Remgro Limited

Registration number 1968/006415/06
ISIN ZAE000026480
JSE and A2X Share code REM

INTERIM REPORT

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED

31 DECEMBER 2023

AND CASH DIVIDEND DECLARATION

SALIENT features

381 CENTS
(DOWN BY 39.1%)

Headline earnings
per share

80 CENTS
(UNCHANGED)

Interim dividend
per share

R236.95
(DOWN BY 4.6%)
since 30 June 2023

Intrinsic net asset value
per share

CONTENTS

INTRODUCTION

Introduction

The second half of the 2023 calendar year continued to be marked globally as a period of macroeconomic and geopolitical instability, unrelenting inflationary pressures largely resulting from supply chain disruptions and weak economic growth. In the South African context, the period's global pressures were exacerbated by the well-known power supply constraints, breakdown in state infrastructure relating to transport and logistics, slow pace of economic and structural reforms, high interest rates and a general erosion of foreign investment confidence in the country. The compounded effects of all these factors have been felt across Remgro's portfolio companies, creating an incredibly challenging operating environment for its businesses to navigate. As a Group, Remgro has worked hard to mitigate the external pressures to the extent that it can.

An operating backdrop such as this necessitates a disciplined focus on factors within the Group's control, while still looking for longer-term growth opportunities. As a result, this interim period has been characterised by consolidation with a focus on embedding the recently completed acquisitions and optimising them within the Remgro Group. This process has also involved an intensified focus on driving turnaround and positive momentum in Remgro's core and growth assets, including Mediclinic Group Limited (Mediclinic), Heineken Beverages Holdings Limited (Heineken Beverages), Community Investment Ventures Holdings Proprietary Limited (CIVH), RCL Foods Limited (RCL Foods) and Siqalo Foods Proprietary Limited (Siqalo Foods). Remgro has seen varying levels of success in this regard, taking into account the different integration timelines of the recent transactions - and their impacts, together with the nuanced ways in which the macroeconomics have affected its portfolio companies. The operating environment is starting to show signs of moderation, and Remgro remains well positioned to take advantage of the opportunities that this economic cycle offers, however, Remgro's immediate priority is driving performance in its underlying portfolio companies and unlocking sustainable value for its shareholders. This is what will enable Remgro's strategic imperative of being the trusted investment company of choice.

Group profile

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially since then and currently includes investee companies across nine platforms. The Company is listed on the Johannesburg Stock Exchange (JSE), operated by the JSE Limited in South Africa under the "Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services" sector, with the share code "REM". From 3 January 2022, the Company also has a secondary listing on the A2X. Remgro's interests consist mainly of investments in the healthcare, consumer products, financial services, infrastructure, industrial and media industries. Remgro's most significant investments are as follows: Mediclinic (50.0% interest), OUTsurance Group Limited (OUTsurance Group) (30.6% interest), CIVH (57.0% interest), Heineken Beverages (18.8% interest), RCL Foods (80.2% interest), FirstRand Limited (FirstRand) (2.2% interest), Discovery Limited (Discovery) (7.7% interest), Siqalo Foods (100.0% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies) (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (KTH) (43.5% interest). These investments contribute approximately 89% to Remgro's intrinsic net asset value (INAV after tax).

INTRODUCTION (continued)

Group reporting

Due to Remgro being an investment holding company, traditional measurements of performance, such as sales or gross profit, are not meaningful criteria for evaluating the Group's performance. However, management uses "headline earnings", "intrinsic net asset value" and "cash at the centre" to evaluate the performance of the Group on a continuous basis and hence these concepts are used throughout this report to provide shareholders with a better understanding of Remgro's results.

For purposes of determining the intrinsic net asset value, the unlisted investments are shown at *IFRS 13: Fair value measurement* valuations and the listed investments are shown at closing stock exchange prices. In ensuring the veracity of Remgro's intrinsic net asset valuations, a Valuation Subcommittee assists the Audit and Risk Committee to gain assurance on the valuations of Remgro's unlisted investments and recommends these valuations to the Remgro Board. This function has become increasingly important as Remgro's portfolio has evolved towards more unlisted investments.

At 30 June 2023 the investment in Heineken Beverages was valued using the price of recent investment (PRI) principle. At the time, and given the short period since the Distell/Heineken transaction implementation, limited integration had taken place and updated consolidated forecast information was not available. To date, the Heineken Beverages board has not yet signed off on consolidated forecast information beyond December 2024 on which a discounted cash flow (DCF), the primary valuation methodology, could be applied. As a result, for the 31 December 2023 valuation, Remgro made use of the market approach (EBITDA multiple) and applied relevant discounts (lack of marketability and forecast risk) to value its investment in Heineken Beverages. It is expected that in the future, and consistent with Remgro's valuation approach, it is likely that the DCF methodology will be applied to value its investment in Heineken Beverages based on board approved forecasts, subject to relevant discounts (lack of marketability, lack of control and potentially, also forecast risk).

Corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group discloses an alternative earnings measure excluding these items in order to promote comparability between reporting periods.

In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of headline earnings per share for trading statement purposes. This is still considered to be an appropriate measure given that, as an investment holding company, the assessment of headline earnings is a key performance measure.

GROUP FINANCIAL REVIEW

Salient features

	Unaudited 31 Dec 2023	% Change	Unaudited 31 Dec 2022
Headline earnings (R million)	**2 113**	*(40.1)*	3 529
– per share (cents)	**381**	*(39.1)*	626
Ordinary interim dividends per share (cents)	**80**	-	80
	Unaudited 31 Dec 2023	*% Change*	**Audited 30 June 2023**
Intrinsic net asset value per share (R)	**236.95**	*(4.6)*	248.47
Remgro share price (R)	**162.48**	*10.5*	147.05
Percentage discount to intrinsic net asset value (%)	**31.4**	*940bps*	40.8

Results in context

For the period under review, headline earnings decreased by 40.1% from R3 529 million to R2 113 million, while headline earnings per share (HEPS) decreased by 39.1% from 626 cents to 381 cents. The difference of 100bps in the HEPS measure compared to headline earnings, represents the accretive impact of shares repurchased during the 2023 financial year and the period under review.

