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 wines, spirits, ciders and other ready-to-drinks (RTDs).

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 & RTD'S

We pioneered the cider category in South Africa to become the second largest global producer of ciders:

- 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

www.distell.co.za

2021 INTEGRATED ANNUAL REPORT

DISTELL
CRAFTING BRANDS SINCE 1925

INTRODUCING OUR 2021 INTEGRATED REPORT

In 2021, we asked ourselves: "What do we need to do to stay relevant to all stakeholders in the longer term?". We considered the environment we operate in, changing customer and consumer needs, the competitive landscape and stakeholders' growing concerns around environmental, social and governance (ESG) issues to stay relevant to all stakeholders in the longer term. This set us on the path of a shared value journey, with the vision: >>>

Making a difference by creating shared value in our chosen markets.

This new vision speaks to a transformative journey, while remaining committed to our purpose of creating memorable moments and crafting a better future; and staying true to our values of customer and consumer focus, excellence and 'One Distell'. Our vision was approved by the board of directors (board), and this report tells the story of how we aim to achieve it:

About this report, page 2

WE ARE DISTELL

Our operating and business models, page 8

Our operations are driven through three regional business divisions:

- South Africa
- Africa
- Venture Business

To fulfill our purpose and reach our vision, Distell relies on the following resources:

- Financial
- Manufactured
- Social and relationship
- Intellectual
- Human
- Natural

These resources are transformed through the business activities and processes along our value chain to produce our brand portfolio and value for our business and our stakeholders.

Our brand portfolio, page 16

Our balanced repertoire of brands resonates with a broad spectrum of consumers.

The products mentioned in this report are not for sale to persons under the age of 18. As always, we appeal to all consumers who have chosen to drink alcohol to enjoy our products with care and responsibility.

Our stakeholders, page 18

Our ability to deliver on strategy is dependent on a diverse group of stakeholders who have a legitimate interest in the way we conduct our business:

- Employees
- Consumers
- Trade customers
- Suppliers
- Strategic business partners
- Investors
- Industry bodies
- Government
- Communities
- The environment

DISTELL IN CONTEXT

To determine what is material to include in this report – keeping in mind the context of our unique business model and the needs and expectations of our stakeholders – we considered the Group's key strategic risks and opportunities, as well as the material trends shaping our strategy.

The material trends shaping our strategy, page 27

- Macro-economic trends in our regions of operation
- Category trends
- Consumer trends

Our key strategic risks and opportunities, page 31

- The alcohol policy landscape
- Increasing competition
- Information communication technology (ICT) and cyber security
- Digital maturity
- The African market
- Talent and capabilities
- Supply chain risks
- Brand equity erosion
- Our international market
- Our licence to trade
- South African wine industry glut

OUR STRATEGY

In 2021, as part of the formulation of our vision to make a difference by creating shared value in our chosen markets, we refocused our business strategy to integrate it more fully with the Group's sustainability strategy.

Our strategic ambitions, page 40	Our geographic goals, page 42	Our strategic drivers, page 43
Creating shared value	Defend and grow in South Africa	Grow consumer love for our brands
Sustainable growth and returns	Expand in Africa	Growth through innovation
	Build international premium spirits	Leverage our scale asset base
		Foster a winning culture
		Transform our strategic capabilities

OUR PERFORMANCE IN 2021

We explain our performance in 2021, including perspectives from our leadership and achievements against our strategic ambitions, goals and drivers.

From our chairman, page 47

From our Group CEO, page 50

From our Group CFO, page 56

Performance against our strategy, page 65

Executive management team, page 92

Board, page 96

CORPORATE GOVERNANCE REPORT

- Message from our lead independent director, page 98
- Key board topics for the 2021 financial year, page 100
- Board, page 103
- Audit committee report, page 109
- Remuneration report, page 113
- Risk and compliance committee report, page 133
- Social and ethics committee report, page 136

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS, PAGE 140

SUPPLEMENTARY INFORMATION, PAGE 162

ABOUT THIS REPORT

This integrated report (the report) reflects the performance of Distell Group Holdings Limited (Distell, the Group or the Company) for the financial year ended 30 June 2021 (FY21 or the year) and our outlook for the future.

It focuses on the Group's financial and non-financial performance, including our extensive worldwide distribution network, supported by local production capability and joint venture and associate partnerships.

AUDIENCE AND REPORTING SUITE

This report, which includes our summary consolidated financial statements, is Distell's primary report aimed at all stakeholders, particularly our shareholders and the local and offshore investment community who provide our financial capital.

It is part of a suite of publications we produce to best meet our stakeholders' needs and expectations. These publications and additional information relating to presentations, events and results are available online at www.distell.co.za/investor-centre:

Our **SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**, **NOTICE TO SHAREHOLDERS AND SEPARATE PROXY FORM**, which provide information to enable shareholders to participate in the annual general meeting (AGM).

Our complete **ANNUAL FINANCIAL STATEMENTS**, a comprehensive report of the Group's financial performance for the year.

Our **SUSTAINABILITY REPORT**, which highlights Distell's non-financial performance for the year.

Our statement of compliance with the **KING IV REPORT ON CORPORATE GOVERNANCE™**[1] for South Africa, 2016 (King IV).

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

PREPARING, REVIEWING AND APPROVING THIS REPORT

The board applies materiality to determine what content is included in our integrated report, focusing on those matters that are most impactful for the Group and likely to influence value creation, preservation or erosion over time. This enables us to report effectively to our stakeholders.

The processes for preparing, reviewing and approving this report are: >>>

The following business functions acted as the custodians of the information supplied in this report:

Integrated report	Corporate governance report	Remuneration report	Summary consolidated financial statements
Investor relations	Company secretary	Reward	Finance

Content guidance

We considered, used and applied a range of content guidance documents in the preparation of our reporting elements:

- The requirements of the International Integrated Reporting Council's Integrated Reporting (<IR>) Framework
- The South African Companies Act, No. 71 of 2008, as amended (the Companies Act)
- The JSE Listings Requirements
- The principles outlined in King IV
- International Financial Reporting Standards (IFRS)
- The reporting guides provided by the South African Institute of Chartered Accountants (SAICA) and the Accounting Practices Committee, where applicable

Content gathering

Supported by their operational teams and internal reporting throughout the year, the following contributors provided the information disclosed in this report. Information was gathered through focused and in-depth interviews, facilitated by the investor relations function:

Richard Rushton, Group chief executive officer (CEO)
Lucas Verwey, Group chief financial officer (CFO)
Kate Rycroft, managing director: Venture Business
Donovan Hegland, director: growth and innovation
André Opperman, director: human resources
Wim Bührmann, managing director: southern Africa
Len Volschenk, managing director: Africa
Kershen Pillay, director: corporate services
Johan van Zyl, director: supply chain

In addition, to gather information for the report, the reporting team consulted Lizelle Malan, Group company secretary; Carin Fouche, Group manager: corporate strategy; Ilani van Zyl, global lead: reward and various members of their teams.

The following board members were also interviewed: Jannie Durand, non-executive chairman; André Parker, independent non-executive director; Gugu Dingaan, independent non-executive director.

Information on material sustainability issues is obtained from our separate sustainability report, which is drafted according to its own rigorous process of preparation, review and approval.

Assurance

While third-party assurance was not sought for all information contained in this report, certain information was independently assessed and verified:

- The summary consolidated financial statements were audited by the external auditors, PwC, and an unqualified opinion was issued.
- Broad-based black economic empowerment (B-BBEE) performance was independently assessed and verified by AQRate.
- Certain environmental information, including our greenhouse gas (GHG) emissions.
- In adherence to the principle of combined assurance, we follow an audit trail for non-financial disclosures and performance data and validate this information through an internal audit process.
- The content of the report has been reviewed by the board and management to confirm the reliability and completeness of the information included and to ensure that we continue to meet the reporting and disclosure needs of local and international investors.

Refer to page 167 for a full list of our accreditations and certifications.

Review

All members of the executive committee then reviewed the report to ensure accuracy and materiality.

Approval

The audit committee, which has oversight responsibility for integrated reporting, recommended the report for approval by the board.

The board reviewed the report's contents, preparation and presentation, including the appropriateness of the reporting frameworks used. The board believes the report is an accurate representation of the prospects and performance of the Group. The board approved the 2021 integrated report in Stellenbosch on 25 August 2021 for release to shareholders on 20 September 2021.

Jannie Durand | Richard Rushton | Catharina Sevillano-Barredo

OUR SALIENT METRICS AND COMPARABILITY

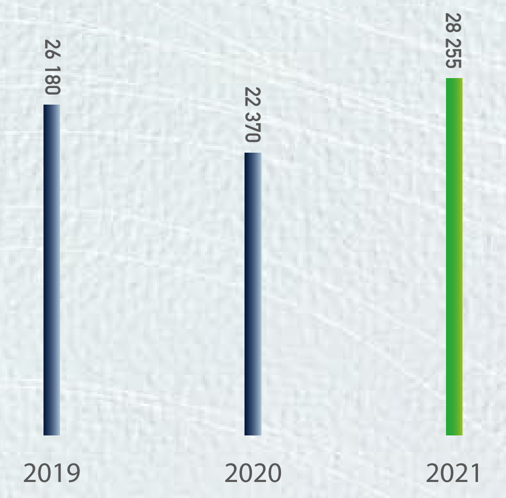
The financial, economic, social and environmental metrics we report remain broadly comparable to and consistent with our 2020 report.

However, the following should be considered: in March 2020, the World Health Organization formally recognised COVID-19 as a pandemic. Governments around the world took various actions to curb the pandemic, including social distancing, limits on public gatherings and restrictions on movement between countries and provinces.

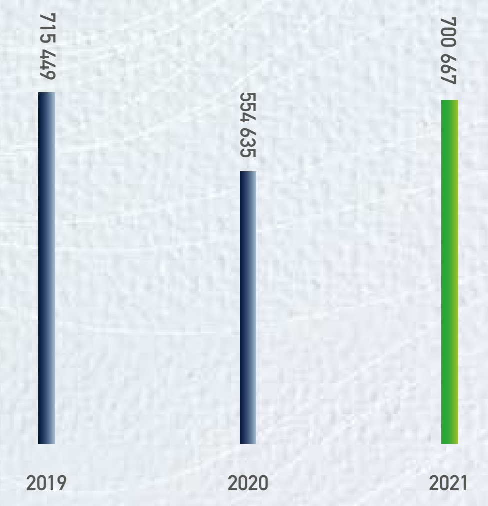
In South Africa, the response included periods of bans or restrictions on the sale of alcohol. In both the 2020 and 2021 financial years, 20% of the trading period was lost. Due to the timing and extent of restrictions, our overall results in 2020 were significantly impacted by the disruption. Our immediate priority was to manage the short-term challenges and put measures in place for recovery to thrive in the long term. These measures proved successful in 2021, with most performance metrics recovering to pre-pandemic (2019) levels, and in some cases showing significant improvement.

These unusual circumstances affect the comparability of financial and non-financial information between 2020 and 2021. For this reason, we include 2019 metrics in this report to provide stakeholders with a broader view on which to base comparisons.

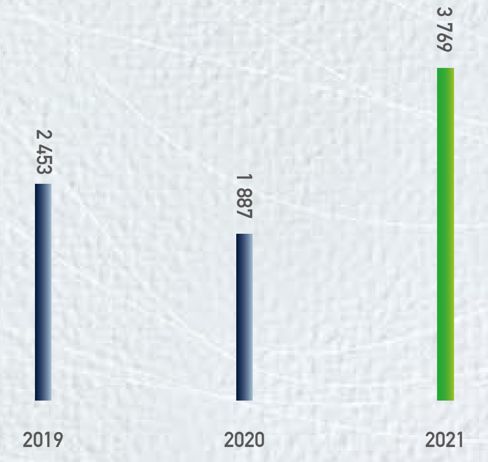
Group revenue (R million)



Group volumes ('000 litres)

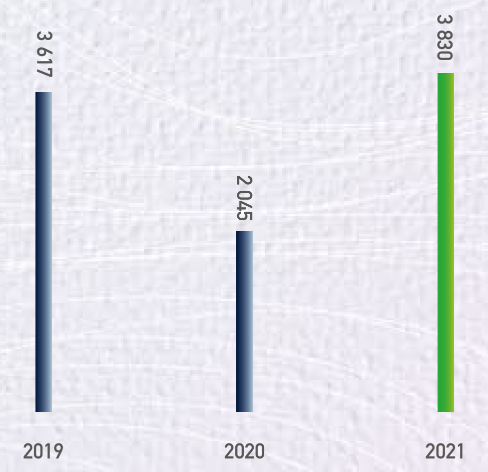


Reported EBITDA (R million)



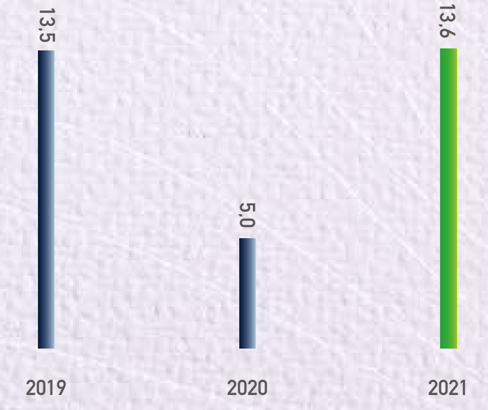
Reported headline earnings (R million)

Normalised EBITDA adjusted for forex[1, 2] (R million)

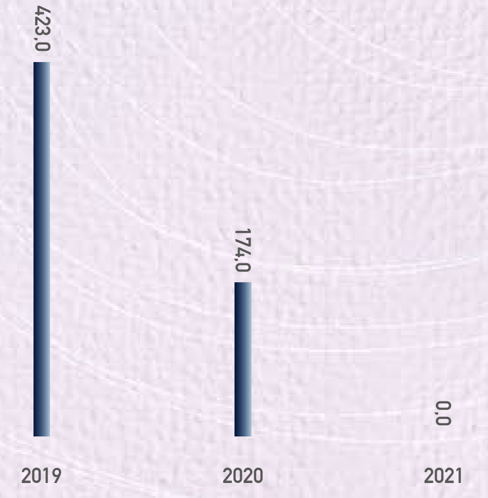


Normalised headline earnings adjusted for forex[2] (R million)

Return on invested capital (ROIC) (normalised forex) (%)



Total dividends per share (cents)



FORWARD-LOOKING STATEMENTS

Due to the future-orientated principle of integrated reporting, many of the statements in this report constitute forward-looking statements. These are not guarantees or predictions of future performance. The Group faces risks, opportunities and other factors beyond its control. These or other uncertainties may cause our actual future results to be materially different from those expressed in this report. Readers are therefore advised not to place undue reliance on forward-looking statements, as we do not undertake to update these.

FEEDBACK

Your feedback is important to us and we welcome your input to enhance our reporting content and processes. Please send your comments to Investor.Relations@distell.co.za or call +27 21 809 7000. Readers can also interact with us on the following social media platforms:

1 2021 and 2020 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. 2019 numbers are extracted without adjustments from the comparative numbers in the consolidated annual financial statements for the year ended 30 June 2020.

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 summary consolidated financial statements.

WE ARE DISTELL

Distell is a business with deep roots in South Africa and a growing African and international presence. We are Africa's leading producer and marketer of ciders, ready-to-drink beverages (RTDs), spirits and wines, enjoyed responsibly by people across the world. Our brand portfolio offers consumers a choice for every occasion and provides unique moments of social enjoyment. The value we create enriches the lives of our employees, shareholders and the communities in which we live and work.

The Group first listed on the JSE Limited (JSE) in 2001 under the consumer goods sector, and relisted as an investment holding company on 1 June 2018 due to the collapse of the Capevin/Distell shareholding structure. Distell is an operating subsidiary of Remgro Limited, which holds an economic interest of 31% of the Group's shares.

OUR VISION >>> **Making a difference by creating shared value in our chosen markets** >>> We aim to build the Distell of tomorrow, while helping to regenerate economies and communities, and allowing the environment to thrive.

OUR PURPOSE >>> **Creating memorable moments, crafting a better future** >>> 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 VALUES
>>> **Customer and consumer focus:** We are passionate about our customers and consumers.
>>> **Excellence:** We are committed to excellence in everything we do.
>>> **One Distell:** We win by collaborating with integrity, honesty and respect.
>>> Our values reflect what we stand for as an organisation and act as guiding principles. At the foundation of these values is a total commitment to our consumers and customers, characterised by an unwavering passion to serve their needs with integrity and excellence.

THE BEHAVIOURS THAT UNDERPIN OUR VALUES >>>

- We delight our consumers by putting them first
- As our customers grow, we grow
- We think and act like business owners
- We challenge, then commit
- We are digitally fluent
- We fail fast and learn faster
- We dare to care
- We build trust together
- Together, we play to win

OUR OPERATING MODEL

Distell's operations are driven through three regional business divisions: South Africa, Africa and our Venture Business.

Each function acts as a specialist division, with its own decision-making processes, thus enabling quick responses to the unique macro-economic conditions and evolving consumer and competitor behaviour in its geographic region. Oversight of sustainability resides in the corporate centre.

SOUTH AFRICA

WE ARE PROUDLY SOUTH AFRICAN

Distell is the only South African owned and operated multi-category alcoholic beverages company.

AFRICA

WE ARE BUILDING A PLATFORM FOR GROWTH

We are Africa's leading producer and marketer of ciders, RTDs, spirits and wines.

INTERNATIONAL

WE ARE BUILDING A PREMIUM SPIRITS BUSINESS

We focus on premium spirits in select international markets.

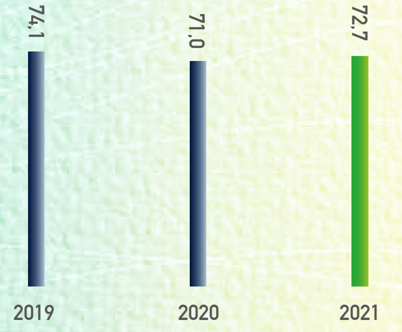
Strategic geographic goals: Where to play

DEFEND AND GROW IN SOUTH AFRICA.

EXPANDING IN AFRICA THROUGH LOCAL PARTNERSHIPS.

BUILDING INTERNATIONAL PREMIUM SPIRITS.

Contribution to Group revenue (%) (South Africa)

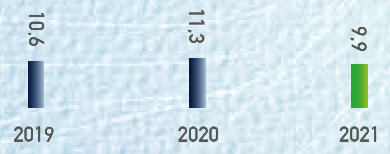


Page 67

Contribution to Group revenue (%) (Africa)

Page 71

Contribution to Group revenue (%) (International)



Page 75

OUR BUSINESS MODEL

Our business model enables us to fulfil our purpose of creating memorable moments, crafting a better future. It explains how we preserve and create value through the successful management of interconnected resources.

The way the Group navigated the challenging circumstances of the past two financial years, to emerge stronger than before, highlighted our key competitive advantages. These include:

- **OUR DECENTRALISED OPERATING MODEL** — Page 8
- **OUR FOCUSED BRAND PORTFOLIO** — Page 16
- **STRONG GOVERNANCE** — Page 98
- **GOOD RELATIONSHIPS WITH STAKEHOLDERS** — Page 18
- **AN AGILE BUSINESS AND SUSTAINABILITY STRATEGY** — Page 38
- **A COMMITMENT TO SOCIAL AND ENVIRONMENTAL SUSTAINABILITY** — Page 40
- **A WINNING CULTURE** — Page 44

Our business model is underpinned by strong governance

The Distell board takes great care in ensuring good governance. Governance requirements continually evolve and present new challenges, especially with Distell's growing footprint in regions with high operating risks. The board applies integrated thinking as promoted by King IV, and Distell's governance practices, risk and compliance frameworks, policies and controls exist to:

- Support the Group to achieve our strategic ambitions and goals
- Ensure the sustainability of the Group
- Optimise value for our shareholders and other stakeholders

Read more in our governance report from page 98.

WHERE WE DO BUSINESS

4 440 EMPLOYEES

19 DISTRIBUTION CENTRES (INCLUDING FOUR IN NAMIBIA)

2 MEGA DISTRIBUTION CENTRES

24 TRADE EXPRESS SITES (INCLUDING ONE IN ESWATINI)

3 DEDICATED EXPORT WAREHOUSES

Distilleries and processing:

- South Africa:
  - Worcester
  - Goudini
  - Van Ryn's, Stellenbosch
  - Wellington
  - Monis, Paarl
- Scotland:
  - » Tobermory, Isle of Mull
  - » Bunnahabhain, Islay
  - » Deanston, Stirling

Blending and packaging:

- South Africa:
  - Adam Tas
  - Nederburg
  - J. C. Le Roux
  - Gqeberha
  - Springs
  - Wadeville
  - Van Ryn's, Stellenbosch
- Nigeria
- Kenya
- Angola
- Scotland:
  - » East Kilbride

Wineries:

- South Africa:
  - Nederburg
  - Adam Tas
  - J. C. Le Roux
  - Durbanville Hills

RESOURCE INPUTS INTO OUR BUSINESS MODEL

To craft our distinctive brands and fulfil our purpose, we make use of the following resources. By applying these resources responsibly, ethically and effectively, through the business activities and processes along our value chain, we aim to create and preserve sustainable value – and curtail value erosion – for all of our stakeholders.

Financial resources

Financial resources include: Funding from providers of capital, equity raised, retained earnings and access to debt funding.

Distell is rigorous and measured regarding capital allocation. We invest financial resources in accordance with our strategy, economic value added and ROIC. We allocate capital to support our business activities and maintain and enhance our asset base. To grow, we invest in our brand portfolio, and select geographies on the African continent.

Risks to the availability of financial resources	For our response, read more
• Economic decline, particularly in South Africa, intensified by COVID-19 • Approximately 20% trading days lost due to COVID-19-related restrictions on the sale of alcohol	• The Group CFO report on page 56 for a review of our financial performance for 2021 • The summary consolidated financial statements from page 140

Manufactured resources

Manufactured resources include: Our corporate office buildings, information technology (IT) infrastructure and the physical assets we use to produce, cellar, package, warehouse, sell and distribute our brands.

We continually invest to maintain and optimise our asset portfolio and work to digitally transform our internal systems and customer and consumer-facing platforms.

Risks to the availability of manufactured resources	For our response, read more
• Increased health and hygiene standards to keep our operations safe for employees • COVID-19-related disruptions to our export supply chain • Increased utility costs, including for electricity and water • Escalated illicit trade and the increased threat of theft from our production facilities and logistics systems	• Detail on capital investments, upgrades and consolidation of assets can be found on page 84

Social and relationship resources

Social and relationship resources include: A network of internal and external relationships we develop and maintain with stakeholders.

These relationships are guided by our purpose and values, and we work with our stakeholders to fulfil our vision to make a difference by creating shared value in our chosen markets. We invest in these relationships to maintain our reputation and legal and social licence to operate.

Risks to the availability of social and relationship resources	For our response, read more
• Socio-economic strain affects the well-being of consumers and the communities we serve • COVID-19-related restrictions put pressure on our suppliers and trade customers, many of which are small and medium-sized enterprises (SMEs) • Government, communities and consumers are concerned about the adverse effects of irresponsible alcohol consumption	• Distell's material stakeholder groups and our engagement with each are discussed from page 18

Intellectual resources

Intellectual resources include: Our focused and innovative brand portfolio, operational knowledge and strategic partnerships, our systems, protocols and intellectual property.

Our decentralised operating model (page 8) enables prompt decision-making, heightened commercial responsibility and improved brand resonance with consumers. A dedicated growth and innovation function manages the application of intellectual resources in line with changing consumer preferences, evolving market trends, quality control and product innovation.

Risks to the availability of intellectual resources	For our response, read more
• Heightened cyber security risks, increased by remote working to meet physical distancing requirements	• We invested significant financial resources in a multi-year end-to-end digital transformation journey, see page 90 • Brand innovations can be found on page 80

Human resources

Human resources include: Our culture and our people, including the board, management and employees. The diversity of our teams and our collective competencies, capabilities, experience and motivation to innovate.

To attract and retain the best talent to pursue our growth strategy, we proactively recruit key skills and incentivise competitively. We invest in our people to develop their careers and maintain an engaged and competent talent pool.

We rely on employees to live Distell's values and commitment to our consumers and customers, characterised by an unwavering passion to serve consumers' and customers' needs with integrity and excellence.

Risks to the availability of human resources	For our response, read more
• Salary and benefit reductions to preserve jobs during the COVID-19 crisis • The physical and mental well-being of employees required to work under new safety protocols or from home	• All salary and benefit reductions have been reimbursed, see the remuneration report on page 113 • See the section on fostering a winning culture on page 87

Natural resources

Natural resources include: The land, water, energy and agricultural produce, such as apples and grapes, we depend on for production, packaging and manufacturing.

We understand that our long-term sustainability is intrinsically linked to the environment and these natural resources, from farm to consumer and back again. We are committed to reducing our consumption of natural resources in our operations since the depletion of these resources would threaten the Group's business model.

Risks to the availability of natural resources	For our response, read more
• Delays in the import, export and in-country movement of agricultural resources due to COVID-19 restrictions	• Material initiatives can be found in our sustainability report online at www.distell.co.za

OUR BUSINESS ACTIVITIES

Our business activities are guided by our strategic ambitions, goals and drivers, as described on page 38.

Growth and innovation

To deliver breakthrough brand and product innovations, our growth and innovation business function uses research platforms, methodologies and advanced marketing analytics to gain consumer insights.

At our various centres of excellence, subject matter experts bring new and innovative product and packaging ideas to the market. This ensures we continue to produce award-winning ciders, RTDs, spirits and wines.

For initiatives and innovations in 2021, see the growth and innovation strategic driver on page 80.

Procurement

The bulk of our raw materials are sourced locally, particularly in South Africa, but also in other markets where we have production facilities. We drive sustainable value through smart spend management that enables innovation and builds quality partnerships along our value chain.

Distell's inclusive purchasing strategy results in the growth of our preferential procurement pool and creates market accessibility, particularly for small and medium-sized black-owned and black women-owned businesses.

Detail on how we achieve this can be found in our sustainability report at www.distell.co.za.

Cellaring, distilling and bottling

We process, cellar, mature and package under safe and controlled conditions that adhere to international standards. The Group has an employee safety, health and wellness programme, and a comprehensive occupational health and safety strategy in place.

To preserve the natural resources we depend on, we must ensure our supply chain practices are efficient, agile and geared to protect the planet while meeting our customers' requirements in full. We invest in the sustainable use of resources at our production facilities by implementing interventions to reduce water and electricity usage and by applying the 'three Rs' of waste management: reduce, reuse, recycle.

Specific initiatives are outlined in the strategy section on page 40, and in our 2021 sustainability report, available online at www.distell.co.za.

Marketing

Consumer and customer needs, liquor legislation and best practice differ per market. Our decentralised marketing function responds to these unique circumstances, which guide us in marketing our brands responsibly. We shape our engagement options to continue sharing impactful and educational messages that are appropriate to the consumer and environment. This includes informing and encouraging consumers to make the right choices when enjoying our brands.

Read more about our brands on page 16, and brand innovations on page 80.

Sales and distribution

We distribute our products through an outsourced distribution model, using an in-house e-bidding system. We give priority to black-owned and black women-owned suppliers where we can.

Our brands are sold in select markets across the world using multiple channels. These include:

- Wholesale
- Off-trade (retail outlets)
- On-trade (bars, taverns, restaurants)

The footprint map on page 10 details our areas of operation.

Consumption

We support our communities with awareness campaigns around responsible alcohol consumption and harm reduction.

Our response includes our Social Compact with external stakeholders, civil society and industry to launch programmes and related campaigns that focus on alcohol harm reduction. This is bolstered by our long-term transformational partnerships with The Association of Alcohol Responsibility and Education (aware.org), the Foundation for Alcohol Related Research (FARR) and FASfacts.

These are profiled in our sustainability report at www.distell.co.za.

Managing post-consumer waste

We are finding innovative and enterprising ways to create circular economies along our value chain and manage post-consumer waste.

We are a founding member of SA Plastics Pact, a collaborative initiative that aims to keep plastic in the economy and out of the natural environment by moving away from a linear economy (where we take, make and dispose of plastic) towards a circular economy.

GreenUP is our flagship recycling programme that aims to create employment, prosperity and cleaner environments by formalising an effective value chain for the collection, separation and processing of recyclable post-consumer waste in the informal sector.

Read more in our sustainability report at www.distell.co.za.

Business support functions

At The Hive, our central, multi-functional global business support centre in Cape Town, our systems streamline human resources, customer interaction centre, data analytics, information technology, credit management and accounts payable, among others.

The proper use of technology and data is central to the Group, since this is where all functions in the business intersect. We have invested heavily in automation, systems and cyber security. Our digital transformation journey uses data-driven insights to improve internal business processes and customer and consumer experiences.

See the section on transforming our strategic abilities on page 90 for initiatives in 2021.

As a result of how we employ these resources in our daily activities, we create, preserve or erode value, and produce:

- Outputs, including:
  - Our brand portfolio (see page 16)
  - By-products and waste (see page 66)
- Outcomes, including the value we create, preserve and sometimes erode for our business and our stakeholders, as we deliver on our strategy in the short, medium and long term.

OUR BRAND PORTFOLIO

Our multi-category beverage portfolio of brands is uniquely adaptive to key trends because it:

- Resonates with a broad spectrum of consumers with different taste profiles
- Plays across the price continuum
- Helps create memorable moments at mixed-gender drinking occasions worldwide

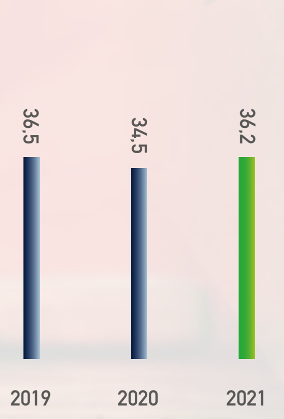
This is underpinned by a culture of innovation to maintain relevance as consumer preferences blur across beverage categories.

Distell's brands are divided into three categories:

CIDERS AND RTDS

We pioneered the cider category in South Africa and are the second largest global producer of ciders.

Contribution to Group revenue (%)

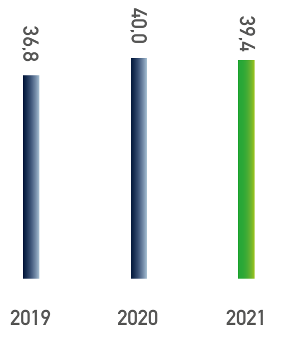


Volume contribution (%)

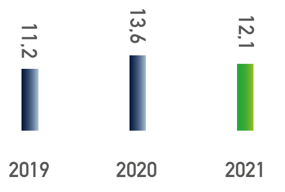
SPIRITS

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

Contribution to Group revenue (%)



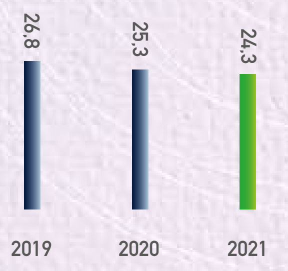
Volume contribution (%)



WINES

Our wines, with their rich heritage, are sold on every continent.

Contribution to Group revenue (%)



Volume contribution (%)

PORTFOLIO OPTIMISATION AND PREMIUMISATION

Distell's brands range from accessible scale brands that enjoy wide-ranging popularity to premium brands that are crafted with the connoisseur in mind.

We conduct a continual process of analysis, adjustment and improvement across our brands. The aim is to streamline our portfolio, build our core brands and identify which brands to promote in each geography. This results in efficiency and scale and supports our strategic ambition to achieve sustainable growth and returns.

The consumer loves balance and discovering interesting new experiences. See page 27 for an analysis of the latest industry and consumer trends. Based on data-driven research, we innovate to meet consumers' evolving needs. See page 80 for the latest brand innovations.

The scope of our portfolio also provides a natural journey. Given time, a consumer who enjoys our more accessible brands might move to easy-drinking yet more sophisticated brands and eventually to premium brands. Consumers can also trade up or down, depending on their disposable income. This creates a natural risk hedge, since we aim to retain their spend. On the African continent, recruiting consumers from the informal 'home brew' market to the formal market not only protects users from consuming cheap, unhealthy and sometimes dangerous ingredients, but it also presents a business opportunity for Distell. The informal market presents a significant growth prospect for our accessible brands.

For brand and marketing awards received in 2021, see page 82. For detail on category performance, see the divisional performance reports from page 67.

OUR STAKEHOLDERS

Our ability to deliver on our strategy is dependent on a diverse group of stakeholders who have a legitimate interest in the way we conduct our business.

HOW WE MANAGE STAKEHOLDER RELATIONSHIPS

Distell has a detailed stakeholder segmentation strategy and approach. We are committed to:

- Maintaining sound, transparent relationships with all of our stakeholders
- Working to understand and respond to the interests and expectations of our stakeholders

Engagement

Stakeholder engagement is aimed at building and maintaining quality relationships that help us achieve more and do better. We welcome stakeholder feedback and take it seriously. Traditionally, engagement happened through a range of personal interactions across Distell. However, stakeholder engagement changed significantly with the onset of COVID-19, and we have adapted our engagement methods where necessary with the aim to keep communication channels open and all stakeholders safe.

Transformation

Transformation is integrated into every aspect of our business. In action, this means accepting differences, recognising the value of diversity and accelerating lasting socio-economic growth in the key markets in which we operate. In addition, transformation stretches across our full value and supply chain – from agriculture to procurement, B-BBEE, local economic development, and our employees and brands. This is underpinned by a strong focus on gender equality and promoting the full participation of women in the economy.

HOW WE GOVERN STAKEHOLDER RELATIONSHIPS

The social and ethics committee is responsible for oversight of effective stakeholder engagement on behalf of the board. The committee oversees and monitors the implementation of the Group Stakeholder Management framework, which outlines our philosophy and guides our relationships with stakeholders.

HOW WE MONITOR STAKEHOLDER RELATIONSHIPS

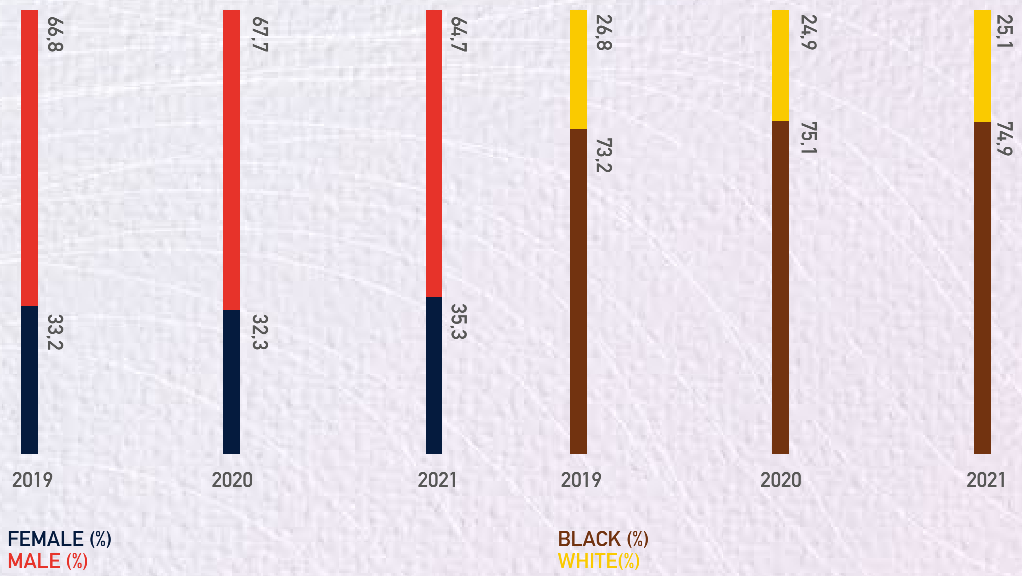
Regular engagement with our stakeholders helps us understand issues affecting them and respond accordingly. The board monitors the quality and effectiveness of our stakeholder relationships and engagements to gain insight into the nature and quality of these relationships. In response, stakeholder needs and interests are considered when determining the Group's material risks, opportunities and strategic response.

We engage with a variety of stakeholders. The material relationships we disclose here are those that have an interest in our business, and can have a positive or negative impact on our ability to create or preserve value. If not managed proactively, these relationships can sometimes result in value erosion. We have provided a high-level profile of each material stakeholder group and a summary of our stakeholder management approach for each.

EMPLOYEES

Employee profile

We depend on our diverse and engaged workforce to enable us to execute on our strategy and deliver long-term value.



TOTAL EMPLOYEES (NUMBER) **2021: 4 440**
2020: 4 845
2019: 4 936

Employee priorities

- Alignment with the Group's vision, purpose and values
- Fair and competitive remuneration and benefits
- Functional role clarity, career opportunities, skills development and employee wellness
- An inclusive, diverse and safe working environment
- Communication around change
- Personal and career training and development
- Digital enablement for new ways of working

Our strategic response

- Employer of choice
- Holistic well-being
- Exciting and meaningful work
- Learning, career and talent development
- Our reward offering
- Diversity and inclusion

- Occupational health and safety strategy
- On-site clinics
- Work-life balance
- Employee assistance programme
- Annual education sessions
- Training programmes, internships, learnerships, skills development programmes, apprenticeships and adult basic education
- Employee volunteer programme, Distell ForGood

How we engage

At Distell, we promote a culture of respect, trust and mutual understanding through open, two-way communication and encouragement.

- Team meetings and one-on-one engagements, held online or in a responsible socially distanced manner
- The Distell employee intranet portal
- Quarterly town hall engagements through webcasts
- CEO communication through various digital channels
- Topic-specific webcasts
- Monthly newsletters
- Training and development programmes
- Formal performance evaluations
- Ongoing engagement with labour unions

Key measures we track

- Employee surveys
- Salaries and benefits paid
- Investment in employee skills development and training
- Employment equity score

Creating shared value, page 65

Foster a winning culture, page 87

CONSUMERS

Consumer profile

Consumers of Distell's brands are people from all walks of life who enjoy mixed-gender drinking occasions around the world.

Consumer priorities

- Quality brands that provide memorable moments
- A variety of choice at different price points
- Good corporate citizenship
- Responsible marketing campaigns

Our strategic response

- Good value, quality and innovative products
- A portfolio that offers choice across categories, drinking occasions and alcohol volumes
- Promotion of responsible enjoyment of our products
- Harm reduction initiatives
- Responsible advertising

Creating shared value, page 65
Growth through innovation, page 80
Foster a winning culture, page 87

How we engage

Appealing to consumer needs and expectations is central to our business model, which is why we seek out and value consumer feedback and insights.

- Data-driven insights
- Relevant consumer driven communication and channels
- Responsible approach to marketing communication and channels
- Consumer feedback channels e.g. consumer care lines

Key measures we track

- Sales growth
- Consumer satisfaction survey results
- Reputation measures
- Brand and marketing awards
- Data-driven insights

TRADE CUSTOMERS

Trade customer profile

Our trade customers include wholesalers, retailers, and tavern and restaurant owners. They are the interface between Distell and our consumers.

Trade customer priorities

- Consistently reliable supply
- Fair treatment and payment terms
- Brand and consumer insights that lead to relevant marketing communications
- Reward programmes that drive loyalty and retention
- Supporting transformation by empowering taverns and counter service outlet owners to grow their businesses sustainably

Our strategic response

- Good value, quality and innovative products
- A portfolio that offers choice
- Distell's customer loyalty programmes, Bansela and Upsella
- Supply chain excellence
- Taverner Training Programme

Creating shared value, page 65
Defend and grow in South Africa, page 67
Growth through innovation, page 80
Leverage our scale asset base, page 84
Foster a winning culture, page 87

How we engage

Our engagement with trade customers facilitates a thorough understanding of our brand portfolio and focuses on demand trends to ensure supply consistency.

- Regular site and facility visits
- One-on-one meetings and joint business planning meetings
- Training initiatives
- Customer surveys
- Trade customer conferences will be resumed when they become legal and safe again
- Customer Interaction Centre

Key measures we track

- Loyalty programme members
- Customer surveys
- Sales growth

SUPPLIERS

Supplier profile

Our supplier base ranges from small to large businesses that supply services and raw materials for the production and marketing of our brands.

Supplier priorities

- Certainty of supply
- Transparent negotiations, fair treatment and payment terms
- Efficient administration and logistical support
- Loyalty and collaboration
- Transformation

Our strategic response

- Ethical behaviour and practices
- Preferential procurement
- Enterprise and supplier development
- The Distell E+Scalator programme
- The Distell Agri+Gator programme
- Environmental and human rights standards

Creating shared value, page 65

How we engage

Our suppliers benefit from long-term and mutually beneficial relationships with Distell.

- Supplier visits and audits conducted to assess quality, food safety and safety standards
- E+Scalator and Agri+Gator, which form part of our enterprise and supplier development programme
- We joined Sedex in 2020
- Collaboration on B-BBEE and preferential procurement requirements
- Supplier conferences and workshops will be considered when it is legal and safe to host them again
- Supplier engagement sessions on key issues such as transformation, climate change and land reform

Key measures we track

- Supplier performance in our sustainable sourcing programme
- Preferential procurement spend means our supplier development programmes are effective

STRATEGIC BUSINESS PARTNERS

Strategic business partner profile

We enter into strategic partnerships along our value chain, particularly in Africa, where we partner to establish local manufacturing and route-to-market platforms.

Strategic business partner priorities

- Profitable and sustainable business opportunities
- Ongoing business support
- Return on investment
- Support and infrastructure to enable productivity
- Local community support and reinvestment

Our strategic response

- Mutually beneficial relationships
- Signatory to the Department of Trade, Industry and Competition's (dtic) Guidelines for Good Business Practice in Africa

Expand in Africa, page 71

How we engage

- Regular forums and one-on-one meetings, which have been taking place online recently
- Roadshows and conferences will be revisited when they become legal and safe again

Key measures we track

- Volume growth in the markets where we have partnerships

INVESTORS

Investor profile

Our investors include equity and corporate debt lenders. Our equity holders include institutional and individual investors from across the globe. These constituents are also communicated to via sell-side analysts who cover Distell both formally and informally. Remgro Limited is a shareholder of reference alongside the Government Employees Pension Fund managed by the Public Investment Corporation. An analysis of Distell's shareholders is available on page 165.

Investor priorities

- Sustainable and growing financial returns and distributions
- Well-capitalised balance sheet to protect against downside shocks
- Clear strategic direction and strong operational execution
- Prudent capital allocation
- Experienced management team and fair executive remuneration
- Evidence of good corporate citizenship
- Transparent reporting and disclosures

Our strategic response

- High standards of corporate governance
- Compliance with JSE Listings Requirements
- Transparent communication about operational and financial performance, approach to capital allocation and sustainability
- Quick response times, as investor feedback is relayed directly to the appropriate board committees

How we engage

We believe proactive, regular and transparent engagement can enhance the valuation of our Group, thereby improving our access to capital.

- Dedicated investor relations manager
- Our dedicated investor website
- Regular market updates
- Interim and annual results presentations
- AGM
- Trade and site visits
- Conference calls and webinars
- Access to management teams

Key measures we track

- Active engagement at the AGM
- Annual dividends and total shareholder returns
- Shareholder satisfaction through independent investor sentiment study

Sustainable growth and returns, page 66

INDUSTRY BODIES

Industry body profile

Distell is represented on several industry bodies, including Aware.org.za, Business Unity South Africa, Business Leadership South Africa, the South African Liquor Brand owners Association (SALBA) and the Consumer Goods Council of South Africa (CGCSA). We engage on wine strategy and transformation with various organisations, including Vinpro, Wines of South Africa, SALBA, SA Plastics Pact, WWF South Africa, United Nations (UN) Global Compact and UN Women.

Industry body priorities

- Promoting responsible drinking
- Supplier and enterprise development
- Industry regulation
- Social compliance
- Matters of environmental concern

Our strategic response

- Industry leadership
- Proactive, transparent and co-operative engagement

How we engage

Through industry bodies, we engage with government and other stakeholders.

- Regular meetings
- Issue-specific task teams

Key measures we track

- The stability and predictability of the environments in which we trade and operate

Creating shared value, page 65

GOVERNMENT

Government profile

Distell engages with all spheres of government, including national and regional governments and government agencies. We are regulated by various laws and regulatory bodies in the countries where we operate.

