

Report of the Board of Directors

for the year ended 30 June 2021

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

Nature of activities

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated Annual Financial Statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in healthcare; consumer products; financial services; infrastructure, industrial and media interests.

Results

Year ended	30 June 2021	30 June 2020
Total headline earnings (R million)	2 885	3 167
– per share (cents)	510.6	560.6
– diluted (cents)	508.1	558.4
Headline earnings from continuing operations (R million)*	2 885	1 737
– per share (cents)	510.6	307.5
– diluted (cents)	508.1	305.6
Earnings – net profit for the year (R million)	3 550	6 646
– per share (cents)	628.3	1 176.4
– diluted (cents)	625.5	1 173.6
Dividends (R million)**	511	1 506
– ordinary – per share (cents)	90.00	265.00

* Headline earnings from continuing operations for the comparative year was calculated by excluding the equity accounted income of RMB Holdings Limited due to the unbundling of the investment.

** A final dividend of 60 cents (2020: 50 cents) per share was declared after the year-end and was therefore not provided for in the Annual Financial Statements. The final dividend is subject to dividend tax.

Investment activities

The material investment activities during the year under review were as follows:

Community Investment Ventures Holdings Proprietary Limited (CIVH)

During January 2021, Remgro subscribed for 54 738 shares in CIVH for a total amount of R1 636 million in terms of a rights issue. This share subscription increased Remgro's interest in CIVH marginally from 54.7% at 30 June 2020 to 55.2% at 30 June 2021.

Subsequent to 30 June 2021, Remgro subscribed for a further 67 364 shares in CIVH for a total amount of R2 124 million in terms of a further rights issue, increasing Remgro's interest in CIVH to 55.5%. The proceeds of both rights issues were used to reduce the CIVH group's debt, as well as to unlock capital expenditure facilities for further growth.

FirstRand Limited (FirstRand)

During May 2021 Remgro sold 40 000 000 FirstRand shares through an accelerated book build offering for a gross consideration of R2 040 million (or R51.00 per share). The transaction reduced Remgro's interest in FirstRand to 3.3% (2020: 4.0%).

RCL Foods Limited (RCL Foods)

During November and December 2020 Remgro acquired a further 28 940 412 RCL Foods shares for a total amount of R234 million. At 30 June 2021 Remgro's effective interest in RCL Foods was 80.4% (2020: 77.1%).

Asia Partners I LP (Asia Partners)

During the year under review, Remgro committed to invest \$25 million in Asia Partners. Asia Partners makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 3 March 2021, Asia Partners, who had an initial target fund size of \$300 million, announced its final close at \$384 million in commitments. Up to 30 June 2021, Remgro invested \$11 million, which included \$1 million relating to fund closing costs. As at 30 June 2021 the remaining commitment to Asia Partners amounted to \$15 million.

Subsequent to 30 June 2021 Remgro invested a further \$6 million in Asia Partners.

Milestone China Funds

As at 30 June 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$100 million. During the year under review Remgro received distributions of \$14 million from Milestone III, thereby increasing its cumulative distributions received to \$85 million. As at 30 June 2021 the fair value of Remgro's investment in Milestone III amounted to \$86 million.

Subsequent to 30 June 2021 Remgro received distributions of \$4 million from Milestone III.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R114 million in PRIF and received distributions of R81 million, thereby increasing its cumulative investment to R486 million and cumulative distributions received to R338 million. As at 30 June 2021 the fair value of Remgro's investment in PRIF amounted to R368 million and remaining commitment to PRIF amounted to R164 million.

Kagiso Tiso Holdings Proprietary Limited (KTH)

During November 2020 Tiso Blackstar Group Proprietary Limited exited its 20.0% investment in KTH through multiple inter-connected steps, which increased Remgro's interest in KTH. At 30 June 2021 Remgro's effective interest in KTH was 43.5% (2020: 36.3%).

Invenfin Proprietary Limited (Invenfin)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further €4 million in Bolt Technology OÜ (Bolt), thereby increasing its cumulative investment to €9 million (or 0.7%). Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Other

Other smaller investments amounted to R167 million.

Cash resources at the centre

The Company's cash resources at 30 June 2021 were as follows:

R million	30 June 2021			30 June 2020
	Local	Offshore	Total	
Per consolidated statement of financial position	5 478	3 285	8 763	15 631
Investment in money market funds	5 010	–	5 010	4 945
Less: Cash of operating subsidiaries	(2 992)	(1 075)	(4 067)	(3 503)
Cash at the centre	7 496	2 210	9 706	17 073

On 30 June 2021, approximately 51% (R4 980 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the Annual Financial Statements that is published on the Company's website at www.remgro.com for further details.



Events after year-end

Rand Merchant Investment Holdings Limited (RMI)

On 20 September 2021 RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited and Momentum Metropolitan Holdings Limited, as well as an equity capital raise of up to R6.5 billion by way of a *pro rata* rights issue to optimise its capital structure (the RMI Restructure). Remgro gave its in-principle support for the RMI Restructure. Following the RMI Restructure, RMI's remaining assets will consist mainly of its 89.1% investment in OUTurance Holdings Limited and its 30.0% investment in Hastings Group Holdings plc.

Civil unrest in South Africa

Distell Group Holdings Limited (Distell) and RCL Foods

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 Distell distribution centres in KwaZulu-Natal was damaged and its operations disrupted. Initial assessments placed the damage between R80 million and R100 million. Various of RCL Foods' KwaZulu-Natal-based sites in the Chicken and Vector Logistics business units were also impacted by the civil unrest and resultant looting and vandalism of property. RCL Foods estimated the impact of the civil unrest at approximately R46 million.

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.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2021.

Financing activities

On 22 March 2016 Remgro issued exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350 million. These exchangeable bonds were redeemed in cash on 22 March 2021.