A significant driver of the decline in headline earnings relates to the effect of the corporate actions implemented in the recent past, majority of which are non-recurring items. The difficult operating environment, particularly in relation to the trading results of Heineken Beverages also contributed to the material decline in headline earnings. For the current and comparative periods, these corporate actions and their impact on headline earnings include the following:

- the *IFRS 3* amortisation and depreciation charges for the period under review of R178 million relating to the additional assets identified when Heineken Beverages obtained control over Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (Namibia Breweries) (Heineken *IFRS 3* impact);
- Remgro's portion of the negative fair value adjustment (FVA) made by TotalEnergies on its Natref stock for the period under review amounting to R377 million, due to Natref being classified as held for sale in terms of *IFRS 5*;
- Remgro's portion of the transaction costs amounting to R165 million (2022: R19 million) incurred in respect of the acquisition, through Remgro's 50% interest in Manta Bidco Limited (Bidco), a newly formed company, which is jointly owned by Remgro and MSC Mediterranean Shipping Company SA (MSC), of the entire issued ordinary share capital of Mediclinic (the Mediclinic acquisition);
- Remgro's portion of a debt forgiveness gain amounting to R227 million that was accounted for by KTH in the comparative period (a lender waived its right to receive an outstanding amount of a loan to KTH) as part of the disposal of its investment in Actom Investment Holdings Proprietary Limited (Actom); and
- Grindrod Limited's (Grindrod) equity accounted income of R60 million until its unbundling during October 2022.

GROUP FINANCIAL REVIEW (continued)

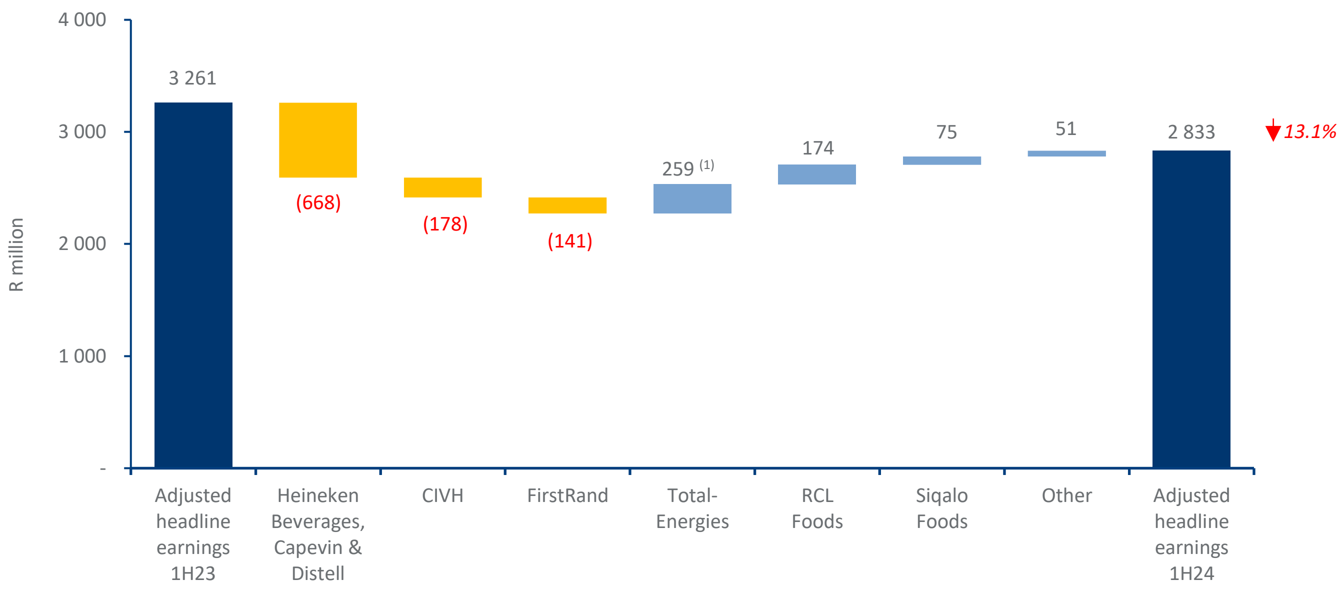
Results in context (continued)

Excluding the impact on headline earnings of these corporate actions, the headline earnings decreased by 13.1% from R3 261 million to R2 833 million (refer to "Headline earnings, adjusted for corporate actions, reconciliation" on page 21 for further details). This decrease is largely driven by:

- the loss contributed by Heineken Beverages (excluding the Heineken *IFRS 3* impact) of R208 million, partly offset by Capevin Holdings Proprietary Limited's (Capevin) contribution of R57 million, compared to Distell's contribution of R517 million in the comparative period;
- a lower contribution from CIVH mainly due to higher finance costs resulting from increased interest rates;
- a special dividend of R154 million received from FirstRand in the comparative period;
- partly offset by increased contributions from TotalEnergies (excluding the negative FVA on Natref's stock), as well as RCL Foods and Siqalo Foods due to improved operating performances.

More details on these transactions are provided under *"Commentary on investees' performance"*.

Headline earnings, adjusted for corporate actions for the six months ended 31 December 2023



(1) *Included in TotalEnergies' contribution (excluding the negative Natref fair value adjustment) are negative stock revaluations of R8 million (2022: negative stock revaluations of R273 million).*

GROUP FINANCIAL REVIEW (continued)

Contribution to headline earnings by reporting platform

R million	Unaudited Six months ended 31 Dec 2023	% Change	31 Dec 2022	Audited Year ended 30 June 2023
Healthcare	**566**	*(22.7)*	732	1 691
Consumer products	**458**	*(55.2)*	1 022	1 208
Financial services	**470**	*5.1*	447	960
Infrastructure	**37**	*(86.5)*	275	317
Industrial	**171**	*(34.0)*	259	868
Diversified investment vehicles	**180**	*(52.6)*	380	834
Media	**66**	*3.1*	64	171
Portfolio investments	**435**	*(13.5)*	503	804
Social impact investments	**(17)**	*(142.9)*	(7)	(24)
Central treasury				
– finance income	**221**	*(28.2)*	308	650
– finance costs	**(321)**	*(1.3)*	(317)	(628)
Other net corporate income/(costs)	**(153)**	*(11.7)*	(137)	205
Headline earnings	**2 113**	*(40.1)*	3 529	7 056

Refer to pages 16 and 17 for the segmental information.