Government priorities

- Compliance with legal and regulatory requirements
- Tax compliance in all jurisdictions
- Participation in industry and regulatory working groups
- Good corporate citizenship, strong governance frameworks and ethics
- Transformation
- Harm reduction

Our strategic response

- Support of the South African government's National Development Plan and transformation goals
- Alignment with the UN Sustainable Development Goals (SDGs)
- Engagement on the proposed National Liquor Policy
- Regulatory compliance
- Collaboration to find sustainable solutions to industry issues

How we engage

Positive relations between government and the private sector are good for development and growth.

- Industry engagement
- In-country visits and engagements with African ministers and presidents where possible
- Assisting governments in South Africa and the rest of Africa with crisis management or disaster relief initiatives as necessary

Key measures we track

- Direct and indirect tax contribution by jurisdiction
- Policy decisions in the best interest of the industry and its stakeholders

Creating shared value, page 65

COMMUNITIES

Community profile

Our communities include the citizens of the countries where we operate. We believe the communities in which we operate should be better off because we are there.

Communities priorities

- Investment in community upliftment and support
- Skills development
- Job creation (focused on youth and women empowerment)
- Environmentally responsible operations

Our strategic response

- Sustainable economic initiatives that create positive and long-lasting socio-economic impact, build enterprising communities, support local economies and empower women
- Support of arts and culture initiatives
- The Distell Development Trust

How we engage

- Collaboration with partners along our value chain
- 'Brands with purpose' initiatives
- Collaboration with the Distell Development Trust

Key measures we track

- Social return on investment measurements
- Corporate social investment spend

Creating shared value, page 65

THE ENVIRONMENT

Environmental profile

Our long-term sustainability is intrinsically linked to the environment and the natural resources on which we depend, from farm to consumer and back again.

Environmental priorities

- The responsible use of natural resources
- Climate action
- Waste management

Our strategic response

- Efficient supply chain practices
- We are a member of the CGCSA
- We support the Good Green Deeds campaign
- We are a founding member of SA Plastics Pact
- We fund the GreenUP recycling programme

Creating shared value, page 65

Leverage our scale asset base, page 84

How we engage

- Partnerships along our value chain
- Through our dedicated email address: environmental@distell.co.za
- Regular engagement and interaction with relevant environmental regulatory bodies and local authorities, either directly or through industry bodies. This includes collaboration with WWF South Africa, the Biodiversity and Wine Initiative and the Integrated Production of Wine scheme

Key measures we track

- Water usage
- Electricity usage
- GHG emissions
- Reduction in effluent discharged
- Fossil-fuel-based energy usage intensity reduction

CASH VALUE-ADDED STATEMENT (R'000)

	Group 2021	2020	2019
Cash generated			
Cash derived from sales	27 883 718	23 173 115	25 870 068
Net financing cost paid	(302 282)	(424 975)	(282 549)
Income from investments	6 546	2 538	4 211
Cash value generated	27 587 982	22 750 678	25 591 730
Cash payments to suppliers of materials and services	(12 613 960)	(12 569 946)	(12 948 844)
Cash value added/wealth created	14 974 022	10 180 732	12 642 886
Cash utilised to:			
Pay excise duty to the state	7 817 366	6 095 234	6 864 258
Pay tax on income to the state	602 635	413 035	633 935
Remunerate employees for their services	2 879 251	2 630 684	3 006 129
Provide shareholders with a return on the use of their risk capital	4 416	938 270	891 705
Cash disbursed among stakeholders	11 303 668	10 077 223	11 396 027
Net cash retained from operating activities	3 670 354	103 509	1 246 859
Reconciliation with cash generated			
Cash value added/wealth created (above)	14 974 022	10 180 732	12 642 886
Less: Remuneration to employees for their services	(2 879 251)	(2 630 684)	(3 006 129)
Net financing costs paid	302 282	424 975	282 549
Payment of excise duty to the state	(7 817 366)	(6 095 234)	(6 864 258)
Cash generated from operating activities	4 579 687	1 879 789	3 055 048
State taxes			
Excise duty	7 817 366	6 095 234	6 864 258
Tax on income	602 635	413 035	633 935
Value-added tax and alcohol levy	2 498 592	1 626 024	1 588 752
Employees' tax deducted from remuneration	478 444	557 331	524 587
Property taxes	65 187	59 479	58 867
Channelled through the Group	11 462 224	8 751 103	9 670 399

DISTELL IN CONTEXT

To determine what is material to include in this report – keeping in mind the context of our unique business model and the needs and expectations of our stakeholders – we considered the Group's key strategic risks and opportunities, and the material trends shaping our strategy.

Collectively, these material trends, risks and opportunities represent the fundamental issues we identified as having the potential to significantly impact the performance of the Group and our ability to create sustainable value for our stakeholders over the longer term.

We consider them when addressing challenges and trade-offs, to assist focused decision-making from board oversight to strategic management and the allocation of capital, to everyday operations.

The material trends shaping our strategy

- Macro-economic trends in our regions of operation
- Category trends
- Consumer trends

Our key strategic risks and opportunities

- The alcohol policy landscape
- Increasing competition
- ICT and cyber security
- Digital maturity
- The African market
- Talent and capabilities
- Supply chain risks
- Brand equity erosion
- Our international market
- Our licence to trade
- South African wine industry glut

Material challenges and trade-offs

- Driving responsible consumption versus growing our brands
- Protecting jobs versus salary cuts
- Illicit trade and stock losses

THE MATERIAL TRENDS SHAPING OUR STRATEGY

During our 2021 strategy development process, we identified the following material external drivers that impact our strategy, positively or negatively, and in the short or long term.

Below we unpack the impacts of these drivers on our business, including how COVID-19 has shifted the trends, and our response.

	Macro-economic trends in our regions of operation	Consumer trends	Category trends
Short-term impact	Economic recession, exacerbated by COVID-19, impacts the disposable income of consumers	Consumption occasions have shifted to off-trade driven by at-home consumption due to COVID-19-related restrictions	Our diverse portfolio capitalises on dynamic categories, like ciders, flavoured alcoholic beverages and gin
	On-trade consumption is limited because of COVID-19-related restrictions on trading hours for restaurants, bars and taverns	While social distancing measures persist, consumers prefer longer-keeping, storable, and transportable packages	Distell has gained significant market share in the accessible cider, spirits and wine categories
Long-term impact	The South African economy is likely to remain constrained, even after normalising from the impact of COVID-19	In South Africa and the rest of Africa, female consumers are the fastest growing segment	Beer has declined in the long term
	The Group's expansion in Africa provides access to high growth markets	More habitual at-home consumption may remain in the long term	In South Africa, scale wine excess puts the future sustainability of the category at risk
	There is an increased likelihood for restrictive liquor legislation in future, due to renewed focus on harm reduction	Consumers have an increased and accelerated need for digital experiences and e-commerce	Ciders, flavoured alcoholic beverages and wine compete against lower-cost beer
		Moderation and abstinence are rising, led by the health and wellness trend. Research and development is fast evolving in better for you 'beyond alcohol' alternatives	Alcoholic beverage categories are blurring

Positive impact Negative impact Neutral impact

MACRO-ECONOMIC TRENDS IN OUR REGIONS OF OPERATION

In the short term, economic recession, exacerbated by COVID-19, impacts the disposable income of consumers in all of our markets

The reason we classify this impact as neutral, is that Distell's brand portfolio has proven resilient in difficult economic conditions. Consumers were able to trade down within our portfolio as they faced disposable income constraints.

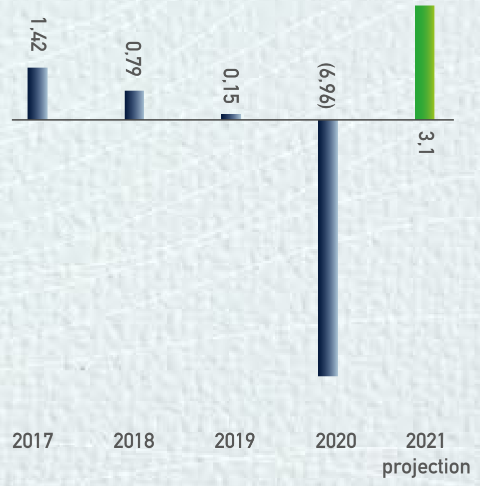
According to the International Monetary Fund (IMF)[1], global growth is projected at 6,0% in 2021, lessening to 4,4% in 2022. This is an improved outlook from what we reported last year due to the anticipated COVID-19 vaccine-driven recovery, the adaptation of economic activity to subdued conditions and fiscal support in larger economies.

Given this relatively positive outlook, McKinsey[2] notes that, in advanced economies, there is reason to be optimistic for a robust recovery in consumer spending once COVID-19 is controlled, which bodes well for our Venture Business.

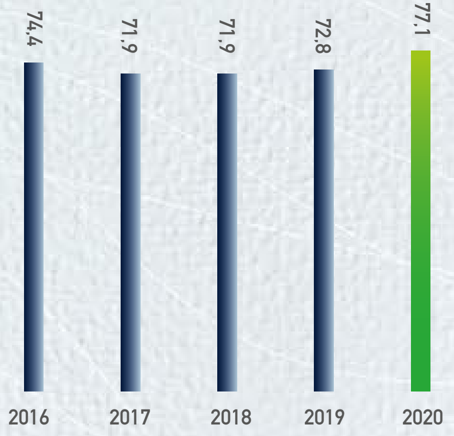
However, the IMF notes that economic recovery is varied in different countries and sectors, reflecting disparities in pandemic-induced disruptions and the extent of government and policy support. For this reason, the following longer-term trend is classified as negative for Distell: the South African economy is likely to remain constrained, even after normalising from the impact of COVID-19.

South Africa was already in a recession prior to the pandemic, with the local economy characterised by high unemployment levels, rising household costs, constrained consumer spending, low growth and muted investor confidence.

South African annual gross domestic product growth (%)[3]



Household debt to disposable income (%)[4]



[1] International Monetary Fund, World Economic Outlook Managing Divergent Recoveries, April 2021
[2] McKinsey Global Institute, The Consumer Demand Recovery and Lasting Effects of COVID-19, March 17, 2021.
[3] Source: Statista.
[4] Source: Trading Economics.

The following trends also impact our business in South Africa:

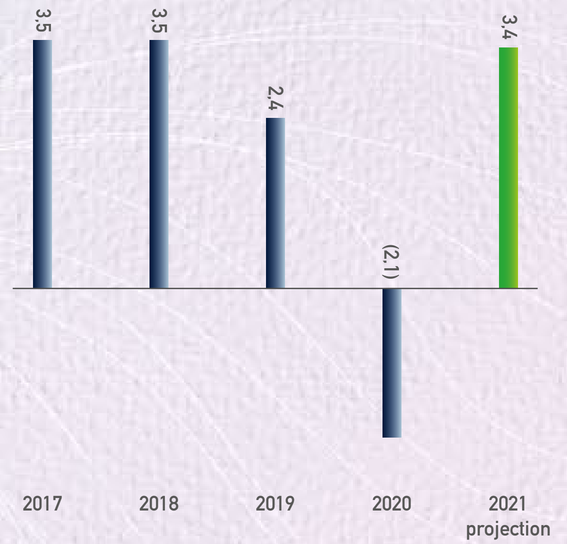
- On-trade consumption remains limited due to COVID-19-related restrictions on trading hours for restaurants, bars and taverns. We classify this impact as neutral, since gradual recovery should lessen the extent of restricted hours. In addition, our portfolio caters well to at-home consumption in comparison to competitors, as evidenced by market share gains this year.
- There is an increased likelihood for restrictive liquor legislation in future. This trend is classified as having a negative impact on Distell and is one of our key strategic risks, as discussed below. However, we remain committed to industry collaboration for sustainable solutions. See the message from our chairman on page 47.

Since South Africa remains our largest market, these trends are concerning. However, we remain confident that our strategy for the region positions Distell to gain market share and capitalise on growth and innovation opportunities. Read more in the South African divisional report on page 67.

The Group's expansion in Africa provides access to high-growth markets

Africa has a young population, fast-growing cities and rapidly increasing disposable income. Growth on the continent is spurred by investment into infrastructure, logistics and internet connectivity.

Annual GDP growth in Africa (%)[1]



[1] Source: African Development Bank.

Distell's strategy to expand in Africa has provided stellar results over the past years, despite the impacts of COVID-19 and volatility across the continent. Read more in the Africa divisional report on page 71.

CATEGORY AND CONSUMER TRENDS

According to a forecast from the International Wine and Spirits Record (IWSR), global beverage alcohol is showing signs of recovery and is projected to grow in volume by 2,9% by the end of the 2021 calendar year. By 2023, the IWSR expects total beverage alcohol consumption to return to pre-COVID-19 levels.

According to the IWSR, this recovery will be boosted by the industry being able to pivot rapidly and take advantage of shifting trends. The categories the forecast highlights are those catering to at-home occasions, thus emphasising a trend that is positive for the Group, given our portfolio: consumption occasions have shifted to off-trade driven by at-home consumption due to COVID-19-related restrictions.

The trend of consumers not wanting to leave home often will persist while social distancing measures are in place, meaning:

- Consumers have an increased need for digital experiences and e-commerce. See the section on transforming our strategic capabilities on page 90 for our response.
- Consumers prefer longer keeping, storable, and transportable packages. This is positive for Distell, as our portfolio includes spirits and bag-in-box options, which generally last longer.

Our diverse portfolio also capitalises on dynamic categories, like ciders, flavoured alcoholic beverages and gin, and we have gained significant market share in the accessible cider, spirits and wine categories.

This plays into a shift towards what is called 'accessible badging'. 'Badge drinking' or 'conspicuous consumption' refers to a trend whereby consumers display their social status through the medium of alcoholic drinks brands. At-home consumption gave rise to a trend where consumers no longer feel the need to consume top-tier premium brands, as they would in a bar or restaurant, and trade down to more accessible, but still premium choices. This plays into our portfolio, particularly our premium ciders and RTDs.

RTDs posted double-digit global growth in 2020, resonating with consumers across all demographics, and driven by the trend for convenience, refreshment and flavour. The IWSR projects that RTD volume will increase by 26,6% in the 2021 calendar year. Gin is forecasted to increase 4,5% to 2025, particularly in South Africa.

In addition, alcoholic beverage categories are blurring. The consumer trend towards healthier choices is no longer new. Moderation and abstinence are rising, led by the health and wellness trend. Research and development are fast evolving in better for you 'beyond alcohol' alternatives. Functional and healthy beverages are on the rise, and low and non-alcohol RTD offerings have boomed. In addition, there is a global array of interesting new product developments, packaging innovations and surprising mergers and acquisitions, with the lines between the health movement, the low and non-alcoholic categories and the wider drinks industry becoming increasingly blurred.

This trend is classified as neutral for Distell, as we engage and collaborate with government, communities and consumers on issues related to harm reduction. Specific initiatives can be found in our sustainability report at www.distell.co.za.

In addition, we have been innovating in this space for some time. We continue to grow our offering and provide consumers with an expanded selection of non-alcoholic and low-alcohol products, without compromising authenticity, quality and exclusivity. See our brand innovations on page 80.

The competitive landscape

Beer was the most exposed category during lockdown, losing 7,1% volume globally in 2020. This trend has been positive for Distell. However, beer volume is forecasted to grow by 2,5% in 2021. This will increase the competitive landscape for Distell, as ciders, flavoured alcoholic beverages and wine continue to compete against lower cost beer. However, the IWSR projects that RTD volumes will increase by 26,6% in 2021, and 10,2% CAGR to 2025, driven by the trend for convenience, refreshment, and flavour.

In South Africa, scale wine excess puts the future sustainability of the category at risk

This is classified as a negative impact trend for Distell. COVID-19-induced liquor bans have left South African wine producers with excess wine volumes. Without a route-to-market, the knock-on effect of this unsold excess will be devastating for the industry, with Vinpro estimating it could ultimately lead to 27 000 job losses across the industry.

OUR KEY STRATEGIC RISKS AND OPPORTUNITIES

Risk management requires achieving an appropriate balance between realising opportunities and minimising adverse impacts. Distell's agility positions the Group to pursue our strategy and explore innovative opportunities, while mitigating risk.

Managing Distell's strategic risks enables the Group to achieve our strategic ambitions and goals. All significant business decisions are risk based, and the Group's risk appetite and tolerance levels are reviewed annually and submitted to the board for approval.

All levels of management and employees are responsible and accountable for implementing risk management. Our enterprise risk management (ERM) policy and framework provide a basis for management to deal effectively with the uncertainty of associated risks and opportunities, thereby enhancing its capacity to build value. The ERM policy and framework are supported by the risk and compliance committee's terms of reference.

Read more about our risk management processes and our approach to risk management as an essential element of sound corporate governance in the risk and compliance committee report on page 133.

The table below contains key strategic risks that could have a material impact on Distell over the next few years.

Risk	Opportunities and mitigation	Risk owners
1. The alcohol policy landscape • Proposed changes to alcohol legislation could result in higher taxes, restrictions in alcohol marketing and packaging, a change in the legal drinking age and a limitation on licensed outlets • COVID-19 has given rise to a strong anti-alcohol sentiment in South Africa, with an increased likelihood for restrictive liquor legislation in future • The alcohol industry seeks to actively contribute to behavioural change, and is willing to make painful concessions if necessary, to partner with government, society and labour in addressing the unacceptable behaviour associated with the abuse of alcohol • Industry will take leadership in driving change, actively designing and implementing programmes to address alcohol-related harm in partnership with a range of stakeholders who share the vision of a safer South African society	• Our approach reflects our true commitment to address alcohol abuse in South Africa • Distell has a dedicated Alcohol Responsibility task team to drive stakeholder engagement, execution of campaigns and to participate in industry lobby efforts • We engage government to encourage more balanced alcohol policies that seek to address alcohol abuse while protecting the economy from further unintended consequences of illicit alcohol and illegal trading • We aim to change the narrative around alcohol and find evidence-based solutions to the harmful use of alcohol Read more: **Creating shared value, page 65**	Managing director: southern Africa Acting director: corporate and regulatory affairs

Decreased Increased Remained stable

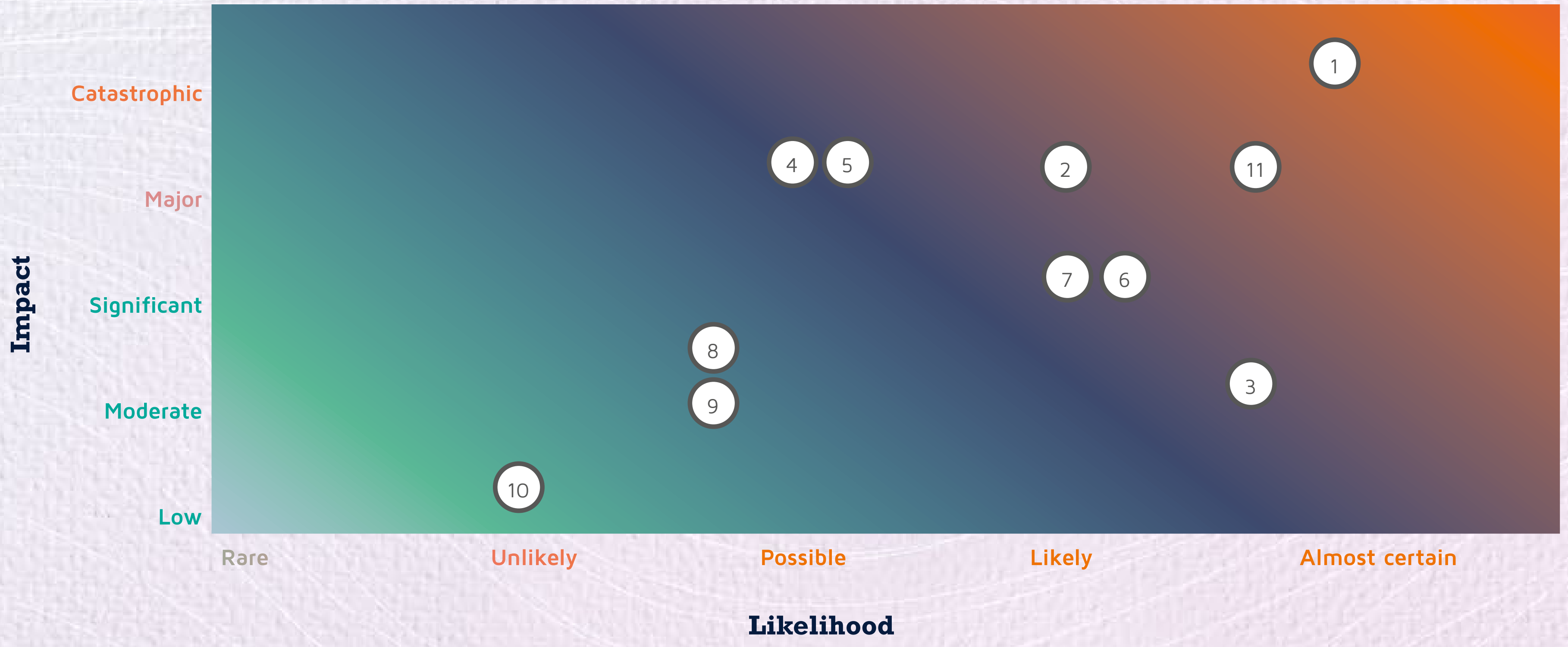
Risk	Opportunities and mitigation	Risk owners
2. Increasing competition • Our market share and cost to compete are affected by aggressive pricing and increased trade investment in promotions and discounts by our competitors • Global brewers and distillers are diversifying their portfolios and investing in premiumisation, thereby competing more directly with Distell • Smaller local competitors are consolidating and forming partnerships to broaden their portfolios	• Our brand portfolio is well positioned in terms of diverse occasions, brand strength, value and availability • We are improving our customer service by strengthening our route-to-market through innovative offerings and digital and service improvements • We realigned pricing across key brands to ensure competitiveness, and have seen market share gains due to correct pricing • We leverage our strong research and development functions to ensure a responsive and quick innovation pipeline • We gain consumer loyalty by embedding purpose and shared value in our brands Read more: **Growth through innovation, page 80** **Transform our strategic capabilities, page 90**	Managing director: southern Africa
3. ICT and cyber security • The disruption of IT systems and loss of valuable and sensitive information and assets are risks to the Group • Our customers and consumers can mistrust digital platforms as a result of cyber risks • Our employees can be vulnerable to cyber attacks • Failing to comply with tightening IT and cyber security legislation poses a threat of financial penalties or restrictions	• We conduct employee cyber risk awareness campaigns, including incident response planning, and embed awareness in our culture • We have a vulnerability management programme to identify and address software vulnerabilities and misconfigurations • We are developing the capability to monitor, report and remove fraudulent Distell brand-related digital platforms • To support digital business resilience, we develop off-site disaster recovery capabilities and site-to-site network designs Read more: **Transform our strategic capabilities, page 90**	Director: corporate services

Risk	Opportunities and mitigation	Risk owners
4. Digital maturity • To be competitive, we must be able to participate in the digital age • Speedily evolving customer and consumer needs require more agile and data-driven decision-making, based on scenarios and assumptions • The need for adaptation is accelerated by remote working	• We established a dedicated data and analytics team to accelerate digital transformation • We developed a leadership development programme to focus on digital maturity and a future-fit mindset • Digital initiatives are driven though integrated business planning to collaborate and align across the Group and become agile and data driven • We developed a robust ecosystem of external partners to drive digital transformation • Our e-commerce strategy, which includes a direct-to-consumer element, was prioritised and expedited Read more: **Transform our strategic capabilities, page 90**	Director: corporate services Director: growth and innovation
5. The African market • Continued COVID-19-related trade restrictions may have a negative impact on sales volumes • We are vulnerable to high and varying excise and import duties, as well as weakening currencies and rising foreign currency shortages	• A significant portion of volume growth is generated by countries where we have invested in local production and sourcing, which helps to mitigate against high import duties and a lack of foreign currency • We invest in sales and distribution capabilities and capacity to drive revenue and gain market share • We continually consider the extent of our business activities to limit exposures, while ensuring our brand equity remains intact Read more: **Expand in Africa, page 71**	Managing director: Africa
6. Talent, capabilities and organisational effectiveness • Attracting and retaining talent to pursue our growth strategy is crucial, specifically to accelerate digital transformation • Our employees require a more flexible employment model and new and innovate ways of engagement and communication to increase morale	• We proactively recruit key skills and incentivise competitively to retain talent • We are designing a flexible employment model for implementation where appropriate, keeping work-life balance and digital wellness in mind • Our various training programmes at all levels of the business help employees develop their skills and careers Read more: **Foster a winning culture, page 87**	Director: human resources

Decreased Increased Remained stable

Risk	Opportunities and mitigation	Risk owners
7. Supply chain risks • Our operations are vulnerable to COVID-19-related health and safety risks, including disruptions when employees test positive, mental health, fatigue and fatalities • A significant disaster (including fire risk) at a key site impacting on business continuity, health and safety of employees and loss of market share • Supplier continuity (material or other input availability, transport, business interruption, preventative maintenance, capacity constraints)	• We have robust health and safety and human resources policies and practices that safeguard the physical and mental well-being of employees • Comprehensive business continuity plans in place that map out capacity per site and a plan on where to manufacture should a key site be destroyed • Crisis management and stakeholder plan per site developed • Compliance to local fire by-laws, mobile firefighting equipment • Health, safety and risk safe work procedures • We have short-term plans in place to mitigate material and other input constraints Read more: **Leverage our scale asset base, page 84**	Director: supply chain
8. Brand equity erosion • Limited on-trade occasions due to COVID-19 restrictions could erode the equity of certain brands most suited to such occasions	• Our targeted brand innovations have shown promising results • We are driving alternative consumer connections built through digital work and creative content Read more: **Growth through innovation, page 80**	Managing director: southern Africa Managing director: Africa Managing director: Venture Business
9. Our international market • Loss of sales due to business interruption • Export risks increased due to delayed customer orders at the orts in SA as well as other supply chain constraints	• We continue to build brand strategies for premium spirits in our international markets • We focus on customer relationships and transparent communication Read more: **Build international premium spirits through our Venture Business, page 75**	Managing director: Venture Business
10. Our licence to trade • We faced challenges in achieving certain B-BBEE scorecard targets, primarily as a result of the lockdown and alcohol sales ban during FY21 • The return to relatively normal operations resulted in significant improvements on our scorecard	• To improve oversight and reporting, we implemented interim scorecard measures with quarterly status updates from scorecard element owners Read more: **Creating shared value, page 65**	Acting director: corporate and regulatory affairs

Risk	Opportunities and mitigation	Risk owners
11. South African wine industry glut • Continued alcohol sales bans, depressed local economy and the global wine glut overhang sustains high stock levels • Risk to wine industry sustainability due to wine glut expansion driven by alcohol sales bans, depressed economy and spend and regulatory pressure	Distell is embarking on a project aimed to positively shifting the wine industry and suppliers sustainably Risk mitigation strategies in progress should wine be impacted by proposed regulations	Managing director: southern Africa



MATERIAL CHALLENGES AND TRADE-OFFS

DRIVING RESPONSIBLE CONSUMPTION VERSUS GROWING OUR BRANDS

There is a perception that there is a trade-off between promoting the Group's brands and promoting responsible drinking; however, this is not the case. Distell has always held the view that alcohol has a role to play in creating memorable moments for consumers, but only when consumed responsibly. We believe the commitments the Group has made to assist government in harm reduction can make a real difference, while allowing consumers freedom of choice and protecting jobs.

Read more in the message from our chairman on page 47.

PROTECTING JOBS VERSUS SALARY CUTS

The remuneration committee considered the uncertainty of our operating environment due to ongoing COVID-19-related restrictions. After careful deliberation, this resulted in a trade-off between protecting the livelihoods of our employees and the need to preserve cash. We implemented a 10,0% pay cut for all employees (12,5% for non-executive directors) on 1 September 2020 and reduced certain benefits like retirement fund contributions and leave.

We set clear performance targets for the reinstatement of full salaries and the refund of lost benefits and remuneration. Due to the strength of our brand portfolio and focused and consistent execution of our growth strategies in all three business divisions, these targets were met and all lost benefits and leave were reinstated by the end of the financial year. This was earlier than expected.

Read more in the message from our CEO on page 50, and the remuneration report on page 113.

ILLICIT TRADE AND STOCK LOSSES

Illegal alcohol products pose a serious risk to the health and safety of individuals, as they contain potentially dangerous substances.

Global market research company Euromonitor International[1] undertook a study to determine the impact of trade restrictions in response to COVID-19 on the illicit trade of alcohol in South Africa. The study, released in May 2021, concluded that the sales bans resulted in an increase in the demand for illicit alcohol, incentivising syndicates to take advantage of the depressed legal market for profit. The study found that the value of the illicit alcohol market in South Africa has increased by 17,0% since 2017, to R20,5 billion.

The study further found that indirect consequences saw a rise in home brew consumption-related deaths and an increase in criminal activity. Police also reported an increase in contraband being smuggled into South Africa from its neighbours and a spate of burglaries of stores stocking alcohol. Distell was not immune to this criminal activity and experienced stock losses during the year.

Responsible trading by registered traders bound by laws and regulations is far preferable to illicit trade, which does not comply with industry guidelines and promotes irresponsible consumption.

Partnerships with governments in all of our key markets, particularly in Africa, are vital to address challenges linked to alcohol abuse and its impact on the health sector and to combat illicit trade. Through industry bodies like SALBA in South Africa, we play an important role in managing and co-ordinating industry initiatives to prevent the illicit trade in alcohol.

[1] Source: Euromonitor International, Illicit Trade: Alcoholic Drinks in South Africa in 2020, 20 May 2021.

OUR STRATEGY

Distell's strategy is owned by the people who execute it.

In 2018, we defined a seven-year Group strategy, with broad targets and plans to 2025, as defined below.

We use proven processes, premised on 'where to play' and 'how to win' principles to enable strategic choices. Using insights gained from customer and consumer interactions and experience in the market, each business division designs its own strategy in support of the Group strategy.

The strategic work we have been doing over the past three years to create a next-generation alcohol business, while staying true to our purpose and values, made us resilient and agile under extremely difficult circumstances.

Refer to the section on our performance against this strategy on page 65 for initiatives in 2021, and progress over the past three years.

A refinement of our strategy

In 2021, as part of the formulation of our vision to make a difference by creating shared value in our chosen markets, we refocused our business strategy to integrate it more fully with the Group's sustainability strategy.

The previous care and contribute strategic driver, which embodied our drive to be eco efficient and a force for good in society, and our previous strategic ambition of developing purpose-led brands were combined into a new strategic ambition: Creating shared value.

This recognises the fact that sustainability is central to Distell's long-term success, and that every strategic decision we make needs to not only deliver business benefits, but also societal and environmental benefits.

GOVERNANCE OVERSIGHT

The board assesses and approves the Group strategy and empowers management to implement it. The board and executive management take two days annually to debate, assess and refine the strategy. The board constructively challenges the strategy with reference to, among other things:

- The timelines and parameters that determine the meaning of short, medium and long term
- The availability of resources
- The needs and expectations of our stakeholders
- The impact on transformation and the environment that may result from the proposed strategy

OUR STRATEGIC AMBITIONS – 'How to win'

- Creating shared value
- Sustainable growth and returns

OUR GEOGRAPHIC GOALS – 'Where to play'

- Defend and grow in South Africa
- Expand in Africa
- Build international premium spirits

- Grow consumer love for our brands
- Growth through innovation
- Leverage our scale asset base
- Foster a winning culture
- Transform our strategic capabilities

OUR STRATEGIC AMBITIONS

'How to win'

Creating shared value

We aim for business benefits that deliver societal benefits through the UN SDGs.

Sustainability is a critical enabler for Distell to thrive. Our business relies on prosperous communities and consumers. We therefore aim to stimulate economic prosperity and ensure communities are better off because we are there.

We identified key areas along our value chain where we believe we can make the most significant impact and contribute towards sustainable development, supported by our employees. These areas shape our contribution to the UN SDGs, which aim to end global poverty, protect the planet and ensure prosperity for all.

To advance the concept of shared value, our sustainability strategy remains guided by four strategic pillars: purpose, planet, people and profit. These pillars reinforce the connection between environmental health, social well-being and Distell's financial success and resilience. In line with our business strategy, we set broad sustainability targets and plans to take us to 2025.

PURPOSE

We commit to leading Africa's alcoholic beverage sector by leveraging our brands with purpose and embedding a purpose-led culture across Distell, underpinned by our commitment to deliver shared value.

Targets to 2025

We measure our performance against 10 SDG-linked targets that are embedded within our Group-wide short-term incentive (STI) scorecard. These targets incentivise purpose-led performance, underpinned by awareness campaigns to ensure our culture journey supports performance.

PLANET

Environmental stewardship is key to our ethos and how we do business. We are managing our environmental footprint as an integral part of our business and our licence to thrive.

Targets to 2025

Underpinned by our safety, health, environment, risk and quality (SHERQ) strategy, we set targets to reduce our use of electricity, water and energy, as well as our GHG emissions, effluent discharge and waste. We invest in programmes and partnerships to support circular economies and waste reduction along our value chain.

PEOPLE

We ensure that the communities in which we operate are better off because we are there. Our purpose acts as a talent magnet for Distell and supports our employee value proposition. We remain committed to being leaders in this space, championed by our STI scorecard.

Targets to 2025

Together with our strategic partners, we implement key projects to decrease vehicle accidents attributable to drink driving, the incidence of babies born with fetal alcohol spectrum disorder and the incidence of gender-based violence. These projects are informed by targeted research and implementation to deliver impactful and measurable results.

PROFIT

We progressed on our journey to embed shared value in our management strategy by identifying business opportunities that also serve as solutions to social problems and, in doing so, achieving economic success. This includes pursuing job creation as a primary outcome of our actions.

Targets to 2025

Create 1 000 jobs per annum through our enterprise and supplier development programmes.

Refer to the section on our performance against strategy on page 65, for initiatives in 2021. More detail can be found in our sustainability report online at www.distell.co.za.

Sustainable growth and returns

Our financial strategic ambition is to achieve sustainable growth and returns through revenue drivers and strong returns on invested capital.

This is achieved by optimising profitability and capital management. Realising this ambition depends on nominal GDP growth in South Africa.

See the Group CFO report on page 56 for the Group's performance against this strategic ambition, including:

- Work we did in 2021 to stringently manage our balance sheet and improve cash flow
- The key financial indicators by which we measure ourselves

OUR GEOGRAPHIC GOALS

'Where to play'

Defend and grow in South Africa

OUR GOAL IS TO STEADILY GROW MARKET SHARE IN SOUTH AFRICA.

To achieve this goal, we must be agile in responding to customer and consumer needs. Our growth through innovation strategic driver is key to meet the evolving needs of consumers. We enhance our service to customers through:

- Our connected sales force that helps deepen our customers' understanding of our brands and provide a more customised offering
- A digitally enabled sales platform, including mutually beneficial partnerships
- Improved route-to-market, by leveraging our extensive South African supply chain footprint

Read more in the South African divisional report on page 67.

Expand in Africa

THE AFRICA BUSINESS UNIT AT DISTELL STRIVES TO BE A PROGRESSIVE AND DISCIPLINED 21ST CENTURY AFRICAN CHAMPION.

We will achieve our ambitious profit target by investing in:

- A diversified local and imported product portfolio
- Strategic partnerships and local production
- Route-to-market expansion in key countries
- A digitally enabled and competitive sales and service offering

Read more in the Africa divisional report on page 71.

Build international premium spirits

IN 2019, WE REFINED OUR INTERNATIONAL STRATEGY TO BUILD AND GROW PREMIUM SPIRITS IN SELECT MARKETS.

This included an important strategic shift away from trading to building sustainable brands. Our aim is to build value over volume, thereby improving the quality of our earnings, as evidenced by improved margins. In addition we want to protect our key wine positions in select markets. A significant portfolio restructure has led to a planned volume decline, accompanied by increased margin and profit delivery.

We work to consolidate and streamline our business processes, and invest in our supply chain asset base. Our focus looking ahead is to position this business for strategic partnerships while sustaining our current growth momentum.

Read more in the Venture Business divisional report on page 75.

OUR STRATEGIC DRIVERS

Grow consumer love for our brands

WE WILL APPEAL TO CONSUMERS BY EMBEDDING SOCIETAL PURPOSE IN OUR BRANDS.

We will also embed shared value principles in the way we pursue business opportunities and mitigate risk. In South Africa, we are developing a new partnership model with our industry peers to meaningfully address and reduce alcohol harm.

How we measure success

IS PURPOSE EMBEDDED IN OUR BRANDS?

HAVE OUR TOP 10 BRANDS ACHIEVED SUSTAINED EQUITY GROWTH?

Read more on page 79.

Growth through innovation

WE WILL SHAPE OUR BRAND PORTFOLIO TO DYNAMICALLY PLAY TO KEY CONSUMER TRENDS.

We will innovate boldly to differentiate Distell brands from the competition. Distell has excellent research and innovation capabilities, and we are positioning ourselves to leverage broad-ranging data insights. This will help us respond through innovations in our existing brands, and also to increase the reach of our innovation pipeline beyond our key brands.

How we measure success

DO BRAND INNOVATIONS CONTRIBUTE 8,0% OR MORE TO GROUP REVENUE?

Read more on page 80.

Leverage our scale asset base

WE WILL APPLY OUR OPTIMISED AND SCALEABLE MANUFACTURED RESOURCES TO UNLOCK GROWTH ACROSS OUR VALUE CHAIN.

Over the past three years, we have worked to improve efficiency and unlock growth potential through a structured process to consolidate and optimise our South African supply chain. At the same time, we have invested in our manufacturing facilities in Africa and the United Kingdom.

How we measure success

IS OUR ON TIME, IN FULL SUPPLY CHAIN PERFORMANCE MORE THAN 90,0%?

IS OUR REAL MANUFACTURING CONVERSION COST DECLINING?

Read more on page 84.

Foster a winning culture

WE WILL ENHANCE OUR CORPORATE CULTURE BY WORKING TOGETHER AS ONE DISTELL TO IMPROVE OUR CUSTOMER AND CONSUMER FOCUS AND THE AGILITY OF OUR RESPONSES.

For the past three years, we have been on a culture change journey to encourage innovation and creativity and improve agility, effectiveness and efficiency. This transparent and inclusive process resulted in buy-in from all parties and is now embedded across the Group.

How we measure success

DO WE FUNCTION AS ONE DISTELL?

IS EXECUTION EXCELLENCE EMBEDDED IN OUR CULTURE?

ARE OUR CUSTOMERS AND CONSUMERS THE FOCUS IN EVERYTHING WE DO?

Read more on page 87.

Transform our strategic capabilities

WE WILL EMBED THE BEST TECHNOLOGY STRATEGICALLY ACROSS OUR VALUE CHAIN.

We invested significant financial resources in a multi-year end-to-end digital transformation journey. Through an integrated planning process, we use technological solutions to improve internal business processes and customer and consumer experiences in:

- Research and development
- Procurement, manufacturing and logistics
- Sales and marketing
- Our business support functions

How we measure success

ARE WE DIGITALLY ENABLED AND FUTURE FIT?

Read more on page 90.

A STRATEGY FOR THE FUTURE

OUR VISION IS TO MAKE A DIFFERENCE BY CREATING SHARED VALUE IN OUR CHOSEN MARKETS.

While we are confident that our well-defined strategy will support further growth, we are also looking to a long-term horizon beyond 2025.

To this end, our dedicated growth and innovation function focuses on building the Distell of tomorrow. Rooted in our newly coined vision, this forward-looking strategic work aims to embed shared value creation as our economic growth driver by:

- Reimagining what Distell can become
- Helping to regenerate economies and communities
- Allowing the environment to thrive

Growth will be found in new sources of revenue generated through:

- Breakthrough brand innovation and digital transformation
- Experiential platforms
- Strategic partnerships
- Best-in-class marketing capabilities
- Best practice insight methodologies and deep consumer analytics capabilities
- Defining Distell's unique contributions to fight climate change and inequality
- Ensuring our sustainability initiatives contribute to shared value creation
- Proactive culture and leadership development

OUR PERFORMANCE IN 2021

LEADERSHIP MESSAGES

JANNIE DURAND

FROM THE CHAIRMAN

OUR WORLD IN 2021

While 2021 brought new hope for recovery, we still faced many challenges.

The sudden disruption brought about by the COVID-19 pandemic severely impacted the previous financial year. Yet, it is worthwhile to note that only half of the 2020 financial year was impacted, while 2021 has been a full year of uncertainty, intermittent disruption and continued socio-economic pressure.

In this context, the board is proud to report that Distell responded with flexibility and agility, recognising that a changing landscape creates opportunities alongside challenges.

The Group stayed true to its purpose of creating memorable moments and crafting a better future, even as those memorable moments shifted into people's homes and the challenges relating to crafting a better future for all were heightened.

As a responsible corporate citizen, the Group recognised the fact that, alongside strategic execution, a commitment to ESG excellence is key to the continued resilience of the business. To this end, the board approved a new vision statement: "Making a difference by creating shared value in our chosen markets", which recognises the truth that value for Distell and value for our stakeholders are inextricably linked and central to true sustainability and growth.

BOARD PRIORITIES

The board's priorities for the year aligned with the key concerns that Distell's stakeholders – particularly shareholders – brought to our attention:

- Distell's liquidity and ability to survive and grow in a post-pandemic world
- Increasing competition in the industry and the potential Heineken N.V. transaction
- The potentially more stringent alcohol policy landscape
- The Group's treatment of employees and other stakeholders during a crisis
- Distell's role and purpose to create shared value for all stakeholders
- Governance, ethics and board oversight of the Group's strategy and risk management

In providing oversight of these matters, the board delegates certain responsibilities to the appropriate board committees to receive focused attention, and empowers Distell's executive management team to pursue sustainable opportunities, rather than short-lived gains.

Distell's liquidity and ability to survive and grow in a post-pandemic world

It is the responsibility of the Distell board to oversee the management and allocation of financial resources. Given the uncertainty as to when lockdowns and alcohol bans would happen, and how long they would last, the board recognised the need to protect Distell's balance sheet against possible disruptions.

We engaged with executive management to develop scenarios and consider the options available to the Group. The board felt it prudent to avoid raising equity. Rather, as a shareholder of reference, Remgro Limited offered assistance as needed by, for example, offering guarantees to increase banking facilities.

Management should be commended for its proactive approach to balance sheet management, which included stringent control of the stock portfolio, costs and expenses. The outcomes of this good work are a materially strengthened balance sheet, improved liquidity and a significant reduction of the Group's net debt. Details can be found in the message from our Group CFO on page 56.

Increasing competition in the industry

Over the past 18 months, the focus for most companies, including Distell, has been on dealing with the challenges and opportunities presented by the COVID-19 pandemic. Distell was agile in its response, and innovated across the Group's brand portfolio to meet consumer needs.

The breadth of this portfolio also proved advantageous, as it includes brands that respond to trends such as at-home consumption and mixed-gender occasions. Evidence of this competitive advantage is the fact that many of the Group's brands gained market share during the year across all three categories – ciders and RTDs, spirits and wines.

What is clear to the board, though, is that competitors are also responding to consumer needs and diversifying their portfolios in ways that may compete directly with Distell brands. We have mandated management to remain vigilant in this regard by continuing to innovate while executing on the strategic driver to grow consumer love for our brands.

The changing alcohol policy landscape

Since the proposal of the National Liquor Policy in 2014, government, the alcoholic beverages industry and lobby groups have been debating appropriate measures to limit the availability of – and access to – alcohol, as well as potential restrictions on alcohol advertising. These mostly take their cue from advice of the World Health Organization. The South African government's approach to COVID-19 lockdowns, including unscientifically justified bans of the sale of alcohol, has influenced and intensified these debates.

Distell commends and supports government's efforts to stem the spread of the pandemic, and the board and management remain acutely aware of the realities and harms associated with the irresponsible consumption of alcohol by some consumers.

However, the South African alcohol industry employs almost a million people in diverse fields including agriculture, retail, manufacturing, logistics and more. It is therefore imperative that government and the alcoholic beverages industry collaborate to achieve a balance between economic growth and job creation, while confronting the realities of alcohol-related harm.

Distell is committed to working collaboratively to find sustainable solutions, and the Group plays a leading role in the South African alcoholic beverages industry in engaging with government.

Last year we implemented an alcohol responsibility strategy to help us drive real, meaningful and measurable change in consumer drinking behaviour. As part of this strategy, we formed a Social Compact with external stakeholders, civil society and local industry to launch programmes and related campaigns focused on alcohol harm reduction.

