

# Report of the Board of Directors

## for the year ended 30 June 2024

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 2024	30 June 2023
Headline earnings (R million)	<b>5 647</b>	7 056
– per share (cents)	<b>1 018</b>	1 254
– diluted (cents)	<b>1 008</b>	1 244
Earnings – net profit for the year (R million)	<b>1 241</b>	9 624
– per share (cents)	<b>224</b>	1 710
– diluted (cents)	<b>218</b>	1 696
Dividends (R million) <sup>(1)</sup>	<b>1 500</b>	1 364
– ordinary – per share (cents)	<b>264</b>	240

<sup>(1)</sup> A final dividend of 184 cents (2023: 160 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)

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 Proprietary Limited (Vumatel) and Dark Fibre Africa Proprietary Limited (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 of South Africa announced its non-binding

recommendation to the Competition Tribunal, to prohibit the proposed transaction. The final phase of the regulatory approval process, which started on 24 May 2024, is still ongoing and a decision is expected during November 2024. 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. These include the very real and tangible positive social impacts relating to critical issues such as the democratisation of the internet in lower income areas, greater access to cheaper fibre to the broader South Africa, as well as the potential for job creation, and ultimately growth of the economy.

#### Momentum Group Limited (Momentum)

During June 2024, Remgro sold its entire 9.4% stake in Momentum (being 122 908 061 Momentum shares) through an accelerated book build offering for a gross consideration of R2 704 million (or R22.00 per share).

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

During October 2023, Invenfin sold its 30% interest in DC Foods Proprietary Limited (DC Foods), which was presented as held for sale at 30 June 2023, and realised an IRR of 33.4% on its investment. DC Foods is a specialist producer and exporter of a range of nutritious frozen desserts and fruits.

#### Milestone China Funds

As at 30 June 2024, Remgro's cumulative investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$102 million. During the year under review, Remgro received distributions of \$15 million from Milestone III, thereby increasing its cumulative distributions received to \$113 million. As at 30 June 2024, the fair value of Remgro's investment in Milestone III amounted to \$3 million.

#### Asia Partners Funds

During the year under review, Remgro invested a further \$1 million in Asia Partners I LP (Asia Partners I) and \$3 million in Asia Partners II LP (Asia Partners II), thereby increasing its cumulative investments in these funds to \$21 million and \$11 million, respectively. As at 30 June 2024, the fair values of Remgro's investments in Asia Partners I and Asia Partners II amounted to \$25 million and \$12 million, respectively, and the remaining commitments to the funds amounted to \$4 million and \$36 million, respectively.

#### Capevin Holdings Proprietary Limited (Capevin)

During June 2024, Remgro acquired a further 2 921 261 Capevin shares for a total amount of R61 million. At 30 June 2024, Remgro's effective interest in Capevin amounted to 33.6% (2023: 31.4%).

## Pembani Remgro Infrastructure Funds

During the year under review, Remgro invested a further R32 million in the Pembani Remgro Infrastructure Fund I (PRIF I) and received distributions of R50 million, thereby increasing its cumulative investment to R666 million and cumulative distributions received to R882 million. As at 30 June 2024, the fair value of Remgro's investment in PRIF I amounted to R326 million and remaining commitment to PRIF I amounted to R10 million.

Remgro also made an initial investment of \$1 million in the Pembani Remgro Infrastructure Fund II (PRIF II) to which Remgro committed to invest \$80 million. Like PRIF I, PRIF II also focuses on investments in infrastructure companies and projects (and related industries) across the African continent.

## RCL Foods: Sale of Vector Logistics

The disposal of RCL Foods' Vector Logistics segment, which was presented as held for sale at 30 June 2023, was finalised on 28 August 2023. RCL Foods provided transitional services to Vector Logistics for a 12-month period which came to an end on 28 August 2024. RCL Foods' relationship with Vector Logistics continues at arm's length via various contractual agreements between Vector Logistics and some of its business units. The purchase price amounted to R1 250 million and the disposal agreement includes a contractual price adjustment relating to the achievement by Vector Logistics of certain EBITDA targets in their 2023 and 2024 financial years (maximum adjustment of R100 million) and the settlement of the RCL Foods share option liabilities. This is expected to be finalised during the 2025 financial year.