GROUP FINANCIAL REVIEW (continued)

Commentary on investees' performance

Healthcare

Mediclinic's contribution to Remgro's headline earnings, which includes the contribution of Bidco, amounted to R566 million (2022: R732 million), representing a decrease of 22.7%. As a result of the Mediclinic acquisition, Remgro's indirect interest in Mediclinic increased from 44.6% to 50.0% (or by 5.4%) on 6 June 2023. For the period under review, Remgro accounted for Mediclinic's results for the two months ended 31 May 2023 at 44.6% and for the four months to 30 September 2023 at 50.0%. Mediclinic's contribution includes transaction costs of R165 million (2022: R19 million) relating to the Mediclinic acquisition. Excluding these transaction costs, Mediclinic's contribution to headline earnings decreased from R751 million to R731 million (or by 2.7%).

Mediclinic (excluding Bidco) reports adjusted earnings, which removes volatility associated with certain types of significant income and charges, to assess financial and operational performance and as a method to provide investors and analysts with complementary information to better understand its financial performance. These adjustments included the above-mentioned transaction costs. The comparative period also included significant amounts relating to a positive Swiss cantonal tax rate change, a decrease of a redemption liability (re Clinique des Grangettes) and an accelerated depreciation charge (re Klinik St. Anna). In US dollar terms, Mediclinic's (excluding Bidco) reported adjusted earnings remained flat at $81 million. Remgro's portion of Mediclinic's adjusted earnings increased by 25.2% to R740 million (2022: R591 million), reflecting a weakened average SA rand exchange rate against the US dollar and Remgro's increased interest in Mediclinic.

Mediclinic's performance for their six months to 30 September 2023 was impacted by a weak performance in Switzerland, partially offset by an outperformance in the Middle East. Revenue was up 5% to $2 199 million (up 5% in constant currency terms), driven by a 1.3% growth in inpatient admissions and a 3.9% growth in day case admissions, partly offset by lower average revenue per case due to mix changes and below-inflation tariff increases. Adjusted EBITDA was down 4% (down 3% in constant currency terms) and the adjusted EBITDA margin was 13.0% (2022: 14.2%), reflecting a softer revenue performance coupled with increased employee costs in Switzerland, as well as additional employee and energy costs in Southern Africa, the latter due to increased load shedding. The decrease in adjusted EBITDA was mainly offset by a lower tax charge and a higher equity-accounted contribution from Mediclinic's investment in Spire. The lower tax charge reflects the higher contribution of non-taxable income from the Middle East, as well as the effect of the non-recognition of deferred tax assets on tax losses in Switzerland in the prior period.

Consumer products

Heineken Beverages' contribution to Remgro's headline earnings, which consists of Remgro's portion of Heineken Beverages' results for the six months ended 31 December 2023, amounted to a loss of R386 million. Heineken Beverages' contribution includes amortisation and depreciation charges of R178 million relating to the additional assets identified when Heineken Beverages obtained control over Distell and Namibia Breweries on 26 April 2023. Excluding these charges, Heineken Beverages' contribution amounted to a loss of R208 million. Heineken Beverages' volumes were impacted by lower industry growth, loadshedding, a shift from premium to mainstream (Heineken Beverages' portfolio over indexed in premium), and a challenging competitive environment. Margins were also negatively impacted by non-recurring expenses related to integration and supply chain challenges. As a result of these challenges the trading results for six months to 31 December 2023 of Heineken Beverages is not deemed to be an accurate reflection of the long-term prospects of the business.

GROUP FINANCIAL REVIEW (continued)

Consumer products (continued)

In addition to Heineken Beverages' contribution, Remgro also accounted for amortisation and depreciation charges of R26 million relating to the additional assets identified when Remgro obtained significant influence over Heineken Beverages on 26 April 2023.

Capevin's contribution to Remgro's headline earnings, which consists of Remgro's portion of Capevin's results for the six months ended 31 December 2023, amounted to R57 million. Capevin's profit from continuing operations, which excludes Gordon's Gin due to it being classified as a discontinued operation, increased by 23.4% to R170 million. This increase is mainly due to the weakening of the South African Rand compared to the prior period, as well as a strong performance from the Scotch whisky portfolio in Taiwan.

Distell's contribution to Remgro's headline earnings for the comparative period amounted to R517 million. As a result of the Distell/Heineken transaction, which was implemented on 26 April 2023, Remgro stopped accounting for the results of Distell.

In addition to Distell's contribution in the comparative period, Remgro also accounted for amortisation and depreciation charges of R20 million relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

RCL Foods' contribution to Remgro's headline earnings amounted to R577 million (2022: R403 million), representing an increase of 43.2%. RCL Foods discloses underlying headline earnings from continuing operations, which excludes the *IFRS 9* fair value adjustments on commodity contracts entered into as part of the raw material procurement strategy and Vector Logistics' earnings due to it being classified as a discontinued operation. Underlying headline earnings from continuing operations provides users of RCL Foods' results with relevant information and measures used by itself to assess performance. RCL Foods reported an increase in underlying headline earnings from continuing operations of 37.5%, which was mainly driven by Rainbow's recovery, notwithstanding the impact of Avian Influenza (AI) during the period, and a strong performance in the Sugar business unit despite lower crop yields. Rainbow's recovery can be credited mainly to a better agricultural performance aided by the new breed rollout, cost control, improved margins and higher volumes in the retail and wholesale channel. Its performance remained compromised by the ongoing direct costs of load shedding and AI. In the Sugar operating unit, the higher price of local sugar and strong export pricing more than offset the impact of lower local sales, reduced raw sugar exports and lower production throughput. In the Baking business unit, the strong performance in Milling, Pies and Speciality was partially offset by a disappointing result in the Bread, Buns & Rolls operating unit, which continues to face an extremely competitive operating environment with higher input costs and changes in channel dynamics leading to further margin pressure. Within the Groceries business unit, the Grocery operating unit delivered a muted result with volume challenges in the Culinary category partially offset by the recovery in volumes in the Pet Food category. The Grocery result was further impacted by unrecovered direct load shedding costs as well as a decline in oil sales revenue.

