

REPORT OF THE Board of Directors for the year ended 30 June 2023

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 2023	30 June 2022
Headline earnings (R million)	7 056	6 494
– per share (cents)	1 254	1 151
– diluted (cents)	1 244	1 141
Earnings – net profit for the year (R million)	9 624	13 139
– per share (cents)	1 710	2 328
– diluted (cents)	1 696	2 313
Dividends (R million)*	1 364	852
– ordinary – per share (cents)	240	150

* A final dividend of 160 cents (2022: 100 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 Group Limited (Mediclinic)

On 26 September 2022, the Mediclinic shareholders voted in favour of a cash offer by Manta Bidco Limited (Bidco), a newly formed company which is jointly owned by Remgro and MSC Mediterranean Shipping Company SA (MSC), to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owned (the Mediclinic acquisition). The last conditions precedent in respect of the Mediclinic acquisition were met during May 2023 and on 6 June 2023 Mediclinic shareholders received 501 pence per Mediclinic share, being the offer price of 504 pence per Mediclinic share less the dividend of 3 pence per Mediclinic share that was paid on 26 August 2022.

To enable the Mediclinic acquisition, Remgro sold its existing 328 497 888 Mediclinic shares (representing an interest of 44.6%) to Bidco in exchange for shares in Bidco and subscribed for further shares in Bidco amounting to £221 million (representing

an additional indirect interest in Mediclinic of 5.4% and approximately 50% of Bidco's transaction costs). MSC also subscribed for shares in Bidco amounting to £1 867 million (representing an indirect interest in Mediclinic of 50% and 50% of Bidco's transaction costs).

As both Remgro's investments in Mediclinic (associate) and Bidco (joint venture) are accounted for using the equity method, Remgro effectively ceased the equity accounting of its 44.6% interest in Mediclinic at the end of May 2023 and commenced with the equity accounting of its 50% indirect interest in Mediclinic, through its 50% interest in Bidco. Bidco made fair value adjustments to Mediclinic's statement of financial position when it acquired its 100% stake in Mediclinic. These fair value adjustments mainly relate to the Mediclinic properties and the Mediclinic brand in South Africa and the Middle East. Going forward, Remgro will account for depreciation and amortisation on these additional assets identified, inside headline earnings. The additional depreciation and amortisation will only relate to Remgro's newly acquired 5.4% indirect interest in Mediclinic as Remgro already owned the 44.6% interest.

Distell Group Holdings Limited (Distell)

On 15 February 2022, the Distell shareholders approved the combination of the Heineken International B.V. (Heineken) Southern African business, including an interest in Namibia Breweries Limited (Namibia Breweries), with the bulk of the Distell business (consisting of its cider, other RTDs (ready-to-drink) and spirits and wine business) in Heineken Beverages Holdings Limited (Heineken Beverages), a new unlisted entity controlled by Heineken. The transaction included 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 transaction, which was implemented on 26 April 2023, also included an offer by Heineken Beverages to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Heineken Beverages, or a combination thereof (subject to a potential scaling back of the issue of Heineken Beverages shares to Distell shareholders, electing to receive Heineken Beverages shares, to ensure a 65% shareholding by Heineken in Heineken Beverages), and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share.

Remgro elected to receive Heineken Beverages shares for its Distell shares. However, as a result of the scale back, Remgro sold 7 607 803 Distell shares to Heineken Beverages on 26 April 2023 for R1 255 million (being R165 per Distell share) and exchanged the remaining 62 242 453 Distell shares for 62 242 453 Heineken Beverages shares (representing an interest of 15.5%). Following the implementation of the transaction, Remgro acquired a further 13 218 475 shares in Heineken Beverages for R2 181 million (or R165 per share excluding transaction costs), in a series of off-market transactions. These transactions increased Remgro's interest in Heineken Beverages to 18.8%. As Remgro has significant influence over Heineken Beverages through its board representation, the investment is classified as an associate and is accounted for using the equity method. Both Remgro and Heineken Beverages made fair value adjustments to the statements of financial position of Heineken Beverages and Distell and Namibia Breweries, respectively.

These fair value adjustments mainly relate to the various brands held by these companies (*inter alia* Savanna, Heineken, Amstel, Windhoek Lager and Amarula), as well as Distell's properties and inventory. Going forward, Remgro will account for depreciation and amortisation on these additional assets identified, inside headline earnings.

Remgro did not accept the cash offer made by Heineken for the Capevin shares and, as a result, Remgro's shareholding in Capevin mirrors the shareholding that was previously held in Distell, being an economic interest of 31.4% and a voting interest of 55.9%. Therefore, the Capevin investment remains classified as a subsidiary.