## 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 was terminated in favour of the brand owner Diageo, without conditions. The total termination consideration amounted to R1 billion, consisting of an upfront R700 million payment that was received during August 2023 and a deferred consideration amount of R300 million, being payable (in two equal portions), upon achieving certain cumulative thresholds relating to the continued supply and manufacturing of the products to Diageo. All the contractual production volumes were successfully achieved

during the year under review and the deferred portion of R300 million was received in full (R150 million in January 2024 and the remaining R150 million in May 2024).

## Other

Other smaller investments amounted to R129 million.

## Events after year-end

### RCL Foods: Separation of Rainbow Chicken Limited (Rainbow)

On 3 June 2024, the RCL Foods board approved the formal separation of its poultry operation via a listing of the ordinary shares of Rainbow on the Main Board of the JSE Limited (JSE) and a pro rata distribution *in specie* of the Rainbow shares to shareholders. The effective date of the unbundling was 1 July 2024 and Remgro received 714 057 943 Rainbow shares (80.2% interest), in the ratio of one Rainbow share for every one RCL Foods share held. Similar to Remgro's investment in RCL Foods, the investment in Rainbow is classified as a subsidiary.

Other than the above-mentioned event, there were no other significant events subsequent to 30 June 2024.

## Financing activities

During the 2016 financial year Remgro (through its wholly owned subsidiary Remgro Healthcare Holdings Proprietary Limited (RHH)) issued Class A cumulative preference shares of R3.5 billion (four-year tenure and a fixed dividend rate of 7.7%) and Class B cumulative preference shares of R4.366 billion (five-year tenure and a fixed dividend rate of 8.3%). During March 2019 Remgro extended the maturity dates of the Class A preference shares to 15 January 2024 (at a fixed dividend rate of 7.5%) and the Class B preference shares to 17 March 2025 (at a fixed dividend rate of 7.8%).

On 5 December 2023, Remgro early redeemed R3.5 billion of the Class B preference shares and, on 12 December 2023, Remgro extended the redemption of the R3.5 billion Class A preference shares to 17 March 2025 (previously 15 January 2024), while negotiating a lower dividend rate of 7.42% on those preference shares.

On 28 June 2024, Remgro redeemed the remaining R866 million Class B preference shares and also R1.0 billion of these Class A preference shares. The remaining R2.5 billion Class A preference shares are still redeemable on 17 March 2025.

## Cash resources at the centre

The Company's cash resources at 30 June 2024 were as follows:

R million	30 June 2024			30 June 2023
	Local	Offshore	Total	
Per consolidated statement of financial position	3 186	3 603	6 789	6 047
Investment in money market funds	2 699	–	2 699	4 582
Less: Cash of operating subsidiaries	(2 576)	(90)	(2 666)	(1 628)
<b>Cash at the centre</b>	<b>3 309</b>	<b>3 513</b>	<b>6 822</b>	9 001

On 30 June 2024, approximately 39% (R2 649 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](http://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 2024		30 June 2023	
	R million	R per share	R million	R per share
<i>Equity employed</i>				
Attributable to equity holders	<b>112 770</b>	<b>203.22</b>	115 920	207.51
<i>Employment of equity</i>				
Healthcare	<b>40 027</b>	<b>72.13</b>	41 050	73.48
Consumer products	<b>25 415</b>	<b>45.80</b>	29 536	52.87
Financial services	<b>7 491</b>	<b>13.50</b>	7 053	12.63
Infrastructure	<b>7 078</b>	<b>12.76</b>	7 180	12.85
Industrial	<b>6 698</b>	<b>12.07</b>	6 168	11.04
Diversified investment vehicles	<b>4 937</b>	<b>8.90</b>	5 546	9.93
Media	<b>1 120</b>	<b>2.02</b>	1 051	1.88
Portfolio investments	<b>14 050</b>	<b>25.32</b>	15 641	28.00
Social impact investments	<b>162</b>	<b>0.29</b>	126	0.23
Central treasury				
– Cash at the centre	<b>6 822</b>	<b>12.29</b>	9 001	16.11
– Debt at the centre	<b>(2 503)</b>	<b>(4.51)</b>	(7 857)	(14.06)
Other net corporate assets	<b>1 473</b>	<b>2.65</b>	1 425	2.55
	<b>112 770</b>	<b>203.22</b>	115 920	207.51

