



Chairman's Report

Johann Rupert
Chairman

Introduction

Towards the start of the Covid-19 pandemic, I noted that the impact thereof would not constitute a pause, but rather a reset. While I made the statement more than a year ago, I believe it remains true today. The pandemic and resultant containment measures have caused immeasurable harm globally, but these hardships have also provided individuals, companies and organisations the opportunity to reflect and reset where necessary.

I am confident in Remgro's ability to continue adapting to the changing markets, as it has successfully done over its 73 years of rich history. As part of this change, Remgro is placing increased emphasis on its Environmental, Social and Governance (ESG) practices across the Group. While workplace, economic, social and environmental sustainability practices have always been part of Remgro's core values, Remgro aims to be an ESG leader. To this end, as part of the Management Board's key strategic initiatives, an ESG focus group has been formed to ensure that Remgro remains engaged with its corporate citizen mandate and values driven ethos. For more information in this regard, please refer to page 90 of this report.



While the ramifications of the pandemic will still be felt for a long time, I am encouraged by Remgro's improved performance compared to the previous financial year. Enabled by prudent management, resilient companies and a strong balance sheet, we are satisfied with our underlying resilient results.

Financial performance

During June 2020 Remgro unbundled its 28.2% interest in RMB Holdings Limited (RMH) (RMH Unbundling) and, consequently, the investment in RMH was treated as a discontinued operation for the year ended 30 June 2020. For the year under review, earnings and headline earnings measures are again presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the prior year include the equity accounted income of RMH.

For the year under review, headline earnings from continuing operations increased by 66.1% from R1 737 million to R2 885 million, while headline earnings per share (HEPS) from continuing operations increased by 66.0% from 307.5 cents to 510.6 cents.

The headline earnings from continuing operations for the comparative year were significantly impacted during the second six months to 30 June 2020 by the Covid-19 pandemic and the resultant lockdown measures, as well as a once-off donation of R500 million to The South African SME Relief Trust. From this low base, the increase in headline earnings from continuing operations for the year under review is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies (most notably RCL Foods Limited, Distell Group Holdings Limited, TotalEnergies Marketing South Africa Proprietary Limited and Rand Merchant Investment Holdings Limited). This increase is partly offset by a lower contribution

from Mediclinic International plc (Mediclinic) (Mediclinic's contribution includes the full impact of the Covid-19-related lockdown measures on their results for the year ended 31 March 2021), as well as lower interest income, due to the 300 basis points reduction in interest rates since January 2020. Furthermore, due to the accounting reclassification of FirstRand Limited (FirstRand) from an equity accounted investment to an investment at fair value through other comprehensive income, only dividend income of R191 million was accounted from FirstRand for the year under review, whereas earnings of R657 million were equity accounted in the comparative year.

Dividend

The Board has approved a final dividend of 60 cents (2020: 50 cents) per share. The total ordinary dividends per share in respect of the year to 30 June 2021 thus amounted to 90 cents (2020: 265 cents). The final dividend of 2020, as well as the interim and final dividends of 2021, were adjusted downwards to take into account the RMH Unbundling during the prior year and the ongoing impact of the Covid-19 pandemic.

Corporate governance and sustainability

As noted above, Remgro is fully committed to managing its business in a sustainable way and upholding the highest standards of ethics and corporate governance practices. The Board of Directors is ultimately accountable for the performance of the Company, appreciating that strategy, risk, performance and sustainability are inseparable.

Our governance framework is based on the principles contained in the King IV Report on Corporate Governance for South Africa (2016) and we are satisfied that the Company has applied those principles during the year under review. We further believe that the Board's current members possess the required collective skills, experience and diversity to carry out its responsibilities to achieve the Group's objectives and create shareholder value over the long term.

Changes to the directorate

On 30 November 2020, various changes were made to the Board.

Mr P K Harris retired as independent non-executive director from the Board. The Board will miss his knowledgeable contributions and would like to thank him for his wise counsel and valuable support during his tenure.

Mr K M S Rantloane was appointed as an independent non-executive director of the Board and member of the Investment Committee. The Board wishes to welcome Mr Rantloane as director of the Company.

Ms S E N De Bruyn was appointed as member of the Remuneration and Nomination Committee and Mr J Malherbe resigned as co-deputy Chairman.

In closing

I am encouraged by Remgro's solid performance and look forward to what lies ahead as we aim to shape a better future for our Group and our country.

We continue to thank our shareholders for their confidence amidst all the economic and political uncertainties, and thank all our employees and colleagues at our investee companies that have enabled another successful year.

Our people have shown incredible commitment and dedication during these tumultuous times and have made many sacrifices, for which we are truly grateful.

Lastly, I would like to extend my sincerest condolences to all who have lost loved ones during this time. Our thoughts and prayers are with you.



Johann Rupert
Chairman

Stellenbosch
21 September 2021