These programmes and related campaigns are above and beyond our long-term investment as a member of aware.org and our transformational partnerships with FASfacts and FARR.

The Group's treatment of employees and other stakeholders during a crisis

The challenges we faced over the past year, and the way Distell responded, have deepened our appreciation for the fact that the Group does not exist in a vacuum, but is truly part of a broader community of stakeholders.

The Group is a proud employer of over 4 440 people, and continued to prioritise the safety, well-being and livelihoods of employees. Operationally, Distell has adapted well to social distancing, hygiene measures and flexible work situations. More importantly, employees shared the commitment the Group made to surviving and thriving while protecting livelihoods, even when salaries were temporarily reduced.

The Group culture was truly galvanised in this time of crisis. It is gratifying to see that at Distell, people are proud of their achievements, and that they believe in the Group and its brands. They were willing to share in the pain, made sacrifices and have contributed to, and will now share in, the gain. This is evidenced by the fact that all reduced benefits and remuneration have been restored in line with an improved balance sheet, as detailed in the remuneration report on page 113.

More broadly, transformation across Distell's value chain is an imperative, both for the business and for South Africa. The board and management recognise the fact that Distell must set an example as the only South African owned and operated leading multi-category alcoholic beverages company.

In terms of succession, the board is satisfied that there is a strong and transformative talent pipeline within the Group. At board level there is still work to be done. In light of the uncertain environment over the past year, succession took a back seat to experience. However, because we believe in a diversity of views on the board, this will be a focus area in the next financial year.

Transformation within the Group is only a starting point. Supporting the Group's suppliers and customers to deliver on realistic transformation goals is another way in which Distell can contribute to transformation in the country. To this end, the board appointed an external consultant to assist in accelerating transformation across the Group and develop plans for how to manage it along the value chain.

Distell's role and purpose to create shared value for all stakeholders

The strategic work done over the past year to decentralise Distell's sales and customer care functions has provided a direct route-to-market. This means the Group is more in touch with customer and consumer needs, and able to respond faster, which has been mutually beneficial during the COVID-19 crisis.

Engagements with customers and consumers have emphasised the need to embed purpose in the brands. Consumers are increasingly driven to choose brands based on what they stand for. Social and environmental responsibility is part of the Distell DNA, as can be seen by the inclusion of the Group's chosen UN SDGs in performance metrics and key performance indicators. The growth and innovation business function has presented its plans to the board on how to align commitments at Group level to those of the brands, paving the way for an exciting, purpose-led future.

Governance, ethics and board oversight of the Group's strategy and risk management

It is always important, and even more so in trying and uncertain times, to maintain a commitment to the highest standards of corporate governance and ethics. This should not be a tick-box exercise at board level, but should live in a company's manufacturing facility and office walls, as it does at Distell. The board and employees trust management to lead responsibly, and in turn management trusts the board's oversight and employees' commitment to execution.

The board's role in strategy development is to challenge the Group strategy by asking the right questions of management, and to stress test the strategy once it is implemented. Being in survival and recovery mode over the past 18 months has certainly stress tested Distell's strategy. We took note of the key strengths and areas which require more attention, and reviewed the Group's strategic risks. There was no material change to the Group's strategic risks, but the strategy was modified to better incorporate sustainability and shared value creation.

OUTLOOK AND APPRECIATION

Challenges in the Group's socio-economic, competitive and regulatory landscapes will prevail. However, with the rollout of vaccination programmes, we are hopeful of recovery, and it is important that we support these efforts, for the health and well-being of our people and economies.

The alcoholic beverages industry was severely impacted by COVID-19 restrictions, particularly in South Africa, but also elsewhere in the world. We believe this will lead to increased consolidation, particularly with larger players looking to acquire or partner with smaller niche businesses to broaden their brand portfolios.

Distell is in a strong position in terms of its brand portfolio, and the board will support efforts in the next financial year to leverage this competitive advantage in unique ways in each of the Group's regional business divisions. In addition, the board will oversee continued, targeted investment into Distell's key brands, particularly in terms of embedding purpose.

I am proud to be associated with Distell, not only as a shareholder but as its chairman, largely thanks to the quality of its people. Looking back at how teams responded to this crisis gives the board confidence in the resilience and agility of the Group.

We have great appreciation for the employees and supply chain partners who demonstrated courage and resilience to keep Distell and the industry running throughout the year. We also thank the frontline healthcare workers for their commitment to keeping all of us safe. In closing, we remember the people – family members, friends and colleagues – we have lost, and keep them in our thoughts.

Jannie Durand
Chairman

FROM THE GROUP CEO

RICHARD RUSHTON

I am extremely proud that Distell managed to recalibrate, respond and restore momentum during the pandemic.

The environment we operate in faced continued upheaval and required enormous adaptability. The dedication of our people, the ability to leverage our brand portfolio and our strong foundational business practices led to a recovery in revenue and volume growth of 26,3%. In context, this represents a 7,9% revenue increase and a 2,1% volume decline when compared to pre-COVID-19 levels in FY19. In addition, many of our brands gained market share across all three categories (ciders and RTDs, spirits and wines), a trend that has continued since the last restrictions were lifted.

AN OVERVIEW OF OUR PERFORMANCE

The Group's businesses in all markets performed well by capitalising on previous investments and focused execution of strategy.

The work we have done to consolidate our portfolio to a core range of ciders and RTDs, spirits and wines is bearing fruit. In a year where much of the focus was on survival, the Distell team was able to move our strategy towards thriving in the long term. Our brands innovated bravely, with innovations contributing significantly to Group revenue.

Our South African business has proven to be extremely resilient under pressure, gaining market share of 100bps when compared to 2019.

The business lost approximately 20% of available trading days due to the government-enforced lockdowns and alcohol trade bans. Yet, through the determination of leadership and employees, Distell managed to recover revenue and volume growth by 29,4% and 28,7% respectively. This is a 5,8% improvement in revenue and a 3,5% volume decline when compared to pre-COVID-19 levels in 2019.

In South Africa, we can truly see the strength of our well-differentiated core brand portfolio, with Savanna and 4th Street performing exceptionally well. This performance is matched by breakout innovations, as can be seen by the performance of Savanna non-alcoholic, which has become a significant revenue contributor, and Vawter, which is showing early signs of good performance.

Investments into our South African decentralised route-to-market and digital platforms also contributed to growth. Being able to proactively engage with customers and consumers helps us meet their needs and build relationships and brand equity. These initiatives undoubtedly contributed to market share gains.

Although we view expansion into Africa as an investment into future potential for growth over the longer term, we have begun to see the fruits of this potential.

Africa has high-growth prospects, but we cannot deny the associated risks. Therefore, we have executed a deliberate, considered and long-term strategy on the continent, which is proving to be resilient.

Measured investment and strong partnerships have led to the cumulative and sustainable performance of our growing African footprint over the past few years. In 2021, the business saw revenue growth of 22,9% and volume growth of 30,7%. This performance can give consumers, customers and shareholders alike confidence in what we are doing on the continent.

The strategic decision, taken in 2019, to focus the Venture Business on building and growing premium spirits in select markets, has delivered strong performance.

Revenue grew by 10,0%, and although volumes declined by 10,8% as expected, margins improved significantly, pointing to improved quality of earnings.

We continued investment into our brands. Despite the travel retail channel being severely impacted by travel restrictions, Amarula – a key brand in our premium spirits portfolio – showed encouraging growth off the back of flavour innovations and focusing on select geographies. Our Scotch whisky portfolio, which has received significant investment over the past years, is geared for future growth, driven by a strong inventory pipeline and quality brands in this on-trend category.

By being entrepreneurial and nimble, the Venture Business was quick to respond to the changing customer and consumer environment caused by COVID-19 restrictions, and proactively pursued e-commerce opportunities. We did face some supply challenges due to export restrictions and delays. However, this was addressed and we are confident that our supply pipeline is now able to meet demand.

Much time was spent to develop our human resources in the business. Management took the time to understand the current and future trends that influence the Venture Business's unique operating environment, and to build a specialised team that can deliver on its strategy. A focus for the Venture Business is to position itself for strategic partnerships, and we have begun to explore options in China and Taiwan.

THE DRIVERS OF OUR PERFORMANCE

The commendable performance of all of our business divisions is a culmination of hard strategic work and a result of:

The determination, resilience and passion of our people

'One Distell' is the culmination of a leadership and culture journey the Group has been on to diversify our teams and embrace a culture that is more open minded, self-reflective and less conservative. This spirit of collaboration has brought new energy to teams and is reflected in our performance. This year we saw a record number of online learning by employees, which is testament both to their commitment to excellence and to the Group's investment in their career advancement.

Considering the volatility in our operating environment, the Group remuneration committee recommended we make the strategic decision to protect our employees' jobs and the financial stability of our business by implementing temporary salary reductions and benefit adjustments. It is to the credit of Distell's employees that they supported this difficult decision. It is also thanks to their hard work and dedication that we were able to deliver strong performance, strengthen our balance sheet, improve cash flows and ultimately reinstate and refund all deductions.

The strength of our brands and the breadth of our brand portfolio

Distell's portfolio is wide ranging, which is sometimes perceived as unfocused. However, in a time of uncertainty this diversity has proven to be a definite strength. We have brands that cater well to at-home occasions, brands that are packaged for easy transportation, brands that challenge flavour profiles and trusted brands with a rich heritage. In addition, consumers can trade down and up across the portfolio as their disposable income allows.

Our brands were supported by our research, development innovation and marketing functions, as well as Distell's supply chain, which responded well in the face of uncertainty. We were able to meet market demand and respond to consumer trends faster than many of our competitors, which is reflected in market share gains.

Our commitment to digital transformation

The consumer is increasingly looking to other platforms besides physical stores to buy our products. We have been investing – and will continue to do so – in digital innovation across our value chain and in our brands. Digital platforms enable us to increase internal efficiencies and, importantly, to interact more directly with customers and consumers to better meet their needs.

In South Africa, our ability to connect to customers was bolstered by the phased digitisation of our sales support models, which use precise analytical tools to inform packaging and price management and improve service levels. In Africa, route-to-market platforms are also enhanced by sales force automation, based on the diverse needs of each country. This enables better in-trade execution and accurate modelling and costing. As mentioned, the Venture Business accelerated its e-commerce capabilities, among others, by establishing a beneficial partnership with Amazon.

Digital transformation is a journey and, as a significant investment, we are approaching it in a considered manner to ensure it delivers on what the Group needs – improved productivity, efficiency, speed and agility across our value chain for employees, customers and consumers.

Our commitment to shared value and sustainability

Because of the extensive socio-economic impact of COVID-19, the role of all businesses, including Distell, in delivering societal value has been highlighted. We incorporated shared value into our strategic ambitions as we strive for business benefits that also deliver societal benefits through the UN SDGs.

We continue to align our business activities and programmes with the SDGs. In 2020, we implemented a single Company-wide STI scorecard focused on two key financial performance indicators as well as non-financial measures based on our chosen SDGs. The non-financial measures contribute 20% to the overall STI scorecard. I am proud to say that in 2021, the majority of targets related to the SDGs were met and employees will be rewarded accordingly.

More detail on the SDGs, related targets and performance can be found in the section on creating shared value below, and in our sustainability report at www.distell.co.za. Information on the STI scorecard is in the remuneration report on page 113.

The focus on climate-related risks has been increasing globally, and climate change is one of the most defining issues of our time. We recognise the fact that, in support of commitments made by the South African government, our climate change response requires urgent action. As part of the growth and innovation function's forward-looking strategic work, we are defining Distell's unique contribution to fight climate change. Specifically, we will look at how to align this work with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), a set of voluntary, consistent disclosure recommendations for companies to provide information to stakeholders about climate-related financial risks.

Our collaborative role in the industry

Not only did we keep our business moving forward and perform in the face of uncertainty this year, but we also played a role in advocating for our industry. While necessary, the South African government's approach to COVID-19 and the related restrictions on the sale of alcohol have impacted Distell and many smaller companies along the Group's value chain, affecting livelihoods in industries like agriculture and packaging.

As a major South African player, Distell has the unique opportunity and responsibility to help reposition the alcoholic beverages industry in South Africa – in a more balanced way – to society and government.

With our peers, we take a definitive stance against the irresponsible consumption of alcohol, and believe it is crucial that the industry works together to find a responsible way forward. We believe our Social Compact is a bold step in the right direction. We aim to use science-based data to develop change management programmes that will address alcohol-related harm where it happens. These programmes must be scalable, so that we can also apply them in partnership with government, for true societal impact.

OUTLOOK AND APPRECIATION

I believe the 2022 financial year will be one in which we continue to navigate the effects of the pandemic, particularly in Africa, where the vaccination rollout lags behind the rest of the world and the socio-economic impacts remain acute.

Therefore, we will continue to work to protect the financial sustainability of our business, our people and to manage operations to best serve our customers and consumers.

Our strategic priorities for the year are to build on the momentum we are enjoying in South Africa, to continue to expand our footprint in Africa and to consolidate on the momentum we have created in our premium spirits business internationally. To this end, we will invest in our people, in brand support and innovation, supply chain initiatives, digital transformation and shared value initiatives.

I believe that the disciplined execution of our strategy will place us in a good position to win in our markets as the economy recovers.

Every person at Distell has been impacted by COVID-19. Since the start of the pandemic in 2020, 560 of our people tested positive for COVID-19, and 496 recovered. Sadly, 13 of our people passed away. Each of them contributed to the culture and success of the Group, and we pay tribute to them on page 54.

Many of our people have also lost family and friends, and the mental and emotional toll is felt by all. We are committed to continue supporting our employees through this crisis.

In such trying times, I express my sincere appreciation to all Distell employees for playing their part in the massive team effort it took to work through this very real crisis. Everyone responded magnificently and as a result, Distell has emerged a stronger, more resilient, more adaptive and more innovative organisation. Although extremely trying, in many ways this has been our best hour. Our people showed up and rose to the occasion, which is a great source of pride.

Thank you to the executive management team who was readily available and energised to work together to meet whatever challenges we faced, and to the board for its support, advice and wisdom.

Richard Rushton
Group CEO

PAYING TRIBUTE

TO THE COLLEAGUES WE HAVE LOST

JACQUES DU PLESSIS
Artisan
Springs
1 March 2017 – 11 December 2020*

JERMAINE CLAASEN
Forklift Driver
Adam Tas
1 July 2019 – 18 December 2020*

RICARDO ELDERS
Supervisor
Plaisir De Merle Farm
1 August 2011 – 13 December 2020*

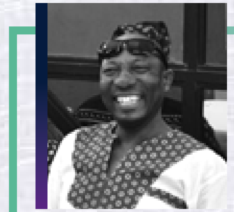
NICOLAAS CLAASSEN
Electronics Technician
Adam Tas
1 June 1992 – 2 January 2021*

MARK NICHOLES
Machine Operator
Adam Tas
16 January 1995 – 3 January 2021*

BRIAN SIKANYIKA
Sales Representative
Zambia
9 November 2020 – 13 January 2021*

* Dates employed at Distell

SHARONEY WITBOOI
Quality Assurance Manager
Adam Tas
4 September 2017 – 2 September 2021*



LERATA SIMON MKHWANAZI
Sales Consultant
Pretoria East
3 February 1992 – 3 March 202*

AVRON KNOPF
Checker
Export Siding Adam Tas
5 March 2012 – 19 June 2021*

KENNETH SINKAMBA
Head of Trade
Zambia
1 January 2020 – 25 June 2021*

ZWELINZIMA MAQUMGU
Machine Operator
Wadeville SC
19 October 1992 – 4 August 2020*

BONGANI MASEKO
Machine Controller
Wadeville SC
1 July 2012 – 17 August 2020*

ELIZABETH SHIYA
Machine Operator
Wadeville SC
14 November 1979 – 7 July 2020*

* Dates employed at Distell

FROM THE GROUP CFO

Distell's financial strategic ambition is to achieve sustainable growth and returns through revenue drivers and growth on invested capital by sweating its assets.

COVID-19-related lockdowns and the resultant restrictions on alcohol sales in South Africa led to lost revenue, volumes and uncertainty, which hampered forecasting and planning.

Our immediate priority was to manage the short-term challenges and put measures in place for recovery. These measures proved successful in 2021, with most of the key financial indicators and balance sheet health by which we measure ourselves recovering to pre-pandemic (2019) levels, and in some cases showing significant improvement. Distell recovered most of the sales volumes and revenue lost, mainly due to strong market share gains across all categories and most major brands.

Financial measures taken included steps to protect liquidity, improve cash flow and safeguard the resilience of Distell's strong balance sheet. There was also an immediate need to be stringent in managing our portfolio, costs, expenses and behaviours. Given our results, we will maintain these sound business practices going forward.

We will also continue daily engagement between the corporate finance department and the various areas of our business and enhance daily cash management routines at every level of the Group.

DEFINITION: NORMALISED, ADJUSTED AND RESTATED METRICS

Throughout this report, references are made to 'normalised' and/or 'adjusted for forex' and/or 'comparable' metrics.

Normalised items refer to metrics as reported, but adjusted for:

- Retrenchment costs associated with major restructurings spanning more than one year
- Legal disputes and related legal fees
- Merger and acquisition costs
- IFRS 9 credit loss provision for Zimbabwe government bonds (in prior year)

The results of the Group are also impacted by changes in foreign exchange rates. Certain metrics are therefore reported on a constant currency basis to eliminate severe currency movements. These adjusted measures represent pro forma financial information.

OUR KEY FINANCIAL INDICATORS

In our drive to create financial value, we focus on core indicators to inform investment decisions. We use both financial and non-financial key performance indicators to monitor our performance and track progress.

These key performance indicators provide a measurable link to strategic initiatives. They are also integrated into Group remuneration through a single Company-wide STI scorecard, focused on:

- Two key financial performance indicators (net revenue growth and free cash generation)
- Non-financial measures based on our four primary sustainable development goals (SDGs 3, 6, 8 and 12)

This ensures alignment to business performance, appropriate risk and shared value. More detail can be found in the remuneration report from page 113.

The key financial indicators by which we measure ourselves are:

	2021 R million	2020 R million	2019 R million	% change vs FY20	% change vs FY19	Margins % 2021	Margins % 2020	Margins % 2019
Revenue	**28 254,5**	22 370,2	26 179,6	26,3	7,9			
EBITDA	**3 592,7**	2 289,8	3 513,3	56,9	2,3	**12,7**	10,2	13,4
EBITDA adjusted for forex	**3 830,5**	2 044,9	3 616,9	87,3	5,9	**13,6**	9,1	13,8
Gross profit	**7 823,7**	6 304,5	8 089,6	24,1	(3,3)	**27,7**	28,2	30,9
Operating profit	**2 666,2**	1 384,2	2 786,2	92,6	(4,3)	**9,4**	6,2	10,6
Headline earnings	**1 751,3**	657,8	1 792,3	166,2	(2,3)	**6,2**	2,9	6,8
Headline earnings adjusted for forex	**1 924,4**	478,3	1 865,0	302,4	3,2	**6,8**	2,1	7,1
ROIC adjusted for forex						**13,6**	5,0	13,5

Note: Normalised and comparable

THE KEY FINANCIAL DRIVER IMPACTING DISTELL'S PERFORMANCE WAS STRINGENT BALANCE SHEET MANAGEMENT

Profit gains were enabled and transformed into positive cash flows by:

- Reducing capital expenditure by reprioritising strategic initiatives and focusing on critical initiatives, including:
  - The critical maintenance of our facilities
  - Continued investment in our route-to-market capabilities in Africa
  - Completing our blending and storage facilities at East Kilbride
  - Completing the effluent plant in Worcester
  - Commencing construction of our new site in Nairobi, Kenya
  - Finalising the capital outlay to renew and upgrade the network in SA
  - Programmes to assist government to promote the responsible use of alcohol and fight gender-based violence
  - Initiatives to ensure our facilities are sustainable in terms of energy and water usage
- Managing working capital with a focus on the Group capital cycle through improved debtors' collection and well managed stock levels
- Reducing discretionary spend
- Savings on travel costs
- Savings on marketing spend, while still supporting brand equity
- Working with suppliers to extend payment terms, when we were unable to pay on time in the midst of the crisis, we continue to support vulnerable customers and suppliers with customised payments dependent on size and their liquidity restrictions.
- The sale of premium wine farms Alto and Plaisir de Merle
- Postponing interim dividends

The resultant positive cash flows enabled us to:

- Obtain liquidity and ensure the Group has enough cash resources to pay employees and suppliers
- Working closely with banks, reducing the Group's net debt from R5,9 billion in 2020 to R2,2 billion this year. This means:
  - We are comfortably within our debt covenants, particularly the net debt to EBITDA covenant, which is at 0,53:1, compared to the covenant of 2,75:1
  - Our net interest payable has reduced to R291,1 million, from R380,9 million for 2020

RETURN ON INVESTED CAPITAL

Improving return on invested capital (ROIC) remains a focus area within the Group. It reflects the operating performance of the business, stated before exceptional items and finance charges, and after applying the tax rate before exceptional items for the year.

Average total invested capital is calculated using the average derived from the consolidated statements of financial position at the beginning, middle and end of the year.

Average capital employed, or average total invested capital, comprises average net assets for the year (excluding post- retirement employment net liabilities/ assets) and average borrowings.

Assets

Total assets increased by R0,5 billion to R25,8 billion, a 1,9% change from the previous year. Net operating assets (i.e., fixed assets, intangible assets, inventory and receivables less payables and derivatives) decreased by 8,8% to R15,9 billion.

Economic profit

Economic profit is determined to assess the Group's returns from our asset base, compared to a standard cost of capital charge.

It is calculated as the difference between the standard capital charge on the average total invested assets and the actual returns achieved by the Group on these assets.

The standard capital charge applied to the average total invested capital is 11,0% (2020: 10,6%). Calculations for return on average total invested capital and economic profit are as follows:

	2021 R million	2020 R million	2021 vs 2020 % change	2019 R million
Economic profit				
Normalised headline earnings adjusted for currency movements	1 924,4	478,3	302,4	1 865,0
Interest (after tax)	208,2	272,3	(23,6)	193,7
Adjustments for non-controlling interest and retirement benefits	(3,1)	58,5	(105,2)	0,2
Actual returns achieved	2 129,5	809,1	163,2	2 058,9
Capital charge at 11,0% (June 2020 restated: 10,6%, June 2019: 10,8%)	1 735,6	1 718,8	1,0	1 651,0
Economic profit	393,9	(909,7)	(143,3)	407,9
Normalised average total invested capital adjusted for forex	15 711,6	16 260,5	(3,4)	15 287,2
Return on average total invested capital	13,6%	5,0%		13,5%

TOTAL SHAREHOLDER RETURN (TSR)

Sustainable value creation for our shareholders is best measured by TSR, a combination of share price appreciation and dividends paid over the medium to longer term. Over a ten-year period, Distell has delivered a TSR of 12,0% per annum, up from last year's reported 6,3% per annum, as a result of the recovery in the share price during this financial year.

GROUP FINANCIAL PERFORMANCE

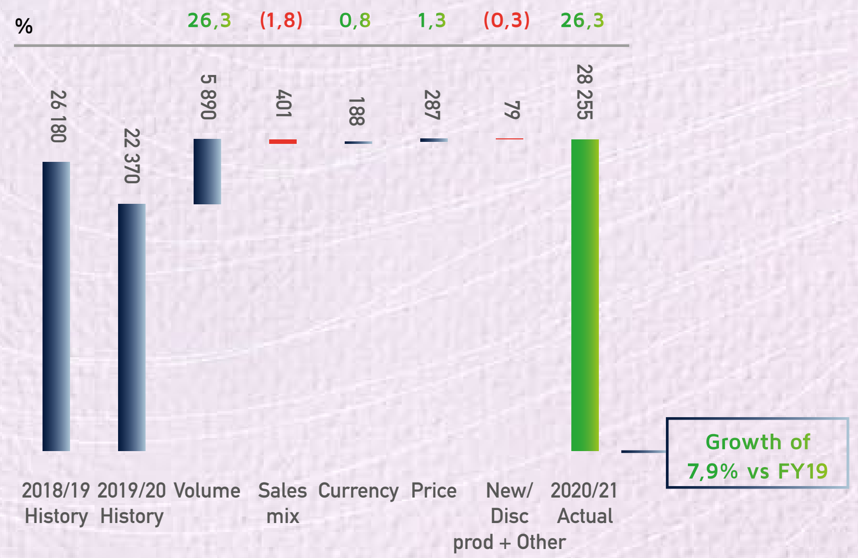
Revenue

Revenue grew by 26,3% to R28,3 billion on the back of:

- 26,3% higher sales volumes;
- revenue increase of 29,4% in South Africa;
- revenue growth of 22,9% in the rest of Africa, including BLNE countries; and
- an improved sales mix as overall spirits revenue was up by 24,4%, with ciders and RTD's up by 32,3%.

Compared to pre-COVID 2019, overall revenue increased by 7,9% on 2,1% lower volumes.

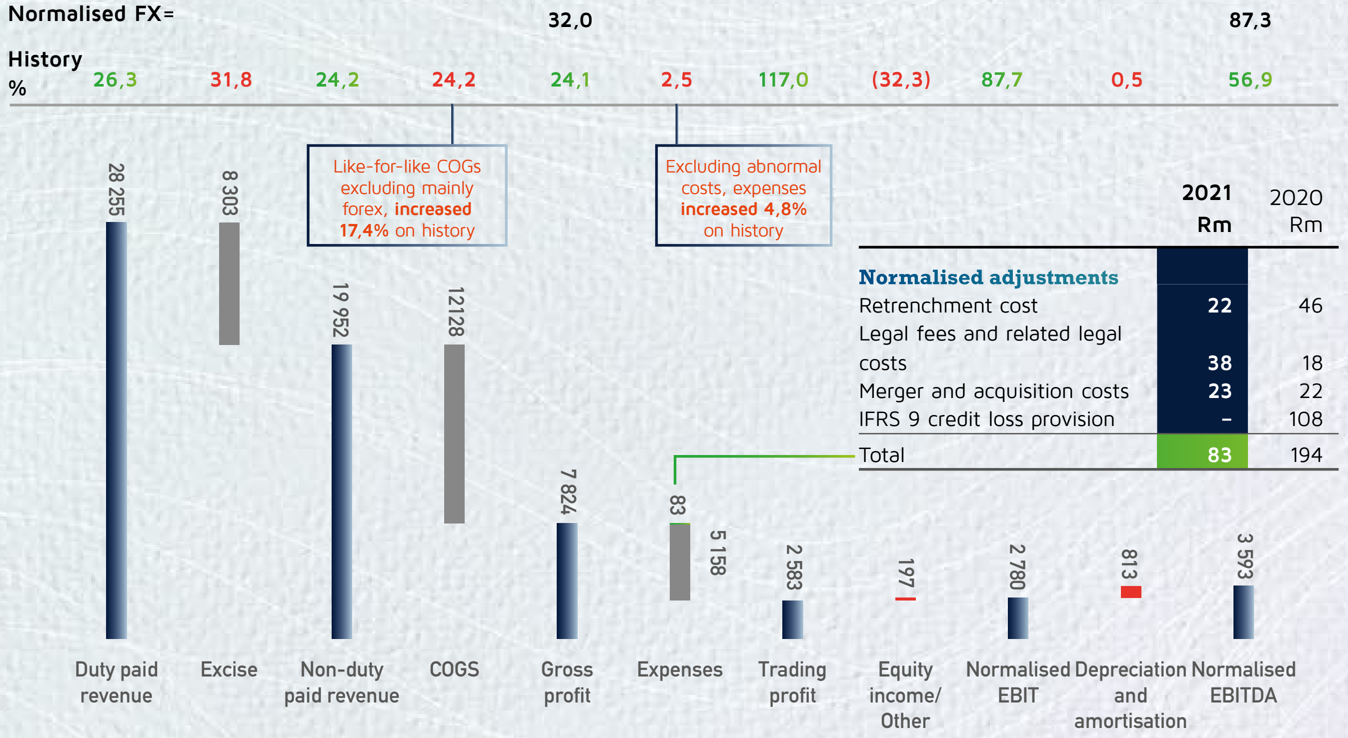
Drivers of revenue growth (R million)



Margin

One of our key strategic objectives in the business remains margin enhancement. We improved this key metric during the year under review but are not at 2019 levels yet given the impact of COVID-19 and the general economic conditions. Our normalised non-duty paid EBITDA margin improved from 14,2% to 18,0% (2019: 18,4%). We continue to adapt our brand portfolio to meet changing consumer needs and buying patterns by introducing new products and pack sizes while rejuvenating the packaging of old favourites. Duty paid gross profit margin declined to 27,7% (2020: 28,2%, 2019: 30,9%).

Margin enhancement (R million)



	2021 Rm	2020 Rm
Normalised adjustments		
Retrenchment cost	22	46
Legal fees and related legal costs	38	18
Merger and acquisition costs	23	22
IFRS 9 credit loss provision	–	108
Total	83	194

NORMALISED GROSS MARGIN
CY: 39,2
PY: 39,2
FY19: 42,4
vs PY+0
vs FY19 (3,2)

NORMALISED EBITDA MARGIN
CY: 18,0
PY: 14,2
FY19: 18,4
vs PY+3,8
vs FY19 (0,4)

NORMALISED GROSS MARGIN ADJUSTED FOR FOREX
CY: 40,4
PY: 37,6
FY19: 42,8
vs PY+2,8
vs FY19 (2,4)

NORMALISED EBITDA MARGIN ADJUSTED FOR FOREX
CY: 19,2
PY: 12,6
FY19: 18,6
vs PY+6,6
vs FY19 +0,6

* margins on a non-duty paid basis

Profit

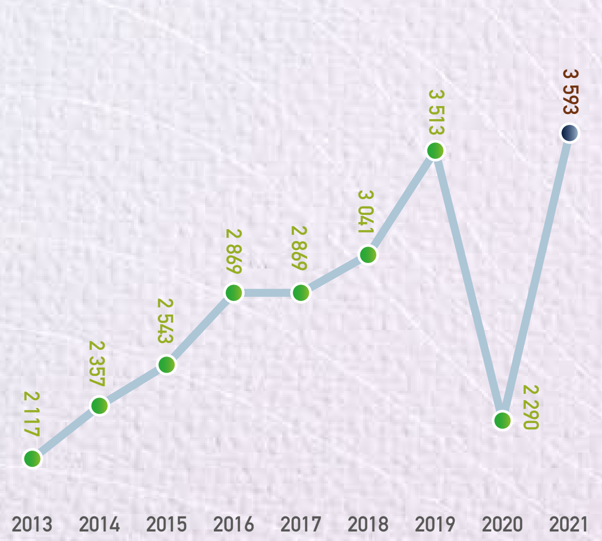
Gross profit increased by 24,1% (2020: 22,1% decline), while reported operating profit, excluding other gains and losses, increased to R2,6 billion from R1,2 billion in 2020, mainly as a result of substantially improved revenue performance, notwithstanding various trade restrictions and alcohol bans introduced by mainly the South African government, while keeping operating cost increases at bay.

Normalised operating profit increased by 92,6% to R2,7 billion (2020: R1,4 billion).

EBITDA

Normalised EBITDA increased by 56,9% to R3,6 billion (2020: R2,3 billion), and normalised EBITDA adjusted for foreign currency movements increased by 87,3% to R3,8 billion (2020: R2,0 billion).

Normalised EBITDA (R million)



Operating costs

Operating costs increased by 21,2% to R25,7 billion (2020: R21,2 billion), lower than the revenue increase of 26,3%. Excise duties increased by 31,8%, reflecting unsustainable far above inflation rate increases and a change in product mix.

To build our brands for the long term, we continue to invest in customer and consumer facing sales and marketing initiatives while shifting our marketing mix to digital and a more focused portfolio of brands.

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.

Maintaining strict cost control within our administration and related functions remains a priority. Administration and other cost increased to R1,3 billion (2020: R1,0 billion), which includes R312,1 million (2020: R19,8 million) short-term incentive (STI) bonusses for all employees as the Group achieved its STI targets. We have made further progress to improve the efficiencies of the supporting functions throughout the Group. We are progressing well with the rollout of our centralised procurement management software which will improve spend management and suppliers' interactions. Our new integrated customer relationship management (CRM) solution is also providing various additional benefits to customers while enhancing our digital capabilities in this important focus area in the business.

Foreign currency translation losses amounted to R226,8 million (2020: R266,3 million gains).

Other gains and losses

The Group concluded the sale of the premium wine farms Alto and Plaisir de Merle during the current financial year. The profit realised on the sale of the related property, plant, equipment (PPE) and trademarks was R180,8 million. The profit on the sale of other PPE was R9,2 million (2020: R32,0 million) and the impairment of PPE in 2020 amounted to R49,3 million.

In 2020 the Group recognised an impairment provision of R58,7 million for its 50% interest in its joint venture, TD Spirits LLC, in the USA pending the termination of the joint venture. The entity received backdated tax rebates and substantially reduced costs before it closed, having the effect that the Group was able to recover its investment in the entity and the impairment provision of the previous year was therefore reversed.

During the prior year, the Group impaired its investment in Best Global Brands Limited (BGB) with R143,8 million. The current carrying value of the BGB investment is R156,6 million, which includes a shareholder loan of R44,7 million and the most recent cash flow forecasts supports the carrying value.

The gain on the disposal of investments and subsidiaries was R10,7 million (2020: R10,5 million).

Share of equity-accounted earnings

Associates

Distell's share of after-tax profits from associated companies increased to R57,8 million (2020: R47,1 million).

Our investment in associated companies includes mainly:

- 35% share in Tanzania Distilleries Limited (TDL)
- 26% interest in BGB
- 26% interest in the Mauritian company, Grays Inc. Limited

Joint ventures

Distell's share of profits from joint ventures increased to R56,0 million (2020: R49,9 million). Joint ventures mainly comprise our interest in African Distillers Limited.

Finance costs

Net finance costs declined from R380,9 million in 2020 to R291,1 million in 2021.

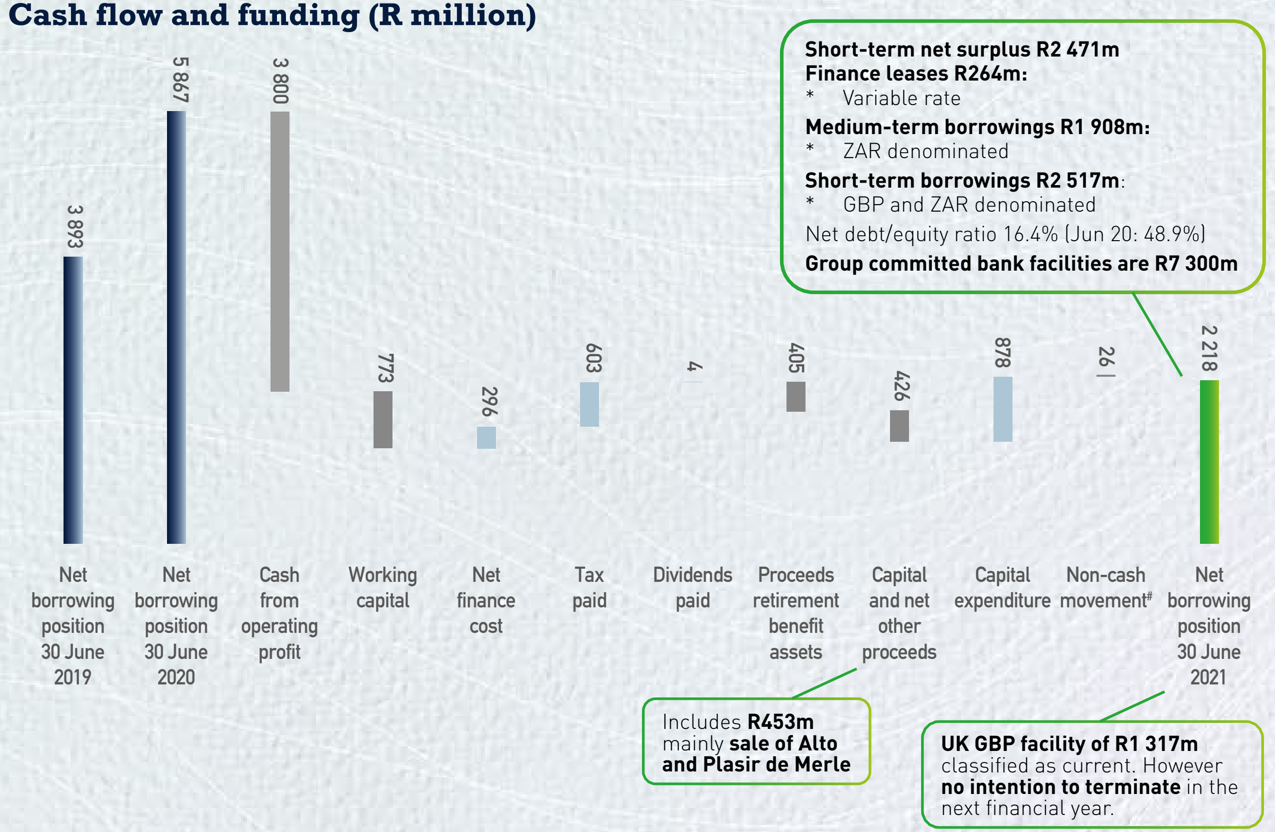
Protecting liquidity was a major focus of the past financial year. The Group's interest-bearing debt, net of cash and cash equivalents and money market funds, declined from R5,9 billion in 2020 to R2,2 billion as of 30 June 2021. This includes lease liabilities of R264,4 million (2020: R358,7 million). With a debt-to-debt plus equity ratio of 14,1% (2020: 32,9%), we are well positioned to navigate the uncertainties still lingering as the full effects of COVID-19 play out. We are well within our covenants for our South African medium-term debt with a debt to EBITDA ratio of 0,53:1 (covenant: < 2,75:1) and an interest cover ratio of 11,46:1 (covenant: > 3,5:1).

The Group was able to utilise excess cash from the sale of assets to repay R400,0 million of its medium-term South African debt.

The Group has access to R4,1 billion of short-term on-demand banking facilities, having obtained R1,0 billion of additional facilities during the previous financial year to support it during the COVID-19 pandemic. All the facilities were unutilised at year- end. We therefore have sufficient borrowing capacity available to service our ongoing funding and liquidity requirements.

Distell's debt consists mainly of medium-term loans, and we utilise short-term bank credit facilities to manage the cyclical nature of our cash flows during the year. We match funding requirements with the currency of the underlying operations or assets to be financed, when these are considered cost-effective, to obtain natural currency hedges. Most of our interest-bearing debt is fully secured by fixed properties, trade receivables and inventory.

Cash flow and funding (R million)



	2021 R million	2020 R million
Funding structure		
Bank overdrafts and call accounts	-	(2 350)
Cash and cash equivalents and investment in money market funds	2 471	1 734
Medium-term bank loans	(1 908)	(4 892)
Short-term bank loans	(2 517)	–
Lease liabilities	(264)	(359)
Total	(2 218)	(5 867)
Medium-term debt maturity profile (excluding lease liabilities)		
Within one year	(2 517)	–
Between one and two years	(1 107)	(2 592)
Between two and three years	(800)	(1 100)
Between three and five years	-	(1 200)

Taxation

The effective tax rate declined from 43,6% in 2020 to 25,1% in 2021. This is largely attributable to the R202,6 million impairment of BGB and TD Spirits in the prior year which is 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

Reported headline earnings increased from R516,8 million in 2020 to R1,7 billion in 2021.

Normalised headline earnings adjusted for currency movements increased from R478,3 million in 2020 to R1,9 billion and by 302,0% per share to 875,4 cents in 2021 (2020: 217,7 cents).

Capital expenditure

Capital expenditure amounted to R877,8 million (2020: R1,4 billion) as we reprioritised our spend following the impact of COVID-19.

Of this, R441,1 million (2020: R458,1 million) was spent on the replacement of assets and a further R436,8 million (2020: R900,6 million) was directed to capacity expansion in our manufacturing and distribution capabilities.

The Group is planning to substantially increase its capital expenditure in the year to come, but will manage it in a phased process depending on the Group's financial performance.

Working capital

Careful working capital management was critical this year in our effort to preserve cash while being able to fully service our customers and meeting our commitments to suppliers and employees. Investment in working capital resulted in a cash inflow of R772,9 million (2020: R293,3 million outflow). Net working capital decreased by 18,0% to R5,7 billion (2020: R6,9 billion). Inventory, the main component, was up 1,8% to R8,6 billion. Bulk spirits in maturation 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 utilised 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. Excise duty payments at year-end also reflected normal terms following extended payment terms granted by the South African Revenue Service for payments due in May and June 2020.

Investments

Cash inflow from investment activities, excluding capital expenditure on property, plant and equipment (PPE) and proceeds from money market funds, was R426,2 million (2020: R76,1 million outflow).

This included proceeds of R452,9 million on the disposal of PPE and intangible assets, which mainly relates to the sale of Alto and Plaisir de Merle. Proceeds received on termination of the TD Spirits joint venture amounted to R67,6 million and purchases of software was R73,5 million during the year.

In addition to the above, R405,0 million was received when surplus plan assets used to fund the South African post-retirement medical liability was repaid to the Group. This amount is included under cash generated from operating activities.

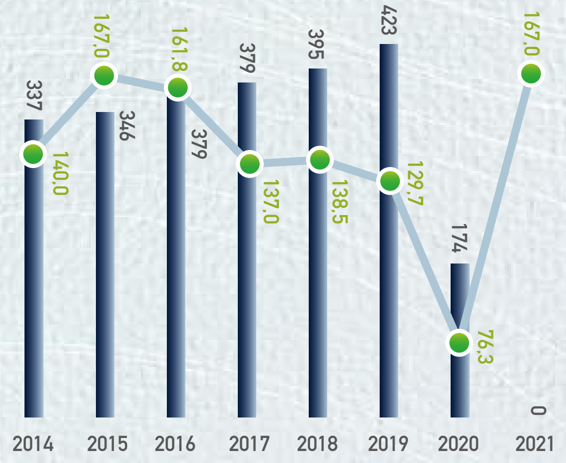
Dividend

Further to the cautionary announcements released by the Company on 18 May 2021 and 29 June 2021, confirming that Heineken had approached Distell regarding a potential acquisition where discussions between the two parties are continuing. 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 took 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.

Our guideline is to achieve a dividend cover of between 2,0 and 2,5 times normalised headline earnings and to return to this over the medium term.

Rewarding shareholders

10-year CAGR = 12,0% Total return to shareholders



DIVIDEND (CENTS)
SHARE PRICE (RAND)

OUTLOOK

Our operating environment and the competitive landscape will remain challenging, with consumers' disposable income, particularly in South Africa, under continued pressure. It is important for Distell to maintain the momentum derived from market share gains in South Africa, and to execute on growth strategies in Africa and internationally.

We will also continue to work on the balance sheet to maintain good liquidity and lower debt levels. We will need to be prudent and proactive to maintain our low cost base while returning to more normal levels of trade and operations.

Our investment philosophy remains unchanged. To maintain growth and market share gains, we will invest in:

- Our brands and brand equity
- Route-to-market capabilities in Africa
- Protecting stock and maintaining well managed stock levels
- A new non-returnable bottle line for Savanna

The pandemic has reiterated that to be sustainable, Distell cannot focus only on the bottom line. It is imperative to our survival as a Group that we do the right things for our stakeholders and the future of our country. To this end, we will, amongst other things, work with and support suppliers – particularly in the glass industry – who remain under pressure since COVID-19.

I would like to thank all our teams across Distell for their support, resilience and effort during the past financial year.

Lucas Verwey
Group CFO

PERFORMANCE AGAINST OUR STRATEGY

OUR STRATEGIC AMBITIONS

'How to win'

Creating shared value

We identified targets for our primary SDGs and one of our foundational SDGs (SDG 5) to help us realise our broader 2025 targets.

To support performance against these targets, we instituted a Group-wide STI scorecard that includes a focus on two key financial performance indicators (net revenue growth and free cash generation), as well as non-financial measures. These non-financial measures are based on our four primary SDGs (3, 6, 8 and 12) and one of our foundational SDGs (SDG 5), and contribute 20% to the overall STI scorecard. This drives 'One Distell' and ensures that each employee takes responsibility for our performance and overall sustainability.

This was the first year setting targets for our revised STI scorecard. We now have a better understanding of the complexities and opportunities for each SDG target. We are therefore using our 2021 actuals as our new base year, from which we have identified revised stretch targets for 2022. Looking ahead, our approach to identifying and setting targets will continue to evolve each year, as we challenge ourselves to remain ambitious and focused on living our purpose.

