

CHAIRMAN'S report



Johann Rupert
Chairman

Introduction

As I reflect on the past year, I am still reminded of the devastation of the Covid-19 pandemic, the dire consequences for a country that was already facing many challenges with weak economic fundamentals before the onslaught of the crisis. I am equally proud of the resilience our business showed in the face of that severe hardship and our ability to adapt to operating within a Covid-19 context, including embracing hybrid working models and implementing a successful vaccination programme. It was against that backdrop that we started the 2022 financial year optimistic and encouraged to build on those gains, with the aim of restoring our performance to pre-pandemic levels. Whilst the first half of the year had its fair share of difficulties, notably the July social unrest, most of our businesses outperformed pre-pandemic levels. The South African economy also showed signs of recovery on the back of relaxed restrictions.

No doubt we could not have predicted that in the latter half, we would be contending with almost unprecedented economic and geopolitical uncertainty, with looming threats of a potential global recession. Whilst many warning bells continued to be sounded on the state of global capital markets and its impact on the South African economy, we remained cautiously optimistic and focused on the factors within our control; ensuring that our investments have robust balance sheets to support business continuity whilst driving efficiencies.

With this backdrop and a deteriorating outlook, I am proud of the progress Remgro has made, as evidenced by the earnings

recovery to pre-pandemic levels. I believe that this yet again is testament to our prudent management, resilient businesses and a strong balance sheet.

In line with our long-standing principles of ethical behaviour and Remgro's stated purpose "to shape the future and partner for South Africa's prosperity", it is important to restate here that I am determined that Remgro's aim must be to manage its assets and pursue investments in businesses that contribute to measurable positive social and environmental impact, alongside financial returns.

Remgro remains engaged with its corporate citizen mandate and values driven ethos and this is reflected in our stated plans to place increased emphasis on Environmental, Social and Governance (ESG) practices across the Company and its investee companies as noted in my last report. I am therefore pleased that this year, Remgro has further committed to developing an approach to ESG issues, placing renewed impetus on doing business sustainably to ensure it is aligned with and embedded into our business strategy. Recognising the complexities and shifting sands involved, we are taking an ambitious but measured and holistic approach towards the sustainability journey. We believe this will enable us to better respond to the opportunities and challenges that we face as our strategy develops. We aim to lead by example in our own operations, but will also work closely with our investee companies to help their stewardship of these areas across their own value chains. Together, our approach to sustainability will create more collaborative and sustainable value

throughout all the communities where Remgro and its investee companies have a footprint. More details of this can be found in the ESG and Sustainability section of the Integrated Annual Report and in our Sustainability Report which is available on Remgro's website.

Whilst we continue to operate in an environment riddled with external shocks on a global scale, I believe the resilience of a business lies in its ability to not only traverse adverse conditions but to adapt and succeed. I am confident in Remgro's ability to continue adapting to the changing markets, as it has successfully done over its 74 years of rich history and deliver sustainable stakeholder value in line with our purpose and vision.

Financial performance

For the year under review, headline earnings increased by 125.1% from R2 885 million to R6 494 million, while headline earnings per share (HEPS) increased by 125.3% from 510.6 cents to 1 150.6 cents. The headline earnings for the comparative year to 30 June 2021 was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies, most notably Mediclinic International plc (Mediclinic), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), Kagiso Tiso Holdings Proprietary Limited, Grindrod Limited, Grindrod Shipping Holdings Limited, FirstRand Limited and Distell Group Holdings Limited. Mediclinic's contribution for the comparative year includes the full impact of the Covid-19-related lockdown measures during the first and second waves of the pandemic, on its results for the year ended 31 March 2021. However, during the financial year ended 31 March 2022, Mediclinic delivered a strong operational and financial performance, driven by increased patient activity, thereby substantially increasing its contribution to Remgro's headline earnings. The results for the year under review were also positively impacted by TotalEnergies' favourable stock revaluations, Community Investment Ventures Holdings Proprietary Limited turning profitable and lower finance costs, due to the redemption of the exchangeable bonds during March 2021.

Dividend

The Board has approved a final dividend of 100 cents (2021: 60 cents) per share. The total ordinary dividends per share in respect of the year to 30 June 2022 thus amounted to 150 cents (2021: 90 cents).

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 requisite collective skills, experience and diversity to carry out its responsibilities to achieve the Group's objectives and create sustainable stakeholder value over the long term.

Changes to the directorate

There were no changes to the directorate in the year under review. Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. Mr P J Neethling was appointed as an alternate member to myself on the Investment Committee effective 23 March 2022.

In closing

The future remains uncertain as the negative impact of the Covid-19 pandemic still remains, albeit that the lifting of the state of disaster and relaxation of all restrictions gives us hope that the virus has indeed evolved into an endemic disease. The uncertainty is further compounded by the prevailing global economic pressures, notably increasing risks of stagflation. The Ukraine crisis places additional volatility as we continue to see more disruptions in global supply chains. Locally, the electricity supply shortages pose a binding constraint to our economic growth prospects. If combined with high inflation and levels of unemployment, it is a real cause for concern.

Nevertheless, I am encouraged by Remgro's solid performance and recovery to pre-pandemic levels. This affirms the resilience of our portfolio and demonstrates that our cautious capital allocation strategies, sound balance sheet management and stable cash generation continue to put us in good stead to weather what feels like a series of never ending economic shocks.

Whilst the global and local economic outlook is a cause for greater concern, I remain cautiously optimistic about the prospects for growth in our economy. I take comfort in the unwavering commitment of South African businesses, social partners and society at large to see us through these challenging times. At Remgro, we remain committed to play our part in shaping a better future for our country and our people.

We continue to thank our shareholders for their confidence amidst all the economic and geopolitical 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.



Johann Rupert
Chairman

Stellenbosch
26 September 2022