Community Investment Ventures Holdings Proprietary Limited (CIVH)

As previously reported, Vodacom Proprietary Limited (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 Maziv Proprietary Limited (Maziv)). Maziv holds *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, however Remgro will also obtain an indirect interest in the assets contributed by Vodacom. During August 2023, The Competition Commission South Africa announced its non-binding recommendation to the Competition Tribunal, to prohibit the proposed transaction. Remgro and CIVH remain committed to the proposed transaction and firmly believe that, should the implementation of the proposed transaction ultimately be permitted by the Competition Tribunal, it will deliver significant benefits to South African consumers and the broader economy.

Grindrod Limited (Grindrod)

On 17 October 2022 Remgro unbundled its investment in Grindrod to its shareholders as a dividend *in specie* amounting to R1 640 million, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held.

FirstRand Limited (FirstRand)

During July 2022 Remgro sold 19.2 million FirstRand shares for R959 million (being R49.945 per FirstRand share). These FirstRand shares were part of the 60 million FirstRand shares that were hedged through a series of options, which became exercisable during June and July 2022. Remgro sold the 60 million FirstRand hedged shares to net settle the option liabilities. The other 40.8 million FirstRand shares were sold during June 2022.

During November 2022, Remgro entered into another hedging transaction on 30 million FirstRand shares. This narrow zero cost collar has a two-year term, with a reference price set at R67.37 per FirstRand share, providing protection at 95% of this reference price (or R64.00), with a call strike at 115.72% (or R77.96). At the same time, Remgro entered into a script lending transaction to optimise the pricing of the narrow zero cost collar. Remgro will be allowed to vote with these shares at the FirstRand Annual General Meeting(s) and is entitled to

dividends declared at pre-contracted levels. The FirstRand shares are hedged on a 1:1 basis and the narrow zero cost collar is recognised at fair value with changes in the fair value accounted for in other comprehensive income.

During March 2023, Remgro entered into a further hedging transaction on another 30 million FirstRand shares on similar terms as the narrow zero cost collar mentioned above, but with a reference price set at R67.02 per FirstRand share, providing protection at 95% of this reference price (or R63.67), with a call strike at 114.00% (or R76.40). The levels for the pre-contracted dividends were increased from those set during November 2022.

At 30 June 2023, the narrow zero cost collars were in a liability position amounting to R92 million.

Asia Partners Funds

During the year under review Remgro invested a further \$1 million in Asia Partners I LP (Asia Partners I), thereby increasing its cumulative investment to \$20 million. Remgro also made an initial investment of \$8 million in Asia Partners II LP (Asia Partners II) to which Remgro committed to invest up to a maximum of \$50 million (limited to 10% of the total fund size, which 10% stood at \$41 million as of 30 June 2023). As at 30 June 2023 the fair values of Remgro's investments in Asia Partners I and Asia Partners II amounted to \$28 million and \$7 million, respectively, and the remaining commitments to the funds amounted to \$5 million and \$33 million, respectively.

Milestone China Funds

As at 30 June 2023, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$102 million. During the year under review Remgro received distributions of \$9 million from Milestone III, thereby increasing its cumulative distributions received to \$98 million. As at 30 June 2023 the fair value of Remgro's investment in Milestone III amounted to \$39 million.

Milestone Capital Investments Holding Limited (MCIH) is the fund management company of the Milestone China Funds. During December 2022, Remgro entered into an agreement to dispose of its investment in MCIH for \$7.3 million. The proceeds and past distributions received from MCIH equal Remgro's initial investment in the company.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R57 million in PRIF and received distributions of R485 million (mainly due to the disposal of PRIF's investment in ETG Group), thereby increasing its cumulative investment to R634 million and cumulative distributions received to R832 million. As at 30 June 2023, the fair value of Remgro's investment in PRIF amounted to R325 million and remaining commitment to PRIF amounted to R30 million.

Other

Other smaller investments amounted to R119 million.

Events after year-end

RCL Foods: Sale of Vector Logistics

The sale of the RCL Foods' Vector Logistics segment, which has been presented as held for sale at 30 June 2023, was finalised on 28 August 2023, resulting in a net cash receipt of R1 307 million, comprising the purchase price of R1 250 million, plus interest and less the post-tax share option liability of Vector Logistics. The purchase price is subject to certain EBITDA targets being met, which may result in a future upwards or downwards adjustment of up to R100 million in the purchase price. The transition of Vector Logistics out of RCL Foods and its shared services platform is expected to take place over the next 12 months.

Capevin: Termination of Gordon's Gin distribution agreement

The Gordon's Gin and Pimm's No1 Cup distribution agreement, which has been presented as held for sale at 30 June 2023, was included in the remaining assets that were allocated to Capevin as part of the Distell/Heineken transaction. On 19 July 2023 the Competition Commission of South Africa approved the proposed transaction, whereby this distribution agreement will be terminated in favour of the brand owner Diageo, without conditions. The consideration amounts to R1 billion, of which R700 million was received on 4 August 2023. The outstanding amount of R300 million is payable over the next ten months subject to achieving certain thresholds relating to the continued supply and manufacturing of the products by Capevin to Diageo.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2023.