Our performance against our scorecard is detailed below.

Target achieved | Target missed

	SDG targets identified by Distell	Distell's internal targets to measure our contribution to our chosen SDG targets	Achieved in FY21
3 Supported by SDG 17	**Decrease vehicle accidents attributable to drink driving** (SDG target 3.6: halve the number of global deaths and injuries from road traffic accidents)	Achieve a reduction in road accidents within targeted nodes of our road safety campaign over Christmas and Easter, as measured by the South African Police Service THRESHOLD TARGET: 10% MAXIMUM TARGET: 15%	**62,7% reduction achieved.**
	Decrease the incidence of babies born with FASD (SDG target 3.5: strengthen prevention and treatment of substance abuse)	Decrease the percentage of FASD babies born (on programme) to: THRESHOLD TARGET: 40% MAXIMUM TARGET: 35%	**19,9% reduction achieved.**
5 Supported by SDG 17	**Decrease the incidence of gender-based violence through a holistic, targeted, multilayered and multifaceted programme with measurable impact** (SDG target 5.2: eliminate all forms of violence against all women and girls in the public and private spheres)	Reach our employees through a targeted internal communications campaign and reach people outside our organisation through a targeted external campaign THRESHOLD TARGET: 70% OF EMPLOYEES AND 1 250 EXTERNAL PEOPLE MAXIMUM TARGET: 90% OF EMPLOYEES AND 1 500 EXTERNAL PEOPLE	**100% of Distell employees reached** through our gender-based violence awareness campaign. **9 188 individuals outside of our organisation reached through** our external gender-based violence awareness and support initiatives.

Target achieved | Target missed

SDG	SDG targets identified by Distell	Distell's internal targets to measure our contribution to our chosen SDG targets	Achieved in FY21	Status
6	**Reduce water usage intensity(ℓ/ℓ)** (SDG target 6.4: increase water use efficiency)*	Improve water usage intensity THRESHOLD TARGET: 3,0250 (ℓ/ℓ) MAXIMUM TARGET: 2,8595 (ℓ/ℓ)	**While we improved our year-on-year water usage intensity to 3,2001 ℓ/ℓ)** – we missed our FY21 target.	Target missed
	Reduce wastewater load discharged intensity (gCOD/ℓ) (SDG target 6.3: improve water quality)*	Reduce wastewater load discharged intensity THRESHOLD TARGET: 8,5985 (gCOD/ℓ) MAXIMUM TARGET: 8,0000 (gCOD/ℓ)	**We reduced wastewater load discharged intensity to 7,3774** (gCOD/ℓ) – achieving our FY21 target.	Target achieved
8	**Increase procurement spend with black-owned businesses as a percentage of total procurement spend** (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black-owned businesses THRESHOLD TARGET: 23% MAXIMUM TARGET: 25%	We increased procurement spend as a percentage of total procurement spend with black-owned businesses to 25,4%.	Target achieved
	Increase procurement spend with black women-owned businesses as a percentage of total procurement spend (SDG target 8.3: promote development-oriented policies)	Increase procurement spend as a percentage of total procurement spend with black women-owned businesses THRESHOLD TARGET: 10% MAXIMUM TARGET: 11%	We increased procurement spend as a percentage of total procurement **spend with black women-owned businesses to 18%.**	Target achieved
	Create jobs that will support economic growth and community resilience (SDG target 8.2: achieve higher levels of economic activity)	Create jobs along our value chain to support economic growth and community resilience THRESHOLD TARGET: 350 MAXIMUM TARGET: 500	**We created 1 157 jobs during FY21.**	Target achieved
	Achieve a verified B-BBEE rating of level 4 (SDG target 8.3: promote development-oriented policies)	Achieve a B-BBEE rating of level 4 THRESHOLD TARGET: 80 POINTS MAXIMUM TARGET: 82 POINTS	**We maintained a B-BBEE rating of level 4.**	Target achieved
12	**Reduce non-renewable electricity usage intensity** (kWh/ℓ) (SDG target 12.2: achieve the sustainable management and efficient use of natural resources)*	Reduce non-renewable electricity usage intensity THRESHOLD TARGET: 0,1179 (kWh/ℓ) MAXIMUM TARGET: 0,1065 (kWh/ℓ)	**We reduced non-renewable electricity usage intensity to 0,1011 (kWh/ℓ).**	Target achieved

Read more in our sustainability report available at www.distell.co.za

Sustainable growth and returns

Our financial strategic ambition is to achieve sustainable growth and returns through revenue drivers and strong returns on invested capital.

See the Group CFO report on page 56 for the Group's performance against this strategic ambition.

	2019	2020	**2021**
Revenue (R million)	26 179.6	22 370.2	**28 254.5**
ROIC (%)	13,5	5,0	**13,6**

* Target based on the percentage reduction in intensity from a 2014 base year.

OUR GEOGRAPHIC GOALS

'Where to play'

DEFEND AND GROW IN SOUTH AFRICA

Our goal is to steadily grow market share in South Africa.

Our operating context remains volatile

The country's economy is in recession, consumers face unemployment and reduced disposable income, and our customers and suppliers, many of which are small, medium and micro-enterprises (SMMEs), remain under pressure.

Distell southern Africa was again severely impacted by the regulatory uncertainty and loss of trade due to COVID-19 restrictions. The 2021 financial year saw bans on the sale and distribution of alcohol for the following time periods:

- 12 July to 17 August 2020
- 28 December 2020 to 1 February 2021
- 28 June 2021 to 30 June 2021

For extended periods between these bans, retailers were only permitted to sell alcohol between 10:00 and 18:00 from Monday to Thursday, while on-trade consumption was restricted by curfews.

Besides resulting in a reduction of 20% of the trading days in the reported period, the uncertainty around these restrictions severely impacted the accuracy of our forecasting and planning for production and stockholding, with knock-on effects on efficiency and customer service.

The banning of legal alcohol sales also increased illicit trade and we saw a rise in incidents of theft which affected the security of our employees. We invested significantly to upgrade security at our production facilities and for our logistics partners, as employee safety is of the utmost importance.

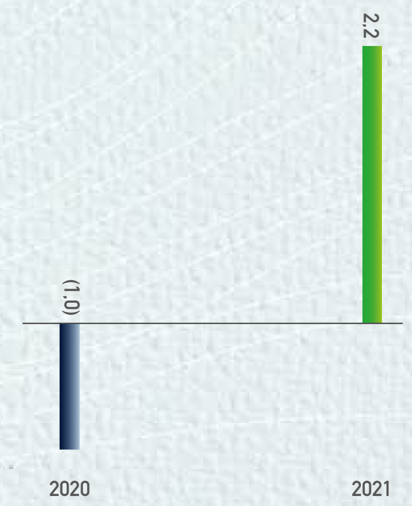
As detailed in the messages from the chairman (page 47) and the Group CEO (page 50), Distell is committed to a constructive and sustainable way forward, and is engaging with the industry and government in this regard.

We are involved and proactive in aiding harm reduction. Initiatives and partnerships can be found in the sustainability report available online. In addition, we have offered our assistance to government in terms of making our facilities and logistics networks available as needed, for example to aid vaccination rollouts.

We delivered robust performance despite difficult and uncertain conditions

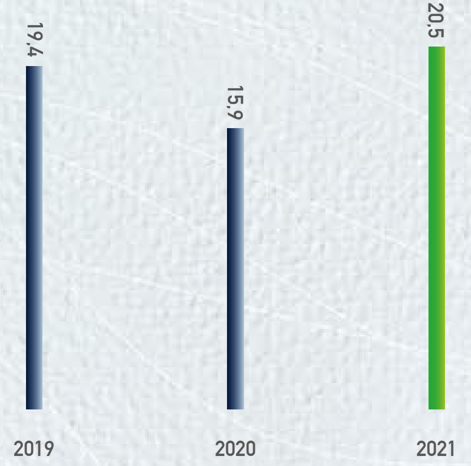
Delivering on our strategic ambition to defend and grow in South Africa, we gained market share of 220 bps. This can be attributed to a combination of the strength of our brand portfolio, identifying and acting on opportunities related to consumer trends and dedicated hard work.

South African market share growth



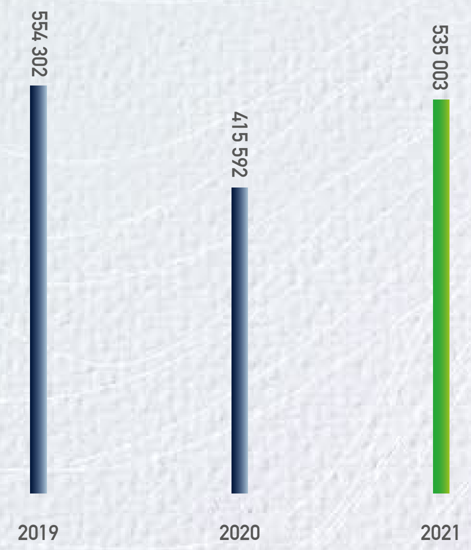
REVENUE GREW BY 29,4% YEAR-ON-YEAR AND INCREASED BY 5,8% FROM PRE-COVID-19 LEVELS.

Revenue (R billion)



VOLUMES IMPROVED BY 28,7% YEAR-ON-YEAR, ALMOST REACHING PRE-COVID-19 LEVELS.

Volumes ('000 litres)



Balanced performance across our portfolio

In terms of performance, there was a good balance of growth across the categories, again emphasising the effectiveness of our diverse portfolio and accelerated innovations in response to consumer trends.

CIDERS AND RTDS

Our premium ciders and RTDs responded to the consumer shift to more accessible badging. We gained strong market share in the RTD category, led by Savanna Premium Dry and Savanna Angry Lemon, which performed exceptionally well. Savanna's brand equity is the highest for any cider in the local market at 9,4%*, and the brand has won numerous awards, as detailed on page 83. Hunter's stabilised in revenue and volume performance due to sustained investments in brand enhancements through marketing and brand innovation.

Both Savanna and Hunter's non-alcoholic variants showed sustained performance off the back of the continued trend towards moderation and control.

Vawter was the first scale hard seltzer to launch in South Africa, early signs of acceptance in the market, however will require category development.

SPIRITS

Strong volume and revenue growth in spirits was driven mostly by white spirits, like gin and vodka. Both Gordon's gin and Old Buck gin delivered excellent volume growth. Count Pushkin Premium Imperial Vodka and its lower-alcohol flavour variants performed well.

Performance in spirits benefited from flavour innovations, with Amarula Raspberry, Chocolate and African Baobab and Cruz Banana Deluxe performing well.

Viceroy Smooth Gold, a lower alcohol offering, was launched to drive moderation and value. The low alcohol spirits category will be nurtured as we develop this category for maximum potential.

Performance in brandy and our South African and Scotch whisky categories was solid.

Andy Watts, Distell's master blender and founder distiller of Bain's Cape Mountain Whisky and Three Ships Whisky was inducted into the global icons Whisky Hall of Fame in March 2021. See page 83 for details.

WINES

Performance in wines improved year-on-year, led by 4th Street and Drostdy-Hof, both of which gained good market share on the back of subdued performance in 2020.

Playing into the consumer trends of at-home consumption and convenience, bag-in-box wines performed well. This was led by the Drostdy-Hof Adelpracht five litre offering, which delivered outstanding performance.

Our wine portfolio has benefited from consolidation over the past few years to become more focused.

Distell has launched a 'winning in wine' strategic initiative to explore further strategic growth opportunities in the wine category. In particular, we will look to improve the performance of premium and sparkling wines, which was relatively subdued this year, and to expand the share of our moderation offerings within our wine portfolio.

* Distell proprietary data sources.

See page 80 for more information on brand innovations.

Operations and logistics

We implemented two key initiatives: a transport management system, which delivered R64,5 million in savings on finished goods transport costs, and a revised warehouse operating model supported by a warehouse management system, which delivered R18,1 million in savings on warehouse operational costs.

Digital transformation and capability development

We continued the phased digitisation of our South African sales support models to improve service levels for our trade customers and consumers. These capabilities greatly improved the quality of interactions between Distell and our customers:

- Our loyalty programmes Bansela and Amplify now have 18 866 and 2 300 members respectively. Members are able to access their profiles, points balances, redemptions and promotions digitally. In addition, we have seen excellent uptake on our automated business-to-business website, www.thesipselection.co.za, with 4 981 users registered and 800 customers now purchasing regularly on the platform.
- We partnered with a number of external providers to ensure Distell brands are available on direct-to-consumer sites for sale and promotion.
- We implemented a new warehouse operating model with supporting systems to be more agile and efficient.

The revenue contribution from consumer e-commerce sales grew by 88%. However, in the South African business it is still relatively small in comparison to off-trade, at approximately 0,5% of off-trade, growing in importance monthly.

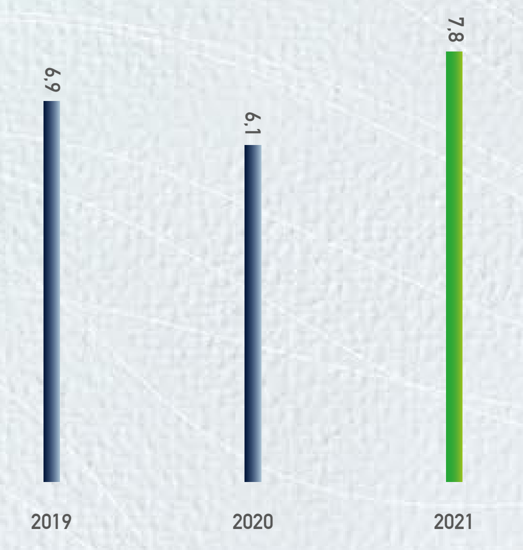
Outlook

As the only South African owned and operated multi-category alcoholic beverages company, Distell is a significant employer and tax contributor in the country.

We want to collaborate with government to promote responsible alcohol use and simultaneously call on it to be more transparent in terms of its COVID-19 regulatory response plans.

This will provide us with the certainty we need to be able to provide better service to our customers.

Excise duty paid (R billion)



We believe that the momentum in market share gains is sustainable, since it is built on strong brands and business practices that speak to consumer needs. We will continue to invest in our infrastructure and systems to be able to deliver excellent service to customers.

We have immense appreciation for our people, who have been through a tough year. The core of the South African business division is rooted in this country and in our people, and our performance is a direct result of their resilience and hard work.

Wim Bührmann
Managing director: southern Africa

EXPAND IN AFRICA

The Africa business unit at Distell strives to be a progressive and disciplined 21st century African champion.

Our considered approach to Africa

Our approach in Africa remains to be a strong competitor, not merely to survive. We want to establish Distell as a serious contributor to local economies and continue to work with governments to develop a sustainable and profitable industry. The Distell board is supportive of this approach and supports the long-term vision we have for the continent.

We have been considered and cautious in our investment decisions, and have a clear strategy and remain committed to the markets we serve. In addition, our ability to be agile in a volatile operating environment serves us well.

All of our achievements are made possible by the development of in-country capabilities. Our partnerships are based on a deep understanding of local cultures, consumer demand and ways of working. This enables local decision-making, which is critical to ensure the longevity and sustainability of our business and partnerships, to protect local businesses and serve consumers.

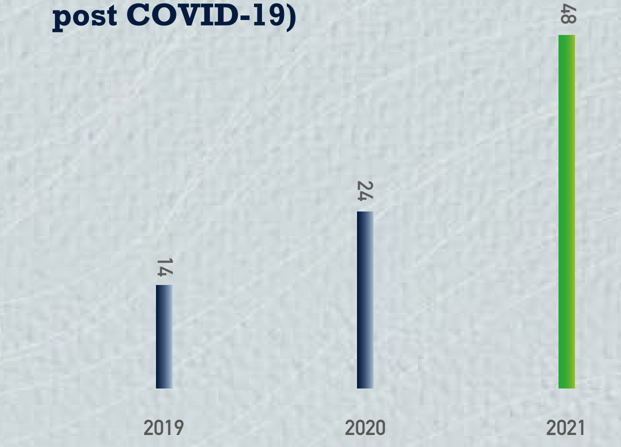
Distell is a signatory to the dtic's Guidelines for Good Business Practice in Africa, which encourage South African companies to align their involvement and practices with the South African government's integration and development objectives in Africa, and to build mutual confidence, trust and benefit for the companies and societies in which they operate.

We invest for growth

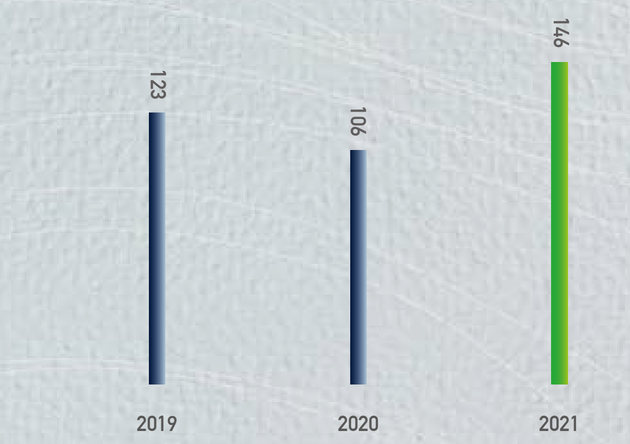
We have invested in local production, end-to-end route-to-market expansion platforms and sales and distribution. We invest in our brands, including key local brands like Kibao Vodka and Hunter's Choice, in terms of building brand equity and availability to the market. We increased our penetration into most of our key African markets exponentially in 2021. Local sourcing improved which offers a real advantage in terms of hedging against currency volatility, while supporting local businesses.

Our operational growth over three years

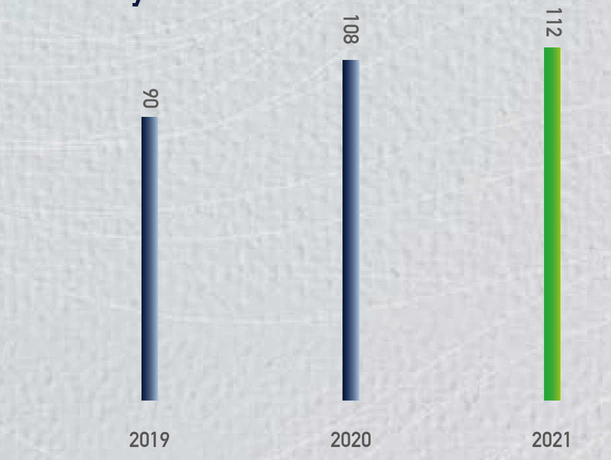
Number of customers ('000) (updated for comparative purposes, post COVID-19)



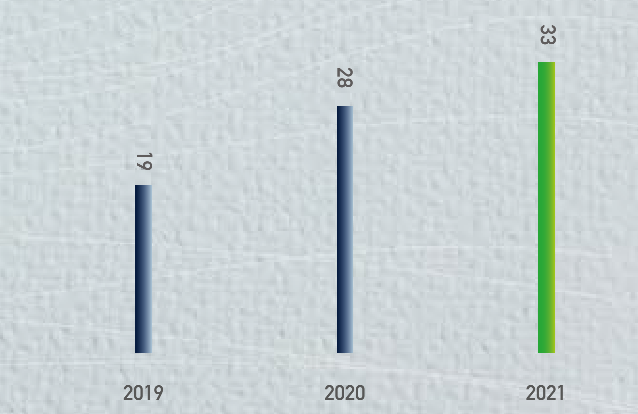
Number of sales representatives: Distell and distributor



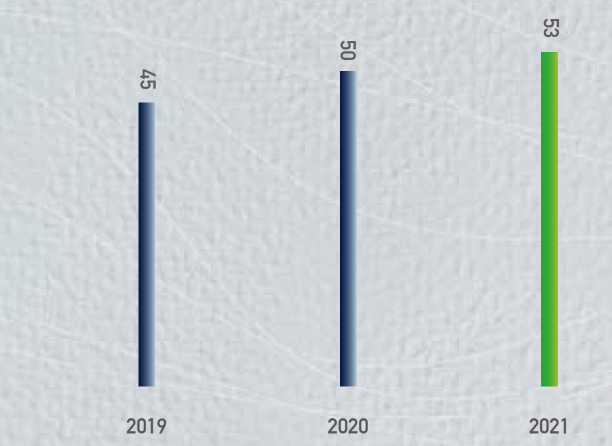
Number of delivery vehicles for key markets



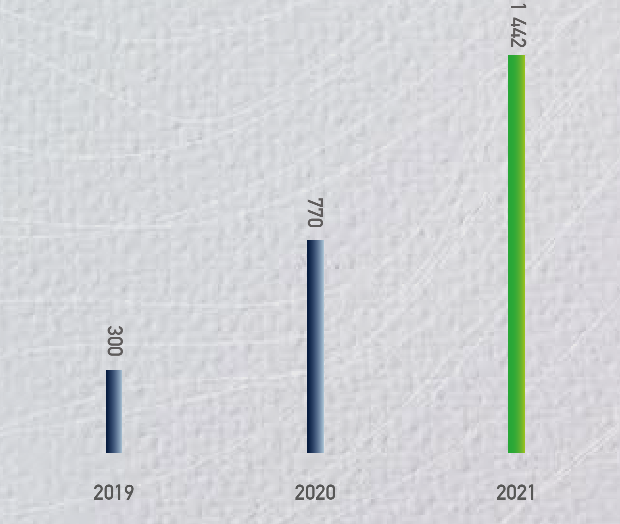
Number of key appointed distributors



Number of warehouses



Number of fridges for trade customers



The operating environment remains challenging, but with opportunities

Currency volatility remains a risk on the continent. However, a significant portion of volume growth is generated by countries where we have invested in local production and sourcing, which helps to mitigate against high import duties and a lack of foreign currency.

Consumer disposable income remains under pressure, exacerbated by COVID-19-related restrictions. This is particularly true for smaller rural traders who are vulnerable to regulatory shifts. We support them in negotiating with revenue authorities, and intend to assist where we can in formalising licensing and regulation for these traders. Our in-country partners are also invaluable in negotiating with revenue authorities.

The health and well-being of our employees remain key priorities. We recognised the emotional, physical and mental burden created by the pandemic and addressed this with virtual and in-market interventions along relevant pressure and stress points for each market. Various campaigns were launched to create awareness on key health and wellness practices and behaviours. Activities were also extended to our employees' immediate families in some instances.

Continued robust performance

Both revenue and volumes increased exponentially year-on-year (revenue by 22,9%, volumes by 30,7%). In terms of category revenue growth, ciders and RTDs grew by 29,7%, spirits by 12,8% and wines by 25,8%, off the back of effective localised brand campaigns.

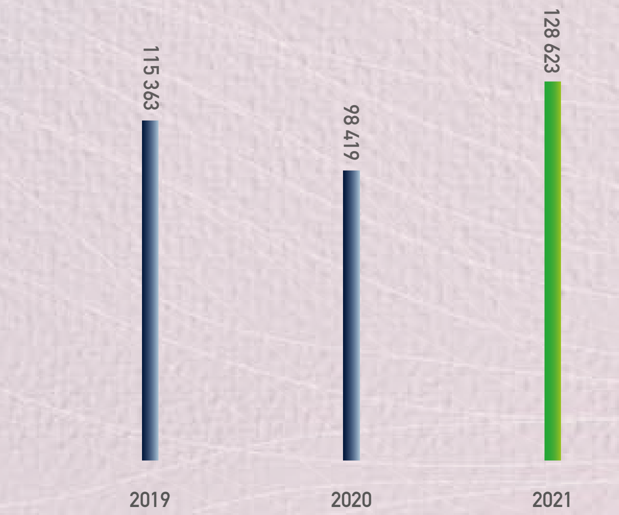
Stand-out brands for the region include Savanna, Hunter's, 4th Street and Amarula across all markets, Chamdor in Nigeria and Hunter's Choice in Kenya. Locally produced 4th Street sparkling wine was extremely well received in Nigeria, and Mustang in Angola is showing early signs of growth.

Hunter's and Savanna are now the leading cider brands in all of our key markets.

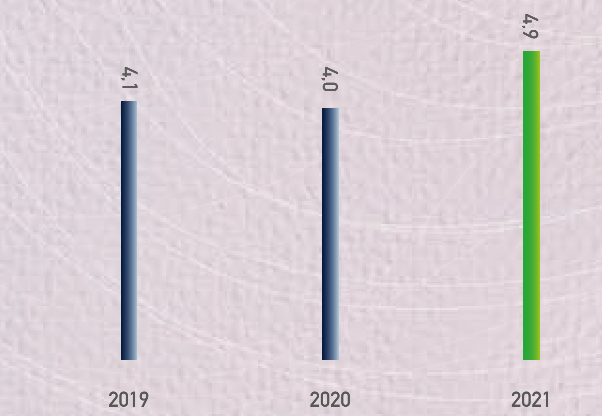
Innovation in wine has been led by pack formats following the current convenience and at-home consumption trends, and we have launched Cellar Cask and Caprice wine in tetra packs in Kenya.

A newly launched digital playbook revolutionised our consumer engagement platforms to largely online for both equity build and e-commerce interactions, and is already showing great potential.

Volumes ('000 litres)



Revenue (R'000)



EBIT (R'000)

Botswana, Namibia, Lesotho, Eswatini

Like South Africa, governments in the region implemented trade bans as part of their lockdown regulations, but to different degrees. Revenue growth in Namibia was strong due to shorter lockdown periods and the strength of key brands like Tassenberg and Richelieu. Given extended lockdowns, Botswana performed well on the back of well-performing brands Savanna, Hunter's and Extreme.

North west region

The favourable oil price in Nigeria aided liquidity, and we saw robust performance of 33,5% revenue and 38,6% volume growth. We source almost all raw materials and packaging locally in Nigeria, and expanded our local production footprint during the year.

North east region

Both revenue (5,6%) and volumes (9,7%) improved in Kenya. The development of a new production facility in the Tatu City special economic zone just outside Nairobi is well on track with groundwork completed and civil contracts awarded. The approved capital layout for this exciting project is KSh3,6 billion until 2023. We believe that the project will eliminate capacity constraints in the old plant and significantly aid our expansion in the country.

We aim to expand further into east Africa amid growing demand for ciders in that market. To this end, the development in Tatu City will stand us in good stead in future, being able to almost double our production capacity in the region.

Strong competition in the affordable white spirit category affected our performance in Tanzania. Nevertheless, revenue increased by 23,4% and volumes by 24,2%.

South west region

Angola was by far the most impacted by COVID-19 and the related restrictions. However, the local currency has stabilised relative to previous years, and we are hopeful that the favourable oil price will improve liquidity. Revenue in Distell's wholly owned operations increased by 8,6%, while volumes increased by 70,6% off the back of recent production extensions, whilst our minority investment in Best Global Brands' (BGB) operations, recorded a 17,4% revenue and 17,6% volume decline due to the current difficult trading environment in the country caused by underlying economic conditions. Export markets of BGB brands however continue to grow, particularly in Kenya. We invested time and money into ensuring our route-to-market and distribution capabilities perform optimally in Angola. We also engaged with local suppliers to capitalise on local sourcing opportunities, mainly of neutral alcohol and glass bottles.

South east region

Zambia is one of our biggest markets in Africa, and the country's economy has stabilised relatively well. This led to a robust performance with revenue growth of 32,0% and volume growth of 36,0%. This is also due to our efforts to focus and streamline our brand mix for the market.

Our business in Mozambique has grown strongly over the past few years, with the trend continuing in 2021. Revenue improved by 52,5% and volumes by 34,0%. Liquidity in Mozambique is strong, and we consider it an attractive prospect for future expansion plans, despite political volatility in the north.

Performance in Zimbabwe recovered and improved significantly, with revenue growth of 212,1% and volume growth of 249,0% off a low base. This is largely due to the benefits of having an in-country partner (AFDIS) who can navigate the unique currency situation.

Other markets

The DRC, Ghana and Uganda performed robustly, and are positioned to become significant revenue contributors in future.

Our outlook and priorities

The African market has excellent growth prospects based on a local procurement, supply chain and route-to-market approach, which we believe will deliver long-term return on investment. From a supply chain perspective, the growth potential in Africa can also pose a risk, since capacity needs to keep up with expansion. It is therefore crucial that we monitor each market closely to understand when investments need to happen.

We will focus on developing marketing capabilities to ensure we take full advantage of Distell's diverse portfolio of brands. As with all of our operations on the continent, we will seek to partner with local agencies to target and reach consumers in a way that appeals to their unique needs.

We need to be deliberate in protecting our licence to trade in each of our markets. It is important that we ensure the key skills and experience we require are sourced or developed in-country. We also want to embed the Distell way of work and our vision, purpose, mission and values. Since achieving this depends to a large extent on being able to travel to our countries of operation, we are hopeful that vaccination rollouts will progress and travel will become more accessible.

Len Volschenk
Managing director: Africa

BUILD INTERNATIONAL PREMIUM SPIRITS

In 2019, we refined our international strategy to build and grow premium spirits in select markets.

We focused on building out our premium spirits portfolio, namely our Scotch whiskies and Amarula, as well as maintaining the positions of our key wine brands in their core markets. A significant portfolio restructure has led to a planned volume decline, accompanied by increased margin and profit delivery.

We have a leading market position in Taiwan, a valuable whisky market for both blended scotch and malts. Scottish Leader is the second largest whisky brand in Taiwan, and we are making good progress at growing our single malts in this geography. Taiwan also serves as an entry point to China, where our partnership with Camus is supporting the growth of our total whisky portfolio. Germany and Brazil remain extremely important markets for Amarula, and we have seen pleasing growth in both territories. We are gaining market share in Germany, and in the past year achieved a key milestone of a million litres of sales out. In the UK, the team was successful at step changing our position in the e-commerce channel. Brazil delivered a robust performance despite substantial COVID-19 lockdowns and challenges with supply due to export restrictions during South Africa's lockdown period.

Henry Tayler & Ries is a South African spirits business with a core portfolio of Old Buck Gin and Commando Brandy. A strategic focus has been to repurpose this platform to build out our premium whisky brands, and despite the delay caused by the pandemic, we have made good progress in expanding its premium spirits portfolio, capability and route-to-market.

Our operating context

All of our markets were impacted by COVID-19, with hard lockdowns across the UK and Europe resulting in on-consumption closures, and creating challenges for our supply chain and operating environment. Global travel retail in particular was heavily impacted, with the reopening of this channel taking longer than anticipated. We expect this channel to remain challenged in the near future.

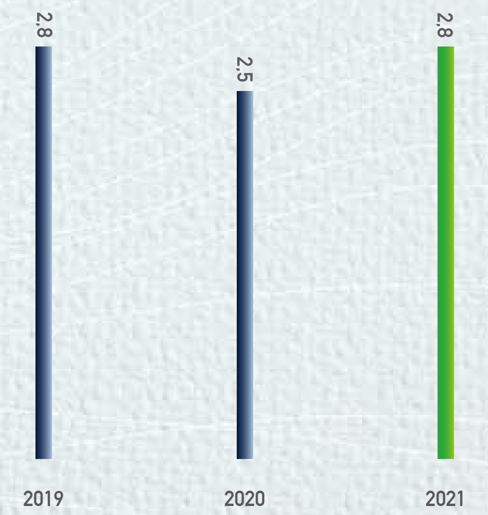
Distell's Venture Business is made up of Distell International Limited and Henry Tayler & Ries.

Latin America has seen high levels of volatility and uncertainty in terms of lockdown regulations. Global shipping routes were severely disrupted by the pandemic, resulting in constraints on vessel availability. We expect these challenges to continue in the foreseeable future. Our teams responded quickly and adapted to these challenges, and our pivot into e-commerce has been a significant success for the year.

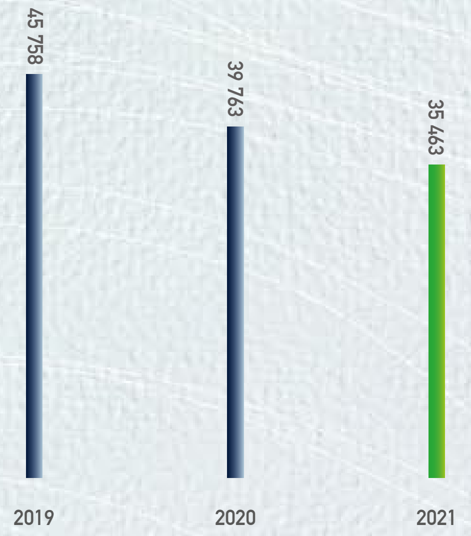
In South Africa, Henry Tayler & Ries was impacted by the alcohol bans, yet delivered an excellent performance, driven by key gin and whisky brands and by executing on our premiumisation shift.

Our performance

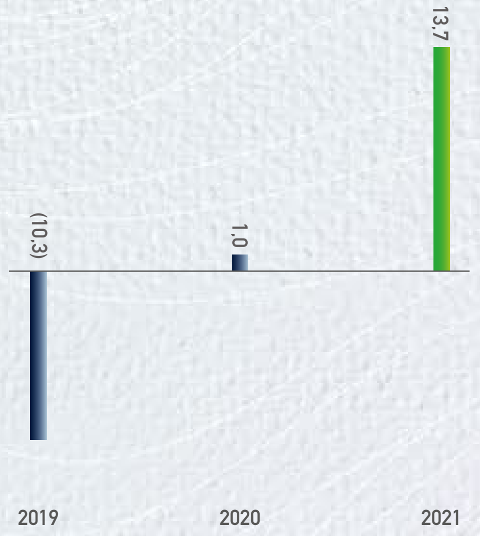
Revenue (R billion)



Volumes ('000 litres)



EBIT margin (NDP) (%)



Premium spirits as a category performed well, partly because it is an attractive option for online purchase and at-home consumption. It should be noted that all of our single malts are sold on allocation, as demand outstrips current supply.

Our single malt whiskies, which include Bunnahabhain and Deanston, grew revenue by 64,1% and volumes by 55,6%. Gross profit from single malt whiskies continues to grow and now contributes to 23,0% of total international gross income, compared to 18,8% in 2020.

The significant malt growth during the year is partly due to parcels of malt that were not sold in the previous financial year as a result of early lockdowns in some of our major markets, like China and Taiwan. Through focused marketing and sales efforts, we identified alternative channels in which to sell these malts. Our commercial teams deserve particular credit for this achievement. As a result of this one-off volume impact, there will be a smoothing effect on malt volumes in the next financial year. However, we have been investing in single malt inventory since 2013 and, as this matures, our single malt inventory will increase by approximately 60% over the next five years.

We were also successful in launching our premium gin brand Tobermory in our international markets, enabled through e-commerce. Tobermory grew revenue by 211,3% and volumes by 178,3%. We were delighted that Tobermory Hebridean Mountain Gin received the award for World's Best Classic Gin at the 2021 World Gin Awards.

Amarula grew revenue by 27,7% and volumes by 24,2% with performance led by sales in Germany, where the brand reached a million litres sales out in volume for the first time. Global travel retail is a major distribution channel for Amarula, and the fact that the brand has grown despite that channel being so severely restricted is testament to the success of targeted brand innovations and the marketing and sales execution of our teams.

Wine volumes decreased slightly by 2,7% as a result of strategic decisions regarding our wine portfolio. Since 2019, we have purposely reduced wine volumes to be more focused on the key brands that perform well in our international markets, like Nederburg, Two Oceans and Drostdy-Hof. This has caused a reduction in revenue; however, margins and quality of earnings of our wine business have improved meaningfully.

We consolidated and enhanced our team

Since my appointment, we embarked not only on a strategic overhaul of our portfolio, markets and structures, but also on a journey to consolidate and improve the efficiencies of our operations. Key appointments were made to bring necessary skills and capability into the business that position us well for future growth. At the same time, we reconfigured our operating model and in doing so we have been able to materially reduce our sterling-based operating costs. An enhanced approach to innovation has delivered significant innovations in all our brands, with Amarula delivering incremental growth from new flavour innovations.

We responded with agility to the shift to e-commerce

The pandemic necessitated a rapid shift in our focus on e-commerce channels, providing an alternative route-to-market to the on-trade. This was achieved by partnering with our customers, who had significant shifts themselves to convenience and e-commerce; and by executing with excellence on pure play online retailers such as Amazon. We had a significant step-change in our own direct-to-consumer platforms and grew direct sales from our brand homes in the UK. We enabled this by repurposing teams to expand our direct-to-consumer portfolio. We invested in marketing, commercial and supply chain skills to enable our e-commerce strategy. This resulted in sales from online channels doubling in 2021.

We invest in our brands; our best-in-class supply chain and our single malt inventory

As part of an ongoing programme to invest in our valuable single malt assets, we completed the upgrade of the Bunnahabhain brand home. As part of our ongoing sustainability drive, this lead to the installation of a biomass boiler at Bunnahabhain for steam generation, and we also upgraded our water powered turbine at Deanston.

We completed the £17 million state-of-the-art blending and warehouse facility at our East Kilbride production and distribution site in Scotland. This adds capability and warehousing for up to 47 000 casks, resulting in cost savings in third-party storage. The facility was awarded the Scottish Engineering Outstanding Achievement Award in recognition of our ongoing investment in supply chain infrastructure, which is now best-in-class.

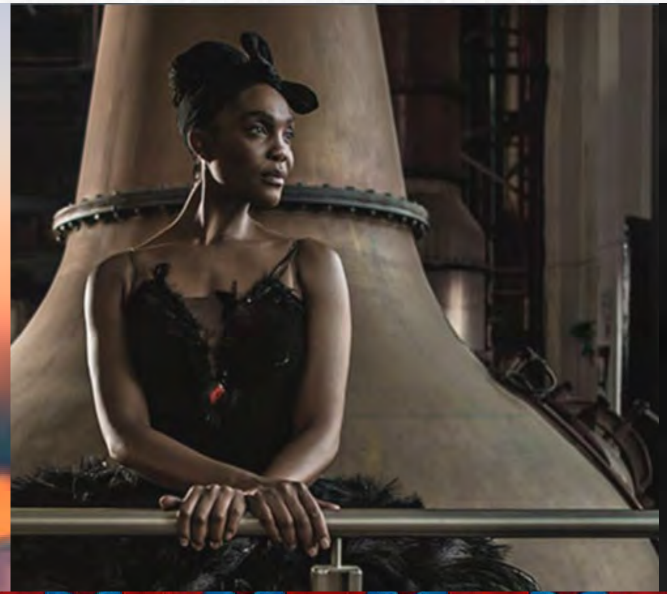
Outlook

We expect COVID-19 disruptions to continue across international markets, and global travel retail remains under severe pressure. Building the necessary capability to support the growth in e-commerce is an ongoing focus as we seek to expand our direct-to-consumer offerings.

Notwithstanding these uncertain circumstances, we are confident that our premiumisation strategy remains intact to drive the Venture Business forward. We will continue to execute on our plans, with a focus on agility and adaptability, to respond to rapidly changing market conditions. In particular, we will continue to build our brands and invest in our teams, as they are at the heart of the business. Our investment in our single malt brands will continue to support the growth of this category, which is longer term in nature. We are optimistic about the potential that remains to be unlocked – particularly in key Asian markets.

In closing, I would like to express my appreciation for teams across the Venture Business, both internationally and in South Africa, who were able to deliver an excellent performance in challenging conditions and while working remotely. Thanks to all for the dedication and commitment.

Kate Rycroft
Managing director: Venture Business







OUR STRATEGIC DRIVERS

Grow consumer love for our brands

We will appeal to consumers by embedding societal purpose in our brands.

Our marketing teams used the available time during the hard lockdowns to rethink brand campaigns and position them to be more purpose driven, in line with the Group's new vision.

Purpose is embedded in our top 10 brands

Brand	Embedded purpose
Savanna	Uplifting the nation through humour – empowering South African talent
Hunter's	Refreshing youth culture by inspiring and enabling young people to create their success in new ways
4th Street	Access Awesome – uplifting and beautifying unused community spaces
Amarula	Generosity of Spirit – supporting Hoedspruit Elephant Rehabilitation and Development, Jabulani and WildlifeDirect
J.C. Le Roux	Sparking appreciation – creating jobs for rural women
Bain's Cape Mountain Whisky	Advancement through fuelling curiosity – sustainability leadership
Scottish Leader	To inspire people to do things their way, in spite of the norm, and in spite of what's expected
Bernini	Women helping women – focused on gender-based violence and female empowerment
Three Ships Whisky	A symbol that inspires South African excellence – celebrating South African talent
Klipdrift	To inspire deeper connections that lead to fuller lives – by canoeing and cleaning rivers

Growth through innovation

We will shape our brand portfolio to dynamically play to key consumer trends.

In response to consumer needs, we expand our portfolio to offer greater choice, for example, recyclable packaging, premium non-alcoholic and low-alcohol brands, and beverages with less sugar.

Our latest brand innovations

VAWTER HARD SELTZER

Hard seltzers have shown enormous popularity globally and the category is currently the fastest growing RTD segment. This exciting new brand is ideal for everyone looking for an alternative light alcoholic beverage. It offers a unique range of spirit coolers: sparkling water with a dash of vodka and infused natural fruit flavours.

VICEROY SMOOTH GOLD

A growing number of consumers want to make responsible choices with their alcohol consumption. Smooth Gold offers a lowered alcohol product that still delivers on the flavour and quality people expect from Viceroy. The brandy has a lower alcohol content (23%) than regular brandy (43%), but still offers a full-bodied flavour and is smooth and easy to drink.

DURBANVILLE HILLS LOW ALCOHOL

Durbanville Hills' latest range of low-alcohol wines is light yet full of flavour. It offers an option for those who are mindful of their consumption without compromising on taste. The wines strike the right balance between keeping the integrity of taste while lowering the alcohol and calories.

HUNTER'S RED APPLE

With a constantly evolving audience, we always need to keep a refreshed perspective. The latest offering from Hunter's is not too sweet and offers bold flavours, a striking red colour and a burst of refreshment, as expected from the brand. It is a crisp cider with characteristics of succulent, sweet red apples.

AMARULA ETHIOPIAN COFFEE

Amarula's new expression celebrates Ethiopia – the birthplace of the coffee bean. Ethiopia is a name which resonates strongly and has a powerful significance for coffee lovers around the world. This flavour innovation champions truly ethically sourced African ingredients and their heritage.

HEBRIDEAN MOUNTAIN GIN

Tobermory Distillery's latest gin offering is infused with ten hand-selected botanicals inspired by Mull, and a splash of new make spirit from the distillery's whisky stills. It is smooth and sweet with a gently warming spice.

In March 2021, Hebridean Mountain Gin was named World's Best Classic Gin at the World Gin Awards.