The headline earnings contribution from **Siqalo Foods** amounted to R237 million (2022: R162 million), representing an increase of 46.3%. The trading environment remains a challenge due to elevated interest rates, high inflation, volatile exchange rates and continued load shedding. To recover margin from prior commodity cost drivers and to offset the impact of inflation and continued cost pressure, the business increased prices in September 2023. Siqalo Foods experienced a 7.9% decrease in volumes for the period under review as consumer spend was negatively impacted by the elevated inflationary environment. Oil commodity markets have stabilised at pre-Ukraine war levels, which assisted to offset the decrease in volumes resulting in a 23.6% overall increase in operational EBITDA. Operational EBITDA excludes *IFRS 9* fair value adjustments on commodity and foreign exchange contracts entered as part of the raw material procurement strategy.

GROUP FINANCIAL REVIEW (continued)

Consumer products (continued)

In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R1 million (2022: R40 million) relating to the additional assets identified when Remgro obtained control over Siqalo Foods on 2 July 2018. The decrease is mainly due to some of the additional assets identified being fully amortised.

Financial services

OUTsurance Group's contribution to Remgro's headline earnings amounted to R429 million (2022: R406 million). On a normalised basis, which excludes certain anomalies, OUTsurance Group reported an increase of 0.5% in earnings. This increase is mainly due to a reduction in head-office cost, resulting from the simplification of the group following the listing transition in December 2022, partly offset by a lower contribution from OUTsurance Holdings Limited (OUTsurance), the most significant asset in OUTsurance Group.

OUTsurance's normalised earnings decreased by 3.3% mainly driven by the impact of significantly high natural perils claims incurred, most prominently Australia, and a significant increase in the cost of OUTsurance's employee share option scheme, which share-based payments expense is linked to the indexed performance of the OUTsurance Group share price. If adjusted for the increase in the share-based payments expense, the normalised earnings would have been 13.4% higher. Gross written premium grew by a strong 22.5%, which is testament to good operational execution, navigating effectively through the high inflationary environment and the contribution made by new business initiatives. Annualised new business increased by 38.8%, which points to an accelerated new business trend over the period. The claims ratio, which increased from 54.2% to 59.1%, is attributed to the higher natural perils claims incurred by Youi.

Business Partners Limited's (Business Partners) contribution to Remgro's headline earnings remained flat at R41 million. The increase in net interest income, primarily due to an increase in interest rates, was primarily offset by a higher credit loss provision and higher operating expenses.

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to R6 million (2022: R184 million). The decrease in earnings is mainly due to higher finance costs resulting from increased interest rates. Vumatel Proprietary Limited's (Vumatel) revenue for the six months to 30 September 2023 increased by 11% to R1 818 million, driven through its fibre infrastructure expansion program and subscriber uptake growth. The Reach network expanded by 11% with Reach homes passed exceeding one million and Reach subscribers increasing by 20%. Dark Fibre Africa Proprietary Limited's (DFA) revenue for the six months to 30 September 2023 increased by 3% to R1 341 million, while its annuity income increased to R215 million per month at 30 September 2023 (30 September 2022: R210 million per month).

SEACOM Capital Limited's (SEACOM) contribution to Remgro's headline earnings amounted to R32 million (2022: R29 million), while **other infrastructure investments** include the contribution of Grindrod in the comparative period amounting to R60 million. Grindrod was equity accounted until its unbundling during October 2022.

Industrial

Air Products' contribution to Remgro's headline earnings increased by 11.8% to R284 million (2022: R254 million). Air Products' turnover increased by 17.4% for their six months ended 30 September 2023 driven by the large power cost inflation pass-through effects on large tonnage customers. Volumes in the large tonnage gases business were largely static overall. These large industrial gas customers are supplied through a combination of onsite plant generation, pipeline supply and trucked bulk liquid supply under long term arrangements. A lack of large project development in mining, chemicals and metal extraction in the local economy is hampering growth prospects in the onsite and pipeline

GROUP FINANCIAL REVIEW (continued)

Industrial (continued)

areas of supply and volumes and profitability remain static. Bulk liquid gases are supplied to a wide variety of industries and have seen modest growth largely in the food beverage sectors. The packaged gases business has shown pleasing growth in volumes in the current period from existing customers and new business signings in a number of industry sectors including motor, mining and metals fabrication.

TotalEnergies' contribution to Remgro's headline earnings amounted to a loss of R262 million (2022: a loss of R144 million). Included in the contribution to headline earnings for the period under review is a negative fair value adjustment (FVA) made by TotalEnergies on its Natref stock amounting to R377 million, due to Natref being classified as held for sale in terms of *IFRS 5*. TotalEnergies has entered in an agreement to sell its 36.36% minority stake in Natref. TotalEnergies' contribution also includes negative stock revaluations amounting to R8 million (2022: negative stock revaluations of R273 million). The negative revaluations in both periods resulted from the decrease in the Brent Crude price from 1 July to 31 December. Excluding these revaluations and the negative FVA on Natref's stock, the contribution decreased by 4.7% from R129 million to R123 million.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings decreased by 6.2% to R137 million (2022: R146 million). Turnover for the period decreased marginally to R1 973 million (2022: R1 978 million). The decrease in earnings was a result of a lower gross profit margin together with a reduction in brass sprinkler sales that negatively impacted profitability. The market in general was subdued with competitive conditions being tough, given the current economic climate.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to R12 million (2022: R3 million).

Diversified investment vehicles

KTH's contribution to Remgro's headline earnings amounted to R185 million (2022: R348 million). The decrease in KTH's earnings is mainly due to a debt forgiveness gain in the comparative period (the lender waived its right to receive the outstanding amount of a loan to KTH) of R521 million as part of the disposal of KTH's investment in Actom Investment Holdings Proprietary Limited (Actom). The period under review includes a positive fair value adjustment on KTH's investment in Momentum Metropolitan preference shares of R113 million (2022: positive adjustment of R88 million), as well as an increased contribution from Kagiso Media Proprietary Limited.

The contribution from **other diversified investment vehicles** to Remgro's headline earnings amounted to a loss of R5 million (2022: a profit of R32 million). The comparative period consisted mainly of the contribution from Invenfin Proprietary Limited's (Invenfin) investment in DC Foods Proprietary Limited (DC Foods), which was sold during October 2023.