Cash resources at the centre

The Company's cash resources at 30 June 2023 were as follows:

R million	30 June 2023			30 June 2022
	Local	Offshore	Total	
Per consolidated statement of financial position	2 703	3 344	6 047	11 884
Investment in money market funds	4 582	–	4 582	5 700
Less: Cash of operating subsidiaries	(1 413)	(215)	(1 628)	(5 304)
Cash at the centre	5 872	3 129	9 001	12 280

On 30 June 2023, approximately 50% (R4 532 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 2023		30 June 2022	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	115 920	207.51	98 443	174.52
<i>Employment of equity</i>				
Healthcare	41 050	73.48	26 681	47.30
Consumer products	29 536	52.87	23 463	41.60
Financial services	7 053	12.63	6 500	11.52
Infrastructure	7 180	12.85	8 571	15.19
Industrial	6 168	11.04	5 957	10.56
Diversified investment vehicles	5 546	9.93	5 354	9.49
Media	1 051	1.88	967	1.71
Portfolio investments	15 641	28.00	14 799	26.24
Social impact investments	126	0.23	132	0.23
Central treasury				
– Cash at the centre	9 001	16.11	12 280	21.77
– Debt at the centre	(7 857)	(14.06)	(7 838)	(13.90)
Other net corporate assets	1 425	2.55	1 577	2.81
	115 920	207.51	98 443	174.52

Income statement

	30 June 2023		30 June 2022	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Healthcare	1 691	24	1 267	20
Consumer products	1 208	17	1 906	29
Financial services	960	14	866	13
Infrastructure	317	4	613	9
Industrial	868	12	1 800	28
Diversified investment vehicles	834	12	95	1
Media	171	2	178	3
Portfolio investments	804	11	444	7
Social impact investments	(24)	–	(20)	–
Central treasury				
– Finance income	650	9	224	3
– Finance costs	(628)	(9)	(627)	(10)
Other net corporate income/(costs)	205	4	(252)	(3)
	7 056	100	6 494	100

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 2022, 4 205 497 Remgro ordinary shares (0.8%) were held as treasury shares by a wholly owned subsidiary of Remgro for the purpose of hedging Remgro's share schemes (Remgro scheme shares). During the year under review Remgro bought back a further 4 000 000 Remgro scheme shares at an average price of R138.92 per share for a total amount of R556 million, while 441 560 Remgro scheme shares were utilised to settle Remgro's obligation towards scheme participants.

Pursuant to a general share repurchase programme of R1 billion, Remgro, through a wholly owned subsidiary, acquired 6 583 676 Remgro ordinary shares in the open market between

19 June 2023 and 2 August 2023 (Remgro repurchased shares). These shares represent 1.2% of the Company's issued ordinary shares immediately prior to the repurchase. At 30 June 2023, 1 882 333 Remgro repurchased shares had been acquired at an average price of R145.62 per share for a total amount of R274 million. Subsequent to 30 June 2023, another 4 701 343 Remgro repurchased shares were acquired at an average price of R154.40 per share for a total amount of R726 million. The share repurchase programme was completed on 2 August 2023. These Remgro repurchased shares were acquired as part of an ongoing strategic focus on returning value to shareholders through a disciplined capital allocation plan.

At 30 June 2023, 9 646 270 Remgro ordinary shares (1.8%) were held as treasury shares of which 7 763 937 shares were Remgro scheme shares and 1 882 333 shares were Remgro repurchased shares.

Principal shareholder

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.91% (2022: 42.66%) of the total votes.

An analysis of the shareholders appears on pages 167 and 168.

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 90 to 93 of the Integrated Annual Report.

Dr T Leoka was appointed as independent non-executive director with effect from 22 March 2023, 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. The Board wishes to welcome Dr T Leoka as director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs N P Mageza, G G Nieuwoudt, K S Rantloane, J P Rupert and N J Williams retire from the Board by rotation. These directors are eligible and offer themselves for re-election.



Directors' interests

At 30 June 2023 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 3.34% (2022: 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 169.

Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R6.7 million (2022: R6.1 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 173 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 172 of the Integrated Annual Report.



Declaration of cash dividend

Declaration of cash dividend No. 46

Notice is hereby given that a final gross dividend of 160 cents (2022: 100 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 2023.

A dividend withholding tax of 20% or 32 cents per share will be applicable, resulting in a net dividend of 128 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 2023 therefore amounts to 240 cents, compared to 150 cents for the year ended 30 June 2022.

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, 13 November 2023, to shareholders of the Company registered at the close of business on Friday, 10 November 2023.

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 November 2023, and Friday, 10 November 2023, 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 164 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 20 to 130 have been approved by the Board.



Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
20 September 2023