Our brand and marketing accolades and awards

Spirits

2021 World Gin Awards
- » Tobermory Hebridean Mountain Gin – World's Best Classic Gin

The Spirits Business Brandy Masters
- » Van Ryn's 10-Year-Old – master medal
- » Klipdrift Export Brandy – gold
- » Richelieu Vintage Brandy 10-Year-Old – gold

2021 International Spirits Challenge
- Bain's Cape Mountain Whisky – gold
- Three Ships Whisky 11-Year-Old Single Malt Shiraz Cask Finish – gold

2020 World Brandy Awards
- Viceroy 5-Year-Old – category winner Four – five-year-old
- Viceroy 10-Year-Old – category winner Ten – 12 year-old

2020 Old Mutual Trophy Spirits Show
- Van Ryn's 12-Year-Old – best pot-stilled brandy
- Viceroy 5-Year-Old – best blended brandy
- Three Ships 9-Year-Old Fino Cask Finish – best whisky of show
- Bain's Founders Collection 18-Year-Old Oloroso Cask Finish – best grain whisky

2020 Veritas Double Gold
- Van Ryn's 12-Year-Old
- Van Ryn's 20-Year-Old Collectors Reserve
- Van Ryn's 10-Year-Old
- Richelieu International
- Viceroy 5-Year-Old

2020 Brandy Masters
- Van Ryn's 10-Year-Old – best brandy ten – 12 years

2020 San Francisco Spirits Competition
- Three Ships Whisky 5-Year-Old Premium Select – double gold, best other whisky
- Three Ships Whisky 10-Year-Old Single Malt – double gold
- Three Ships Whisky 11-Year-Old Single Malt Shiraz Cask Finish – double gold

Wines

2021 Decanter World Wine Awards
- Nederburg Private Bin R163 Auction Reserve Cabernet Sauvignon – gold

2021 Drinks Business World's Most Admired Brands list
- Nederburg

2021 Wine Magazine Prescient Pinotage Report
- Nederburg Pinotage – 91 points

2020 Global Masters Sauvignon Blanc
- Nederburg The Young Airhawk Sauvignon Blanc – 93 points
- Nederburg Winemasters Sauvignon Blanc – 93 points
- Durbanville Hills Collectors Reserve The Cape Mist Sauvignon Blanc – 92 points

2021 Platter's Wine Guide
- Nederburg Two Centuries Cabernet Sauvignon – 5 stars

2020 Veritas Awards
- Alto Cabernet Sauvignon – double gold
- Nederburg Anchorman Chenin Blanc – double gold
- Nederburg The Manor House Cabernet Sauvignon – double gold
- Desiderius Pongrácz – gold museum class
- Durbanville Hills Blanc de Blanc MCC – gold museum class
- Durbanville Hills Rhinofields Merlot – gold museum class

2020 South Africa Sparkling Wines Championships
- Durbanville Hills Sparkling Rosé – double gold

2020 Michelangelo International Wine and Spirits Awards
- Alto Cabernet Sauvignon – Tsogo Sun Awards
- Durbanville Hills Collectors Reserve The Cableway Chardonnay – platinum

2020 Old Mutual Trophy Wine Show
- Durbanville Hills The Tangram White Blend – best white blend

2020 Wine Magazine Prescient Sauvignon Blanc Award
- Durbanville Hills Collectors Reserve Sauvignon Blanc – top 10
- Durbanville Hills The Tangram White Blend – top 10

2020 Decanter World Wine Awards
- Durbanville Hills Cape Honey Bee Noble Late Harvest – gold
- Nederburg Winemasters Noble Late Harvest – gold
- Alto Shiraz – gold

2020 Chenin Blanc Top 10 Challenge
- Durbanville Hills Collectors Reserve Chenin Blanc – top 10

Absa Top 10 Pinotage
- Durbanville Hills Collectors Reserve Pinotage – top 10

Marketing accolades

Hunter's

Television campaign rated third best advertisement in South Africa 2021 by Kantar.

Vawter

First-to-market position in hard seltzer category in South Africa.

Bernini

First branded podcast, The Squadcast, focused on gender-based violence and female empowerment.

Extreme

Campaign collaboration on South African Music Awards award-winning Ke Star Challenge campaign with Focalistic Ke Star featuring Vigro Deep.

Amarula

'A little something something' television campaign recorded one of the best link test scores by Kantar with 3,2 million views on Facebook.

Klipdrift

Unklipped season two received over two million views on YouTube.

Andy Watts

Andy Watts, Distell's master distiller of South African whiskies Bain's Cape Mountain Whisky and Three Ships Whisky was inducted into Whisky Magazine's Whisky Hall of Fame, in recognition of his commitment to the South African whisky industry.

James Sedgwick Distillery

James Sedgwick Distillery, home to Bain's Cape Mountain Whisky, won the prestigious Green Company of the Year award.

Leverage our scale asset base

We will apply our optimised and scaleable manufactured resources to unlock growth across our value chain.

We have optimised our South African supply chain footprint to be best-in-class

Historically, Distell's South African supply chain and distribution network was fragmented and cumbersome, with some operations distanced from the market.

Over the past five years, we have invested substantial financial resources and worked to improve efficiency and unlock growth potential through a structured process to consolidate and optimise our South African supply chain. We achieved this through five strategic initiatives:

- Supply network optimisation
- Integrated supply chain operating model
- Integrated business planning process
- Procurement transformation
- Efficient logistics

Key investments:

R1,38 BILLION
INVESTED IN SUPPLY CHAIN OPTIMISATION

R460 MILLION
INVESTED IN CRITICAL CAPACITY MAINTENANCE AND INFRASTRUCTURE REPLACEMENTS

R503 MILLION
INVESTED TO ENSURE COMPLIANCE AND ENVIRONMENTAL SUSTAINABILITY

South Africa supply network optimisation journey

2015
- Wadeville BIB line
- Monis Freeze plane
- Springs fermentation and blending

2016
- Wadeville BIB line and blending
- Monis optimisation
- Springs returnable capability

2017
- Bergkelder exit
- Springs fermentation and blending

2018
- Bergkelder exit II
- Springs fermentation and blending II
- Klapmuts acquisition

2019
- Western Cape optimisation
- Additional Adam Tas NRB capacity
- Adam Tas Wine Cellar upgrade

2020/21
- Mega-DC's (Gauteng, Western and Eastern Cape)

Measurable results

Over the five years, our consolidation and optimisation journey has delivered improvement across all of our key metrics:

NETWORK CAPACITY INCREASED BY/TO
580 MILLION
LITRES PER YEAR

SUPPLY RELIABILITY IMPROVED BY
10%

CONSUMER COMPLAINTS DECREASED BY
59%

PLANT EFFICIENCY INCREASED BY
21%

OPERATING EXPENSES DECREASED BY
53%

STOCK DAYS DECREASED BY
23%

FACTOR PRODUCTIVITY INCREASED BY
51%

WATER CONSUMPTION DECREASED BY
24%

ELECTRICITY CONSUMPTION DECREASED BY
21%

PROCUREMENT ENHANCEMENTS LED TO INPUT PRICE INCREASES OF LESS THAN
80%
OF CPI

Foster a winning culture

We will enhance our corporate culture by working together as One Distell to improve our customer and consumer focus and the agility of our responses.

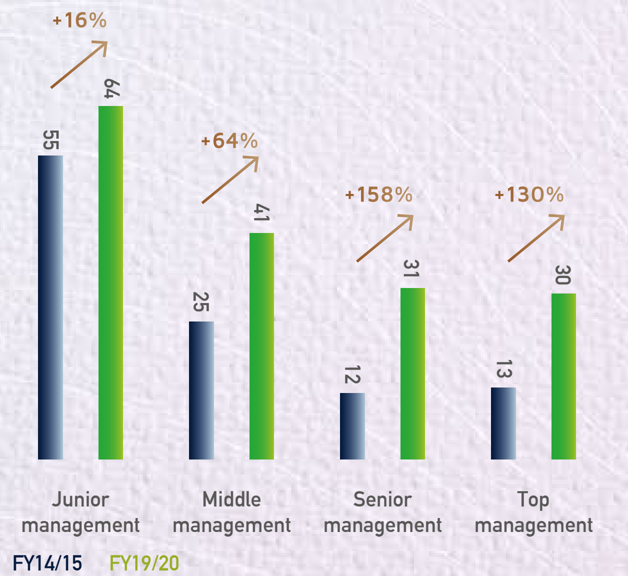
We function as One Distell

With our culture change journey now complete, we conducted an organisational assessment that allows us to measure culture quantitively, through a digital questionnaire. We doubled our score off the previous years' low base, despite everything that has disrupted our industry, people and business.

Key insights from the assessment included:

- Distell's employee profile is getting younger, and we are making good progress in terms of our race and gender diversity targets

Talent diversity ACI* profile (%)



* *African, Coloured and Indian.*

- Most of our employees (53,0%) are millennials, with the average age at 40, which is a competitive advantage, as it mirrors our consumer base
- New appointment and promotion numbers are healthy, while turnover declined to 11,0%

NEW HIRES 251

152 (male) | 99 (39%) (female)

ACI: 182 (73%)

PROMOTIONS 192

96 (male) | 96 (50%) (female)

ACI: 130 (68%)

- We have a healthy talent pipeline, with short-term succession cover at 74,0% and long-term succession cover at 83,0%

Unpacking our employee value proposition

We revitalised our employee value proposition pillars and included a specific focus on diversity and inclusion. Our employee value proposition will continue to evolve to attract and retain diverse talent and offer great employee experiences to our multigenerational workforce.

Employer of choice:
We are the largest South African manufacturer of award-winning alcoholic brands and the second largest cider producer globally. We are purpose driven to create memorable moments and craft a better future for all.

Holistic well-being:
We recognise that a healthy, happy and motivated workforce is key to our business success.

Exciting and meaningful work:
Our people, across our extensive value chain from soil to sip, make a contribution and create value that leads to our success.

Learning, career and talent development:
We provide impactful learning experiences and robust career opportunities ensuring that our people are continuously upskilled, reskilled and future fit to thrive.

Our reward offering:
Our reward offering is fair and aligned with best practice to attract best-in-class talent.

Diversity and inclusion:
Our commitment to build an all-inclusive culture remains steadfast. We choose to celebrate the rich diversity and talents of all of our people.

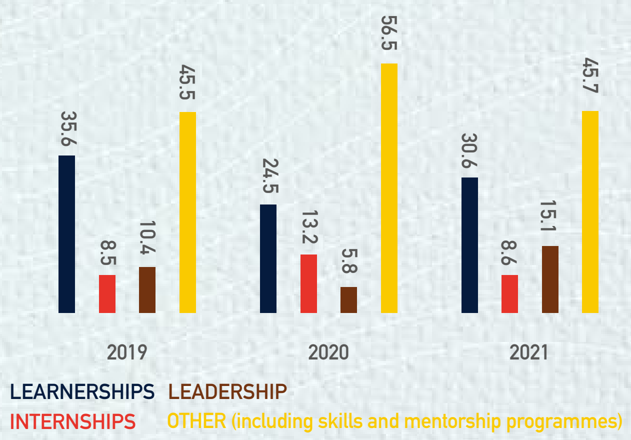
Employee surveys measure the relevance and efficacy of our engagement initiatives, and test employee affiliation and commitment to Distell.

Execution excellence is embedded in our culture

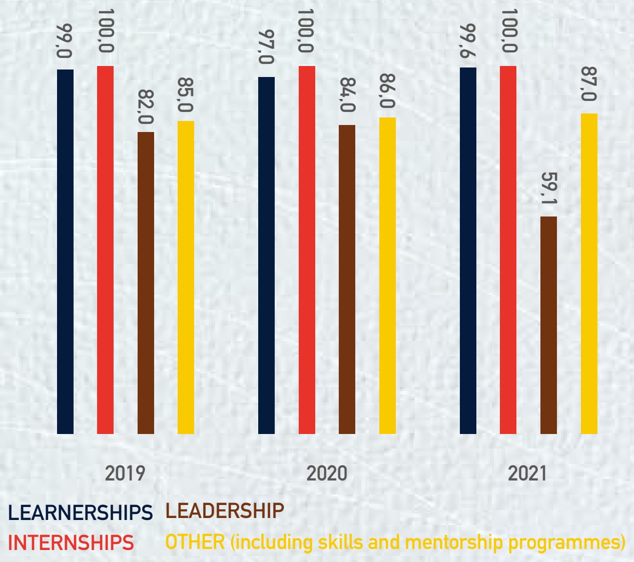
To grow Distell's future leaders, we invest in training programmes that include online learning, internships, learnerships, skills development programmes, apprenticeships and adult basic education.

In 2021, we spent R24,5 million on training initiatives (2020: R24,6 million).

Learning and development percentage split (%)

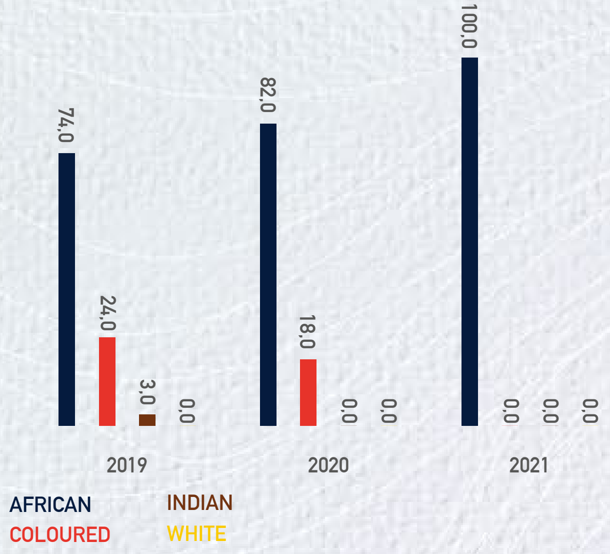


Percentage of learners who are PDIs*



* Previously disadvantaged individuals

Interns by race (%)



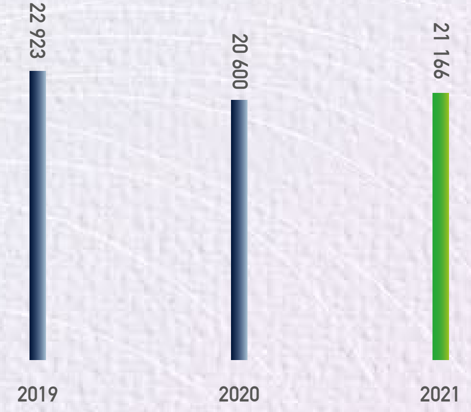
Customers and consumers are the focus in everything we do

Customer and consumer focus is embedded as one of the Group's core values

Customers

Distell's customer loyalty programmes Bansela and Amplify, build relationships with tavern and counter service outlets in South Africa.

Number of Bansela and Amplify members



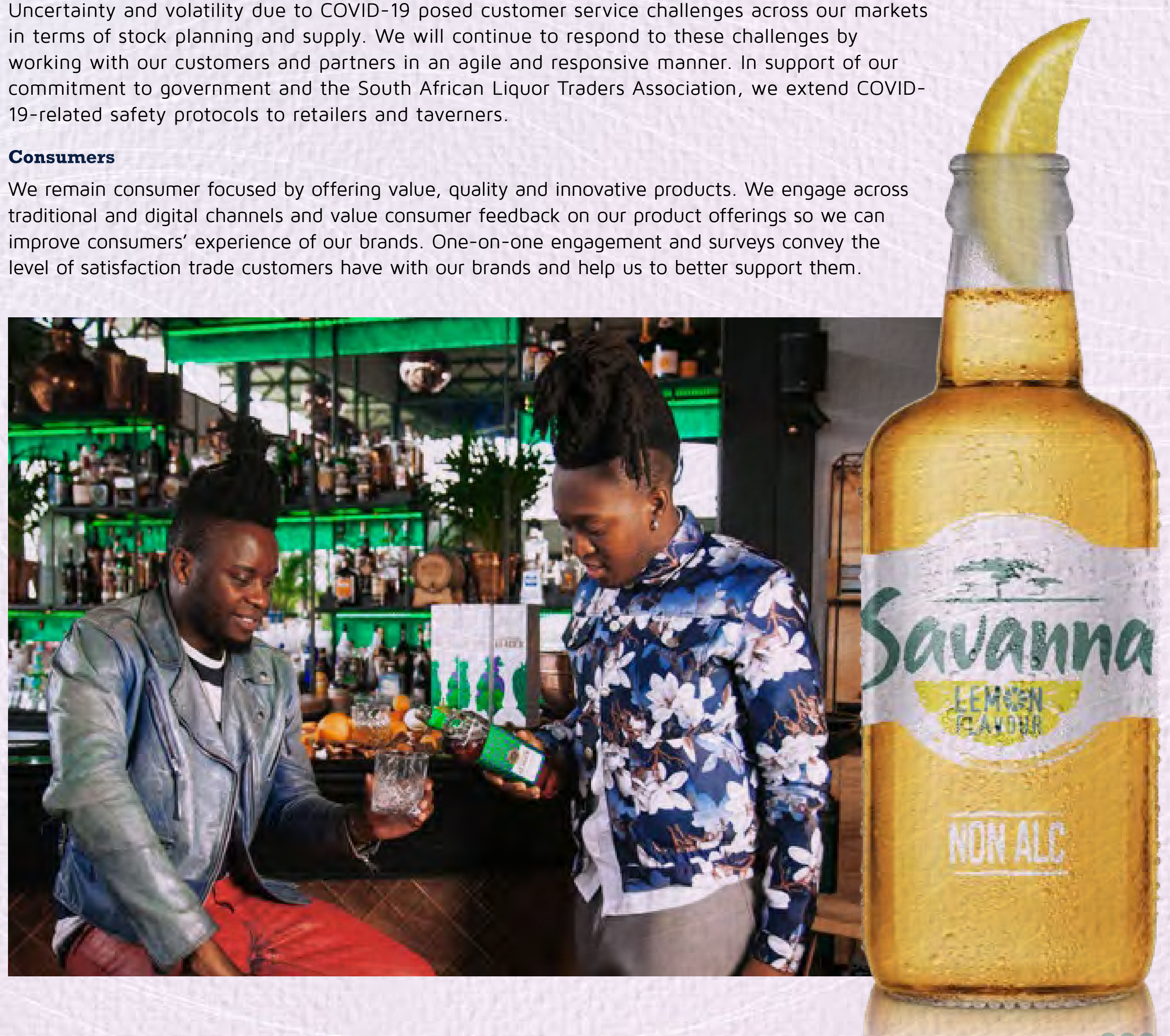
We support our customers

As many of our customers are SMMEs, which form the base of the South African economy, we support these more vulnerable customers with favourable payment terms where possible. Our Taverner Training Programme is designed to empower female taverners with basic business and in-trade execution skills to grow their businesses sustainably. Detail on the Taverner Training Programme can be found in our sustainability report at www.distell.co.za.

Uncertainty and volatility due to COVID-19 posed customer service challenges across our markets in terms of stock planning and supply. We will continue to respond to these challenges by working with our customers and partners in an agile and responsive manner. In support of our commitment to government and the South African Liquor Traders Association, we extend COVID-19-related safety protocols to retailers and taverners.

Consumers

We remain consumer focused by offering value, quality and innovative products. We engage across traditional and digital channels and value consumer feedback on our product offerings so we can improve consumers' experience of our brands. One-on-one engagement and surveys convey the level of satisfaction trade customers have with our brands and help us to better support them.



Transform our strategic capabilities

We will embed the best technology strategically across our value chain. To ensure we are digitally future fit, we invest in a multi-year end-to-end digital transformation strategy.

COVID-19 indicated that we need to accelerate digital transformation to ensure agility and responsiveness. The board is fully supportive of this initiative, and promotes innovative thinking while managing risk within the agreed appetite. Distell's employees have also been adaptable and eager to adopt new technologies, despite the acceleration spurred on by the pandemic.

Distell's digital strategy is developed to be aligned to and integrated with the broader business strategies, and is customised to suit the unique needs of each of the Group's business functions. It provides the underpinning capabilities for the Group to be fit in a future world:

Grow consumer love for our brands

Growth through innovation

Leverage our scale asset base

Foster a winning culture

Transform our strategic capabilities

A viable well-governed digital base is crucial, as it enables us to be efficient from sourcing to manufacturing and distribution, and it allows us to market Distell's brands to our customers and consumers, and build our core brands in a targeted and relevant way. Importantly, this strategic driver is interconnected with fostering a winning culture, since the human resource skills and leadership capabilities required for sustainable digital transformation are critical.

Digital at the core

Many of the Group's day-to-day functions are now digital and cloud based.

We continue to enhance our integrated business planning system to establish a digitally integrated supply chain. We have an automated sourcing platform and digital platforms for managing and tracking stock, supported by a mobile platform for use by our own sales force and our customers' sales representatives.

In 2021, we implemented a cloud-based source-to-pay solution. In addition, we augmented our data analytics capabilities to be able to better feed into the evolution of our digital journey.

Digital experiences

On the customer-facing front, we continue to build new capabilities into our sales force platform and automated business-to-business website, www.thesipselection.co.za, with 4 981 registered users on the platform, and more than R140 million revenue in 2021.

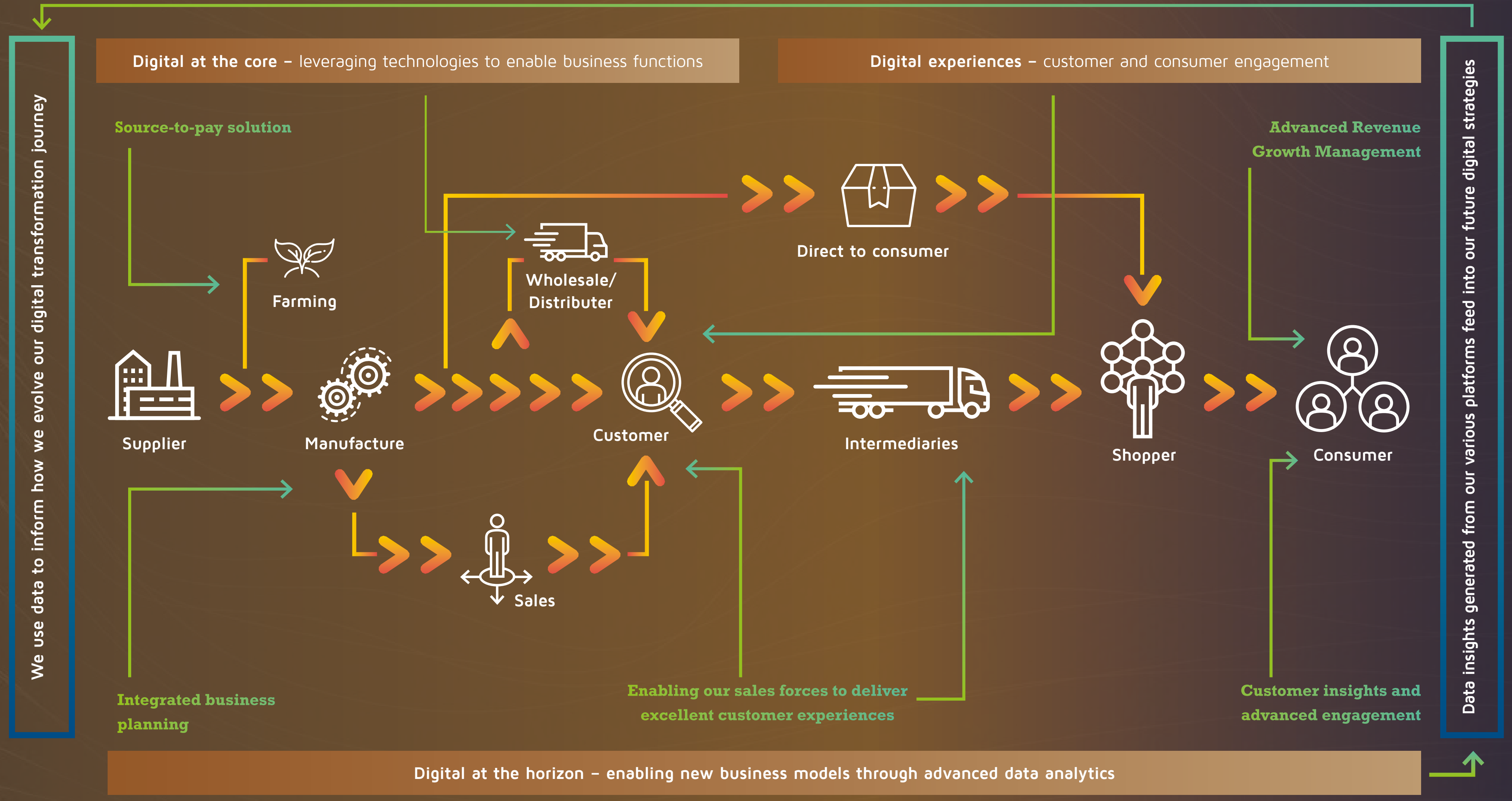
We implemented an integrated customer relationship management solution that will provide customers with an e-portal to access the status of their orders, stock availability, new promotions, available credit limits and enhanced ability for online ordering.

Internationally, a positive development has been our rapid step-up response to the demand for e-commerce. The capability we had to rapidly build in this space accelerated our digital journey, and this is a benefit to us going forward.

Digital at the horizon

To ensure we are prepared for possible regulatory restrictions on alcohol advertising, we develop experiential and mood-based digital marketing campaigns. As we evolve in our digital journey, enabled by data analysis, our focus will shift towards enabling our sales force to fundamentally change the nature of face-to-face interactions with both customers and consumers.

We invested more than R100 million in 2021 to advance our digital transformation journey to ensure technology and innovation facilitate the intersection of all functions in the Group:



EXECUTIVE MANAGEMENT TEAM[1]

RICHARD RUSHTON (58)

Group CEO

Richard has a BCom. He was appointed to the board in 2013 following various leadership roles at SABMiller in Africa, Asia and Latin America since 1997. He initially held leadership positions at Barclays and Adcock Ingram before joining SABMiller. Richard's role is to ensure the Company delivers on its key strategic objectives and to build a high-performance culture within the Company.

Richard's areas of expertise include international business, mergers and acquisitions, marketing and fast-moving consumer goods.

Richard is responsible for SDG 8.

LUCAS VERWEY (46)

Group CFO

Lucas holds a BCompt (Hons), a CA(SA) and a CFA. He joined Distell in 2014 from Remgro where he was an investment executive overseeing a specific portfolio of investments since 2008. Lucas was appointed to his current position in September 2015. He oversees the financial sustainability and growth of Distell through financial planning, reporting, mergers and acquisitions, risk management and investor relations.

His areas of expertise include financial markets and investments, general business, mergers and acquisitions, valuation, risk management and governance.

Lucas is responsible for SDG 7.

JOHAN VAN ZYL (49)

Director: supply chain

Johan holds a BEng (Chemical), a PrEng and an MBA. He joined Distell in 2016 as the head of manufacturing and was appointed as director: supply chain in 2017. He is responsible for optimising Group supply chain operations across procurement, planning, manufacturing, warehousing, logistics and technical centres of excellence (intrinsics, engineering, capital projects and SHERQ). He began his career at Anglo American, and then joined SABMiller where he held manufacturing and general management roles, and while at Cadbury/Kraft Foods, he oversaw the supply chain for sub-Saharan Africa. He also held general management roles at Anglo Vaal Industries.

Johan's areas of expertise include general business, fast-moving consumer goods, integrated supply chains, manufacturing and operations.

Johan is responsible for SDG 6.

KERSHEN PILLAY (37)

Director: corporate services

Kershen holds a BCom, a BCom (Hons), CA(SA) and an MBA. He joined the Distell team in July 2015 as financial manager in New Germany. In April 2016 he moved to head office in South Africa as financial manager. He was promoted to director: corporate services in April 2019.

His areas of expertise include financial markets and investments, general business and risk management.

Kershen is responsible for SDG 13.

DONOVAN HEGLAND (46)

Director: growth and innovation

Donovan qualified with a BCom (Hons) (Business Economics). He joined Distell as marketing director: southern Africa in 2010. In 2015 he moved on to head up the Africa business. Donovan took over the global marketing function at the end of 2017 and transitioned the role into growth and innovation for the Group, focused on transformational strategy, foresight and insight development, health and profitability of the brand portfolio, break out innovation, digital transformation and marketing capability development.

His areas of expertise include Africa, general management, marketing and sales, innovation and digital transformation, human resources and agile leadership.

Donovan is responsible for SDG 12.

ANDRÉ OPPERMAN (48)

Director: human resources

André has a BA (Hons) (Industrial Psychology). He was appointed to his current position on 1 January 2020. His career highlights include Head of Human Resources for British American Tobacco in Zimbabwe, Human Resources Director at RACEC and head of human resources for Distell South Africa.

His areas of expertise include general business, fast-moving consumer goods and human resources.

Andre is also currently acting director: corporate and regulatory affairs.

André is responsible for SDG 1.

[1] Ages as at 30 June 2021.

WIM BÜHRMANN (55)

Managing director: southern Africa

Wim holds a BAcc (Hons) and CA(SA). He joined the Group in 1994, was appointed head of new business development in 2007, and took up his present position in July 2010. He is responsible for our business functions in South Africa, Botswana, Namibia, Lesotho and Eswatini, including sales, distribution and marketing operations.

His areas of expertise include general business, mergers and acquisitions, and manufacturing.

Wim is responsible for SDG 3.

KATE RYCROFT (48)

Managing director: Venture Business

Kate holds a Bachelor's degree (Honours) and a MBA. She joined Distell in 2003, prior to which she worked in the banking sector in the UK. She has held numerous roles within the organisation, and is currently the managing director: Venture Business. Venture Business consists of Distell International, of which she is the managing director, and HT&R in South Africa. Kate is responsible for growing out Distell's premium spirits portfolio and international export business.

Kate's areas of expertise include leadership, business transformation, business management, portfolio management, capability building, mergers and acquisitions, strategy development, and strategy execution.

Kate is responsible for SDG 5.

LEN VOLSCHENK (50)

Managing director: Africa

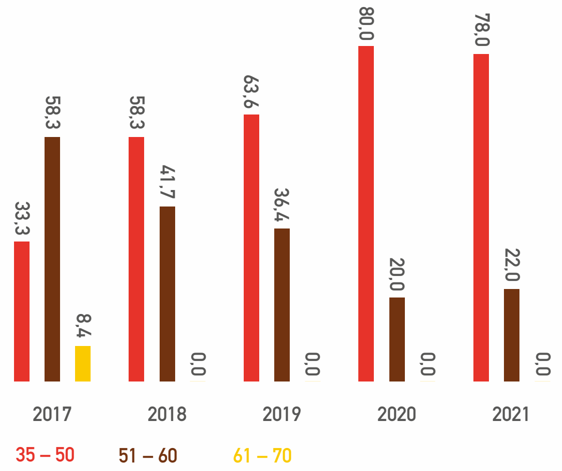
Len holds a BCom (Hons) (Marketing). He joined Distell as head of sales and operations in March 2017 before moving on to his current role as managing director: Africa in May 2018. Before joining Distell, Len held various leadership roles within SABMiller, the latest of which was Managing Director for Namibia.

His areas of expertise include general business, mergers and acquisitions, wholesale and retail operations, trade marketing and marketing, sales and operations, people and team capability building, commercial and business acumen.

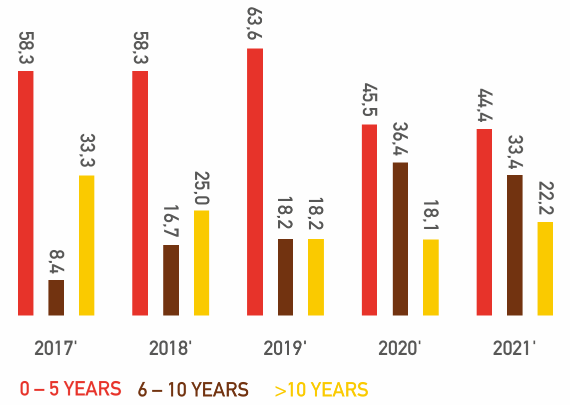
Len is responsible for SDG 9.

EXECUTIVE MANAGEMENT TEAM COMPOSITION

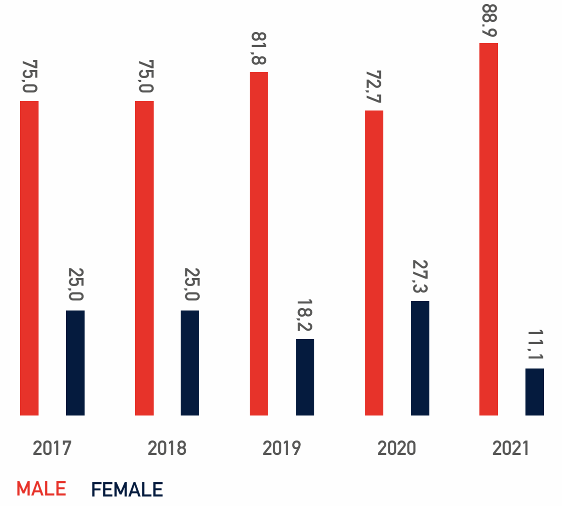
Executive management team composition – Age (%)



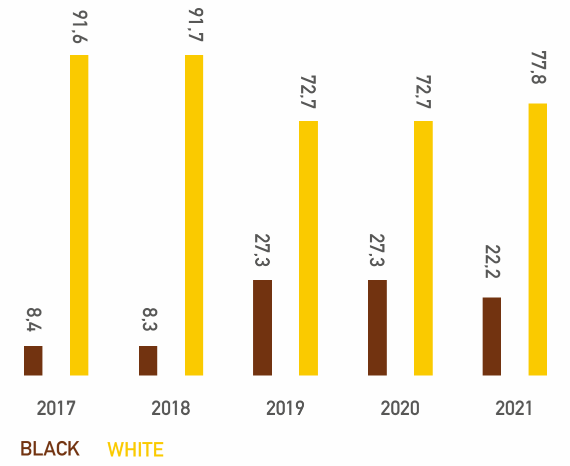
Executive management team composition – Tenure (%)



Executive management team composition – Gender diversity (%)



Executive management team composition – Racial diversity (%)



BOARD OF DIRECTORS[1]

JANNIE DURAND (54)

Non-executive chairman

Qualifications: BAcc (Hons), MPhil (Oxon), CA(SA)

Gender: Male

Tenure and committees: Appointed to the board, remuneration committee and the nomination committee in 2012, and as a member of the investment subcommittee in 2015. Appointed as chairman of the board in 2016 and as chairperson of the investment subcommittee in 2015.

Expertise: Financial markets and investments, international business, general business, mergers and acquisitions, marketing, fast-moving consumer goods and governance.

Other: CEO of Remgro and a director of, inter alia, RCL Foods, RMI Holdings Limited and Mediclinic International PLC.

GUGU DINGAAN (45)

Independent non-executive

Qualifications: BCom (Acc), HDip (Acc), CA(SA)

Gender: Female

Tenure and committees: Appointed to the board in 2005 as an alternate director for L Mojela until her retirement in 2018. Appointed as a director in 2018, as a member of the audit committee in 2006, as chairperson of the social and ethics committee in 2012, as a member of the risk and compliance committee in 2016, as a member of the investment subcommittee in 2015 and as a member of the remuneration committee and the nomination committee in 2017.

Expertise: Financial markets and investments, general business, mergers and acquisitions, transformation, risk management and governance.

Other: Investment executive at WIPHOLD and non-executive director of various WIPHOLD investee companies.

PRIEUR DU PLESSIS (66)

Independent non-executive

Qualifications: BSc (QS), MBA (Cum laude), Doctor of Business Administration (Finance), Chartered Director (SA)

Gender: Male

Tenure and committees: Appointed to the board in November 2015, as a member of the audit committee in 2016, as chairperson of the risk and compliance committee in 2016 and as a member of the social and ethics committee in 2016.

Expertise: Financial markets and investments, general business, governance and risk management.

Other: CEO of Plexus Holdings, an investment holdings company he founded in 1995, and its division iCRAFT Board Governance Consultants. He also serves as director of Professional Provident Society (PPS) Insurance Company and PPS Investments. He is a member of the Advisory Board of the University of Stellenbosch Business School (USB), Chairperson of the Audit and Risk Committee and a member of the Investment Committee of Stellenbosch University. Additionally, he is professor extraordinaire at USB, Honorary Consul General of Slovenia for South Africa and Deputy Dean of the Consular Corps of Cape Town.

KEES TIELENIUS KRUYTHOFF (52)

Independent non-executive

Qualifications: Business Economics (Erasmus University, Rotterdam, Holland)

Gender: Male

Tenure and committees: Appointed to the board, and as a member of the investment subcommittee in 2019.

Expertise: International business, general business, mergers and acquisitions, marketing, fast-moving consumer goods.

Other: Chairman and CEO of LIVEKINDLY Collective. Chairman of Mr. Green Africa, a Nairobi-based recycling start-up, and on the Board of RCL Foods in South Africa.

[1] Ages as at 30 June 2021.

PIETER LOUW (52)

Non-executive (alternate for Jannie Durand)

Qualifications: CA(SA)

Gender: Male

Tenure and committees: Appointed to the board, as alternate director for JJ Durand, in 2014, to the investment subcommittee in 2015 and to the risk and compliance committee in 2016. He attends the audit, remuneration and nomination committee meetings as an invitee.

Expertise: Financial markets and investments, general business, mergers and acquisitions, risk management and governance.

Other: Board member of RCL Foods. He is currently Head of Corporate Finance at Remgro.

JOE MADUNGANDABA (63)

Independent non-executive

Qualifications: CPA(SA)

Gender: Male

Tenure and committees: Appointed to the Distell board in 2000.

Expertise: Financial markets and investments, international and general business.

Other: Group CEO of Community Investment Holdings Group, non-executive Chairman of Schneider Electric, non-executive deputy Chairman of Jasco Electronics Holdings and non-executive director of Air Liquide Healthcare and Afrocentric, among others.

ETHEL MATENGE-SEBESHO (66)

Independent non-executive

Qualifications: MBA (Brunel) and CAIB(SA)

Gender: Female

Tenure and committees: Appointed to the board in 2015 and as a member of the risk and compliance committee in 2016 and the audit committee in 2018.

Expertise: Financial markets and investments, international business, general business, marketing, risk management and governance.

Other: Director on the boards of FirstRand and FinMark Trust.

CHRIS OTTO (71)

Independent non-executive

Qualifications: BCom LLB

Gender: Male

Tenure and committees: Appointed to the board in 2011 and as a member of the investment subcommittee in 2015.

Expertise: Financial markets and investments, international business, general business, mergers and acquisitions, retail operations, marketing, manufacturing, risk management, legal, human resources, sustainability and governance.

Other: Founder director of PSG Group, Capitec Bank Holdings and Zeder Investments. He is also a non-executive director of Kaap Agri Investments and serves on selected audit and remuneration committees.

ANDRÉ PARKER (70)

Independent non-executive

Qualifications: MCom

Gender: Male

Tenure and committees: Appointed to the board in 2008 and as lead independent director in 2016. He was appointed as chairperson of the remuneration committee in 2013 and as chairperson of the nomination committee in 2017. He has been a member of the investment subcommittee since 2015.

Expertise: International business, general business, mergers and acquisitions, marketing and fast-moving consumer goods.

Other: Retired Managing Director of SABMiller Africa and Asia, where he served on several boards of SABMiller subsidiaries, and was an executive committee member of SABMiller PLC. He is also a director of Spur Corporation.

CATHARINA SEVILLANO-BARREDO (58)

Independent non-executive

Qualifications: BCom (Hons), CA(SA)

Gender: Female

Tenure and committees: Appointed to the board in 2008, as chairperson of the audit committee in 2009, as member of the risk and compliance committee in 2016 and investment subcommittee in 2015.

Expertise: Financial markets and investments, international business, general business, mergers and acquisitions, transformation, risk management and governance.

Other: Co-founder, director and CFO of the Universal Healthcare group of companies and formerly a director of WIPHOLD and Concor. She was also a member of WIPHOLD's Audit Committee and chaired the Concor Audit Committee.

Executive directors: Richard Rushton, Group CEO | Lucas Verwey, Group CFO

CORPORATE GOVERNANCE REPORT

MESSAGE FROM OUR LEAD INDEPENDENT DIRECTOR

Distell's governance practices provide a platform for the Group to confidently pursue strategic objectives that ensure the continued sustainability of the business.

Governance requirements continually evolve and present new challenges, especially with Distell's growing footprint in regions with high operating risks. The past two years have seen even greater challenges, specifically in our industry, as a result of the COVID-19 pandemic and subsequent restrictions. The collaborative effort by our board, management and employees enabled us to continue to navigate the impact of the pandemic, while also driving the Group's strategy and leading the industry in engagement with government and civil society on harm reduction.

OUR GOVERNANCE PHILOSOPHY

By consistently adhering to the values of good corporate governance, we provide a platform from which Distell's management and employees can pursue and achieve the Group's strategic ambitions and goals. This leads to long-term value creation for all stakeholders. Our governance processes and principles contribute to an ethical culture that stretches beyond compliance to true accountability, transparency and fairness. The board applies integrated thinking as promoted by King IV, and application is achieved through appropriate policies, processes and controls.

INDEPENDENCE REVIEW

For the board to be able to embody our governance philosophy, we need to consistently test whether our members remain appropriately skilled, engaged and independent. To this end, the nomination committee appointed Nasdaq to conduct an independence assessment of the board in June 2021. The goal of this review was to provide the board and shareholders with an understanding of how the directors view the current level of board independence.

We are satisfied with the outcome of the review, the results of which can be summarised in the following categories:

Independence of thought – All board members provided input that a spirit of healthy tension exists and that the Distell board appropriately wrestles with independence. Importantly, board members overall concluded that the board provides independent input and oversight of Distell.

Willingness to provide constructive challenge – Distell board members offered that often the role of the board includes the review of the status quo and to appropriately challenge assumptions. Whereas the Distell board is comprised of a diverse range of personalities, the Group as a whole maintains a willingness to push back or provide constructive challenge on behalf of investors and stakeholders alike.

Shareholder and stakeholder representation – Although Distell's shareholders include a large dominant shareholder, all sides are heard during board discussions. Unanimously, board members complimented the chairman's inclusion of all board members and the views/feedback of stakeholders are taken into account when the board makes decisions.

Diversity of input – Board members expressed the importance of professionalism, director engagement and diversity of thought. Board members offered insights that this is often a nuanced area for boards. The role of board oversight related to areas such as digital transformation, ESG, and changing markets and consumer expectations, requires board members that are in touch and up to date. Board members emphasised that maintaining a board culture of openness and diverse thought is an area of strength and ongoing review.

Independence conclusions – The Distell board emphasises the pursuit of independence and objectivity as an ongoing responsibility of the board. Pleasingly, the Distell board continues to actively promote an objective and qualitative culture, ensuring a healthy level of independence exists among the members of the Distell board.

We thank our shareholders for their continued support. I am honoured to serve as lead independent director, and on behalf of the board, I reiterate our commitment to carrying out our fiduciary duty to oversee the activities of the Group.

Distell is built on strong brands and exceptional people and I remain confident in our ability to meet our strategic aspirations, despite the challenges we experience as a result of the ongoing pandemic and challenging socio-economic circumstances.

André Parker
Lead independent director
Stellenbosch
20 September 2021

KEY BOARD TOPICS FOR THE YEAR

2020

July	Our remuneration committee approved a salary reduction effective 1 September 2020 to protect our cash flow and prevent retrenchments.	More detail can be found in the remuneration report on page 113.
August	The audit committee considered and recommended for approval the 2020 annual financial results, financial statements, integrated report and the going concern statement. The audit committee further evaluated the performance and effectiveness of PwC, internal audit, the CFO and the finance function, and completed the evaluation of the chief audit executive's performance.	Read more in the audit committee report on page 109.
	The risk and compliance committee had oversight of the impact of COVID-19 on the key strategic risks.	Read more about our key strategic risks and opportunities on page 31 and about our risk management approach and processes in the risk and compliance committee report on page 133.
	The social and ethics committee considered and approved the 2020 sustainability report and an executive summary of the impact and management's response to the COVID-19 pandemic.	Our 2021 sustainability report is available online at www.distell.co.za.
October	Group AGM – we heard you and we responded.	Read more about the results and engagement in this report on page 102, and in the remuneration report on page 113.
November	The board had oversight of the Group's five-year financial aspirations and endorsed the Group's strategic choices.	The approved strategy can be found on page 38 and performance against the strategy is reported from page 65.
	The board re-elected the chairman and lead independent director.	Details about re-election can be found on page 107 and the chairman and lead independent director's profiles are on page 96.
	The risk and compliance committee considered Distell's cyber insurance policy.	Read more in the risk and compliance committee report on page 133.
	The audit committee considered the quarterly internal audit and forensic auditor's report (these reports are reviewed at each meeting).	Read more in the audit committee report on page 109.
	The social and ethics committee assessed reports on human rights and good corporate citizenship	See our sustainability report at www.distell.co.za for more detail.

2021

February	The audit committee approved the Group's tax strategy and noted an update on the combined assurance process.	Read more in the audit committee report on page 109.
	The social and ethics committee reviewed progress made on all the pillars of the B-BBEE scorecard.	See our sustainability report at www.distell.co.za for more detail.
	The remuneration committee approved the reimbursement of employees' retirement funds given positive financial results. A policy for minimum shareholding, effective 1 October 2021 with a grace period of five years, was approved.	More detail can be found in the remuneration report on page 113.
April	The nomination committee approved a diversity in the boardroom policy.	The new policy and targets are discussed on page 106.
	The nomination committee agreed to appoint Nasdaq to conduct the independence review.	The outcomes are disclosed in the message from our lead independent director.
	The remuneration committee approved the targets to be met to reinstate and reimburse the salary reductions as well as targets to be met to enable a bonus pay-out.	More detail can be found in the remuneration report on page 113.
June	A half-day strategy check-in session was held by the board.	Read more in the message from our chairman on page 47, and the strategy section on page 38.
	The remuneration committee approved the mandate for salary increases and non-executive directors' remuneration to be tabled at the AGM.	More detail can be found in the remuneration report on page 113.
	The risk and compliance committee reviewed the ERM framework, compliance to the regulatory universe and the Protection of Personal Information Act, No. 4 of 2013 status and implementation work plan.	Read more in the risk and compliance committee report on page 133.
	The audit committee discussed the report back of the JSE proactive monitoring of annual financial statements, approved the FY22 internal audit plan and resources, and the external audit plan and related fees.	Read more in the audit committee report on page 109.