Media

eMedia Investments Proprietary Limited's (eMedia Investments) contribution to Remgro's headline earnings decreased by 6.1% to R46 million (2022: R49 million). eMedia Investments reported satisfactory results notwithstanding the uncontrollable impact on its business from load shedding, an erratic rand, increased fuel prices, a rising rate of inflation and an ever-increasing unemployment rate. The recently ended actor and writer strike in Hollywood also negatively impacted the income from international film productions. In this ever-challenging market, eMedia Investments managed to increase its television advertising revenue by 2% despite the continued decrease in total television advertising spend. eMedia Investments managed to remain the biggest broadcaster with an overall prime time share of 35.0% at the end of September 2023 (31 March 2023: 34.5%) compared to the SABC at 30.7% and DStv at 27.6%. Due to the imminent analogue switch-off, eMedia Investments is campaigning for analogue consumers to migrate to Openview. The activated set-top boxes for Openview reached 3 280 435 at the end of September 2023 (31 March 2023: 3 166 461).

GROUP FINANCIAL REVIEW (continued)

Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R435 million (2022: R503 million). Dividends from **FirstRand** amounted to R240 million (2022: R381 million, which included a special dividend received of R154 million). During the year under review, dividends were also received from Momentum Metropolitan Holdings Limited (**Momentum Metropolitan)** and **Discovery** of R86 million (2022: R80 million) and R56 million (2022: Rnil), respectively.

Other portfolio investments include the dividends received from British American Tobacco plc (BAT) and Reinet Investments SCA (Reinet) totaling R53 million (2022: R42 million).

Social impact investments

Social impact investments primarily consist of interests in the **Blue Bulls** rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (**SAS**).

Central treasury and other net corporate income/(costs)

Finance income amounted to R221 million (2022: R308 million). This decrease is mainly due to a lower average cash balance, resulting from the Mediclinic acquisition in the 2023 financial year. The comparative period also included an after-tax unrealised foreign exchange gain of R32 million relating to the Mediclinic acquisition. Finance costs amounted to R321 million (2022: R317 million) and other net corporate costs amounted to R153 million (2022: R137 million).

Earnings

Total earnings amounted to a loss of R2 394 million (2022: a profit of R3 951 million). This decrease in earnings is mainly due to the decrease in headline earnings discussed above (R1 416 million), the impairment of Remgro’s investment in Heineken Beverages (R3 488 million) and Remgro’s portion of the impairments of Heineken Beverages’ goodwill that was created through the Distell/Heineken transaction (R1 819 million). For the 2023 financial year, Remgro accounted for a profit on disposal of R3 384 million in respect of the Distell/Heineken transaction. The decrease was partially offset by the profit realised on the disposal of the investment in DC Foods, Remgro’s portion of the profit realised by RCL Foods on the disposal of its Vector Logistics business and Remgro’s portion of the profit realised by Capevin on the termination of the Gordon’s Gin agreement.

Intrinsic net asset value

Remgro’s intrinsic net asset value per share decreased by 4.6% from R248.47 at 30 June 2023 to R236.95 at 31 December 2023. The closing share price at 31 December 2023 was R162.48 (30 June 2023: R147.05), representing a discount of 31.4% (30 June 2023: 40.8%) to the intrinsic net asset value. Refer to page 17 for full details.

GROUP FINANCIAL REVIEW (continued)

Investment activities

The material investment activities during the period under review were as follows:

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 of South Africa announced its non-binding recommendation to the Competition Tribunal, to prohibit the proposed transaction. The final hearing of the Competition Tribunal is set for 24 May 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 greater South Africa, as well as the potential for job creation, and broader growth of the economy.

Invenfin (a wholly owned subsidiary of Remgro)

During October 2023, Invenfin sold its 30%-interest in DC Foods, which was presented as held for sale at 30 June 2023, and realised a MOIC (Multiple on Invested Capital) of 5.2x 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 31 December 2023, Remgro's cumulative investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$102 million. During the period under review Remgro received distributions of \$5 million from Milestone III, thereby increasing its cumulative distributions received to \$103 million. As at 31 December 2023 the fair value of Remgro's investment in Milestone III amounted to \$14 million.

PRIF

During the period under review Remgro invested a further R22 million in the Pembani Remgro Infrastructure Fund (PRIF) and received distributions of R42 million, thereby increasing its cumulative investment to R656 million and cumulative distributions received to R874 million. As at 31 December 2023, the fair value of Remgro's investment in PRIF amounted to R302 million and remaining commitment to PRIF amounted to R20 million.

RCL Foods: Sale of Vector Logistics

The sale of RCL Foods' Vector Logistics segment, which was 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. RCL Foods is currently in a 12-month transitional arrangement to enable the seamless operational separation of its Vector Logistics business.

GROUP FINANCIAL REVIEW (continued)

Investment activities (continued)

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 termination consideration amounted to R1 billion, of which R700 million was received during August 2023 and the outstanding amount of R300 million is payable (in two equal portions) upon achieving certain cumulative thresholds relating to the continued supply and manufacturing of the products to Diageo. On 8 January 2024 a further amount of R150 million was received, after 50% of the required product volumes were met. The final R150 million is subject to the remaining 50% production volumes being produced for the 2024 financial year.

Other

Other smaller investments amounted to R97 million.

Events after 31 December 2023

RCL Foods: Separation of Rainbow

On 1 March 2024, the RCL Foods Board provided its preliminary approval to pursue the formal separation of Rainbow, via an unbundling to shareholders and a concurrent listing on the JSE.

Other than the above-mentioned events, there were no other significant events subsequent to 31 December 2023.

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 R4.4 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. The remaining R866 million Class B preference shares are still redeemable on 17 March 2025. On 12 December 2023, Remgro also 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

GROUP FINANCIAL REVIEW (continued)

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 period under review 977 035 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 31 December 2023, 13 370 578 Remgro ordinary shares (2.5%) were held as treasury shares of which 6 786 902 shares were Remgro scheme shares and 6 583 676 shares were Remgro repurchased shares.

Cash resources at the centre

The Company's cash resources at 31 December 2023 were as follows:

R million	Unaudited 31 December 2023 Local	Offshore	Total	Audited 30 June 2023
Per consolidated statement of financial position	**2 808**	**3 318**	**6 126**	6 047
Investment in money market funds	**1 675**	**-**	**1 675**	4 582
Less: Cash of operating subsidiaries	**(2 182)**	**(120)**	**(2 302)**	(1 628)
Cash at the centre	**2 301**	**3 198**	**5 499**	9 001

On 31 December 2023, approximately 30% (R1 625 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.