Group financial review

Comparison with prior year

RMB Holdings Limited (RMH) and FirstRand

During June 2020 Remgro unbundled its 28.2% interest in 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.

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand due to, among other factors, the RMH Unbundling and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the comparative year, the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income is accounted for FirstRand in the income statement. Dividends of R191 million were received from FirstRand during the year under review (2020: cash dividends of R655 million). As a result of the Covid-19 pandemic, FirstRand only paid an interim dividend during the year under review.

Reporting platforms

Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics. As reported previously, the platforms under which the results of investee companies are being reported to the Chief Operating Decision-

Maker were changed and certain investments reallocated in line with internal reporting to enhance stakeholder communication. The *Media and sport* and *Other investments* platforms that were reported under up to the 2020 financial year, were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments Proprietary Limited);
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc);
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Asian funds, Invenfin and PRIF); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS)).

Comparative figures have been re-presented accordingly.

Covid-19

The Board will continue to monitor the effects of the Covid-19 pandemic on the Remgro Group. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and various levels of lockdown could still evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon Remgro's ability to continue as a going concern.

Statement of financial position

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2021		30 June 2020	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	88 059	155.86	86 773	153.59
<i>Employment of equity</i>				
Healthcare	24 581	43.51	27 443	48.57
Consumer products	22 066	39.06	20 602	36.47
Financial services	11 447	20.26	10 980	19.43
Infrastructure	6 547	11.59	5 224	9.25
Industrial	4 732	8.38	4 506	7.98
Diversified investment vehicles	5 350	9.47	5 058	8.95
Media	818	1.45	846	1.50
Portfolio investments	8 320	14.73	7 850	13.89
Social impact investments	135	0.24	331	0.59
Central treasury				
– Cash at the centre	9 706	17.18	17 073	30.22
– Debt at the centre	(7 821)	(13.84)	(15 288)	(27.06)
Other net corporate assets	2 178	3.83	2 148	3.80
	88 059	155.86	86 773	153.59

Income statement

	30 June 2021		30 June 2020	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Healthcare	674	23	1 655	52
Consumer products	1 576	55	545	17
Financial services	921	32	624	20
Infrastructure	(376)	(13)	(716)	(23)
Industrial	1 014	35	267	9
Diversified investment vehicles	(260)	(9)	(255)	(8)
Media	53	2	78	2
Portfolio investments	247	9	695	22
Social impact investments	(66)	(2)	19	1
Central treasury				
– Finance income	212	7	479	15
– Finance costs	(861)	(30)	(951)	(30)
– Option remeasurement	–	–	2	–
Other net corporate costs	(249)	(9)	(705)	(22)
Continuing operations	2 885	100	1 737	55
Discontinued operations	–	–	1 430	45
	2 885	100	3 167	100

R million	30 June 2021	30 June 2020
<i>Composition of headline earnings</i>		
Subsidiaries	812	(713)
Profits	1 862	783
Losses	(1 050)	(1 496)
Associates and joint ventures	2 073	3 880
Profits	2 780	5 060
Losses	(707)	(1 180)
	2 885	3 167

Share incentive schemes

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Equity Settled Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant. The earliest intervals at which the share appreciation rights vest and are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

In terms of the CSP, participants are awarded Remgro ordinary shares that will vest as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Vesting on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Refer to note 8 to the Annual Financial Statements that is published on the Company's website at www.remgro.com for further details on both schemes.



Treasury shares

At 30 June 2020, 3 297 213 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share schemes.

During the year under review 17 050 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares.

Principal shareholder

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.62% (2020: 42.62%) of the total votes.



An analysis of the shareholders appears on pages 152 and 153.

Subsidiaries and investments

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the Annual Financial Statements that is published on the Company's website at www.remgro.com.



Directors



The names of the directors appear on pages 20 to 23 of the Integrated Annual Report.

The following changes were effective 30 November 2020:

- Mr P K Harris retired as independent non-executive director from the Board;
- Mr J Malherbe resigned as co-deputy Chairman;
- Mr K M S Rantloane was appointed as independent non-executive director and as a member of the Investment Committee, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting; and
- Ms S E N De Bruyn was appointed as a member of the Remuneration and Nomination Committee.

The Board wishes to thank Mr PK Harris for his valuable contribution over many years and wishes to welcome Mr K M S Rantloane as director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs J J Durand, N P Mageza, J Malherbe, F Robertson and A E Rupert retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

Directors' interests

At 30 June 2021 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 3.33% (2020: 3.37%).

Mr J P Rupert is a director of Rupert Beleggings which owns all the issued unlisted B ordinary shares.



An analysis of directors' interests in the issued capital of the Company appears on page 154.

Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R5.7 million (2020: R5.7 million).

Acquisition of shares of the Company

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited.

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 155 of the Integrated Annual Report.



Authority to place ordinary shares under the control of the directors

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 155 of the Integrated Annual Report.



Declaration of cash dividend

Declaration of cash dividend No. 42

Notice is hereby given that a final gross dividend of 60 cents (2020: 50 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2021.

A dividend withholding tax of 20% or 12 cents per share will be applicable, resulting in a net dividend of 48 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2021 therefore amounts to 90 cents, compared to 265 cents for the year ended 30 June 2020. 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.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Payment

The final dividend is payable on Monday, 22 November 2021, to shareholders of the Company registered at the close of business on Friday, 19 November 2021.

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 November 2021, and Friday, 19 November 2021, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

Secretary

The name and address of the Company Secretary appears on page 25 of the Integrated Annual Report.



Approval

The comprehensive Annual Financial Statements published on the Company's website at www.remgro.com, as well as the summary Annual Financial Statements set out on pages 136 to 148 have been approved by the Board.



Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
21 September 2021