ORGANISATIONAL ETHICS

The Distell board exercises ongoing oversight of the management of ethics and, in particular, the monitoring of adherence to the Group's Code of Ethics and Conduct. It allocated the oversight of, and reporting on, organisational ethics to the social and ethics committee, whose mandate includes monitoring and reporting on the Group's social performance and bringing material matters to the attention of the board. It therefore includes the governance of ethics.

Actions to ensure effective ethics management during 2021 included the drafting of an ethics strategy which provides the broad outline of the focus areas and activities the Group should pursue to deal with risk and continue to build an ethical culture. It starts with the formulation of a statement of strategic intent, which describes an aspirational end-state of ethics Distell wishes to attain.

The governing body's responsibilities are articulated in the second principle of King IV, which recommends that the governing bodies of organisations "should lead ethically and effectively" and the "governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture".

To increase our ethics awareness and behaviour, and in accordance with the requirements of King IV, the Distell ethics strategy is imperative to ensure that the social and ethics committee fulfils not only its mandate and responsibilities, but also contributes to the enhancement of Distell's organisational culture.

Focus areas for 2022 include:

- Conducting an ethics opportunity and risk assessment to identify our strategic focus areas
- Translating the identified areas into an ethics management plan which contains measurable interventions, responsible functions and target dates.

RISK MANAGEMENT

The company secretary serves as the chief risk officer for the Group and attends all audit and risk and compliance committee meetings. Top management, supported by the internal audit function, is responsible for identifying, managing and mitigating risks.

Refer to page 133.

STAKEHOLDER RELATIONS

The social and ethics committee noted and approved updates to the detailed stakeholder segmentation strategy in terms of which we govern, manage and monitor stakeholder relationships. The social and ethics committee is responsible for oversight of effective stakeholder engagement on behalf of the board and in line with the stakeholder strategy, governance codes and best practice. Detail can be found in the social and ethics committee report on page 136.

Investor relations

Our investors are an integral stakeholder group, and we place significant emphasis on transparency, access to management and proactive communication. Frank Ford, Group general manager: investor relations, proactively and regularly engages with the investment community. Key topics and engagements for the year included:

- Pre-close calls and engagements to ensure proper guidance and transparency
- Increased frequency and detail of market announcements
- Balance sheet management during COVID-19 and the effect of the South African government bans on alcohol sales
- Protecting our licence to trade
- Environmental, social and governance (ESG), with a focus on remuneration and incentives
- Broker led virtual investor conferences

More detail on how Distell engages with investors can be found in the stakeholders section on page 18.

2020 AGM voting results

Our AGM was held virtually on 21 October 2020 and complied with the JSE Listings Requirements and the Companies Act. Shareholders were able to engage directly with the chairman, CEO and board members. All ordinary and special resolutions proposed at the meeting were approved by the requisite majority of votes.

Detail on specific engagement on remuneration, resulting from engagement at the AGM, can be found in our remuneration report on page 113.

BOARD

Ways of working and board committees

The board is accountable for the Group's overall performance. It comprises individuals elected and entrusted by shareholders to provide direction and leadership.

The board is committed to complying with the requirements of:

- The Companies Act
- The JSE Listings Requirements
- King IV

Distell and King IV

The board welcomes the outcomes-based approach of King IV rather than the compliance approach. The board uses King IV principles to revitalise its governance structures, ways of working and terms of references. Our King IV compliance statement, available on our website at www.distell.co.za/ investor-centre/annual-report, explains how Distell applies the principles of King IV.

The board is satisfied that, for the period 1 July 2020 to 30 June 2021, these requirements were met. It confirms that the Company operated in conformity with the Memorandum of Incorporation and that the board fulfilled its responsibilities in accordance with the board charter, which can be found at www.distell.co.za.

DISTELL
CRAFTING BRANDS SINCE 1925
Board of directors

The board delegates specific responsibilities to committees that operate under board-approved charters or terms of reference. Each of the main committees is chaired by an independent non-executive director (with the exception of the investment subcommittee). The chairperson approves the agenda for each committee meeting to ensure relevant issues are discussed, and that committee members' time is used effectively. The chairperson of each committee:

- Reports to the board on the committee's activities and discussions
- Attends the AGM to respond to shareholder queries

Audit committee	Risk and compliance committee	Remuneration committee	Nomination committee	Social and ethics committee	Investment subcommittee
Report on page 109	Report on page 133	Report on page 113		Report on page 136	

Monthly executive committee meetings and a bi-annual talent review

Executive management

Executive sales and operations council	Organisational effectiveness council	Sustainability council	Strategy council	Brand execution forum	Innovation council	Brand strategy council	Capital council	Digital, ICT, D&A and innovation forum

To support each committee, management councils and forums precede committee meetings on the corporate calendar. This ensures that relevant, accurate and up-to-date information is submitted for discussion at committee meetings. Each council or forum is chaired by a member of the executive committee. The adjusted digital, ICT, D&A and initiatives forum specifically focus on prioritising and managing key initiatives and projects going forward. This is due to the requirement for Distell to remain agile and to be able to adopt with speed should our current scenario change with or without any warning signs.

BOARD MEETINGS AND ATTENDANCE

The board meets four times per year to review a formal schedule of matters, of which its members are briefed in advance. A bi-annual strategic update was added to the calendar with a full review of the Group's long-term strategy during February and a check-in on key topics during June.

Effective chairing and a formal agenda with supporting documentation ensure all issues requiring attention are raised and addressed. Supporting documentation is distributed a week before meetings. This enables directors to discharge their fiduciary responsibilities. The board holds ad hoc meetings, if required.

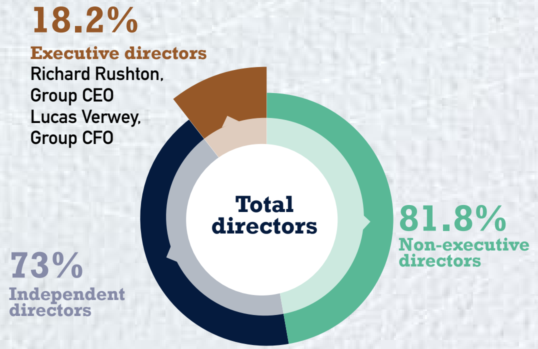
A majority of the directors is a quorum for any directors meeting. Decisions taken at board meetings are confirmed by a majority of votes, with each director having one vote per matter. A majority vote is considered approval of a resolution. In the case of a tied vote, the chairperson may not cast a deciding vote, and such resolution shall fail. A round robin resolution shall be as valid and effectual as if it had been passed at a board meeting duly called and constituted, provided that such resolution is adopted by way of written consent by all board members.

For 2021, changes to committee meetings included the creation of a deal committee, comprising board representatives, to provide direction and overview when the discussions with Heineken N.V., regarding a potential transaction, began.

	Board	Audit committee	Risk and compliance committee	Remuneration and nomination committee	Social and ethics committee	Investment subcommittee
Total number of meetings	4	4	4	8	3	5
Jannie Durand	4			6		4
Gugu Dingaan	4	4	4	6	3	5
Prieur du Plessis	4	4	4		3	
Kees Tielenius Kruythoff	4					4
Pieter Louw	4	4	4	8		5
Joe Madungandaba	4					
Ethel Matenge-Sebesho	4	3	4		3	
Chris Otto	4					5
André Parker	4			8		5
Catharina Sevillano-Barredo	4	4	4			5
Richard Rushton	4		4			
Lucas Verwey	4					

BOARD COMPOSITION AND APPOINTMENT OF DIRECTORS

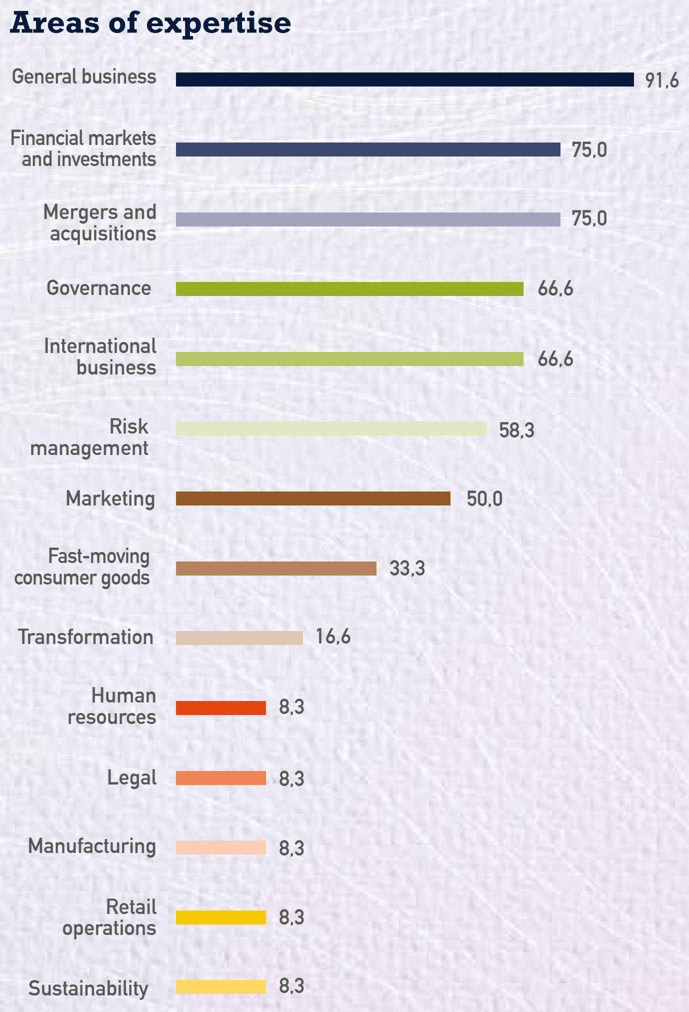
Refer to pages 96 and 97 for the directors in office as at 30 June 2021, as well as their biographical details.



Board members are appointed transparently and with the full board's consideration. The nomination committee uses reputable recruitment firms to source suitable candidates. When identifying individuals to become board members, the nomination committee considers:

- Skills gaps that should be filled to deliver on the Group's strategic initiatives
- South Africa's demographics and the voluntary targets stipulated in our policies on the promotion of diversity in the boardroom
- Recommendations from the Nasdaq independence review to ensure a future-ready board, including:
  - » International business, including key African markets
  - » Marketing, digital advertising, branding and consumer trends
  - » ESG experience
  - » Digital/information technology
  - » Diversity, i.e., ethnic background, gender and age (i.e., young)
  - » Local expert, with on-the-ground experience
  - » Business executive and board experience/savvy
  - » Willingness to learn
  - » Consider modifying the size of the board

Skills and experience (%)



As part of the independence review, Nasdaq conducted interviews with selected directors to gain insight on the operations of the board. Consolidated reflections of directors' comments are:

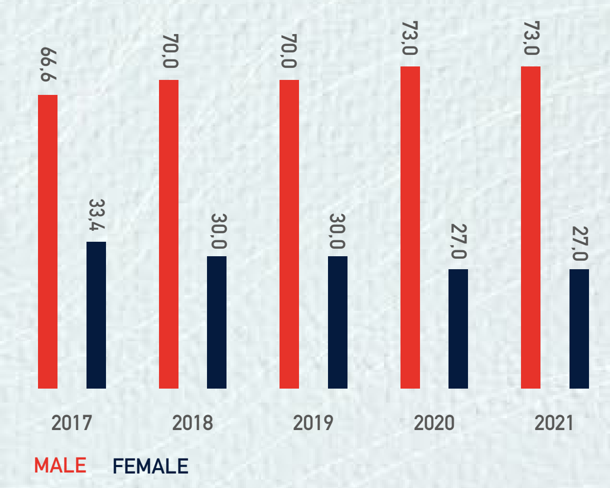
Board strengths in terms of director independence and directors' ability to fulfil their duties:

- Financially astute, independent approach to financial oversight exists
- A culture of objective oversight and constructive dissent exists
- Diverse, healthy critique and oversight
- Constructive and forward-looking discussions
- Appropriately supportive of management
- All sides are heard
- Focused well on core brands
- Openness between lines of authority – collegiality with healthy challenge
- Objectivity and independence are recognised as realistically difficult, yet vital board values

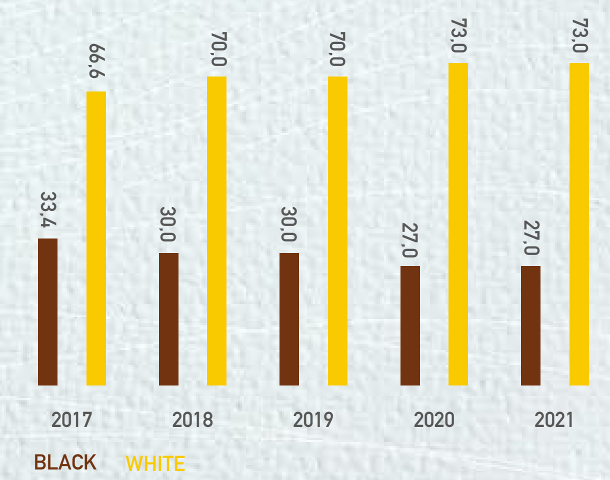
Directors' comments on the effectiveness of the board chairman:

- Independent minded and objective
- Maintains good relationships with non-executive directors
- Seasoned
- Values diverse and insightful perspectives
- Encourages debate and collaborative decision-making

Board – Gender diversity (%)



Board – Ethnic diversity (%)



Diversity in the boardroom

To comply with the amendment to paragraph 3.84(i) of the JSE Listings Requirements, the nomination committee approved and implemented a policy on diversity in the boardroom, effective 15 April 2021. This policy aims to place more emphasis on overall board diversity, which includes age, gender, ethnicity, culture, field of knowledge, skills and experience in addition to gender and race.

In drafting the policy, management benchmarked targets against various peers and other industry companies, local and abroad. The following voluntary targets were approved:

- A gender target of 40% female representation
- An ethnicity target of 50% African, coloured and Indian representation to align with the B-BBEE code guidance for non-executive board representation

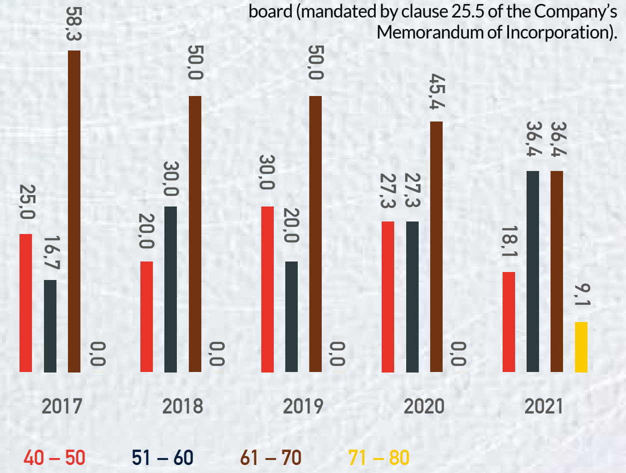
The Group aims to meet these targets by 2024.

The nomination committee has agreed on diversity targets relating to skills, expertise, experience, age and geography internally, but does not disclose the targets to the market. Distell recognises and supports the benefits of having a diverse board to be effective and to maintain a competitive advantage.

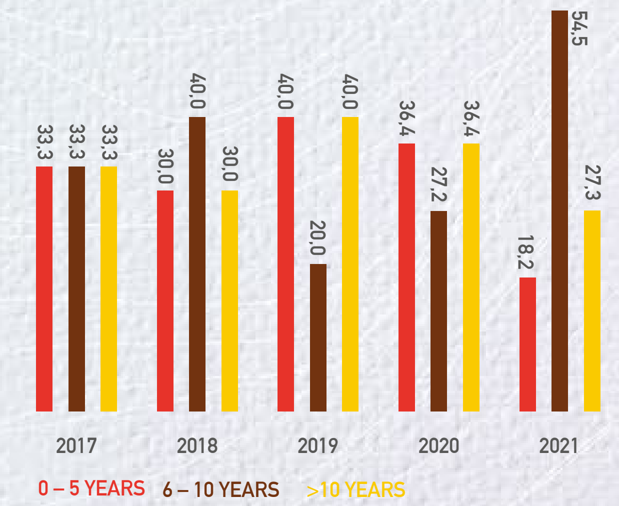
During a nomination committee meeting held in February 2021, the committee agreed that no immediate changes will be made to the board due to business risks and uncertainty that have occurred as a result of the COVID-19 pandemic. Board continuity and understanding of Distell and the industry is essential as we navigate an uncertain environment.

Board – Age (%)

While there is no maximum term for appointment, the retirement age for non-executive directors is 70 years, unless otherwise determined by the board (mandated by clause 25.5 of the Company's Memorandum of Incorporation).



Board – Tenure (%)



Orientation and development

All new directors undergo a formal induction programme. Upon their appointment, new directors receive an induction pack that includes agendas and minutes of the previous board and board committee meetings, the latest integrated report, relevant insurance information, strategic documents, and relevant policies, charters and terms of references. These directors are informed of their fiduciary duties in terms of the Companies Act and JSE Listings Requirements.

They have the option to visit various production sites and distribution centres and have meetings with executive directors.

Board and director evaluation

The board and its chairman, individual members and committees are subject to a formal evaluation. The process happens at least every two years and is either a self-evaluation or is externally facilitated. The lead independent director facilitates the chairman's evaluation. The results of the evaluations are discussed with the board, and suggested changes and comments are minuted and actioned by the board.

Board efficiency evaluation

An in-house board committee evaluation was completed during July 2021, facilitated by the lead independent director and Group company secretary. The effectiveness of the board evaluation was included in the independence review, as detailed on page 99, facilitated by Nasdaq. The detailed results of the evaluation were shared with the board, noting that the board and its committees operate effectively.

The board was satisfied that the evaluations indicated that the assessment process is enhancing its performance and effectiveness.

Rotation

All non-executive directors retire by rotation in terms of the Group's Memorandum of Incorporation. At the AGM, one-third of the directors retire and may make themselves available for re-election. The directors who retire are those longest in office since their last election.

The nomination committee makes recommendations regarding the re-election of the retiring directors and considers performance, meeting conduct, etc. The independence and performance of non-executive directors who have served on the board for more than nine years are subjected to a review.

The board is satisfied that all directors have the required qualifications and relevant experience to actively contribute to the success of Distell and that the board's composition reflects the appropriate mix of knowledge, skills, experience and independence.

ROLES AND RESPONSIBILITIES

The board adopted a charter setting out its responsibilities, duties and accountability towards Distell.

The board strives to act in the best interests of the Group. It assesses and authorises the plans and strategies submitted by the executive team, agrees on key performance indicators and identifies key risk areas and responses.

The main responsibilities of the board, in terms of its annually reviewed charter, are available on our website at www.distell.co.za and the delegated responsibilities are set out in the respective committee reports, from page 109.

Balance of power

The board ensures an appropriate balance of power and authority exists so that no individual, or block of individuals, has unfettered decision-making powers or undue influence.

Chairman

The chairman is elected on an annual basis. He is the CEO of Remgro Limited, Distell's shareholder of reference, and is therefore not independent. Jannie Durand was re-elected as the board chairman during November 2020. Remgro Limited owns a 31.31% economic interest with a 55,9% voting interest. Due to his knowledge of the business and extensive experience, the board deems Jannie Durand the best candidate to lead the Group to achieve our future ambitions. Given the outcomes of the Nasdaq review, it is evident that our chairman maintains an independent mind and chairs effective meetings where constructive debate and fairness are encouraged.

Lead independent director

In applying King IV and complying with the JSE Listings Requirements, and to guard against any perceived conflict of interest, the board annually elects a lead independent director. The current lead independent director is André Parker, re-elected during November 2020. The main function of the lead independent director is, among other things, to lead and advise the board, without detracting from the authority of the chairman, when the chairman has a conflict of interest.

The Group CEO

The board appoints the Group CEO to appropriately manage the Group on a day-to-day basis. He is responsible for the implementation of the approved strategy. A written delegation of authority is annually reviewed and approved to separate the matters on which the Group CEO has final authority from those where the board has final approval.

The Group company secretary

The company secretary is responsible to the board and facilitates adherence to proper corporate governance principles that are outlined in the board charter and compliance with relevant legislation.

The company secretary prepares meeting agendas and records minutes. The company secretary also assists with director induction and ongoing training as necessary.

All directors have unlimited access to the advice and services of the company secretary, and they may seek independent professional advice at the Group's expense, when appropriate.

Our Group company secretary, Lizelle Malan (41), holds a BCom (Hons) and CA(SA). She joined Distell in 2012. She performs all statutory company secretarial functions and is also responsible for the Company's forensic compliance, risk management, SAICA Training Programme and investor relations. Her areas of expertise include retail operations, fast-moving consumer goods, manufacturing, risk management, legal and governance.

To comply with the King IV principle of having an arm's-length relationship, the company secretary is not a member of the board and is suitably independent. The board confirms that Lizelle Malan has an arm's-length relationship with the board, suitably fulfils the role and possesses the requisite competence and knowledge to carry out the duties of a secretary of a public company. This was confirmed during an evaluation done during July 2021.

> The board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

SPONSOR

We fully understand the role and responsibilities of our sponsor, as stipulated in the JSE Listings Requirements. We have cultivated a good working relationship with our sponsor, Rand Merchant Bank (RMB) (a division of FirstRand Bank Limited). We reappointed RMB as our sponsor in November 2019 post a rigorous tender process wherein five service providers participated; and agreed that the mandate of RMB will be considered annually by the board. The most recent contract with RMB was approved during November 2020.

> The board is satisfied that the sponsor has executed its mandate with due care and diligence in 2021.

SHARE TRADING

Distell's Price-sensitive Information Policy prevents the abuse of inside information. The policy prohibits directors, senior management and other employees from trading in the Group's shares during price-sensitive or closed periods.

In terms of the policy, closed periods commence three or four days before the end of the interim (December) and annual (June) financial periods to allow for all trades to be settled, and end at the close of the day after the financial results are disclosed on the Stock Exchange News Service. The company secretary informs all employees and other stakeholders of the closed periods.

Additional restrictions on trading may apply where unpublished price-sensitive information exists in relation to the Group's shares in terms of the policy.

Before dealing in Distell shares:

- Executive directors and the company secretary are required to advise the chairman and obtain his clearance
- Executive management and directors of major subsidiary companies are required to advise the Group CEO or the company secretary and obtain clearance
- Other senior employees require the approval and clearance of the company secretary

CONFLICT OF INTEREST

The directors are required by the Companies Act to annually disclose their personal financial interests in material contracts or other matters, including interests by persons related to them. This process is facilitated by the company secretary around year-end.

Where a potential conflict of interest exists, directors must recuse themselves from relevant discussions and decisions.

All directors are required to comply with the Code of Ethics and Conduct, the Financial Markets Act, No. 19 of 2012 and the requirements of the JSE regarding inside information, dealings in securities and the disclosure of such dealings.

Every year a Group-wide study of potential conflicts of interest is conducted, which is audited by Distell internal audit. No material conflicts of interest were identified in 2021.

AUDIT COMMITTEE REPORT

The audit committee focused on ensuring the integrity of the Group's financial reporting and performing core oversight responsibilities, while continuing to navigate the impacts of COVID-19. I am pleased to present the Distell Group audit committee report, which sets out how we worked closely with management and other board committees to monitor risks and ensure effective systems of internal controls in a complex operating environment.

Chairperson

Catharina Sevillano-Barredo (independent non-executive)

Members

Prieur du Plessis (independent non-executive)

Gugu Dingaan (independent non-executive)

Ethel Matenge-Sebesho (independent non-executive)

The Group CEO, the Group CFO, external auditors, chief audit executive and selected senior management are invited to attend the meetings.

For members' skills and experience see page 96. For meeting attendance see page 104.

ROLES AND RESPONSIBILITIES

The audit committee is constituted as a statutory subcommittee of the board in respect of its statutory duties in terms of section 94(7) of the Companies Act.

The purpose and role of the audit committee is to assist the board with discharging its responsibility to:

- Safeguard the Group's assets
- Consider significant financial matters
- Operate adequate and effective systems of internal control, risk management and governance
- Prepare materially accurate financial reporting information and statements in compliance with all applicable legal and regulatory requirements and accounting standards, and enhance the reliability, integrity, objectivity and fair presentation of the affairs of the Group
- Evaluate and approve the integrated report, annual financial statements, interim financial statements and dividends to shareholders
- Monitor compliance with laws and regulations and the Group Code of Conduct
- Provide oversight of the external and internal audit functions and appointments

Internal controls

The board assumes ultimate accountability to ensure the Group maintains adequate systems of controls across the broad spectrum of financial, operational, information and technology, and compliance controls.

Management is tasked with implementing the internal controls to mitigate risks in pursuit of the Company's objectives and targets.

The systems of internal controls are generally not expected to eliminate risk entirely or guarantee absolute assurance against misstatement or loss; however, they are designed to manage risks within appetite and tolerance levels to reasonably ensure the Group's:

- Assets are safeguarded
- Objectives will be achieved
- Operations are efficient and effective
- Financial information is reliable
- Compliance with applicable laws and regulations is adequate

The implementation of effective systems of controls involves the following:

- An appropriate control environment is established that demonstrates commitment to high integrity and ethical values; provides the appropriate level of oversight and operating structures; and ensures placement of suitably qualified employees, segregation of duties and clearly defined lines of authority and accountability.
- Business objectives are clearly outlined and formal processes are in place to identify and analyse risks related to the achievement of the objectives.
- Control activities are developed to address the identified risks and, where applicable, formalised policies and procedures are implemented.
- Relevant and accurate information is identified and used in decision-making, and adequate controls for communication processes and activities are in place for internal and external communication.
- Controls are evaluated on an ongoing basis and deficiencies are addressed promptly and effectively.

The board and management place great emphasis on financial controls and policies. Specifically, Distell's capital expenditure, investment and exposure to interest rate, liquidity and currency risks are closely monitored. Treasury functions and decisions are guided by written policies and procedures, and by clearly defined levels of authority and permitted risk assumption.

While non-leveraged derivatives are purchased periodically to hedge specific interest rate or currency exposures, treasury functions do not undertake speculative financial transactions.

The board adopted a combined assurance model that is designed to assist in highlighting gaps in assurance coverage of key business risk areas and in identifying opportunities for optimisation. The combined assurance model provided assurance to the audit committee and management that adequate and effective internal financial controls have been implemented to support the assertions in the annual financial statements. To comply with JSE Listings Requirement 3.84(g)(ii), the audit committee reviewed the annual financial statements of all major subsidiaries included in the consolidated group IFRS financial statements.

The model distinguishes the different levels of assurance across the risk and control owners, and internal and independent assurance providers. These are:

LINE FUNCTIONS THAT OWN AND MANAGE RISKS

Include a comprehensive monthly management control self-assessment checklist covering operational and financial controls at all operations, plants, sites, depots, distribution centres and several head office corporate functions. Similar self-assessment processes are being implemented in the Africa and international regions.

SPECIALIST INTERNAL FUNCTIONS THAT OVERSEE AND FACILITATE RISK MANAGEMENT AND COMPLIANCE

Include risk management, corporate and regulatory affairs, legal and compliance, internal forensic fraud investigators, health and safety and process assessors, etc.

INDEPENDENT INTERNAL ASSURANCE SERVICE PROVIDERS

Such as internal auditors.

INDEPENDENT EXTERNAL ASSURANCE SERVICE PROVIDERS

Such as external auditors (PwC), other external assurance providers such as sustainability and environmental auditors, external actuaries, and external forensic fraud examiners and auditors.

REGULATORY INSPECTORS

Such as Department of Labour inspectors.

For FY21, audit reviews and other assurance obtained did not indicate any material breakdowns in the functioning of internal controls. Where control deficiencies and non-compliance issues were identified, they were reported and appropriately rectified.

Except where identified issues are being addressed by management, the audit committee and the board are satisfied that control systems and procedures were suitably implemented, maintained and monitored by qualified personnel, with appropriate segregation of authority, duties and reporting lines.

Internal audit

Distell internal audit is a significant contributor to the Group's defence systems. Internal audit, through its independent and objective services, assists in safeguarding assets; ensuring the reliability and integrity of significant financial, managerial and operational information; identifying and protecting against factors and behaviour that diminish value; and is the primary assurance provider to the board on the efficiency and effectiveness of governance, risk management and internal control systems, structures and processes.

Internal audit is a centralised global function with regionally based teams to optimise localised focus on risks and controls and to provide a greater level of support to management. It operates under terms set out in a formal mandate approved by the board, in conformance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) for internal audit. This framework includes a Code of Ethics that team members attest to complying with annually. Internal audit's conformance to the IPPF was confirmed by a full external and independent Quality Assessment Review conducted in February 2020 and by internal ongoing and periodic self-assessments during 2021.

In addition to the IIA IPPF, the principles outlined in the following leading frameworks are embedded in the overarching internal audit practices, approach and methodologies:

- King IV: governance, risk and controls principles
- Committee of Sponsoring Organizations of the Treadway Commission: global internal control and risk management framework
- Control Objectives for Information Technologies: information and technology general controls framework

The internal audit team has an average of 12 years' internal audit experience, and all employees have either a relevant qualification/certification or extensive industry and technical skills. Resourcing includes trainee chartered accountants participating in the Distell Chartered Accountants Training Programme, which is accredited by SAICA. This is a three-year programme with internal audit as an elected focus area. During the programme, trainees also rotate to other business functions to gain the necessary competencies as prescribed by SAICA.

Internal audit provides assurance that the key strategic, financial, information and technology, compliance and operational risks are understood, identified and effectively managed and mitigated. This is achieved through the execution of an annual risk-based audit plan aligned to the Group's strategy, goals and objectives. The audit committee approves the audit plan, resources and budget prior to each financial year.

When required, specialist skills are co-sourced.

Independence and authority

Internal audit's organisational positioning and independence are enabled by reporting functionally to the audit committee and administratively to the Group CFO. The chief audit executive and the audit committee formally consider the independence of internal audit annually. Furthermore, internal audit has free and unrestricted access to the board, executive management, information and all areas within the Group.

Scope of work

Internal audit assurance can only be reasonable and not absolute, and does not supersede the board and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

For FY21, internal audit confirms that sufficient and appropriate audit procedures were conducted through the completion of the approved risk-based audit plan and evidence gathered to support the audit opinions and conclusions. There were no undue scope limitations or impairments to independence.

ACTIVITIES IN 2021

Internal financial control

- Reviewed the adequacy and effectiveness of the financial reporting process and the systems of internal control, and satisfied itself that the internal financial controls form a sound basis for the preparation of reliable financial statements.
- Reviewed and pre-approved Distell's integrated report, annual financial statements, interim reports and other financial media releases, and recommended final approval to the board.
- Reviewed and confirmed, during interim and year-end reporting, the Group's current financial position, budgets and cash flow projections, and decided whether, to the best of its judgement, there were adequate resources to continue with operations in the foreseeable future.
- Ensured compliance of published information with relevant legislation, reporting standards and good governance.
- Considered any significant legal and tax matters that could have had a material impact on the financial statements.
- Reviewed the external auditor's report and authorised management to sign the representation letter.
- Met separately with management, external audit and internal audit to discuss matters the respective parties believed should be discussed privately for the audit committee's consideration in satisfying itself that no material control weakness existed.
- Reviewed the following items in relation to the financial statements, which required significant judgement during the year:
  - JSE Listings Requirements changes
  - International Accounting Standard (IAS) 36: Impairment of Assets
  - IFRS 9: Financial Instruments – expected credit loss provision
  - Cash flow projections – going concern evaluation

- Satisfied itself that the Group does not have an interest in any off-balance-sheet structures and that related-party transactions are arm's-length transactions conducted in the normal course of business.
- Assessed the Group's approach to mandatory external audit firm rotation and finalised the selection of the replacement firm.

External audit

- Satisfied itself that PwC is independent of the Group even though PwC has been the auditor of Distell for 33 years. In addition, PwC and its predecessor firms have been the auditor of the Group as a result of its business transacted through Stellenbosch Farmers Winery Group Limited and Distillers Corporation (SA) Limited, for 76 years. In reaching this conclusion, the audit committee considered the following:
  - » The current and past designated partners were recent assignments to Distell, i.e. Rika Mare Labuschaigne (current partner – assigned in the 2019 financial year), Nicolaas Hendrik Doman (immediate past partner – assigned in 2016).
  - » The extent of non-audit services is continually monitored, with no material or excessive engagements noted.
  - » PwC has delivered a high-quality external audit, considering the calibre of the audit team assigned to the audit; the standard of the execution of engagements; scope of activities performed; PwC's independence, its relationship with stakeholders and understanding of the business; and the extent of non-audit services provided.
  - » PwC will be rotated by the Company's financial year ending 30 June 2023 as per the requirements of mandatory audit firm rotation as prescribed by the Independent Regulatory Board for Auditors.
  - » The audit committee ensured the appointment of PwC complied with all legislation on appointment of auditors.
- Nominated to the shareholders the reappointment of PwC as the external auditor, and Rika Mare Labuschaigne as the designated auditor. She has remained the audit partner for Distell since July 2018. The audit committee confirms that it has discharged its duty per paragraph 22.15(h) of the JSE Listings Requirements in making this decision. The audit committee ensured this appointment complied with all legal and regulatory requirements.
- Approved the audit fees of the external auditor, including non-audit services, which had been preapproved by the chairperson of the audit committee (fees paid to the auditors are detailed in note 18.3 of the annual financial statements).
- Reviewed and approved the annual audit plan, the effectiveness of the external auditor and its independence.

Internal audit

- Oversaw the internal audit function and approved the annual internal audit plan and budget, and subsequent changes.
- Pre-approved the terms of references for both internal audit and the audit committee.
- Evaluated the independence, resources, performance and effectiveness of the chief audit executive and the internal audit function.
- Reviewed the co-operation and co-ordination between the internal and external audit functions to avoid unnecessary duplication of work.
- Reviewed and considered the significant findings raised by internal audit as well as the adequacy of management's corrective actions.
- Met separately with the chief audit executive to discuss matters the audit committee or internal audit believed should be discussed privately.
- Received assurance on the adequacy of internal controls.
- Based on the above, formed an opinion that there was no material breakdown in internal controls, including financial controls.

Combined assurance

- Approved the combined assurance model and arrangements.
- Satisfied itself that the combined assurance plan implementation was adequate and reviewed the progress of the combined assurance methodology and plan to achieve the objective of an effective, integrated approach across the activities of the five levels of assurance.

Expertise of the Group CFO and the finance function

- As required by the JSE Listings Requirements, the audit committee considered the experience and expertise of Distell's Group CFO, Lucas Verwey, (his biographical details are on page 92) and is satisfied that they are appropriate.
- Reviewed and satisfied itself that the composition, experience and skills of the finance function were able to meet the Group's requirements.

CONCLUSION

The audit committee has determined that it discharged both its legal and general responsibilities in terms of its terms of reference and the Companies Act during the year. The board is in agreement with this and has approved the interim and year-end financial statements, and the integrated report.

I wish to convey my appreciation and thanks to the members of the audit committee and management for their contribution towards the audit committee achieving its goals, and especially for having adapted to the new "normal" way of work brought about by COVID-19.

Catharina Sevillano-Barredo
Chair of the audit committee
Stellenbosch
20 September 2021

REMUNERATION REPORT

BACKGROUND STATEMENT

On behalf of the board, I am pleased to present Distell's 2021 remuneration report.

This report provides stakeholders with an overview of our Group's remuneration policy and practices and sets out how these have been implemented during FY21, with a specific focus on the guaranteed and variable elements of executive remuneration and fees paid to non-executive directors.

The report reflects the ongoing progress the Group is making to evolve remuneration by aligning with best practice, and our commitment to constructive stakeholder engagement, including changes we have made in response to shareholder and employee concerns raised during the year.

Internal and external factors influencing remuneration

2021 has been the second financial year of unprecedented disruption. Continued restrictions imposed on the sale of alcohol, as part of government's strategy to curb the spread of COVID-19, significantly affected sales volumes and revenue in South Africa.

The remuneration committee met regularly during the year to understand and deliberate the impact of the pandemic on Group revenue and on our remuneration policy and practices. This is reflected in the seven meetings (instead of the usual four) held during the course of FY21. The remuneration committee's role is to balance the interests of the Group, our employees and shareholders. In light of the uncertainty in our operating environment, the remuneration committee exercised careful and considered judgement in its remuneration decisions that required a fine balance between protecting the livelihood of our employees and the need to preserve cash.

The board is proud of the dedication and hard work of Distell's employees who, under the leadership of the executive team, not only continued to fulfil their roles under trying circumstances, but also supported the difficult decisions the remuneration committee and board had to take to safeguard jobs.

We are pleased that our South African business has proven resilient and that the Group's businesses in both the African and international markets are performing well through capitalisation of previous investments and focused execution of strategy. This has assisted the Group to reduce the financial impact on our employees.

We applied for government's Temporary Employer/Employee Relief Scheme (TERS) for all the applicable periods and reinstated leave days and/or refunded reduced salaries as received from TERS for employees accordingly. Management did a stellar job in keeping employees informed of the targets and resulting incentives as well as motivating them to achieve these goals in an effort to reclaim lost opportunities. Based on these targets, there were financial incentives for employees, i.e. reimbursement of fund contributions and salaries, and an incentive payment in terms of the revised 2021 Short-term Incentive (STI). The table below indicates the performance targets and corresponding incentives available upon achievement, which were continuously communicated to all employees:

	On target		Stretch target
	Half-year	Full year	Full year
Revenue target	R9 391 m	R18 201 m	R18 970 m
Free cash target	R292 m	R1 604 m	R1 777 m
EBITDA	R1 586 m	R3 118 m	R3 411 m to R3 800 m
SDGs		6/10 measures achieved	6/10 measures achieved
Reimbursements or STI payment	Company contribution towards fund savings	10% salary cut net of any TERS refunds	Potential 13th and 14th cheque (capped at standard max earnings potential)
	Paid: February 2021	Paid: July 2021	If achieved, payable: October 2021

Feedback on our remuneration policy and measures taken during the year

At the AGM of Wednesday, 21 October 2020, we received positive endorsements of:

- 99,01% (2019: 98,97%) for our remuneration policy; and
- 99,21% (2019: 98,99%) for our implementation report.

In addition to the positive votes received, we are grateful for the valuable feedback from our shareholders both before and after the AGM. In response to the feedback, and to ensure ongoing alignment to global best practice, we implemented a minimum shareholding requirement (MSR), as detailed on page 125.

The role of the remuneration committee

Mandated matters

The remuneration committee, mandated by the board, oversees the proper execution of our remuneration policy and endeavours to ensure that Distell's remuneration principles and practices are aligned to:

- The Group's sustainable, value-creating strategy
- The achievement of performance objectives on team and individual levels
- The legitimate expectations of stakeholders, remaining mindful of income disparities in South Africa.

The remuneration committee plays an active governance role ensuring that:

- Internal and external equity is taken into consideration in all reward decisions
- Decisions are based on reliable data and careful scrutiny of external service providers where applicable
- Initiatives and practices are compliant with best practice and appropriate legislation
- Remuneration matters are conducted fairly and with integrity
- Remuneration reporting is comprehensive, yet simple and transparent

Key focus areas for the remuneration committee during the year

While much of the remuneration committee's time continued to be dominated by our COVID-19 response, we also continued our open and transparent engagement with stakeholders in our ongoing efforts to improve the Group's remuneration policy and practices.

Our COVID-19 response

Total guaranteed package (TGP)

Salaries

All employees received their full salaries for as long as was practically possible, from the first lockdown period in South Africa in March 2020, until August 2020, when there was still uncertainty as to the possibility and extent of further alcohol bans. Unfortunately, at that point – as part of our focus on job preservation – we had no other option but to impose salary reductions to ensure the sustainability and viability of the Group.

A temporary salary reduction was implemented from 1 September 2020, intended to continue until 31 August 2021. The reduction for executive directors, executive management and non-executive directors was 12,5%, and 10,0% for all other employees in South Africa, Eswatini and Lesotho.

Preparation and engagements with employees and unions commenced in July 2020 to allow employees time to make the necessary personal arrangements and to ensure compliance with the legislative consultation process:

- A detailed communication strategy was followed, including interactions through the Group's reporting lines, information sharing via email and the employee intranet.
- For employees within the bargaining unit, negotiations with trade unions were constructive and solution driven and supported by the majority of unions. One union did seek legal recourse, the outcome of which was swift and favourable for employees and the Group. All consultations were concluded in September 2020 and salary reductions for these employees were implemented with effect from 1 October 2020.

Given the Group's resilient performance, we were extremely pleased to be in a position to reinstate salaries to pre-reduction levels two months earlier than anticipated, effective 1 July 2021. We also achieved the specific targets (detailed on page 113) as set by the Company which resulted in the retrospective payment of the reduced portion of the salaries (after taking into account refunds received through our TERS claims that were already paid) to employees. These payments were based on the actual period during which employees were subject to the salary reduction.

As a result of the pandemic, we did not award any increases to the employees of most companies within the Group during FY21.

Leave

All employees, including those able to work from home, were requested to utilise annual leave, depending on the number of trade days lost and each employee's ability to work. As mentioned, through TERS applications, we were able to reinstate a portion of the leave days. Most of the bargaining unit employees received a full reinstatement of leave days deducted as a result of the TERS capped value (maximum amount able to claim) being higher than the value of the leave days deducted.

Benefits

Retirement fund

In response to the impact of COVID-19, reduced employer contributions to employees' retirement funds, limited to covering risk benefits and fees, commenced in June 2020 for a six-month period. Considering the salary reductions and to mitigate the overall impact on employees' take-home pay, employee contributions to retirement funds were also temporarily suspended from September to November 2020. Employees did, however, have the option to continue with their contributions over the period through making additional voluntary contributions.

Effective 1 December 2020, full Company and employee contributions were reinstated and in February 2021, upon reaching a pre-determined performance target, Distell was delighted to be in the position to pay all reduced employer contributions to the retirement funds of the employees.

Medical aid fund

To assist members financially, Distell's in-house medical aid scheme, Remedi, implemented the following measures:

- A one-month contribution holiday for all Remedi members in November 2020; and
- Limited the yearly contribution increases for 2021 to only 3,9%, while increasing benefits in line with medical inflation, rather than reducing benefits.

Short-term incentives (STIs)

In light of the economic impact of COVID-19, no STIs were paid during 2020 in the majority of companies within the Group. For FY21, all employees participated in a revised STI scheme as detailed in our FY20 report. To drive One Distell and our response to the crisis brought on by the pandemic, and ensure focused and aligned performance across all functions, with each employee taking responsibility for performance and overall sustainability, we instituted a single Company-wide STI scorecard for FY21.

The earnings potential on this revised scheme for FY21 was changed for all employees so as to align to a potential 13th cheque. In the event of outstanding performance, the 13th cheque could potentially have increased to a 14th cheque. This payment was limited to employees' standard maximum earnings potential where applicable.

To drive performance after various alcohol bans were introduced, the sales incentive scheme was reintroduced for the last quarter of the financial year.

Other key focus areas

TGP

Benefits

Retirement fund

The transition of the Distell Retirement Fund to an umbrella fund was concluded after an extensive membership engagement process. All members were transferred to the Alexander Forbes Retirement Fund (AFRF) umbrella fund, effective 1 June 2021. In response to employee engagement and the need for more flexibility in benefit options, we also implemented flexible death benefits and flexible member contributions in the Distell Retirement Fund, which are now also available in the AFRF.

Maternity benefits

In addition to our leading-edge maternity leave policy, which includes provisions for surrogate and adoption leave, we have now added another benefit – administrative assistance to employees applying for Unemployment Insurance Fund maternity benefits. Distell has launched a pilot nursing room at its head office and is also in the process of rolling out nursing rooms at various sites to accommodate mothers returning to the workplace.

Long-term incentives (LTIs)

Following an extensive independent review and benchmarking exercise, the allocation methodology used to make awards in terms of the Conditional Share Plan (CSP) scheme changed from a top-up allocation methodology to a simplified annual award methodology, effective October 2020, in line with market practice. The vesting profile remains unchanged, with equal tranche vesting in years three to five. This significantly simplifies the awarding of shares based on a consistent factor.