CHANGE TO DIRECTORATE

Ms T Leoka notified the Company that, due to personal reasons, she is no longer available to assume the role of independent non-executive director on the Remgro Board, and the Company consequently withdrew her appointment as a director at the Company's Annual General Meeting held on 4 December 2023. She is therefore no longer a director on the Remgro Board.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 47

Notice is hereby given that an interim gross dividend of 80 cents (2022: 80 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 six months ended 31 December 2023.

The Board is satisfied that the Company is solvent and liquid, thus confirming that the Company has sufficient capital and reserves after the payment of the interim dividend, to support its operations for the foreseeable future.

A dividend withholding tax of 20% or 16 cents per share will be applicable, resulting in a net dividend of 64 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 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.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 16 April 2024
Shares trade ex dividend	Wednesday, 17 April 2024
Record date	Friday, 19 April 2024
Payment date	Monday, 22 April 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 April 2024, and Friday, 19 April 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.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
Approved by the Board: 18 March 2024
SENS release date: 19 March 2024

COMPOSITION OF HEADLINE EARNINGS

R million	Unaudited Six months ended 31 Dec 2023	% Change	Six months ended 31 Dec 2022
Healthcare			
Mediclinic	**566**	*(22.7)*	732
Consumer products			
Distell – entity contribution	**-**	*(100.0)*	517
– *IFRS 3* charge[1]	**-**	*100.0*	(20)
Heineken Beverages – entity contribution	**(386)**	*nm*	
– *IFRS 3* charge[1]	**(26)**	*nm*	
Capevin	**57**	*nm*	
RCL Foods	**577**	*43.2*	403
Siqalo Foods – entity contribution	**237**	*46.3*	162
– *IFRS 3* charge[1]	**(1)**	*97.5*	(40)
Financial services			
OUTsurance Group	**429**	*5.7*	406
Business Partners	**41**	-	41
Infrastructure			
CIVH	**6**	*(96.7)*	184
SEACOM	**32**	*10.3*	29
Other infrastructure investments	**(1)**	*(101.6)*	62
Industrial			
Air Products	**284**	*11.8*	254
TotalEnergies	**(262)**	*(81.9)*	(144)
Wispeco	**137**	*(6.2)*	146
Other industrial investments	**12**	*300.0*	3
Diversified investment vehicles			
KTH	**185**	*(46.8)*	348
Other diversified investment vehicles	**(5)**	*(115.6)*	32
Media			
eMedia Investments	**46**	*(6.1)*	49
Other media investments	**20**	*33.3*	15
Portfolio investments			
FirstRand	**240**	*(37.0)*	381
Discovery	**56**	*nm*	-
Momentum Metropolitan	**86**	*7.5*	80
Other portfolio investments	**53**	*26.2*	42
Social impact investments	**(17)**	*(142.9)*	(7)
Central treasury			
Finance income	**221**	*(28.2)*	308
Finance costs	**(321)**	*(1.3)*	(317)
Other net corporate costs	**(153)**	*(11.7)*	(137)
Headline earnings	**2 113**	*(40.1)*	3 529
Weighted number of shares (million)	**554.5**	*(1.6)*	563.6
Headline earnings per share (cents)	**381**	*(39.1)*	626

nm - not meaningful

1. *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro acquired these investments.*

COMPOSITION OF INTRINSIC NET ASSET VALUE

R million	Unaudited 31 December 2023 Book value	Unaudited 31 December 2023 Intrinsic value[1]	Audited 30 June 2023 Book value	Audited 30 June 2023 Intrinsic value[1]
Healthcare				
Mediclinic	**39 588**	**43 089**	41 050	47 268
Consumer products				
Heineken Beverages	**6 751**	**6 751**	12 495	12 451
Capevin[2]	**1 866**	**1 572**	1 677	1 576
RCL Foods[2]	**10 027**	**6 077**	9 152	7 141
Siqalo Foods	**6 201**	**6 302**	6 212	6 007
Financial services				
OUTsurance Group	**5 835**	**19 811**	5 764	15 957
Business Partners[2]	**1 329**	**1 291**	1 289	1 260
Infrastructure				
CIVH	**7 029**	**13 064**	7 025	14 300
SEACOM	**130**	**637**	98	796
Other infrastructure investments	**57**	**57**	57	57
Industrial				
Air Products	**1 292**	**4 888**	1 282	4 911
TotalEnergies	**2 501**	**3 527**	3 063	3 338
Wispeco[2]	**1 696**	**1 463**	1 619	1 330
Other industrial investments	**221**	**365**	204	320
Diversified investment vehicles				
KTH	**2 038**	**2 649**	1 878	2 370
Prescient China Equity Fund	**1 047**	**1 047**	1 137	1 137
Invenfin	**690**	**761**	771	1 136
Other diversified investment vehicles	**1 212**	**1 212**	1 760	1 760
Media				
eMedia Investments[2]	**903**	**569**	897	659
Other media investments	**150**	**195**	154	182
Portfolio investments				
FirstRand[3]	**7 274**	**7 274**	6 889	6 889
Discovery	**6 139**	**6 139**	6 167	6 167
Momentum Metropolitan	**2 200**	**2 200**	1 816	1 816
Other portfolio investments	**694**	**694**	769	769
Social impact investments	**147**	**147**	126	126
Central treasury				
Cash at the centre[4]	**5 499**	**5 499**	9 001	9 001
Debt at the centre	**(4 367)**	**(4 367)**	(7 857)	(7 857)
Other net corporate assets	**1 438**	**2 133**	1 425	2 122
Intrinsic net asset value (INAV)	**109 587**	**135 046**	115 920	142 989
Potential CGT liability[5]		**(3 562)**		(4 186)
INAV after tax	**109 587**	**131 484**	115 920	138 803
Issued shares after deduction of shares repurchased (million)	**554.9**	**554.9**	558.6	558.6
INAV after tax per share (Rand)	**197.49**	**236.95**	207.51	248.47
Remgro share price (Rand)		**162.48**		147.05
Percentage discount to INAV		**31.4**		40.8

