

Chairman's message



Johann Rupert

Introduction

This year marks South Africa's 30 years of democracy. Thirty years ago, as South Africans took to the ballot box, the global economy also began to show signs of improvement; following the fall of the Berlin Wall, the end of the Cold War, and the European Union's Single Market launch. In central Europe, for example, the introduction of reforms was a catalyst for economic integration and growth. There were other strong notable signs: such as the increase in import demands from developing countries, global trade growth, sharp movements in both the financial and commodities markets, as well as the then economic activity turnaround in Europe and Japan. While global market concerns persisted, including those relating to the prospect of increased inflation due to macroeconomic challenges, cautious optimism prevailed: businesses, the world over, had reason to look forward to the years to come.

Today, our Group and other businesses face their own macroeconomic challenges. In last year's report we listed a few of these challenges. Since then, western economies have reached the end of the rate hiking cycle and, as we anticipated, rate cuts are now gaining gradual momentum. Locally, there has been some improvement in inflationary woes; there appears to be an improvement in the energy supply situation; and we are hopeful about the prospect of increased momentum on economic and political reform post the national election. However, there are now two ongoing wars in the world: the Russia-Ukraine War and the Israel-Gaza War. The need for our Group to adapt to an operating environment which is shaped by a combination of global economic uncertainty and increased geopolitical instability is not new.

The evolution of our Group from a small tobacco manufacturer to a diversified investment company, is proof of our ability to not only **adapt to different seasons**, but to do so **responsibly** and with an **entrepreneurial mindset**. Our drive and determination, grounded in our Group's values, continue to enable us to pursue long-term value creation for our shareholders.

Further, Remgro's obligation has always extended beyond its shareholders; to the South African community at large. Hence our belief in the importance of investing in entrepreneurs, and in developing, as well as empowering, our communities.

While today's challenges may differ from those we have faced in the past, in adapting to the ever-changing world, we will **continue to strengthen our growth and value creation** not only for our shareholders, but also our communities.

Notwithstanding the impact of the ongoing macroeconomic challenges on business operations, we know that successfully growing and sustaining a company like ours comes with navigating different seasons. While the Group's results for this financial year under review did not meet our expectations, we never take a short-term view on performance neither do we get drawn into the trappings of binary thinking. Instead, our focus remains: disciplined capital allocation, and actively partnering with management teams to drive sustainable performance at our underlying investee companies in order to deliver long-term value for our shareholders. That takes time.

As our stakeholders, we value the trust you have placed in our Group. It is for this reason that we are candid about our current performance and reaffirm our commitment to creating long-term value for you.

Financial performance

Remgro's intrinsic net asset value per share increased by 1.0%; from R248.47 at 30 June 2023 to R251.01 at 30 June 2024. The closing share price at 30 June 2024 was R136.09 (2023: R147.05), which represented a discount of 45.8% (2023: 40.8%) to the intrinsic net asset value. Further details are provided in the Chief Executive Officer's Report on page 27.

For the year under review, headline earnings decreased by 20.0% from R7 056 million to R5 647 million, and headline earnings per share (HEPS) decreased by 18.8% from 1 254 cents to 1 018 cents. When compared to headline earnings, the difference of 120bps in the HEPS measure represents the accretive impact of shares repurchased during the 2023 financial year and the beginning of the year under review.

A significant driver of the decline in headline earnings relates to the effect of the corporate actions implemented in the recent past, the majority of which are non-recurring items. The difficult

operating environment, particularly in relation to the trading results of Heineken Beverages Holdings Limited, also contributed to the material decline in headline earnings. Further details are provided on page 34 of the Chief Financial Officer's Report.

Dividend

The Board has approved a final dividend of 184 cents (2023: 160 cents) per share. The total ordinary dividends per share in respect of the year to 30 June 2024 thus amounted to 264 cents (2023: 240 cents).

Corporate governance and sustainability

Our purpose, "to shape the future and partner for South Africa's prosperity" is central to achieving our ambition of delivering financial returns for shareholders while investing in a more sustainable future for South Africa, ultimately unlocking long-term stakeholder value.

Improving transparency is paramount to our sustainability strategy, and increasing disclosures is the key to achieve this. By disclosing more comprehensive information about our operations and performance, we aim to build greater trust and accountability with our stakeholders. Transparent reporting allows stakeholders to make informed decisions and fosters a culture of openness and integrity.

We are committed to offering **clear and detailed disclosures** in our financial statements, ESG and Sustainability Reports, and other communications.

Our sustainability strategy emphasises the need to catalyse inclusive socio-economic development and growth. It also underscores our commitment to making a meaningful difference, through the various corporate social investment initiatives that we support within our communities.

Aligned with our corporate citizenship mandate, the initiatives we support are based on long-standing partnerships to create opportunities for community and enterprise development, as well as cultural, sporting, and educational opportunities.

Further details of our progress in this regard can be found in the ESG and Sustainability Report, which is available on the Company's website at www.remgro.com.

We recognise that the Board of Directors is ultimately accountable for the Company's performance, 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).



While some of our directors have served on our Remgro Board for longer than the King IV Report's recommended tenure, in line with the evaluation practices in place which inform our continuous review of the Board's composition, we are satisfied that the Company has adhered to these principles throughout the year under review. Our Remgro Board members possess the requisite collective skills, experience, and diversity needed to help achieve the Group's objectives and create sustainable stakeholder value over the long term.



Further information pertaining to corporate governance matters, including Board composition and independence, is provided in detail in the Corporate Governance Report on page 74.

Change to the directorate

With effect from 5 April 2024, Mr Carel Vosloo was appointed as an alternate executive director to Mr Jannie Durand. He also serves as a member on the Remgro Management Board. He will, while working together with Mr. Durand, assist in overseeing our investment portfolio.

In closing

I would like to thank all our stakeholders for their continuing support and trust. I would also like to thank the Board, our employees both at the centre and across our underlying investee companies; for their hard work, dedication, and loyalty. With our proven investment philosophy, vision, combined with our innovative approach and resilient portfolio of assets, I remain confident in our ability to drive sustainable shareholder returns and to continue to create long-term stakeholder value.

We have reason to look forward to the years to come.

Johann Rupert
Chairman

Stellenbosch
18 September 2024