Awards in October 2020 were made based on reduced salaries and the share price at which the award was determined using a 270-day volume weighted average price (VWAP) instead of the usual 30-day VWAP due to the impact of the pandemic on Distell's share price. The rationale for using a longer VWAP period was to make the award at a more smoothed share price value in order to mitigate unintended windfalls which may have occurred if the awards were made at the low share price at time of award.

The first tranche (one third) of the CSP awards made in October 2017 with a performance period that ended on 30 June 2020, vested in October 2020 to the extent that the performance conditions were achieved. Even though the performance was significantly impacted by the COVID-19 pandemic, the remuneration committee made the decision not to amend any of the performance conditions. Detail on the vesting percentage can be found on page 123.

MSR

Following shareholder feedback received, and in line with international best market practice, we implemented a MSR policy for executive management and executive directors (see page 125).

Total reward statement (TRS)

We believe in providing employees with a full view of their reward offering through a TRS. TRSs for Distell's two largest markets, South Africa and Namibia, have been in place since 2017. Although a TRS was developed for the United Kingdom during 2019, this has not been distributed to employees to date since no increases were granted during 2020.

The focus for TRS development in 2021 was on Africa. We developed a single TRS to cater for all of our markets in Africa, which is now available in English and Portuguese.

Executive management and executive directors serving as non-executive directors

Distell acknowledges that as employees near retirement, it is important for many to expand their experience in order for them to seek alternative income-generating opportunities post retirement aside from full-time employment. Non-executive director roles can expand the influence of the Company and expose executive management, executive directors and the Company to new sources of learning and best practice. For this reason, a policy was implemented during the year for the remuneration committee to consider requests by executive management and executive directors to serve as non-executive directors on boards of companies other than Distell. Should the Group CEO request to serve as a non-executive director, this request will be submitted to the board for review and approval.

Consultants

During the year, the remuneration committee received advice from PwC on various remuneration matters. The remuneration committee is satisfied that PwC's work was conducted objectively and independently.

Future areas of focus

During FY22, the remuneration committee will focus on the following:

- The alignment of benefits across the Group, which was delayed due to the focus on managing the impact of the COVID-19 pandemic and resulting actions. This is a priority for 2022, subject to further COVID-19 priorities;
- An employee education drive on Distell's total reward offering; and
- The consideration of fit-for-purpose reward models that respond to a fundamental transformation in the way people work, accelerated by COVID-19.

The remuneration committee will further continue to ensure that our remuneration policy and practices align with the Group's strategic objectives and are effective in incentivising and retaining key talent. As necessary, we will continue to review and evolve the Group's remuneration policy in a measured and responsible manner which considers the needs of all stakeholders. We believe that Distell's remuneration policy achieved its goals during the year.

During FY21, Distell complied with, and did not deviate from, the remuneration policy.

My thanks to the board, the remuneration committee and executive management for their contribution towards achieving this goal despite extremely challenging conditions.

André Parker
Chairperson of the remuneration committee
Stellenbosch
20 September 2021

REMUNERATION POLICY

Our employee value proposition

- Employer of choice
- Holistic well-being
- Exciting and meaningful work
- Learning, career and talent development
- Our reward offering
- Diversity and inclusion

Reward forms an integral part of our employee value proposition and we will continue to leverage this asset to ensure a competent and talented workforce. Read more about our employee value proposition on page 87.

Reward philosophy

Distell's reward philosophy is aimed at driving a high-performance culture by ensuring that our employees are motivated and committed to the success of our Company.

Reward strategy

Distell's reward strategy is designed to attract, develop, motivate and retain talented employees who enable us to pursue and achieve our strategic objectives, and thereby enhance shareholder value.

Reward policy

Distell's reward policy is transparent and based on the principles of market competitiveness, internal equity and pay for performance.

Remuneration governance

The remuneration committee primarily consists of non-executive directors who review and oversee the remuneration policy of Distell. The Group CEO and other executives may attend remuneration committee meetings by invitation, but do not vote and are not present when their own remuneration is discussed.

As mentioned in the background statement, in order to navigate through the COVID-19 pandemic, the remuneration committee held seven meetings during the year. Remuneration committee composition and attendance are reflected on pages 96 and 104.

The terms of reference of the remuneration committee are reviewed annually and include, among others, the following responsibilities:

- Considering and recommending a remuneration policy to the board which gives effect to its direction on fair, responsible and transparent remuneration, and to assess the Group remuneration policy's effectiveness, for final approval by the shareholders;
- Ensuring that an appropriate comparator group is selected when comparing remuneration levels;
- Reviewing and approving STI and LTI plans, including applicable hurdle rates and targets of the incentive plans;
- Satisfying itself with regards to the accuracy of recorded performance measures which govern the vesting of shares or other incentives;
- Considering and recommending material changes to contracts of employment, as well as retention and termination policies and procedures;
- Reviewing and approving the individual remuneration levels of the CEO, and other executives who report directly to the CEO;
- Reviewing and recommending non-executive director fees to the board, for shareholder approval at the AGM;
- Applying the malus and clawback provisions when applicable;
- Monitoring compliance with the MSR policy; and
- Approving the appointment of Distell's executive management and executive directors in service to other boards as non-executive directors, including the recommendation to the board for the approval of the CEO serving as non-executive director on another board.

The remuneration committee's full terms of reference is available on: https://www.distell.co.za/corporate-governance/.

Linking remuneration to our strategy

Based on Distell's positioning as a global business with roots in South Africa, and on the Group's strategy, as set out on page 38, there is a clear requirement for the board and executive management to balance growth with returns. The Group's divisions are in different stages in terms of strategic focus:

- In South Africa and the Venture Business, we have made significant investments over the past few years to facilitate growth. We invested in our asset base, in appointing and retaining the best people and in consolidating and optimising brands. We expect these investments to start showing returns on invested capital, which will be the strategic focus going forward.
- Africa is in a growth phase and, given the Group's route-to-market strategy in key African markets, revenue and volume growth are Distell's strategic ambitions for the continent.

Emphasis on the balance of growth and returns is reflected in the performance conditions for STIs and LTIs. Adjustments made to executive remuneration, as described in this report, as well as the single STI scorecard described on page 120, have ensured alignment to business performance, appropriate risk and shared value.

Fair and responsible remuneration

We are committed to the principle of fair and responsible remuneration at Distell, and therefore consider the fairness of executive remuneration in the context of the remuneration of all employees. Ongoing initiatives to ensure responsible and fair remuneration practices include:

1. Continuous assessment of remuneration of employees at the same level, in accordance with the principle of Equal Pay for Work of Equal Value to identify and address any unjustifiable remuneration disparities. If unjustifiable remuneration disparities are identified, a plan will be developed to ensure that such disparities are rectified over an appropriate period of time.
2. Sensitivity to the significant wage gap in South Africa between senior managers and the lowest-level employees. We therefore continuously monitor these multiples to determine how Distell compares to benchmarks in this regard.
3. Collective agreement with recognised trade unions on a fair and responsible minimum wage.
4. Investment in people initiatives, in line with Distell's employee value proposition for all employees, which includes talent initiatives, mentoring, on-the-job training, structured training courses and well-being programmes. Improving the skills and capability of employees throughout the Group will facilitate career advancement of employees, and bolster remuneration.
5. Employee engagement and education on all elements of Distell's employee value proposition, to provide understanding of our fair and responsible approach to holistic reward.
6. All variable pay is subject to the achievement of stretching performance conditions, carefully calibrated and selected by the remuneration committee, ensuring a close alignment with shareholder value creation over the long term.
7. The remuneration committee, and ultimately the board, reviews and approves the remuneration of executive directors and executive management reporting to the CEO, ensuring independence and transparency.
8. The link between pay and performance is publicly disclosed by the Company in its remuneration report.
9. Although remuneration is benchmarked, affordability is a key consideration in any pay adjustments.
10. Variable pay is subject to malus (reduction) and clawback (recoupment) conditions.

Components of total remuneration

Total remuneration comprises all elements of remuneration, including guaranteed remuneration and variable remuneration (such as STIs and LTIs).

Total reward elements

Total guaranteed package (TGP)

The TGP, which every Distell employee receives, forms the basis of our total reward offering. The TGP consists of a fixed salary and a range of benefits tailored to the individual's role profile and position within the company.

Short-term incentives (STI)

All employees, including employees in the bargaining unit, but excluding employees with a specific sales focus, participate in a scheme where the size of the annual bonus is determined by the achievement of the pre-determined performance measures. See page 120 for the full details of this scheme.

Short-term incentives (STI) Deferral and Matching

In order to achieve further alignment between shareholder value and executive reward/interest, Distell may further incentivise members of the executive team, by providing them with the opportunity to place all or a portion of their STI allocation at risk, through voluntary deferral of a portion of the STI into the normal Conditional Share Plan (CSP), upon meeting additional outperformance measures in terms of the Distell STI matching scheme. The company will match the deferral in shares. See page 121 for the full details of this scheme.

Long-term incentives (LTI)

Distell operates a Conditional Share Plan (CSP) scheme for selected senior managers and executive directors. The CSP scheme provides for three different instruments, namely normal performance awards, retention performance awards and outperformance awards. See page 122 for the full details of these schemes.

Salary

The salary forms the basis for calculating certain benefits and incentives.

It may be adjusted annually, taking into consideration increase mandates, market intelligence and individual merit or by collective agreement.

Benefits

We pride ourselves on our benefit offering and design and we provide the following benefits as part of our standard offering in South Africa:

Retirement fund

It is compulsory for all Distell employees to belong to either the Distell Provident Fund or Alexander Forbes Retirement Fund (Umbrella Fund). In addition to assisting employees to save for retirement, these funds also provide extensive death and disability benefits. Both funds have preservation options when exiting the fund and we encourage members to make use of this option.

Medical aid fund

All Distell employees are eligible for membership of the Distell's in-house medical aid scheme, Remedi. The scheme provides three different options from which members may choose. These options aim to accommodate the different healthcare needs and affordability levels of the diverse membership.

Company cars

Sales employees are required to travel extensively for business and these employees are provided with a company-allocated car, which may also be used (within limits) for private purposes.

Travel allowance

Employees at management level, who are required to travel for business purposes, receive travel allowances as part of their guaranteed package.

Well-being

Distell has a focused and well-maintained employee safety, health and wellness programme consisting of a comprehensive Occupational Health and Safety strategy, an Employee Assistance Programme, on-site clinics and various training interventions.

TGP

In order to remain relevant, competitive and aspirational, we continuously study market trends and best practices, and will adjust our policies and procedures where necessary.

The Group's benchmarking exercises are based on independent surveys conducted on an annual basis in the different geographies where people are employed. We currently make use of REMchannel for South Africa and Korn Ferry for all other jurisdictions.

The success of any reward offering is determined by the extent to which it complies with the principles of internal and external equity. Our reward levels compare favourably with the general market and our market comparator groups (only applicable to certain markets) which have been selected and approved by the remuneration committee.

Annual salary increases for employees outside of the bargaining unit are based on merit and directly related to the employee's continued performance assessment determined by our Employee Performance Management System. Salary increases for employees within the bargaining unit are determined by a process of collective negotiations with the applicable union(s).

The selection of benefits offered is determined by the Company's requirement to be in line with, or better, than market practice. Benefits provided are not identical in each country, and benefit sets for a specific country are determined by taking local labour legislation and market best practice into consideration.

STI scheme

All scorecards (corporate and functional) are approved by the board and cascaded into strategic or operating plans, budgets and individual employee performance scorecards.

The objective of our STI scheme is to incentivise and reward all employees for the achievement of performance targets.

Our scheme complies with the principles of the King IV, evidenced as follows:

- The bonus component of total reward is structured in such a way that a flexible bonus plan is operated, that is, where performance does not meet minimum standards, no bonus is payable;
- Annual bonuses clearly relate to performance against objectives consistent with long-term value for shareholders;
- Performance conditions and targets are tailored to the needs of the business and revised regularly to ensure they remain relevant; and
- Performance targets for threshold, target and stretch performance are robustly set and monitored.

The STI pool is self-funded and only accrues to the extent to which the budgeted financial performance conditions are met, measured over the reporting period of 12 months. STI awards are capped as a multiple of an individual's salary. The caps for the executive directors are set out below, expressed as a percentage of TGP, although the calculation as per policy is only based on salary.

CEO

ON TARGET AS % OF TGP	62
MAXIMUM AS % OF TGP	123

CFO

ON TARGET AS % OF TGP	52
MAXIMUM AS % OF TGP	104

The STI formula operates on the following basis:

STI = (Salary x maximum STI %) x (financial performance outcome [80%] + non-financial performance outcome [20%])

Performance targets for STIs

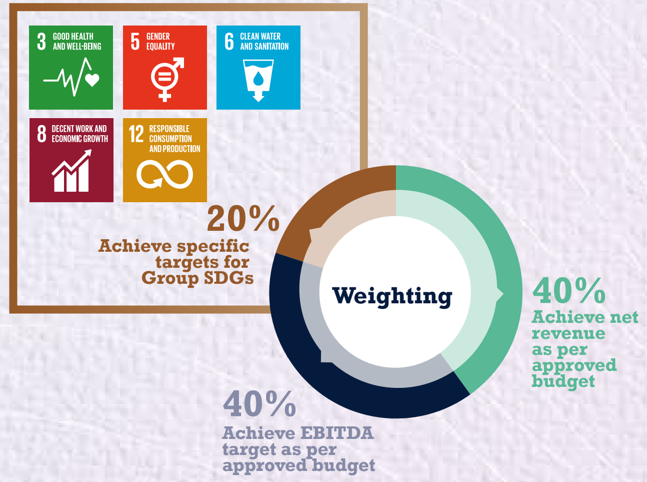
Our learnings over the last year indicate that an ideal STI structure is one which blends overall Group performance measures with key functional measures while maintaining simplicity of design and avoiding a proliferation of scorecards. Therefore, a corporate scorecard will be applicable for all employees and functional scorecards will be reintroduced limited to business units, supply chain and corporate services only.

The corporate scorecard includes a focus on two key financial performance indicators (net revenue growth and EBITDA). Given the dynamic operating environment in South Africa and bans on alcohol sales, which affect cash generation, employees' ability to control this is limited. To balance incentives and focus on the recovery of the business upon opening, the remuneration committee decided to reintroduce EBITDA as a measure versus cash generation. However, there is still a minimum target for cash generation required to attain the first hurdle, which if achieved, will ultimately result in the same outcome.

In addition to the financial performance indicators, we continue to align our business activities and programmes with the UN Sustainable Development Goals (SDGs) as a global benchmark for sustainable business. This includes allocating oversight of our primary SDGs to members of the executive team.

The non-financial measures applicable to the FY22 STI are based on our four primary SDGs (SDGs 3, 6, 8 and 12) and one of our foundational SDGs (SDG 5), and contribute 20% to the overall STI scorecard. The STI scorecard is aligned to our broader sustainability strategy, which is unpacked in detail in our sustainability report at www.distell.co.za. We are also proud to be one of the leaders in the inclusion of SDGs as a key performance target.

The table below indicates our approved STI performance conditions for FY22, which are aligned to the Group's long-term strategic and financial objectives.



Due to the commercial sensitivity of disclosing forward-looking performance condition targets, these targets will be disclosed retrospectively in the 2022 remuneration report.

STI scheme for employees with a sales focus

Employees with a specific sales focus (e.g. sales managers and sales representatives) participate in a sales incentive programme that rewards participants upon the achievement of set sales targets by, inter alia, volume, gross income and distribution. This scheme has a shorter payment cycle and employees can receive their incentives monthly and quarterly. Employees who participate in this scheme do not participate in the STI scheme described above.

STI payments upon termination of employment

Any employees (including executive directors) who leave Distell's employ during the financial year as a result of death, disability, retrenchment and retirement will receive pro-rata STIs. Employees (or executive directors) who leave for reasons other than those listed above, are not eligible for any STI payment.

Distell STI deferral and matching scheme

In addition to the normal corporate STI scorecard, there is a further, more stringent, performance condition (see below), which acts as a gatekeeper, and which needs to be met for there to be participation in this scheme. If the outperformance condition is achieved, eligible employees can elect to defer a part or all of their pre-tax STI payment into conditional shares under our CSP upon which Distell will provide matching shares on a one-to-one basis. If the outperformance scorecard is not achieved, the normal STI payment will be made in cash, with no opportunity to defer and convert to shares.

The shares (converted from outperformance STI and the matching award) will vest in equal tranches (1/3) in years three, four and five after the grant date. As the outperformance scorecard is required to be met in order to allow for participation to the scheme, no further performance conditions will be applicable. However, tenure is still required for any vesting to take place and the same termination provisions as applicable to the CSP scheme will apply. If employment with Distell is terminated before the vesting date, the deferred STI and matching award will both be forfeited, based on the bad leaver principles, without compensation to the employee.

The performance condition to be met for participation in the scheme is as follows:

PERFORMANCE CONDITION

HEADLINE EARNINGS GROWTH RATE REQUIRED

NGDP + 5%

- Nominal gross domestic product (NGDP) is a measure that reflects the value of all goods and services produced by an economy in a given year and includes inflation. Assume inflation (consumer price index) is 6% and real GDP is 1%, then the NGDP is 7%.

LTI scheme

From 2010 to 2017, Distell operated a Share Appreciation Rights (SAR) scheme for selected senior managers and executive directors. After an extensive market practice review, shareholders approved the implementation of a CSP at the October 2017 AGM. Effective 1 November 2017, all LTI awards are made in terms of the rules and conditions of the CSP. The SAR scheme is being phased out, as neither new nor top-up allocations will be granted in terms of this legacy scheme. The last tranche of the SAR scheme will vest in March 2022 and participants will have until March 2024 to exercise their SARs. All the awards made in terms of the CSP are subject to performance conditions and are used for different purposes. The CSP provides for three different types of awards, namely normal performance awards, retention performance awards and outperformance awards. The three different awards made under the CSP are detailed in the table below.

During 2020, a benchmark was conducted to determine market best practice for awarding LTIs. As a result of this exercise, Distell changed the LTI allocation methodology from a top-up approach to annual allocations, based on a market-related multiple of TGP to better align with market best practice. The new award methodology simplified the Distell LTI scheme significantly.

CSP awards

	Normal performance awards	Retention performance awards	Outperformance awards
Design	Participants are granted a right to delivery of shares on vesting date, to the extent that the performance conditions are met, and they remain employed at the time of vesting. Therefore, if, for example, 1 000 conditional shares are awarded and the performance conditions for vesting are achieved (at stretch), 1 000 Distell shares will be delivered upon vesting. Performance shares (subject to stretching financial performance conditions) are awarded annually.	The remuneration committee may grant ad hoc awards to selected employees for retention purposes. These participants are selected by considering their criticality to the business in terms of mission-critical key roles, retention risk, talent and employment equity. Participants are granted a right to delivery of shares on the vesting date, to the extent that the performance conditions set out below are met and they remain employed.	In order to drive outperformance, the remuneration committee may grant ad hoc awards to selected employees. These participants are selected based on their direct responsibility for revenue and profitability of the business, including their ability to step-change the organic and inorganic performance of the Company. Participants are granted a right to delivery of shares on the vesting date, subject to the stretch performance conditions, set out below, being met, and the individual remaining employed.
Vesting	Equal tranches (1/3) in years three, four and five after grant date.		

	Normal performance awards	Retention performance awards	Outperformance awards
Performance conditions for vesting	The rules of the CSP enable the remuneration committee to set performance conditions annually, aligned to the Group's evolving strategy. These include, but are not limited to, earnings or return conditions. The performance period will align to the Company's financial year from 1 July to 30 June. The following performance conditions and vesting levels apply:		

Normal performance awards

	Weighting	100% vesting	75% vesting	50% vesting	0% vesting
HLE growth rate required	**30%**	**NGDP + 1%**	**NGDP + 0,75%**	**NGDP + 0,5%**	**NGDP**
Revenue growth rate required	**30%**	**NGDP + 1%**	**NGDP + 0,75%**	**NGDP + 0,5%**	**NGDP**
ROIC	**40%**	**WACC + 2%**	**WACC + 1%**	**WACC + 0,5%**	**≤WACC**
Be employed		✓	✓	✓	✓

Retention performance awards

	Weighting	100% vesting
HLE growth rate required	**30%**	**NGDP**
Revenue growth rate required	**30%**	**NGDP**
ROIC	**40%**	**≥WACC**
Be employed		✓

Outperformance awards

	Weighting	100% vesting	75% vesting
HLE growth rate required	**50%**	**NGDP + 4%**	**NGDP + 2%**
ROIC	**50%**	**WACC + 2,5%**	**WACC + 1,5%**
Be employed		✓	✓

- Vesting percentages will be applied pro-rata (on a linear basis) based on the actual performance against performance condition hurdles set out in the tables above.
- Distell's average actual year-on-year performance measured over a rolling three-year period (financial year) will be used to determine the vesting of each of the three tranches.
- HLE = headline earnings.
- NGDP is a measure that reflects the value of all goods and services produced by an economy in a given year, including inflation. Assume inflation (consumer price index) is 6% and real GDP is 1%, then the NGDP is 7%.
- WACC = targeted weighted average cost of capital.

	Normal performance awards	Retention performance awards	Outperformance awards
Number of participants	Currently 121 employees, individually selected by executive directors and approved by the remuneration committee.	Currently 44 employees, individually selected by executive directors and approved by the remuneration committee.	Currently 48 employees, individually selected by executive directors and approved by the remuneration committee.

	Normal performance awards	Retention performance awards	Outperformance awards
Allocations of awards	For all participants, excluding the CEO and CFO, the annual award multiples range from 15% to 120% x TGP. Multiples for the CEO and the CFO are 160% and 120% x TGP respectively. Pro-rated awards are made if participants are within three years of retirement on award date. Awards are pro-rated as follows: **THREE YEARS FROM RETIREMENT** **67% OF ANNUAL AWARD MULTIPLE** **TWO YEARS FROM RETIREMENT** **33% OF ANNUAL AWARD MULTIPLE** **ONE YEAR FROM RETIREMENT** **11% OF ANNUAL AWARD MULTIPLE**	Allocations are made on an ad hoc basis. The final allocation quantum is determined at the discretion of the remuneration committee.	
Early termination of employment	In the event of resignation or just-cause dismissal, all unvested awards lapse. In the event of death, disability or retrenchment, unvested awards will vest pro-rata, based on the extent to which performance conditions were met. In the event of retirement (normal or early), the remuneration committee has the discretion to allow for employees to continue to participate in the CSP until vesting.		

Malus and clawback

As part of Distell's journey in continuously monitoring and implementing good governance practices, the remuneration committee implemented a malus and clawback policy during 2020. It allows the Company to reduce or recoup variable remuneration in specified circumstances where a trigger event takes place. Malus provisions apply before awards are settled or have been paid to an employee, while clawback provisions apply to awards that have already been settled or been paid to an employee.

The trigger events which will result in the application of the malus or clawback provisions include, but are not limited to:

- a material misstatement of the financial results, resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any member of the Group; and/or
- the fact that any information used to determine the quantum of an incentive remuneration amount was based on an error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the board, amounts to serious misconduct or gross negligence; and/or
- events or behaviour of a participant or the existence of events attributable to a participant led to the censure of the Company, or a member of the Group, by a regulatory authority or have had a significant detrimental impact on the Company's reputation.

MSR

During February 2021, an MSR policy was developed and introduced for executive management and executive directors. The policy requires executives to build up a minimum level of Distell shares based on a multiple of their annual TGP. Executives will have five years to comply with their respective minimum required shareholding targets. At the end of the five-year period, the minimum required shareholding target will be reviewed and a new five-year period will commence. The first five-year period commences on 1 October 2021 or on the appointment of an executive, whichever is the later.

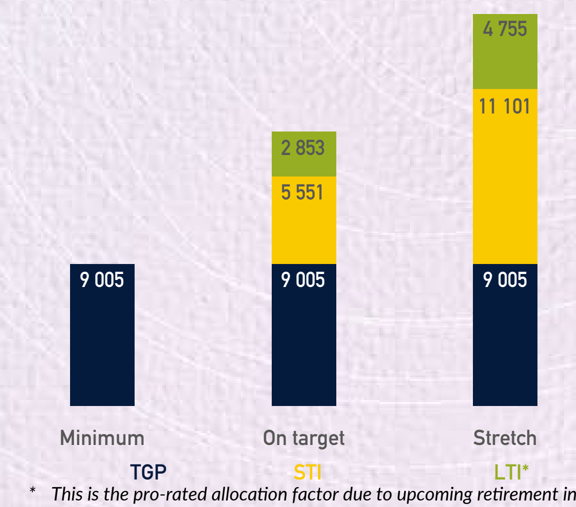
The MSRs for the CEO and CFO are 200% and 150% of TGP respectively.

Forward-looking pay mix

Below, the pay mix of Distell's executive directors is illustrated in terms of a single total figure of remuneration for a minimum, on-target and maximum performance outcome.

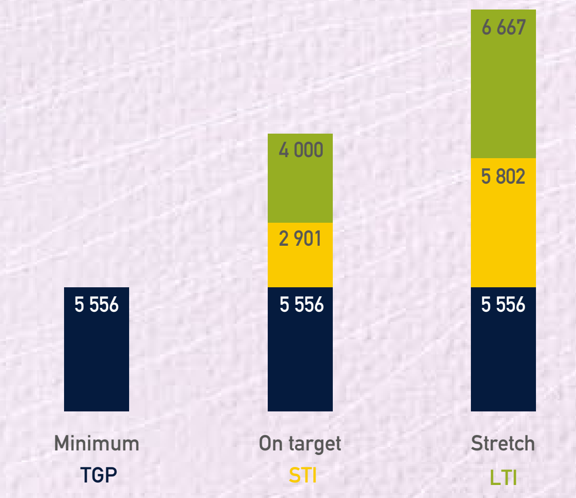
Element	Minimum	On target	Stretch
TGP	Annual estimated TGP as at July 2021, taking into account the salary reinstatement.		
STI	Nil	52% or 62% of TGP	104% or 123% of TGP
LTI	Nil	LTI multiple multiplied by the annual TGP, multiplied by 60% (which assumes an on-target vesting)	LTI multiple multiplied by the annual TGP (which assumes a stretch vesting at 100%)

CEO's estimated remuneration based on restored salary and STI earnings potential effective July 2021 (R'000)



* This is the pro-rated allocation factor due to upcoming retirement in line with LTI policy.

CFO's estimated remuneration on restored salary and STI earnings potential effective July 2021 (R'000)



Executive and senior management service agreements

Notice periods

All executives and senior management have contracts of employment with the Company. The termination notice period for the current CEO is three months. However, subsequent to his appointment, our policy with regard to notice periods changed to three months for senior and top management, and six months for the CEO and CFO. The notice period for the current CFO, who was appointed after the policy change, is six months.

Payments on termination of employment

The employment contracts of members of executive management do not compel Distell to make any payments in the event of termination of employment on account of their failures. Upon termination of employment, any payments to that executive will be made in terms of legislation. The consequences of unvested variable remuneration will be governed by the rules of the incentive plans and the basis for the termination of employment.

Non-executive directors' fees

Distell's non-executive directors are not employees of the Company, and accordingly, are not subject to contracts of employment.

Non-executive directors all receive the same fixed annual board retainer, which is augmented by fees for services rendered as members of subcommittees of the board (i.e. committee retainers). These committee fees are based on an assessment of the committee members' additional time, commitment and responsibilities. A premium is paid to the chairpersons of the board subcommittees and to the lead independent director. The current chairman of the board elected to only receive a fee equal to the fee received by members of the board. The fees of the lead independent director are fully inclusive of the subcommittees on which he serves.

Non-executive directors do not receive performance incentive payments (short or long term), pension fund benefits, loans on preferential terms, expense allowances or any other form of financial assistance. Direct expenditure incurred by non-executive directors to attend meetings or carry out their duties is carried by Distell.

The fees for non-executive directors are reviewed on a regular basis for market comparability to ensure these are fair and competitive. In conducting this market analysis, various factors are taken into account, including the size of Distell and the complexity of the work performed by non-executive directors.

The proposed non-executive directors' fees for the FY22 financial year are set out below. As noted above, and highlighted in our FY20 remuneration report, the decision was taken during the previous reporting period to apply a 12,5% reduction to the non-executive directors' fees for the FY21 period so as to align to the Company's decision not to grant increases during 2020 and implement a salary reduction of 12,5% and 10% for executives and employees respectively. As the Company restored salaries for employees effective 1 July 2021, the same principle is proposed for non-executive directors. The fees noted for FY22 below therefore include the 12,5% restoration, and a proposed adjustment for the new reporting period of 4,5%. The suggested fees and reimbursement of the previous 12,5% reduction have been approved by the board and will be tabled to shareholders for approval by special resolution in line with section 66(9) of the Companies Act. Please note these fees are VAT exclusive and where VAT has to be charged by the non-executive director, based on the South African Revenue Service ruling, this will be charged by the non-executive director in addition to these fees.

	FY21 reduced fees	FY21 restored fees	FY22 post-increase fees	% change
Board chairperson	283 490	323 989	338 569	4,5%
Board member	283 490	323 989	338 569	4,5%
Lead independent director	1 246 892	1 425 020	1 489 146	4,5%
Audit chairperson	287 846	328 967	343 771	4,5%
Audit member	143 123	163 569	170 930	4,5%
Remuneration chairperson	203 257	232 294	242 747	4,5%
Remuneration member	106 978	122 260	127 762	4,5%
Social and ethics chairperson	160 467	183 391	191 644	4,5%
Social and ethics member	95 424	109 056	113 964	4,5%
Investment chairperson	287 846	328 967	343 771	4,5%
Investment member	143 123	163 569	170 930	4,5%
Risk and compliance chairperson	287 846	328 967	343 771	4,5%
Risk and compliance member	143 123	163 569	170 930	4,5%

Shareholder engagement and voting

Our remuneration policy and our implementation report are subject to two separate non-binding advisory votes at our AGM. As per global best practice, the Group company secretary and the Group investor relations manager proactively seek both buy-side and governance rating agency views in and outside the AGM solicitation period. This ensures our approach aligns with their mandates and expectations, and with shareholder returns. Should the remuneration policy or implementation report be voted against by 25% or more of the votes exercised at the AGM, Distell will, in its voting results announcement, extend an invitation to dissenting shareholders to engage with the Company via an agreed method to garner all views in relation to the vote. The engagement can be either through one-on-one virtual meetings or written communication as preferred by the shareholder.

IMPLEMENTATION REPORT

This part of the report provides insights into the implementation of our remuneration policy during FY21.

TGP

During FY21, no increases were granted to the CEO and CFO. A 12,5% salary reduction took effect on 1 September 2020 for a period of 10 months until 30 June 2021. Salaries were restored effective 1 July 2021 and the total value of the salary reductions was settled to employees.

STI outcomes (revised scheme for FY21)

In line with our approach to COVID-19, it was decided that for FY21 all employees' STI earning potentials will be reduced to that of a 13th cheque. In the event of outstanding performance, the 13th cheque can potentially increase to a 14th cheque, equal to the normal maximum STI earnings potential.

The table below indicates the FY21 performance conditions, and actual performance versus targets that resulted in a payment of a 14th cheque for the CEO and CFO.

		Performance required			CEO		CFO	
PERFORMANCE CONDITIONS	Weighting %	On target R	Stretch R	Actual performance R	Achievement as % salary	R value	Achievement as % salary	R value
Net revenue growth	40	18 151	18 920	19 928	6,67%	510 400	6,67%	309 440
Free cash generated	40	1 604	1 777	4 107	6,67%	510 400	6,67%	309 440
SDGs								
Good health and well-being (SDG 3)	20	6/10 of measurement KPIs achieved at mid-point = 43% bonus	6/10 of measurement KPIs achieved at maximum = 100% bonus	2/2 at max	0,67%	51 040	0,67%	30 944
Gender equality (SDG 5)				2/2 at max	0,67%	51 040	0,67%	30 944
Clean water and sanitation (SDG 6)				1/2 at max	0,67%	51 040	0,67%	30 944
Decent work and economic growth (SDG 8)				3/3 at max	0,67%	51 040	0,67%	30 944
Responsible consumption and production (SDG 12)				1/1 at max	0,67%	51 040	0,67%	30 944
Total	100				16,67%	1 276 000	16,67%	773 600

STI matching scheme

No awards were made in terms of the STI matching scheme for FY21.

LTI outcomes

Achievement of performance measures

The tables below set out the achievement of performance conditions, calculated as a three-year rolling average, for the CSP awards granted in 2017 and 2018, of which the second and first tranches (1/3 each) vest in November and October 2021 respectively:

NORMAL CSP PERFORMANCE AWARDS: PERFORMANCE MEASURE	Weighting %	Performance target for 100% vesting	Actual performance achieved FY19	FY20	FY21	Actual performance % (average for three years)	Actual vesting %
Revenue growth	40	NGDP + 1%	100,0%	0,0%	100,0%	66,7%	26,7%
EBITDA growth	40	NGDP + 2%	91,7%	0,0%	100,0%	63,9%	25,6%
ROIC	20	WACC + 2%	100,0%	0,0%	100,0%	66,7%	13,3%
Total							65,6%

RETENTION CSP PERFORMANCE AWARDS: PERFORMANCE MEASURE	Weighting %	Performance target for 100% vesting	Actual performance achieved FY19	FY20	FY21	Actual performance % (average for three years)	Actual vesting %
Revenue growth	40	NGDP	100,0%	0,0%	100,0%	66,7%	26,7%
EBITDA growth	40	NGDP	100,0%	0,0%	100,0%	66,7%	26,7%
ROIC	20	>= WACC	100,0%	0,0%	100,0%	66,7%	13,3%
Total							66,7%

OUTPERFORMANCE CSP PERFORMANCE AWARDS: PERFORMANCE MEASURE	Weighting %	Performance target for 100% vesting	Actual performance achieved FY19	FY20	FY21	Actual performance % (average for three years)	Actual vesting %
EBITDA growth	80	NGDP + 5%	0,0%	0,0%	100,0%	33,3%	26,7%
ROIC	20	WACC + 2,5%	100,0%	0,0%	96,6%	65,5%	13,1%
Total							39,8%

LTI

The tables below indicate the CSP awards granted during the year, and the conditional shares and SARs not yet vested or exercised (outstanding at indicative value). They further illustrate the cash value of the CSPs vested and SARs exercised during the year, if any.

CEO

Date of grant	Final vesting date	Expiry date (SARs only)	Numbers of instruments/ shares awarded	SARs: strike price/CSP: price on grant	Total face value on grant R	Total fair value on grant R	Number of instruments/ shares vested and/or vested and exercised	Number of instruments lapsed	Closing number of unvested and/or vested but unexercised instruments/ shares	Indicative fair value of unvested and/or unexercised instruments/shares R	Number of awards exercised/ settled in year	Share price on date of exercise/settlement R	Cash value of instruments/ shares exercised/settled in year R
SARs													
Feb 2014	**Feb 2019**	**Feb 2021**	**342 834**	**139,00**	**47 653 926**	**14 673 295**	**342 834**	**–**	**342 834**	**7 776 618**	**–**	**–**	**–**
Oct 2014	**Oct 2019**	**Oct 2021**	**28 941**	**129,00**	**3 733 389**	**1 065 029**	**28 941**	**–**	**28 941**	**509 940**	**–**	**–**	**–**
Oct 2015	**Oct 2020**	**Oct 2022**	**142 116**	**170,30**	**24 202 355**	**7 333 186**	**65 658**	**76 458**	**65 658**	**866 029**	**–**	**–**	**–**
Oct 2016	**Oct 2021**	**Oct 2023**	**45 867**	**165,02**	**7 568 972**	**2 504 338**	**14 278**	**16 296**	**29 571**	**573 677**	**–**	**–**	**–**
CSPs													
Nov 2017	**Nov 2022**	**n/a**	**57 183**	**128,69**	**7 358 880**	**6 616 073**	**9 950**	**9 111**	**38 122**	**4 410 715**	**9 950**	**94,50**	**940 275**
Oct 2018	**Nov 2023**	**n/a**	**118 638**	**108,33**	**12 852 055**	**11 377 384**	**–**	**–**	**118 638**	**11 377 384**	**–**	**–**	**–**
Apr 2019	**Apr 2024**	**n/a**	**34 761**	**129,44**	**4 499 464**	**4 164 368**	**–**	**–**	**34 761**	**4 164 368**	**–**	**–**	**–**
Oct 2019	**Oct 2024**	**n/a**	**45 756**	**136,39**	**6 240 661**	**5 605 110**	**–**	**–**	**45 756**	**5 605 110**	**–**	**–**	**–**
Oct 2020	**Oct 2025**	**n/a**	**106 440**	**80,00**	**8 515 200**	**7 759 476**	**–**	**–**	**106 440**	**7 759 476**	**–**	**–**	**–**
Retention CSPs													
Nov 2017	**Nov 2022**	**n/a**	**135 063**	**128,69**	**17 381 257**	**15 626 789**	**23 996**	**21 025**	**90 042**	**10 417 859**	**23 996**	**94,50**	**2 267 622**
Apr 2019	**Apr 2024**	**n/a**	**5 325**	**129,44**	**689 268**	**637 935**	**–**	**–**	**5 325**	**637 935**	**–**	**–**	**–**
Outperformance CSPs													
Nov 2017	**Nov 2022**	**n/a**	**125 058**	**128,69**	**16 093 714**	**14 469 211**	**5 336**	**36 350**	**83 372**	**9 646 140**	**5 336**	**94,50**	**504 252**
Oct 2020	**Oct 2025**	**n/a**	**47 660**	**80,00**	**3 812 800**	**3 474 414**	**–**	**–**	**47 660**	**3 474 414**	**–**	**–**	**–**

CFO

Date of grant	Final vesting date	Expiry date (SARs only)	Numbers of instruments/ shares awarded	SARs: strike price/CSP: price on grant	Total face value on grant R	Total fair value on grant R	Number of instruments/ shares vested and/or vested and exercised	Number of instruments lapsed	Closing number of unvested and/or vested but unexercised instruments/ shares	Indicative fair value of unvested and/or unexercised instruments/shares R	Number of awards exercised/ settled in year	Share price on date of exercise/settlement R	Cash value of instruments/ shares exercised/settled in year R
SARs													
Mar 2015	Mar 2020	Mar 2022	48 450	152,00	7 364 400	1 782 960	48 450	–	48 450	1 154 079	–	–	–
Oct 2015	Oct 2020	Oct 2022	56 451	170,30	9 613 605	2 912 872	26 081	30 370	26 081	344 008	–	–	–
Oct 2016	Oct 2021	Oct 2023	55 314	165,02	9 127 916	3 020 144	17 220	19 652	35 662	691 843	–	–	–
CSPs													
Nov 2017	Nov 2022	n/a	20 574	128,69	2 647 668	2 380 412	3 580	3 278	13 716	1 586 941	3 580	94,50	338 310
Oct 2018	Nov 2023	n/a	35 631	108,33	3 859 906	3 417 013	–	–	35 631	3 417 013	–	–	–
Apr 2019	Apr 2024	n/a	24 925	129,44	3 226 292	2 986 015	–	–	24 925	2 986 015	–	–	–
Oct 2019	Oct 2024	n/a	13 449	136,39	1 834 309	1 647 503	–	–	13 449	1 647 503	–	–	–
Oct 2020	Oct 2025	n/a	73 638	80,00	5 891 040	5 368 210	–	–	73 638	5 368 210	–	–	–
Retention CSPs													
Nov 2017	Nov 2022	n/a	53 619	128,69	6 900 229	6 203 718	9 526	8 347	35 746	4 135 812	9 526	94,50	900 207
Apr 2019	Apr 2024	n/a	467	129,44	60 448	55 947	–	–	467	55 947	–	–	–
Outperformance CSPs													
Nov 2017	Nov 2022	n/a	116 562	128,69	15 000 364	13 486 223	4 973	33 881	77 708	8 990 816	4 973	94,50	469 949
Oct 2020	Oct 2025	n/a	22 092	80,00	1 767 360	1 610 507	–	–	22 092	1 610 507	–	–	–

Malus and clawback

No known events required the remuneration committee to consider the malus and clawback policy during the year. Therefore, no incentive awards were affected through the application of malus and/or clawback.

MSR

The MSR policy takes effect from October 2021 and the first measurement of executive director compliance will therefore take place in October 2026.

Single figure remuneration

The Group has two executive directors, the CEO and CFO. Their compensation is disclosed in note 34 of the Group annual financial statements. The total remuneration of the executive directors was as follows:

1 July 2020 to 30 June 2021

	Salaries R'000	Retirement fund contribution* R'000	Medical aid contribution R'000	Vehicle benefit R'000	TGP R'000	STI R'000	LTI R'000	2021 total R'000
Richard Rushton	6 859	790	48	457	8 154	1 276	14 226	23 656
Lucas Verwey	4 158	484	58	343	5 043	774	6 650	12 466

* The retirement fund values include the re-imbursement of the June to November 2020 reduced company contributions.

Please note that this table reflects the actual 12 months' figures including the salary reduction (September 2020 to June 2021). The LTI reflects all vested awards with a performance period ending in June 2021.

1 July 2019 to 30 June 2020

	Salaries R'000	Retirement fund contribution R'000	Medical aid contribution R'000	Vehicle benefit R'000	TGP R'000	STI R'000	LTI R'000	2020 total R'000
Richard Rushton	6 980	735	42	454	8 211		2 997	11 208
Lucas Verwey	4 347	454	54	341	5 196		1 379	6 575

Please note that this table reflects the actual 12 months' figures including a salary sacrifice to Solidarity (April to June) and reduced Company contributions (June). The LTI reflects all vested awards with a performance period ending in June 2020.

Non-executive directors' fees

The actual fees (excluding VAT) for the non-executive directors for FY21 are set out below:

	2021				
	Reduced fees R'000	Other* R'000	Total R'000	2020 R'000	% change
Jannie Durand	678	94	772	688	12,2%
Gugu Dingaan	980	98	1 078	1 121	(3,8%)
Prieur du Plessis	810	23	833	918	(9,3%)
GCJ Tielenius Kruythoff	427	20	447	501	(10,8%)
Pieter Louw	820	18	838	930	(9,9%)
Joe Madungandaba	283	44	327	300	9,0%
Ethel Matenge-Sebesho	665	24	689	769	(10,4%)
Chris Otto	534	94	628	622	1,0%
André Parker	1 247	97	1 344	1 373	(2,1%)
Catharina Sevillano-Barredo	858	86	944	957	(1,4%)

* Other fees relate to the actual liquor benefit used as well as deal committee attendance during the financial year.

RISK AND COMPLIANCE COMMITTEE REPORT

Chairperson

Prieur du Plessis (independent non-executive)

Members

Bridgitte Backman (executive management) – resigned 28 February 2021

Gugu Dingaan (independent non-executive)

Pieter Louw (non-executive)

Ethel Matenge-Sebesho (independent non-executive)

Richard Rushton (executive director)

Catharina Sevillano-Barredo (independent non-executive)

The risk and compliance committee (the committee) operates under a board-approved terms of reference, which is based on the principles of King IV and the International Organization for Standardization (ISO) 31 000, and reviewed annually (latest update 23 August 2021). The chairperson of the audit committee is also a member of this committee, and the chief risk officer is separate from the chief audit executive. The CEO is a member of the committee. Other executives and experts may attend the meetings by invitation.

For members' skills and experience see page 96. For meeting attendance see page 104.

ERM POLICY STATEMENT

The Distell board has committed the Group to a process of risk management that is aligned with international best practice.

Effective risk management is essential to ensure the generation of attractive and sustainable returns for Distell shareholders, in the context of our dynamic local and international markets. By understanding and managing risk, we will provide greater dependability and credibility to shareholders, employees, customers and other stakeholders. We will be better informed, more decisive about key risk exposures and act with increased confidence in the implementation of the programmes underpinning our growth strategy.

An effective risk management framework and methodology will exploit opportunities and create benefits while managing potential exposures, thereby protecting shareholder value and supporting the achievement of our strategic objectives.

Our risk taking behaviour is aligned with our risk appetite as outlined in our risk appetite framework. Risk appetite and tolerance levels for strategic business objectives have been set in alignment with the strategic ambitions of our Group and should be used in line with the framework. The board endorsed the revised appetite and tolerance levels during February 2021, and the committee reviews the schedule bi-annually. Action plans are documented in response to risk appetite and tolerance thresholds that are breached.