### Income statement

	30 June 2024		30 June 2023	
	R million	%	R million	%
<i>Source of headline earnings</i>				
Healthcare	<b>1 515</b>	<b>27</b>	1 691	24
Consumer products	<b>934</b>	<b>17</b>	1 208	17
Financial services	<b>1 163</b>	<b>21</b>	960	14
Infrastructure	<b>(33)</b>	<b>(1)</b>	317	4
Industrial	<b>1 425</b>	<b>25</b>	868	12
Diversified investment vehicles	<b>235</b>	<b>4</b>	834	12
Media	<b>156</b>	<b>3</b>	171	2
Portfolio investments	<b>812</b>	<b>14</b>	804	11
Social impact investments	<b>(29)</b>	<b>(1)</b>	(24)	–
Central treasury				
– Finance income	<b>379</b>	<b>7</b>	650	9
– Finance costs	<b>(498)</b>	<b>(9)</b>	(628)	(9)
Other net corporate income/(costs)	<b>(412)</b>	<b>(7)</b>	205	4
	<b>5 647</b>	<b>100</b>	7 056	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 is conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

From the 2024 award cycle, new awards will only be made under the CSP. The SAR Scheme and SAR Plan awards in flight will continue to vest at the vesting dates as per the award letters, until the last awards under these plans are settled.

Both the CSP and SAR Plan rules were reviewed during the year under review and a number of administrative changes will be presented to shareholders for approval at the 2024 Annual General Meeting (AGM).

Refer to note 8 to the Annual Financial Statements that is published on the Company's website at [www.remgro.com](http://www.remgro.com) for further details on both schemes.



## Treasury shares

At 30 June 2023, 9 646 270 Remgro ordinary shares (1.8%) were held as treasury shares by a wholly owned subsidiary of Remgro. Of the 9 646 270 shares, 7 763 937 shares were held for the purpose of hedging Remgro's share schemes (Remgro scheme shares), while 1 882 333 shares were held pursuant to a general share repurchase programme (Remgro repurchased shares). These Remgro repurchased shares were acquired as part of an ongoing strategic focus on returning value to shareholders through a disciplined capital allocation plan.

During the year under review 977 464 Remgro scheme shares were utilised to settle Remgro's obligation towards scheme participants, while 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.


At 30 June 2024, 13 350 149 Remgro ordinary shares (2.5%) were held as treasury shares of which 6 766 473 shares were Remgro scheme shares and 6 583 676 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 43.09% (2023: 42.91%) of the total votes.

 An analysis of the shareholders appears on pages 159 and 160.

## 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](http://www.remgro.com).

## Directors

 The names of the directors appear on pages 68 to 71.

Mr C P F Vosloo was appointed as an alternate director to Mr J J Durand with effect from 5 April 2024, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next AGM. The Board wishes to welcome Mr C P F Vosloo as director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs J J Durand, J Malherbe, P J Neethling, 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 2024 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 3.40% (2023: 3.34%).

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 161.

## Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R7.7 million (2023: R6.7 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.

 A special resolution to grant this general authority to the Board is incorporated in the notice of the AGM on page 162.

## 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, 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 AGM on page 162.



## Declaration of cash dividend

### Declaration of cash dividend No. 48

Notice is hereby given that a final gross dividend of 184 cents (2023: 160 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 2024.

A dividend withholding tax of 20% or 36.80 cents per share will be applicable, resulting in a net dividend of 147.20 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 2024 therefore amounts to 264 cents, compared to 240 cents for the year ended 30 June 2023.

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, 18 November 2024, to shareholders of the Company registered at the close of business on Friday, 15 November 2024.

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 November 2024, and Friday, 15 November 2024, 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 156.



## Approval

The comprehensive Annual Financial Statements published on the Company's website at [www.remgro.com](http://www.remgro.com), as well as the summary consolidated Annual Financial Statements set out on pages 139 to 154 have been approved by the Board.



Signed on behalf of the Board of Directors.



**Johann Rupert**  
Chairman



**Jannie Durand**  
Chief Executive Officer

Stellenbosch  
18 September 2024