1. *For purposes of determining the intrinsic net asset value, unlisted investments are shown at IFRS 13: Fair value measurement valuations and listed investments are shown at closing stock exchange prices.*
2. *Remgro determined the recoverable amounts for RCL Foods, Capevin, Business Partners, Wispeco and eMedia Investments which are in excess of the investments' carrying values.*
3. *The intrinsic value for FirstRand includes the investment at market value less deferred capital gains tax (CGT) on the investment, as well as the after tax zero cost collar hedge on 60 000 000 (30 June 2023: 60 000 000) FirstRand shares amounting to a liability of R196 million (30 June 2023: R72 million).*
4. *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Siqalo Foods, Capevin and Wispeco).*
5. *The potential CGT liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. In addition to FirstRand, the deferred CGT on other investments at fair value through other comprehensive income is included in the investee line item above.*

GROUP FINANCIAL STATEMENTS

Condensed consolidated statement of financial position

R million	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Assets			
Non-current assets			
Property, plant and equipment	**10 040**	18 500	9 757
Investment properties	**485**	135	473
Intangible assets	**10 645**	20 069	10 665
Investments – Equity accounted	**69 154**	55 060	76 445
Investments – Financial assets at fair value through other comprehensive income (FVOCI)	**22 826**	20 853	22 564
Financial assets at fair value through profit and loss (FVPL)	**150**	242	150
Hedge derivatives	**-**	116	-
Retirement benefits	**351**	696	351
Long-term loans and debtors	**41**	171	33
Deferred taxation	**208**	227	176
	113 900	116 069	120 614
Current assets	**26 050**	50 164	30 351
Inventories	**8 953**	15 036	7 832
Biological agricultural assets	**1 113**	1 137	1 317
Debtors and short-term loans	**8 119**	15 501	3 818
Loans to equity accounted investments	**12**	26	35
Financial assets at FVPL	**17**	66	29
Taxation	**34**	85	47
Investment in money market funds	**1 675**	7 310	4 582
Cash and cash equivalents	**6 126**	10 983	6 047
	26 049	50 144	23 707
Assets held for sale[1]	**1**	20	6 644
Total assets	**139 950**	166 233	150 965
Equity and liabilities			
Stated capital	**13 416**	13 416	13 416
Reserves	**98 162**	92 056	103 942
Treasury shares	**(1 991)**	(899)	(1 438)
Shareholders' equity	**109 587**	104 573	115 920
Non-controlling interest	**7 320**	18 394	6 521
Total equity	**116 907**	122 967	122 441
Non-current liabilities	**12 059**	19 545	11 787
Retirement benefits	**53**	157	70
Long-term loans	**5 987**	10 247	5 804
Lease liabilities	**490**	878	523
Deferred taxation	**5 376**	8 263	5 298
Hedge derivatives	**153**	-	92
Current liabilities	**10 984**	23 721	16 737
Trade and other payables	**7 470**	17 875	5 980
Short-term loans	**2 967**	4 891	6 431
Lease liabilities	**170**	293	196
Financial liabilities at FVPL	**125**	22	6
Taxation	**252**	639	127
	10 984	23 720	12 740
Liabilities held for sale[1]	**-**	1	3 997
Total equity and liabilities	**139 950**	166 233	150 965
Net asset value per share (Rand)			
– At book value	**R197.49**	R185.94	R207.51
– At intrinsic value	**R236.95**	R223.86	R248.47

1. *At 30 June 2023, "assets and liabilities held for sale" mainly included RCL Foods' Vector Logistics segment, which was disposed of during August 2023. Refer to "Discontinued operations" on page 32 for further details.*

GROUP FINANCIAL STATEMENTS (continued)

Condensed consolidated income statement

R million	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022 Restated	Audited Year ended 30 June 2023
Continuing operations			
Revenue	**25 414**	24 157	48 151
Inventory expenses	**(15 542)**	(14 689)	(29 373)
Staff costs	**(3 517)**	(3 182)	(6 625)
Depreciation	**(547)**	(513)	(1 032)
Other net operating expenses	**(4 302)**	(4 764)	(8 786)
Trading profit	**1 506**	1 009	2 335
Dividend income	**465**	504	1 161
Interest received	**436**	431	985
Finance costs	**(549)**	(475)	(1 002)
Impairment of investments, assets and goodwill	**(3 491)**	(1)	(590)
Reversal of impairment of investments and assets	**-**	5	40
Loss allowances on loans	**(15)**	-	(19)
Profit on sale and dilution of investments	**332**	365	329
Consolidated profit/(loss) before tax	**(1 316)**	1 838	3 239
Taxation	**(597)**	(431)	(832)
Consolidated profit/(loss) after tax	**(1 913)**	1 407	2 407
Share of after-tax profit/(loss) of equity accounted investments	**(619)**	2 161	3 296
Net profit/(loss) for the period from continuing operations	**(2 532)**	3 568	5 703
Discontinued operations			
Profit for the period from discontinued operations[1]	**857**	1 451	5 117
Net profit/(loss) for the period	**(1 675)**	5 019	10 820
Attributable to:			
Equity holders	**(2 394)**	3 951	9 624
Continuing operations	**(2 759)**	3 480	5 836
Discontinued operations	**365**	471	3 788
Non-controlling interest	**719**	1 068	1 196
Continuing operations	**227**	88	(133)
Discontinued operations	**492**	980	1 329
	(1 675)	5 019	10 820
Equity accounted investments			
Share of after-tax profit/(loss) of equity accounted investments			
Profit before taking into account impairments and non-recurring items	**1 714**	2 911	5 823
Net impairment of investments, assets and goodwill	**(1 858)**	(1)	(1 069)
Profit on the sale of investments	**187**	44	67
Profit/(loss) before tax and non-controlling interest	**43**	2 954	4 821
Taxation	**(521)**	(529)	(1 021)
Non-controlling interest	**(141)**	(142)	(328)
	(619)	2 283	3 472
Continuing operations	**(619)**	2 161	3 296
Discontinued operations	**-**	122	176

1. *Refer to "Discontinued operations" on page 32 for further details.*

GROUP FINANCIAL STATEMENTS (continued)