HOW THE GROUP MANAGES RISK

The responsibility and accountability for implementation of risk management rests with management and employees. The board retains accountability and responsibility for the overall process of risk management.

Group-wide strategic risk assessments are conducted quarterly. Operational risks are reviewed monthly and form part of the executive sales and operation planning meetings and the leadership team meetings of the business units.

The Group's material risks are listed on page 31.

Rating methodology

A risk rating matrix is used to determine the severity of risks based on their potential impact and probability.

The potential impact is based on a combination of financial indicators, reputation, brand protection, compliance and people. Probability varies from frequently to rare and is based on the likelihood of the event happening within a certain timeframe.

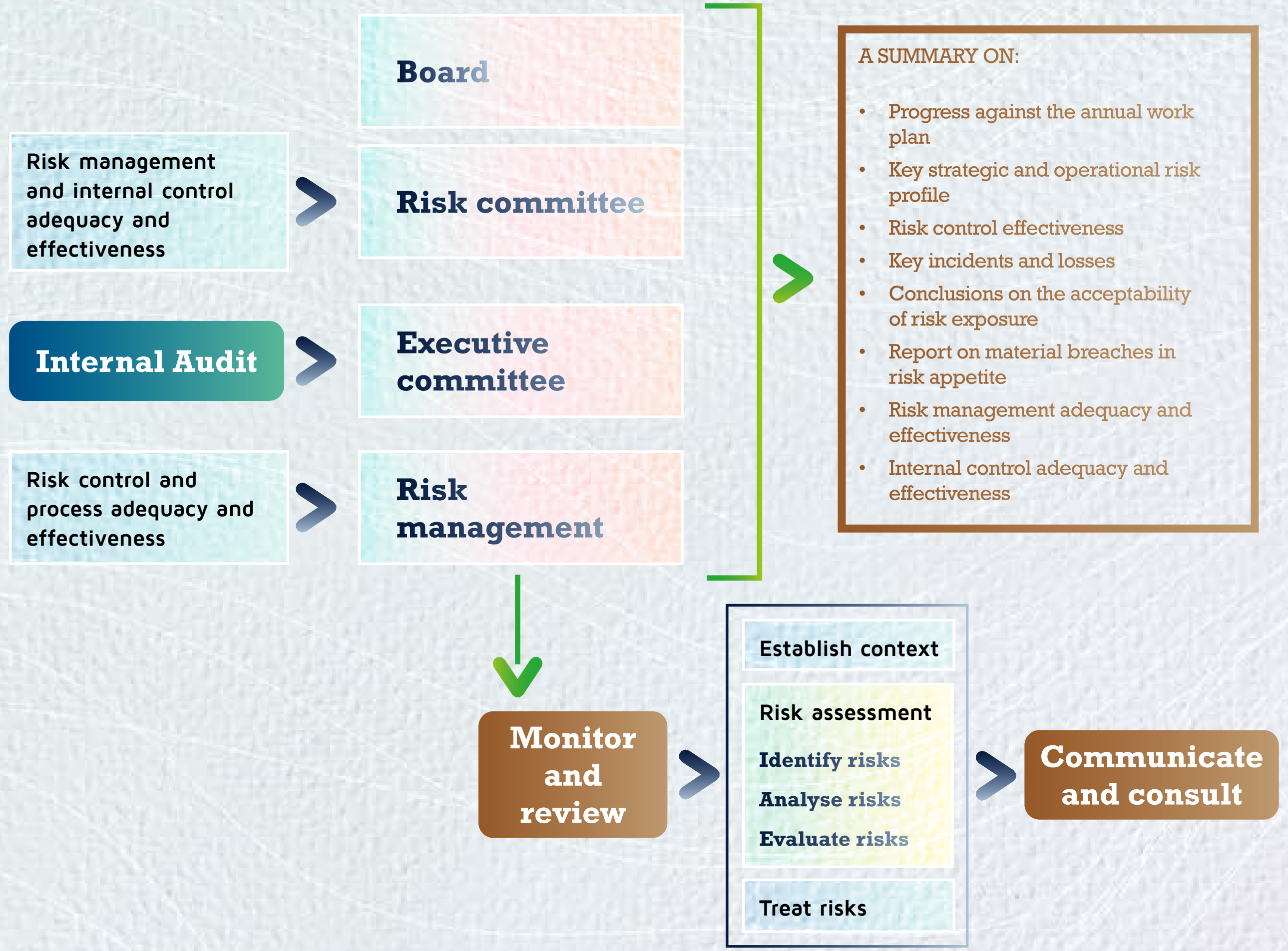
Bearing in mind that the operations in South Africa, the rest of Africa and our international footprint have varied impacts on the business, bespoke rating methodologies are used to determine the severity of the risk per country and the Group as a collective.

Responsibilities

No significant changes were made to the committee's responsibilities, which are detailed in the terms of reference and include, among others:

- Helping to set the tone and developing a culture pertaining to risks of the Company, specifically by promoting open discussions regarding risks and ensuring the integration of risk management into the Group's objectives and goals
- Evaluating the adequacy of communication about escalating risk and the Company's crisis preparedness, disaster recovery and business continuity processes and plans
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed, and the risk management plan is integrated in the daily activities of the Company
- Reviewing and assessing the Company's risk maturity, i.e. the effectiveness of the Company's enterprise-wide risk assessment processes and risk management
- In collaboration with the audit committee, understanding how the Company's internal audit work plan is aligned with the risks that have been identified and with risk governance information needs
- Ensuring the ICT strategy is aligned with the performance and sustainability objectives of the Company, including making sure the ICT strategy is integrated with the Company's strategic and business processes
- Monitoring and evaluating significant ICT investments and expenditure
- Ensuring the promotion of an ethical legislative compliance culture
- Reviewing and approving a legal compliance framework and policy and ensuring they are implemented by management
- Monitoring the Company's compliance with applicable laws, rules, codes and standards and considering adherence to instances where these are non-binding

This list is not exhaustive.



TECHNOLOGY, COMMUNICATION AND INFORMATION GOVERNANCE

Overview

Distell's IT ecosystem has evolved due to the implementation of its digital transformation strategy and the acceleration of a dynamic workforce during COVID-19. In addition, the promulgation of data protection regulations worldwide, including the ever-changing cyber threat landscape, has forced companies to prioritise IT risk management, considering the potential risk with every significant decision.

Digital risk landscape

Distell is making steady progress in digitally transforming key business processes, expanding on e-commerce, moving IT workloads (and technical debt) to the cloud, and maturing data and analytics capabilities. Public-facing digital assets are being consolidated, streamlined and risk adjusted.

Dynamic workforce

COVID-19 is having a profound impact on the way Distell does business. When the COVID-19 lockdown was announced, Distell responded swiftly, leveraging already-in-place capabilities. Employees were equipped to work from home, given the various requirements for connectivity, hardware, access, etc. This allowed them to perform their duties from anywhere, anytime, and securely.

Communication and collaboration platforms for communicating, socialising, sharing and saving information have become more important than ever. Distell is responding by implementing industry-leading solutions.

Cyber risk/business resilience

Distell's current key IT-related risks

1. Customer-facing digital asset risk: Fraudulent websites, social media pages, mobile apps, etc. affecting the 'digital trust' of Distell's customers and consumers
2. Breakdown or unavailability of business-critical information services: Deterioration, saturation or unavailability of business-critical digital infrastructure or services as a result of incidents – physical and cyber
3. Credential harvesting and phishing attacks: Fake emails and websites tricking employees into disclosing their Distell usernames and passwords so that these can be used for further cyber breaches
4. Information system vulnerabilities and unsecured configuration
5. Employee cyber risk awareness and culture

Distell responded to these risks by leveraging a combination of people, processes and technology in order to reduce the potential impact of these risk events.

ICT risk profile going forward

With the Fourth Industrial Revolution materialising, robotic process automation, e-commerce, cloud-based operations and the convergence of information systems with operational manufacturing technology are developing rapidly at Distell. Emerging risks relate to the remote workforce, the use of personal devices and employees' limited understanding of prominent cyber threats. Supply chain risk is unfolding, and combating this threat requires an understanding of risks posed by third, fourth and fifth parties, as well as the new levels of due diligence regarding upstream service providers.

Our technology, data and information risk outlook will focus on:

- Cyber attack risks
- Dynamic workforce risks
- Data privacy risks
- Process automation risks
- Third-party risks
- Compliance risks
- Cloud-related risks
- Business resiliency risks

Improving and fostering a digital risk culture remains a priority for Distell, ensuring stakeholders are aware of the hidden risks in the cyber world and how intangible assets like data/information can have a significant impact on doing modern day business. The rewards of a digital transformation journey can only be fully realised if the associated digital risks are managed.

COMPLIANCE WITH LAWS AND REGULATIONS

The committee completed its second annual review of the Group's regulatory universe during June 2021. The regulatory universe was reviewed and each applicable law was classified as high, medium or low based on the Group's exposure and the responsible department identified. Monitoring of compliance is done through self-evaluation, internal audit validation or external verification. No significant non-compliance was identified.

The committee further confirmed the continued compliance with the European Union's General Data Protection Regulation, and with the commencement date of the Protection of Personal Information Act, No. 4 of 2013 being 1 July 2020, the committee reviewed the status and project implementation plan.

ACTIVITIES IN 2021

Risk management outside of South Africa

During the year, more emphasis was placed on the risk management processes of our international operations and the rest of the African continent, starting with a holistic review of the risk management process of our Kenya business, Kenya Wine Agencies Limited.

A quarterly African regulatory committee was created to consider, manage and mitigate any regulatory risks, alcohol related or otherwise.

THE EFFECTIVENESS OF THE RISK MANAGEMENT PROCESS

The board, via the committee, has considered the ERM process, policies and procedures and is satisfied that the risk management process implemented in the Group was effective during the reporting period. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

Prieur du Plessis
Chair of the risk and compliance committee
Stellenbosch
20 September 2021

SOCIAL AND ETHICS COMMITTEE REPORT

Distell is committed to continuous growth as a good corporate citizen for the benefit of all stakeholders. The social and ethics committee supports the board in this commitment by monitoring the Group's environmental, social and governance (ESG) performance. In 2021, the committee played a critical role in overseeing stakeholder engagement to ensure that issues and concerns were addressed and responded to accordingly.

Chairperson

Gugu Dingaan (independent non-executive)

Members

Prieur du Plessis (independent non-executive)
Ethel Matenge-Sebesho (independent non-executive)
Richard Rushton (executive director)

The committee's role and responsibilities are governed by formal terms of reference, which is reviewed and approved annually by the board. The chair of the committee presents this report, prepared per the requirements of the Companies Act and King IV.

For members' skills and experience see page 96, for meeting attendance see page 104.

REPORTING

Legislation, legal requirements and codes of best practice

The committee's oversight role includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice.

In executing its responsibilities, the committee considered and monitored Distell's activities with respect to SHERQ (Safety, Health, Environment, Risk, Quality), sustainability, social and economic development, labour and employment, good corporate citizenship, consumer relations, B-BBEE, Employment Equity, ethics and stakeholder relationships while having due regard to relevant legislation, human rights and prevailing best practice.

The committee monitored compliance with the goals and purposes of the 10 principles of the United Nations Global Compact (UNGC) and the Organisation for Economic Cooperation and Development's recommendations regarding corruption. Distell is a participant of the UNGC and an active member of the local network, Global Compact Network South Africa (GCNSA).

Public reporting and assurance

The committee, together with the audit committee and risk and compliance committee, is responsible for reviewing and approving the sustainability report and the sustainability content included in the integrated report, as well as determining and making recommendations on the need for external assurance of the Group's public reporting on its sustainable development performance.

The committee is also required to report on the matters within its mandate at the AGM, to be held on 24 November 2021. In the notice of AGM, shareholders are referred to this report by the committee, read with the detailed sustainability report, available at www.distell.co.za. Any questions to the committee may be sent to the company secretary.

KEY AREAS OF COMMITTEE OVERSIGHT IN 2021

During the year under review, the committee received and reviewed reports concerning the areas outlined below. Overall, the committee is satisfied that Distell is fulfilling its social and ethical obligations as a good corporate citizen. The Group's sustainability report provides detail on initiatives mentioned in this report, and is available at www.distell.co.za.

Stakeholder relations

The committee noted and approved updates to the detailed stakeholder segmentation strategy and approach and key stakeholder relations interfaces.

Key areas of oversight included:

- Supporting management in engaging with employees regarding difficult trade-offs required to preserve employment and balance employees' safety and well-being while managing the impact of the pandemic and government-imposed alcohol bans on Distell's profitability. Detail can be found in the remuneration report on page 113.
- Engagement with government and industry bodies on alcohol harm reduction and safe consumption. Distell pursued constructive and open engagement, underpinned by a clear commitment to promoting responsible consumption and a culture of moderation. See the messages from the chairman (page 47) and CEO (page 50) for more.
- Overseeing collaboration and effective partnerships with stakeholders along the Group's value chain. Multi-stakeholder collaboration is embedded in the Group's sustainability strategy – as seen by its commitment to SDG 17 as a foundational goal. During the year, the Group took steps to develop new and innovative partnerships to help deliver on its purpose of creating memorable moments, crafting a better future. Detail can be found in the sustainability report at www.distell.co.za.

Social and economic development

B-BBEE

In recent years, Distell has taken a focused approach to B-BBEE and its related elements. A concerted effort has been made to ensure the integration of projects across the scorecard for maximum impact. Business functions have taken ownership of the work in their area of responsibility. The committee noted that this continuous tracking process does assist with being intentional and focused about the impact of our initiatives and with the effectiveness of the B-BBEE verification process.

The Distell Development Trust (the Trust) is an important contributor toward the ownership element of the Distell's B-BBEE score. The Trust is a B-BOS (Broad-based Ownership Scheme) and therefore it must fulfill its mandate for the B-BBEE ownership points to be recognised. This is assessed by an Independent Competent Person's Report.

The B-BBEE codes were revised in 2020, with changes particularly impacting the skills development element. The impact of these changes was compounded by COVID-19 which prevented planned training from taking place. This substantially decreased the previous skills development score. In 2021, the business impact of lockdowns and alcohol sales bans further delayed planned expenditure on various programmes related to the other elements of the B-BBEE scorecard, including preferential procurement, management control and employment equity.

As a result, the Group's B-BBEE score is level 4.

Employment Equity and management control

Distell's revised National Employment Equity Plan 2020 – 2024 has been rolled out across all business functions and sets key workforce transformation milestones. Transformation and diversity targets include a 75% directive on African, Coloured and Indian (ACI) appointments and promotions; and a 50% female directive on appointments and promotions.

During the year, the Group made good progress in year two of its National Employment Equity Plan by maximising appointments and promotions despite a decline in recruitment opportunities when compared to previous years. Employment equity targets for previously disadvantaged individuals were exceeded: 100% of top and senior management appointments have been ACI candidates and 75% of promotions have been ACI candidates. In addition, 37% of total appointments and 35% of promotions went to women.

Distell was added to the UN's global list of signatories committed to making a difference for gender equality and women's empowerment in the workplace, marketplace and community. Some initiatives aimed at advancing transformation efforts and supporting women included:

- A review of the Group's maternity policy
- A pilot project to introduce nursing rooms at Distell facilities
- Various gender empowerment initiatives, including an updated gender policy, the NION (Not In Our Name) campaign and a gender-based-violence pledge which has been signed by most employees and the board.

On 20 July 2020, the Minister of Employment and Labour gazetted an Employment Equity Amendment Bill to be introduced in parliament regarding sectoral targets, which will encourage companies to move away from company set targets to government set targets. The committee noted various initiatives by Group management, with the intent to align with these requirements over time.

Skills development

Distell continues to implement skills development initiatives that provide meaningful opportunities to grow its talent pipeline. This is achieved through training programmes such as internships, learnerships, skills programmes targeting high performing individuals, apprenticeships and adult basic education.

In 2021, the Group spent R24,5 million on training initiatives (2020: R24,6 million). The percentage of previously disadvantaged individuals who took part in training initiatives is as follows: 99,6% of all learnerships, 100% of all internships, 59,1% of leadership programmes and 87,0% of other training initiatives, including skills and mentorship programmes.

Enterprise and supplier development

In South Africa, entrepreneurship and the growth of SMEs are widely recognised as critical to achieve inclusive economic growth and development and stimulate job creation. Distell leverages its purchasing power and networks to support a growing pool of black-owned suppliers and enterprise and supplier development beneficiaries.

Notwithstanding the difficult operating environment, Distell maintained its over R100 million portfolio of support to qualifying SMEs.

Preferential procurement

Distell's vision for procurement is to drive sustainable value and economic inclusion through smart expenditure management that enables innovation and builds quality partnerships along its value chain. Preferential procurement is a priority element of the B-BBEE scorecard that encourages the use of black-owned and black women-owned businesses as suppliers and partners. Distell also assists suppliers with transforming their own scorecards.

In 2021, Distell's preferential procurement score (as per the amended codes) increased by 10,7% on the previous year. We increased procurement spend as a percentage of total procurement spend with black-owned businesses to 25,4%, and with black women-owned businesses to 18,0%.

Socio-economic development

Performance was tracked and reported against the integrated socio-economic development strategy. Together with its strategic partners, Distell implements key projects to decrease vehicle accidents attributable to drink driving, the incidence of babies born with fetal alcohol spectrum disorder (FASD) and the incidence of gender-based violence. These projects are informed by targeted research and implementation to deliver impactful and measurable results.

SDGs

Management's focus and approach of an integrated model for sustainability, delivering sustainable value across people, planet and profit within its purpose was noted and approved by the committee.

Distell has identified four primary SDGs and two foundational SDGs as part of its strategy. These SDGs are now fully integrated into the Group's business strategy, under the revised strategic ambition of 'creating shared value', which recognises the fact that sustainability is central to Distell's long-term success. See the strategy section on page 38 for more.

Plastics Pact

Distell is a founding member of SA Plastics Pact, a collaborative initiative that aims to keep plastic in the economy and out of the natural environment by moving away from a linear economy (take, make and dispose of plastic) towards a circular economy. The Plastics Pact has set the following 2025 targets:

- Eliminate unnecessary and problematic plastic packaging
- 100% of plastic packaging to be reusable, recyclable or compostable
- 70% of plastic packaging effectively recycled
- 30% average recycled content across all plastic packaging

More detail about SA Plastics Pact initiatives can be found in the sustainability report online.

Environment, public health and safety

SHERQ (safety, health, environment, risk and quality)

To provide employees with a working environment where they feel safe and can do their job without any risk to their health and well-being, Distell has an occupational health and safety strategy, an employee safety, health and wellness programme and an employee assistance programme.
The committee received reports on the effectiveness and progress of these strategies and programmes. Several virtual audits were completed, with most external auditors agreeing that external verification on a systems level is adequate.

The committee is satisfied that the training, screening and staggered shift COVID-19 protocols implemented by the Group ensured the safe return to work for all employees.

The committee further reviewed Group management's risk and physical security assessment, and approved its four-point security strategy. Recommendations were made on how to leverage technology and internal systems were enhanced.

Environmental sustainability

Distell's long-term sustainability is intrinsically linked to the environment and the natural resources on which it depends. Supply chain practices must be efficient, agile and geared to protect the planet, while meeting customers' requirements. Linked to the planet pillar of our sustainability strategy, we monitor performance against our 2025 aspirational goals related to water, electricity, fossil-fuel-based energy usage, GHG emissions and wastewater discharged. Our 2020 intensity targets were revised with our 2025 aspirational goals. The revised 2025 aspirational goals will be broken down into annual sub-targets to help us drive yearly improvements and ensure we reach our long-term goals.

Quality assurance and control

Quality is a critical component to ensure Distell delivers superior and safe products and packaging. Distell's quality scorecard was carefully monitored and its performance against targets tabled e.g. explaining the root causes and mitigating actions taken and how Distell manages potential crisis situations and communication to its customers, consumers and employees.

Human rights

Distell management combined all human rights policies within the Group to compile an integrated policy that complies with all relevant legislation. International human rights frameworks were followed to ensure all business divisions, as well as suppliers and the extended value chain are included. The 10 UNGC principles and Distell's vision and purpose were also integrated into the combined policy.

A self-assessment on Distell's adherence to all elements of the policy was completed and feedback on key actions to embed the policy was noted by the committee.

Labour and employment

The committee received reports on employment relationships, organised labour and the International Labour Organisation Protocol on decent work and working conditions. The committee noted the reports on human rights, labour and employment and were satisfied that Distell prioritises human rights matters.

Good corporate citizenship

Alcohol harm reduction

Distell is committed to drive real, meaningful and measurable change in consumer drinking behaviour. The Group's response includes its Social Compact undertaken with external stakeholders, civil society and local industry to launch programmes and related campaigns focused on alcohol harm reduction. This is bolstered by long-term partnerships with aware.org.za, FARR and FASfacts.

Management presented initiatives including the responsible trader programme, road safety programmes, gender based violence and femicide initiatives, responsible consumption of alcohol campaigns and collaboration with strategic partners. The committee noted details of each of the behavioural change initiatives and the number and impact of interventions.

Compliance, anti-bribery and corruption

Anti-bribery, fraud and corruption strategies are integrated into the Group's overall business strategy and ensure compliance with relevant legislation and government initiatives.

The committee studied an overview of compliance actions taken, which was subsequently included in internal Group communications to set the exemplary tone from the top. In addition, a virtual compliance training session reached 900 employees.

The Committee noted an overview of the Protection of Personal Information Act (POPIA), and oversaw management actions, including the appointment of an independent service provider, to ensure compliance. All Group entities were fully compliant with the provisions of POPIA by 1 July 2021.

COMMITTEE FOCUS AREAS FOR 2022

As we move into 2022, the social and ethics committee will continue to support Distell in fulfilling its role as an ethical and responsible corporate citizen. A key area in this regard will be monitoring the Group's focus on improved disclosure for environmental and social performance. In particular, the committee will increase its governance and oversight of disclosure by identifying a list of material ESG-related topics that will be reported on as and when there are significant changes rather than only during mandated committee meetings.

We will also evaluate how our SEC meetings are structured to ensure that we address Distell's key ESG themes, in line with the Group's commitment to align its reporting with global best practice. For example, ensuring comprehensive feedback on matters such as climate change and the Group's application of reporting standards and frameworks such as the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The Group is on the right track, as can be seen by Distell retaining its certification as a constituent company in the FTSE4Good Index Series.

Other focus areas include:

- Monitoring the implementation of Distell's planned COVID-19 vaccination drive for employees and communities
- Monitoring the Group's actions to promote employee wellbeing in the workplace, particularly assisting employees to rebuild and recover from the devastating impact of COVID-19 on their lives
- Monitoring Distell's delivery and progress on the SDGs
- Overseeing the Group's approach to stakeholder engagement, with a particular focus on Distell's various initiatives that impact society at large
- Monitoring the Group's partnership and collaboration with government to promote responsible alcohol consumption and reduce the negative impact thereof
- Continuing to focus on executive management's efforts to improve the management control and employment equity elements of the B-BBEE scorecard

Distell has made good progress in recent years to establish strong partnerships that position it well to deliver positive environmental and social impact at scale. This is important not only in living its purpose but also in supporting its vision of making a difference by creating shared value in its chosen markets.

Gugu Dingaan
Chair of the social and ethics committee
Stellenbosch
20 September 2021

2021 SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

for the year ended 30 June 2021

The summary consolidated financial statements of the Group are the responsibility of the directors of Distell Group Holdings Limited. In discharging this responsibility they rely on the management of the Group to prepare the annual financial statements, separately available on www.distell.co.za, in accordance with International Financial Reporting Standards (IFRS) and the South African Companies Act (No. 71 of 2008). As such, the summary consolidated financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the summary consolidated financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the Company and Group have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The annual financial statements support the financial viability of the Company and the Group.

The independent auditing firm, PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the Group annual financial statements from which the summary consolidated financial statements were derived. The directors believe that all presentations made to the independent auditor during this audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 143.

The summary consolidated financial statements as set out on pages 144 to 161, were supervised by the Group chief financial officer, Lucas Verwey CA(SA), approved by the board of directors and are signed on its behalf:

JJ Durand
Chairman

RM Rushton
Group chief executive officer

Stellenbosch
20 September 2021

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act I, Lizelle Malan, being company secretary of Distell Group Holdings Limited, hereby certify that all returns and notices of Distell Group Holdings Limited required in terms of the Companies Act have in respect of the year under review, been filed with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

L Malan
Company secretary

Stellenbosch
20 September 2021

INDEPENDENT AUDITOR'S REPORT

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF DISTELL GROUP HOLDINGS LIMITED

Opinion

The summary consolidated financial statements of Distell Group Holdings Limited, set out on pages 144 to 155 of the 2021 Integrated Annual Report, which comprise the summary consolidated statement of financial position as at 30 June 2021, the summary consolidated income statement, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Distell Group Holdings Limited for the year ended 30 June 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 20 September 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: RM Labuschaigne
Registered Auditor

Stellenbosch, South Africa
20 September 2021

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AUDITED 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

SUMMARY CONSOLIDATED INCOME STATEMENT

	AUDITED 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	(100,0)
– Final	–	–	–
	–	174,0	(100,0)
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

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	AUDITED 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

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	AUDITED 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

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	AUDITED Year ended 30 June 2021 R'000	AUDITED 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 SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. BASIS OF PREPARATION, ACCOUNTING POLICY AND COMPARATIVE FIGURES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the 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 summary consolidated financial statements, prepared under supervision of the Group chief financial officer, LC Verwey CA(SA).

The accounting policies applied in the preparation of the 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 other 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.

	AUDITED 30 June 2021 R'000	AUDITED 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

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

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.

Audited year ended 30 June 2021	South Africa R'000	BLNE R'000	Rest of Africa R'000	Interna-tional 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	

7. SEGMENTAL AND REVENUE ANALYSIS *CONTINUED*

Audited 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:

Category	AUDITED 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

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

	AUDITED 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:		
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 summary 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.

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.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

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 summary 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 R1,3 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.

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.

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

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 162.

The current and prior year numbers, as presented in the tables below, were extracted without adjustments from the summary 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.

	AUDITED 30 June 2021 R'000	RESTATED 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.

13. PRO FORMA INFORMATION *CONTINUED*

	AUDITED 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

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

13. PRO FORMA INFORMATION *CONTINUED*

The current and prior year numbers, as presented in the table below, were extracted from the consolidated annual financial statements for the years ended 30 June 2021 and 30 June 2020 respectively, with the 2019 numbers extracted from the comparatives in the 2020 financial statements. The margins represent those achieved on non-duty paid revenue, in other words the revenue generated for the year excluding excise duties, on a normalised basis. The adjustments made in this regard have been explained in the previous tables within this note.

The measures noted below have been presented for the 2021, 2020 and 2019 financial years to include a comparison to pre-COVID-19 levels in 2019.

	AUDITED	RESTATED	RESTATED	Change %	
	30 June 2021	30 June 2020	30 June 2019		
	R'000	R'000	R'000	vs FY20	vs FY19
Gross margin					
Gross margin is calculated as follows:					
Gross profit/(Revenue – Excise duty)					
Revenue	28 254 542	22 370 224	26 179 580		
Costs of goods sold	(20 430 795)	(16 065 724)	(18 090 006)		
Gross profit	7 823 747	6 304 500	8 089 574	24,1%	(3,3%)
Revenue	28 254 542	22 370 224	26 179 580		
Excise duty	(8 302 903)	(6 301 072)	(7 105 399)		
Revenue – Excise duty	19 951 639	16 069 152	19 074 181	24,2%	4,6%
Gross margin	39,2%	39,2%	42,4%		

13. PRO FORMA INFORMATION *CONTINUED*

The adjustments below represent a restatement of the 2020 foreign amounts using the current year aggregated daily average exchange rates as explained above.

	AUDITED	RESTATED	RESTATED	Change %	
	30 June 2021	30 June 2020	30 June 2019		
	R'000	R'000	R'000	vs FY20	vs FY19
Gross profit	7 823 747	6 304 500	8 089 574	24,1%	(3,3%)
Adjusted for:					
Prior year restatement to current year aggregated daily average exchange rates	–	62 887	195 108		
Exclusion of effect of conversion of foreign currency monetary assets and liabilities to the reporting currency					
– Other major currencies	228 179	(267 745)	(40 882)		
– Kwanza (in associate)	9 603	9 374	58 364		
Normalised gross profit adjusted for foreign exchange movements	8 061 529	6 109 016	8 302 164	32,0%	(2,9%)
Revenue	28 254 542	22 370 224	26 179 580	26,3%	7,9%
Adjusted for:					
Prior year restatement to current year aggregated daily average exchange rates	–	187 800	368 379		
Normalised revenue adjusted for foreign exchange movements	28 254 542	22 558 024	26 547 959	25,3%	6,4%
Excise duty	(8 302 903)	(6 301 072)	(7 105 399)	31,8%	16,9%
Adjusted for:					
Prior year restatement to current year aggregated daily average exchange rates	–	(18 929)	(38 062)		
Normalised excise duty adjusted for foreign exchange movements	(8 302 903)	(6 320 001)	(7 143 461)	31,4%	16,2%
Normalised gross margin adjusted for foreign exchange movements	40,4%	37,6%	42,8%		

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS *continued*

for the year ended 30 June 2021

13. PRO FORMA INFORMATION *CONTINUED*

	AUDITED 30 June 2021 R'000	RESTATED 30 June 2020 R'000	RESTATED 30 June 2019 R'000	Change % vs FY20	Change % vs FY19
EBITDA margins					
EBITDA margins are calculated as follows: EBITDA/(Revenue – Excise duty)					
EBITDA	3 768 988	1 886 524	2 453 350		
Revenue – Excise duty	19 951 639	16 069 152	19 074 181		
EBITDA margin	18,9%	11,7%	12,9%		
Normalised EBITDA	3 592 685	2 289 846	3 513 292		
Revenue – Excise duty	19 951 639	16 069 152	19 074 181		
Normalised EBITDA margin	18,0%	14,2%	18,4%		
Normalised EBITDA adjusted for foreign exchange movements	3 830 467	2 044 870	3 616 866		
Normalised Revenue – Excise duty adjusted for foreign exchange movements	19 951 639	16 238 023	19 404 498		
Normalised EBITDA margin adjusted for foreign exchange movements	19,2%	12,6%	18,6%		

13. PRO FORMA INFORMATION *CONTINUED*

Average total invested capital

Refer to pages 58 and 59 of the Integrated Annual Report for more details on return on invested capital and average total invested capital.

	AUDITED 30 June 2021 R'000	RESTATED 30 June 2020 R'000	RESTATED 30 June 2019 R'000	Change % vs FY20	Change % vs FY19
Average total invested capital	15 663 482	16 229 261	14 804 350	(3,5%)	5,8%
Adjusted for the average of (net of taxation):					
Impairment of property, plant and equipment (PPE), intangible assets, investments and profit/loss on sale of PPE, investments, intangible assets and subsidiaries	(106 911)	56 989	195 315		
Expected credit loss on Zimbabwe savings bonds	–	51 531	126 841		
Legal disputes and related legal fees	18 096	10 286	9 533		
Merger and acquisition related costs	11 137	10 446	13 736		
Retrenchment costs related to major restructurings	10 398	21 692	88 966		
Prior year restatement to current year aggregated daily average exchange rates	–	1 969	32 008		
Exclusion of effect of conversion of foreign currency monetary assets and liabilities to the reporting currency					
– Other major currencies	109 037	(127 895)	(22 433)		
– Kwanza (in associate)	6 402	6 249	38 909		
Normalised average total invested capital adjusted for foreign exchange movements	15 711 641	16 260 528	15 287 225	(3,4%)	2,8%

REPORT ON THE ASSURANCE ENGAGEMENT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE INTEGRATED ANNUAL REPORT OF DISTELL

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" or "Distell") by the directors. The pro forma financial information, as set out in the Integrated Annual Report for the year ended 30 June 2021 ("Integrated Annual Report"), consist of the impact of abnormal and non-recurring transactions and the effect of foreign currencies on information disclosed in the CFO's Report and note 13 of the summary 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 note 13 of the summary consolidated financial statements included in the Integrated Annual Report.

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 gross margin, return on invested capital ("ROIC"), 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 summary consolidated financial statements for the year ended 30 June 2021, on which an audit 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 note 13 of the summary consolidated financial statements included in the Integrated Annual Report.

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 note 13 of the summary consolidated financial statements included in the Integrated Annual Report.

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.

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.

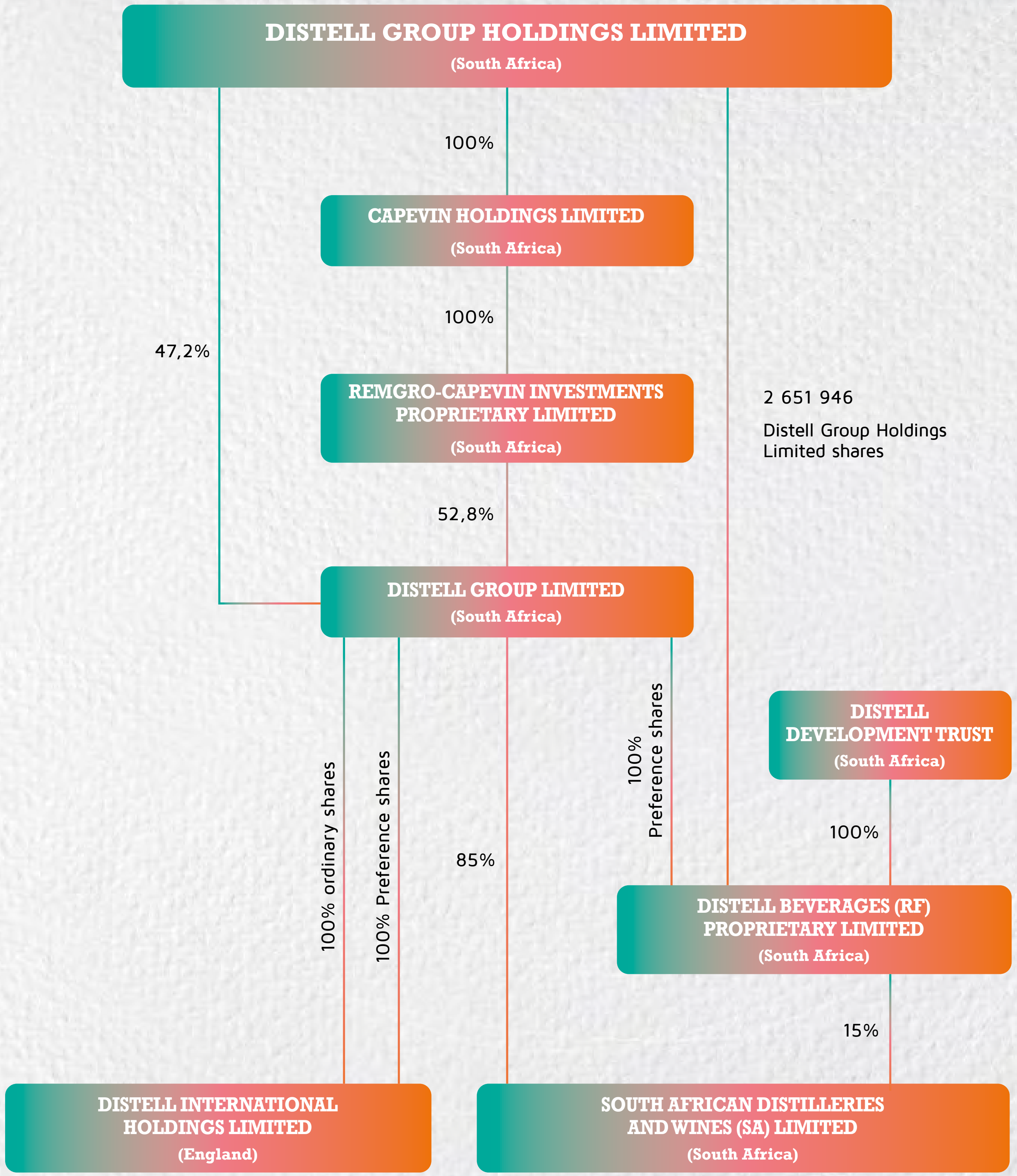
OPINION

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 note 13 of the summary consolidated financial statements included in the Integrated Annual Report.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: RM Labuschaigne
Registered Auditor

Stellenbosch, South Africa
20 September 2021



The country of incorporation and effective management (unless otherwise indicated) is indicated in brackets

ANALYSIS OF SHAREHOLDERS

at 30 June 2021

	Number of holders	% of holders	Number of ordinary shares	% of issued shares
DISTRIBUTION OF SHAREHOLDERS				
Ordinary shares				
Public shareholders	25 174	99,95	79 625 627	35,69
Non-public shareholders	15	0,05	143 476 729	64,31
Major beneficial shareholders	2	0,01	140 247 949	62,86
Directors, including those of subsidiaries, and their associates	3	0,01	70 961	0,03
Executive management	8	0,03	82 024	0,04
Distell share schemes	1	–	423 849	0,19
Distell Beverages (RF) Proprietary Limited	1	–	2 651 946	1,19
	25 189	100,00	223 102 356	100,00
B shares				
Major beneficial shareholders	1	100,00	124 226 613	100,00
	1	100,00	124 226 613	100,00

NUMBER OF ORDINARY SHARES IN ISSUE FOR EARNINGS PER SHARE CALCULATIONS

	2021	2020
Total number of ordinary shares in issue	223 102 356	222 382 356
Shares accounted for as treasury shares		
Distell share schemes	(423 849)	(55 549)
Distell Beverages (RF) Proprietary Limited	(2 651 946)	(2 651 946)
	220 026 561	219 674 861
WEIGHTED NUMBER OF ORDINARY SHARES	219 840 482	219 641 701

MAJOR BENEFICIAL SHAREHOLDERS

The following shareholders have a holding of greater than 5% of the issued shares of the Company:

	Number of ordinary shares	Number of B shares	Number of total shares	% of total economic interest	% of total voting rights
Remgro Limited	69 850 256	124 226 613	194 076 869	31,3	55,9
Public Investment Corporation[1]	70 903 726	–	70 903 726	31,8	20,4

1. This number includes shares held by the Government Employees Pension Fund, Unemployment Insurance Fund and Compensation Commissioner Pension Fund.

DEFINITIONS AND RATIOS

At 30 June 2021

1) Acid test ratio

Current assets, excluding inventories, divided by total current liabilities.

2) Cash flow per ordinary share

Cash flow from operating activities before dividends paid, divided by the weighted number of ordinary shares in issue. This basis identifies the cash stream actually achieved in the period under review.

3) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call at banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in interest-bearing borrowings under current liabilities.

4) Current ratio

Current assets divided by total current liabilities.

5) Dividend cover

Headline earnings per ordinary share divided by dividends per ordinary share.

6) Dividend yield

Dividends per ordinary share divided by the weighted average price per share during the year.

7) EBITDA

Earnings before Interest, Tax, Depreciation, Amortisation and including Distell's share of equity accounted earnings, but excluding dividends received.

8) Earnings per ordinary share

Basic earnings basis

Earnings attributable to equity holders divided by the weighted average number of ordinary shares in issue.

Headline basis

Earnings attributable to equity holders, after considering the adjustments explained on page 145, divided by the weighted average number of ordinary shares in issue.

Normalised earnings basis

Earnings attributable to equity holders, after considering foreign exchange movements, divided by the weighted average number of ordinary shares in issue.

Normalised headline basis

Headline earnings attributable to equity holders, after considering foreign exchange movements, divided by the weighted average number of ordinary shares in issue.

9) Earnings yield

Headline earnings per ordinary share divided by the closing share price at year-end on the JSE Limited (JSE).

10) Effective tax rate

The tax charge for the year divided by the profit before taxation.

11) Financial gearing ratio

The ratio of interest-bearing borrowings, net of cash and cash equivalents and money market funds, to total equity.

12) Interest-free borrowings to total assets

Interest-free borrowings, excluding post-retirement medical liability, divided by total assets (both excluding deferred income tax).

13) Net asset turn

Revenue divided by net assets at year-end.

14) Net asset value per ordinary share

Total equity divided by the number of ordinary shares in issue.

15) Pre-tax return on equity

Profit before taxation as a percentage of closing equity.

16) Price earnings ratio

The closing share price at year-end on the JSE, divided by headline earnings per ordinary share for that year.

17) Return on equity

Headline earnings divided by closing equity.

18) Total return to shareholders

This represents the internal rate of return over a specified period. It is computed by recognising the market price of a Distell ordinary share at the beginning of the period as a cash outflow, recognising the annual cash dividend streams per share and the closing share price at the end of the current year as inflows and then determining the discount rate inherent to these cash flow streams.

ACCREDITATION AND CERTIFICATION

At 30 June 2021

ISO 9001:2015: Quality Management Systems certified

All Distell's distilleries, wineries, secondary production sites and distribution centres in the Republic of South Africa are ISO 9001:2015 certified. Distell's Namibian facilities in Windhoek, Walvis Bay, Oshakati and Keetmanshoop are also ISO 9001:2015 certified. Our ISO 9001:2015 certification also includes corporate functions, namely: supply chain human resources and training, Group procurement and planning, Group logistics and export logistics, Group engineering services, supply chain excellence, SHERQ and intrinsics.

International Food Standards (IFS) certified

Our Adam Tas and Nederburg facilities are all IFS higher-level certified.

British Retail Consortium (BRC) food safety certified

Durbanville Hills winery is BRC certified.

Wine Industry Ethical Trade Association (WIETA) certified

All of Distell's farms, winemaking cellars and wine bottling facilities are WIETA certified.

Certified organic wine producer

Nederburg cellar, Adam Tas Export and Papkuilsfontein vineyards have been certified to produce and distribute organic wines.

South African National Standard (SANS) 10330:2007 – Hazard Analysis and Critical Control Points (HACCP) certified

Applies to our secondary sites producing for the South African market – Gqeberha is HACCP certified. As a continuous improvement initiative, we will be upgrading the HACCP system to an internationally recognised Global Food Safety Initiative (GFSI) Food Safety Management System, namely Food Safety System Certification (FSSC) 22000.

FSSC 22000 certified

The following sites have successfully transitioned to the internationally recognised GFSI FSSC 22000: Adam Tas, J.C. Le Roux, Nederburg, Monis, Wadeville, Springs, Gqeberha and Goudini Distillery producing for both the South African and international markets.

ISO 14001:2015: Environmental Management System certified

Distell successfully transitioned our environmental management system to the new ISO 14001:2015 standard. Our Durbanville Hills, Nederburg, Monis, Adam Tas, Worcester, Wellington, Goudini, Van Ryn's and Gqeberha sites are now all ISO 14001:2015 certified. The ISO 14001:2015 system has been implemented at J.C. Le Roux, Wadeville, Springs and Ecowash sites – with J.C. Le Roux and Wadeville sites currently undergoing extension of scope certification audits.

Integrated Production of Wine (IPW) certified

All Distell farms, winemaking cellars and wine bottling facilities are IPW certified.

Fairtrade certified

Distell Limited and Distell International, as a trader with Adam Tas and Nederburg facilities as sub-contractors, are Fairtrade certified.

WWF South Africa Biodiversity and Wine Initiative (BWI) certified

Nederburg achieved BWI championship status in 2020.

SANS 490 certification

Distell achieved SANS 490 alcohol-based hand sanitiser and hand rub certification enabling Distell to apply the South African Bureau of Standards approved logo to the Proof brand hand sanitiser.

DATES OF IMPORTANCE TO SHAREHOLDERS

Annual general meeting

24 November 2021

Financial reporting

Interim report – February 2022
Preliminary announcement of annual results – August 2022
Annual financial statements – September 2022

ADMINISTRATION

Distell Group Holdings Limited

Incorporated in the Republic of South Africa
(Registration number: 2016/394974/06)
JSE share code: DGH
ISIN: ZAE000248811

Company secretary

L Malan

Registered office

Aan-de-Wagenweg, Stellenbosch 7600
PO Box 184, Stellenbosch 7599
Telephone: 021 809 7000
Facsimile: 021 886 4611
Email: info@distell.co.za

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold, 2132
Telephone: 011 370 7700
Facsimile: 011 688 5238

Auditor

PricewaterhouseCoopers Inc.
Stellenbosch

Listing

JSE Limited
Sector: Consumer Staples – Food, Beverage and Tobacco – Beverages – Distillers and Vintners

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)

Website

www.distell.co.za