– Kwanza (in associate)	9 603	9 374	
Normalised headline earnings adjusted for foreign exchange movements	1 924 415	478 257	302,4
Earnings before interest, taxation, depreciation and amortisation (EBITDA)			
Profit before taxation	2 671 768	699 629	281,9
Adjusted for:			
Dividend income	(6 546)	(2 538)	
Finance costs	291 121	380 850	
Depreciation	731 937	702 026	
Amortisation	80 708	106 557	
EBITDA	3 768 988	1 886 524	99,8
Adjusted for:			
Impairment of property, plant and equipment (PPE), intangible assets, investments and profit/loss on sale of PPE, investments, intangible assets and subsidiaries	(259 445)	209 399	
Expected credit loss on Zimbabwe savings bonds	–	108 107	
Legal disputes and related legal fees	37 963	18 394	
Merger and acquisition related costs	23 365	21 914	
Retrenchment costs related to major restructurings	21 814	45 508	
Normalised EBITDA	3 592 685	2 289 846	56,9
The adjustments below represent a restatement of the 2020 foreign income using the current year aggregated daily average exchange rates as explained above.			
Normalised EBITDA	3 592 685	2 289 846	56,9
Adjusted for:			
Prior year restatement to current year aggregated daily average exchange rates	–	13 395	
Exclusion of effect of conversion of foreign currency monetary assets and liabilities to the reporting currency			
– Other major currencies	228 179	(267 745)	
– Kwanza (in associate)	9 603	9 374	
Normalised EBITDA adjusted for foreign exchange movements	3 830 467	2 044 870	87,3

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE REVIEWED GROUP RESULTS

for the year ended 30 June 2021

TO THE DIRECTORS OF DISTELL GROUP HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Distell Group Holdings Limited (the "Company") by the directors. The pro forma financial information, as set out in the Reviewed Group Results for the year ended 30 June 2021 ("Reviewed Group Results"), consist of the impact of abnormal and non-recurring transactions and the effect of foreign currencies on information disclosed in the condensed consolidated financial statements for the year ended 30 June 2021, and related notes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the commentary section and note 13 of the condensed consolidated financial statements included in the Reviewed Group Results.

The pro forma financial information has been compiled by the directors to illustrate the impact of abnormal and non-recurring transactions and the effect of foreign currencies on headline earnings and earnings before interest, taxation, depreciation and amortisation ("EBITDA"). As part of this process, information about the Company's financial performance has been extracted by the directors from the Company's condensed consolidated financial statements for the year ended 30 June 2021, on which a review report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the commentary section and note 13 of the condensed consolidated financial statements included in the Reviewed Group Results.

Our independence and quality control

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the commentary and pro forma financial information sections included in the commentary section and note 13 of the condensed consolidated financial statements included in the Reviewed Group Results.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE REVIEWED GROUP RESULTS *continued*

for the year ended 30 June 2021

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the commentary section and note 13 of the condensed consolidated financial statements included in the Reviewed Group Results.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: RM Labuschaigne
Registered Auditor

Stellenbosch
25 August 2021

GREYMATTERFINCH # 15066

WE ARE DISTELL

Distell is a business with deep roots in South Africa with a growing African and international presence. We are Africa's leading producer and global marketer of ciders and ready-to-drink beverages (RTDs), spirits and wines.

CREATING AND SHARING VALUE

Our purpose captures the customer and consumer experience associated with our award-winning brands. It recognises our role as a corporate citizen and our obligation to act responsibly and pursue excellence in everything we do.

OUR PERFORMANCE IN 2021

The year has been undoubtedly challenging. However, it also presented an opportunity for us to realign the Group's strategy. Distell has proven to be a resilient African business with a strong and diverse portfolio. This will enable us to thrive in the long term.

Brands

CIDERS AND RTDs

We pioneered the cider category in South Africa to become the second largest global producer of ciders, with our top performers:

- Savanna
- Hunter's
- Extreme
- Bernini

SPIRITS

Our premium and accessible spirit brands include local brands in key African markets:

- Amarula
- Bunnahabhain
- Scottish Leader
- Viceroy

WINES

Distell owns key wine brands, including:

- 4th Street
- Drostdy-Hof
- Nederburg
- Sedgwick's Old Brown

distell.co.za