

Report of the BOARD OF DIRECTORS

for the year ended 30 June 2022

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 2022	30 June 2021
Headline earnings (R million)	6 494	2 885
– per share (cents)	1 150.6	510.6
– diluted (cents)	1 141.4	508.1
Earnings – net profit for the year (R million)	13 139	3 550
– per share (cents)	2 327.9	628.3
– diluted (cents)	2 312.5	625.5
Dividends (R million)*	852	511
– ordinary – per share (cents)	150.00	90.00

* A final dividend of 100 cents (2021: 60 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:

Mediclinic International plc (Mediclinic)

On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

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 (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) (the RMI Unbundling), and on 8 December 2021, RMI also announced the disposal of its 30% stake in Hastings Group Holdings plc (Hastings) for R14.6 billion.

The RMI Unbundling was completed during April 2022 and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held. The market values of these investments at that time amounted to R8 561 million and R2 056 million, respectively, and both the investments were classified as financial instruments at fair value through other comprehensive income. In future only dividend income will be accounted for these investments in the income statement.

Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets consist mainly of its 89.1% investment in OUTsurance Holdings Limited.

Distell Group Holdings Limited (Distell)

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

Community Investment Ventures Holdings Proprietary Limited (CIVH)

During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the year increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 30 June 2022.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

FirstRand Limited (FirstRand)

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand shares. Remgro classifies its investment in FirstRand as a financial instrument at fair value through other comprehensive income. The 60 000 000 FirstRand shares were

hedged on a 1:1 basis and the zero cost collars were recognised at fair value with changes in the fair value also accounted for in other comprehensive income.

The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022, reducing its interest in FirstRand to 2.5% at 30 June 2022 (30 June 2021: 3.3%), and 19 200 000 FirstRand shares for R959 million during July 2022, which further reduced its interest to 2.2%.

On 30 June 2022, the zero cost collar was valued as a liability of R239 million (2021: R495 million).

Grindrod Shipping Holdings Limited (Grindrod Shipping)

On 25 November 2021, Remgro agreed to dispose of its investment in Grindrod Shipping (included under the Infrastructure platform under Other infrastructure investments) and the investment, which was previously classified as an equity accounted investment, was reclassified as a non-current asset held for sale. The transaction was concluded during January 2022 and Remgro sold its 4 329 580 Grindrod Shipping shares for a gross consideration of R1 191 million.

Invenfin Proprietary Limited (Invenfin) (a wholly owned subsidiary of Remgro)

During October 2021, Invenfin Investments 2 Proprietary Limited (an 88.7% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration amounted to R245 million. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

During November 2021, Invenfin sold one third of its Bolt Technology OÜ (Bolt) investment for R179 million (or €10 million), with the disposal consideration approximating Invenfin's total investment cost in Bolt to date. Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Asia Partners Funds

During the year under review Remgro invested a further \$9 million in Asia Partners I LP (Asia Partners I), thereby increasing its cumulative investment to \$19 million. As at 30 June 2022 the fair value of Remgro's investment in Asia Partners I amounted to \$24 million and remaining commitment to Asia Partners I amounted to \$6 million.

During April 2022, Remgro also committed to invest up to \$50 million in Asia Partners II LP (Asia Partners II). Asia Partners II makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 28 April 2022, Asia Partners II, who had an initial target fund size of \$600 million, announced its initial close at \$310 million in commitments. Subsequent to 30 June 2022 Remgro invested \$8 million in Asia Partners II.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R91 million in PRIF and received distributions of R9 million, thereby increasing its cumulative investment to R577 million and cumulative distributions received to R347 million. As at 30 June 2022 the fair value of Remgro's investment in PRIF amounted to R615 million and remaining commitment to PRIF amounted to R73 million.

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 \$4 million from Milestone III, thereby increasing its cumulative distributions received to \$89 million. As at 30 June 2022 the fair value of Remgro's investment in Milestone III amounted to \$49 million.

Cash resources at the centre

The Company's cash resources at 30 June 2022 were as follows:

R million	30 June 2022			30 June 2021
	Local	Offshore	Total	
Per consolidated statement of financial position	7 929	3 955	11 884	8 763
Investment in money market funds	5 700	–	5 700	5 010
Less: Cash of operating subsidiaries	(3 833)	(1 471)	(5 304)	(4 067)
Cash at the centre	9 796	2 484	12 280	9 706

On 30 June 2022, approximately 46% (R5 650 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.

Group financial review

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 2022		30 June 2021	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	98 443	174.52	88 059	155.86
<i>Employment of equity</i>				
Healthcare	26 681	47.30	24 581	43.51
Consumer products	23 463	41.60	22 066	39.06
Financial services	6 500	11.52	11 447	20.26
Infrastructure	8 571	15.19	6 547	11.59
Industrial	5 957	10.56	4 732	8.38
Diversified investment vehicles	5 354	9.49	5 350	9.47
Media	967	1.71	818	1.45
Portfolio investments	14 799	26.24	8 320	14.73
Social impact investments	132	0.23	135	0.24
Central treasury				
– Cash at the centre	12 280	21.77	9 706	17.18
– Debt at the centre	(7 838)	(13.90)	(7 821)	(13.84)
Other net corporate assets	1 577	2.81	2 178	3.83
	98 443	174.52	88 059	155.86

Other

Other smaller investments amounted to R94 million.

Events after year-end

Grindrod Limited (Grindrod)

On 26 September 2022 Remgro approved the unbundling of its investment in Grindrod to its shareholders as a dividend *in specie* in terms of Section 46 of the Income Tax Act, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held. The expected distribution date is 17 October 2022.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2022.



Income statement

	30 June 2022		30 June 2021	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Healthcare	1 267	20	674	23
Consumer products	1 906	29	1 576	55
Financial services	866	13	921	32
Infrastructure	613	9	(376)	(13)
Industrial	1 800	28	1 014	35
Diversified investment vehicles	95	1	(260)	(9)
Media	178	3	53	2
Portfolio investments	444	7	247	9
Social impact investments	(20)	–	(66)	(2)
Central treasury				
– Finance income	224	3	212	7
– Finance costs	(627)	(10)	(861)	(30)
Other net corporate costs	(252)	(3)	(249)	(9)
	6 494	100	2 885	100

R million	30 June 2022	30 June 2021
<i>Composition of headline earnings</i>		
Subsidiaries	1 697	812
Profits	2 385	1 862
Losses	(688)	(1 050)
Associates and joint ventures	4 797	2 073
Profits	4 843	2 780
Losses	(46)	(707)
	6 494	2 885

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 2021, 3 280 163 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 Remgro repurchased a further 1 000 000 Remgro ordinary shares at an average price of R136.94 per share for a total amount of R137 million, while 74 666 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2022, 4 205 497 Remgro ordinary shares (0.8%) 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 42.66% (2021: 42.62%) of the total votes.

An analysis of the shareholders appears on pages 163 and 164.

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 92 to 95 of the Integrated Annual Report.

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 Mr J P Rupert on the Investment Committee effective 23 March 2022.

In terms of the provision of the Memorandum of Incorporation, Meses S E N De Bruyn and M Lubbe and Messrs P J Moleketi, M Morobe and P J Neethling retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

Directors' interests

At 30 June 2022 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% (2021: 3.33%).

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 165.

Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R6.1 million (2021: 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 166 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 166 of the Integrated Annual Report.

Declaration of cash dividend

Declaration of cash dividend No. 44

Notice is hereby given that a final gross dividend of 100 cents (2021: 60 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 2022.

A dividend withholding tax of 20% or 20 cents per share will be applicable, resulting in a net dividend of 80 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 2022 therefore amounts to 150 cents, compared to 90 cents for the year ended 30 June 2021.

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, 14 November 2022, to shareholders of the Company registered at the close of business on Friday, 11 November 2022.

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 November 2022, and Friday, 11 November 2022, 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 160 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 146 to 158 have been approved by the Board.

Signed on behalf of the Board of Directors.



Johann Rupert
Chairman



Jannie Durand
Chief Executive Officer

Stellenbosch
26 September 2022