Headline earnings reconciliation

R million	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022 Restated	Audited Year ended 30 June 2023
Continuing operations			
Net profit/(loss) for the period attributable to equity holders (earnings)	**(2 759)**	3 480	5 836
Impairment of equity accounted investments[1]	**3 488**	-	58
Reversal of impairment of equity accounted investments[1]	**-**	(5)	(5)
Impairment of property, plant and equipment	**3**	1	70
Reversal of impairment of property, plant and equipment	**-**	-	(35)
Impairment of intangible and other assets	**-**	-	462
Profit on sale and dilution of equity accounted investments	**(297)**	(365)	(321)
Loss on sale and dilution of equity accounted investments	**-**	-	2
Profit on disposal of property, plant and equipment	**(82)**	(13)	(78)
Loss on disposal of property, plant and equipment	**7**	21	62
Profit on disposal of subsidiary	**(35)**	-	-
Recycling of foreign currency translation reserves	**-**	-	(10)
Non-headline earnings items included in equity accounted earnings of equity accounted investments	**1 662**	(57)	984
– Profit on disposal of property, plant and equipment	**(9)**	(14)	(18)
– Profit on sale of investments	**(188)**	(44)	(67)
– Loss on sale of investments	**1**	-	-
– Impairment of investments, assets and goodwill[2]	**1 858**	1	1 069
Taxation effect of adjustments	**115**	2	(13)
Non-controlling interest	**15**	(6)	(370)
Headline earnings from continuing operations	**2 117**	3 058	6 642
Discontinued operations			
Net profit for the period attributable to equity holders (earnings)	**365**	471	3 788
Profit on disposal of property, plant and equipment	**-**	(8)	(9)
Loss on disposal of property, plant and equipment	**-**	13	36
Profit on disposal of intangible assets[3]	**(691)**	-	-
Profit on disposal of subsidiary[3]	**(256)**	-	(4 374)
Recycling of foreign currency translation reserves	**(15)**	-	23
Taxation effect of adjustments	**116**	2	607
Non-controlling interest	**477**	(7)	343
Headline earnings from discontinued operations	**(4)**	471	414
Total headline earnings from continuing and discontinued operations	**2 113**	3 529	7 056

1. *Refer to “Net impairments of equity accounted investments” on page 26 for further details.*
2. *“Impairment of investments, assets and goodwill” from equity accounted investments for the period under review includes Remgro’s portion of the impairments of Heineken Beverages’ goodwill that was created through the Distell/Heineken transaction.*
3. *Refer to “Discontinued operations” on page 32 for further details.*

GROUP FINANCIAL STATEMENTS (continued)

Headline earnings reconciliation (continued)

Headline earnings, adjusted for corporate actions, reconciliation

Significant corporate actions such as the unbundling, restructuring, acquisition and disposal of investments may result in non-recurring items or items that distort comparability, being recognised in the income statement that may not be excluded from the calculation of headline earnings as per the HEPS circular 1/2023. Headline earnings is then adjusted for these items (net of tax), being transaction and restructuring costs; acquisition and disposal-related gains or losses (*inter alia* foreign exchange gains or losses); income or losses that were not accounted for the full reporting period (*inter alia* consolidated or equity accounted income or losses until the date of unbundling, restructuring or disposal); and income or losses that were not accounted for on a consistent basis between reporting periods (*inter alia* to consolidate or to equity account as opposed to dividend income from investments recognised at fair value through other comprehensive income). In these instances, the Group discloses an alternative earnings measure excluding these items in order to promote comparability between reporting periods.

For the current and comparative periods, these corporate actions and their impact on headline earnings include:

- the *IFRS 3* amortisation and depreciation charges for the period under review of R178 million relating to the additional assets identified when Heineken Beverages obtained control over Distell and Namibia Breweries (Heineken *IFRS 3* impact);
- Remgro's portion of the negative fair value adjustment (FVA) made by TotalEnergies on its Natref stock for the period under review amounting to R377 million, due to Natref being classified as held for sale in terms of *IFRS 5*;
- Remgro's portion of the transaction costs amounting to R165 million (2022: R19 million) incurred in respect of the acquisition, through Remgro's 50% interest in Bidco, a newly formed company, which is jointly owned by Remgro and MSC, of the entire issued ordinary share capital of Mediclinic (the Mediclinic acquisition);
- Remgro's portion of a debt forgiveness gain amounting to R227 million that was accounted for by KTH in the comparative period (a lender waived its right to receive an outstanding amount of a loan to KTH) as part of the disposal of its investment in Actom; and
- Grindrod's equity accounted income of R60 million until its unbundling during October 2022.

Headline earnings adjusted for the above-mentioned corporate actions is as follows:

R million	**Unaudited Six months ended 31 December 2023**	**Unaudited Six months ended 31 December 2022**
Total headline earnings from continuing and discontinued operations	**2 113**	3 529
Heineken *IFRS 3* impact	**178**	-
Negative FVA on Natref's stock	**377**	-
Transaction costs relating to the Mediclinic acquisition	**165**	19
KTH debt forgiveness gain	**-**	(227)
Grindrod equity accounted income	**-**	(60)
Headline earnings adjusted for the corporate actions	**2 833**	3 261

GROUP FINANCIAL STATEMENTS (continued)

Earnings and dividends

Cents	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022 Restated	Audited Year ended 30 June 2023
Headline earnings per share			
– Basic	**381**	626	1 254
Continuing operations	**382**	542	1 180
Discontinued operations	**(1)**	84	74
– Diluted	**378**	621	1 244
Continuing operations	**379**	538	1 171
Discontinued operations	**(1)**	83	73
Earnings/(loss) per share			
– Basic	**(432)**	701	1 710
Continuing operations	**(498)**	617	1 037
Discontinued operations	**66**	84	673
– Diluted	**(432)**	696	1 696
Continuing operations	**(498)**	613	1 027
Discontinued operations	**66**	83	669
Dividends per share			
Ordinary	**80**	80	240
– Interim	**80**	80	80
– Final	**-**	-	160

Number of shares

	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007
Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994
Number of shares held in treasury			
Ordinary shares repurchased and held in treasury	**(13 370 578)**	(5 867 069)	(9 646 270)
	554 903 416	562 406 925	558 627 724
Weighted number of shares	**554 535 313**	563 561 635	562 745 046

In determining earnings per share and headline earnings per share the weighted number of shares was taken into account.

GROUP FINANCIAL STATEMENTS (continued)

Condensed consolidated statement of comprehensive income

R million	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022 Restated	Audited Year ended 30 June 2023
Continuing operations			
Net profit/(loss) for the period	**(2 532)**	3 568	5 703
Other comprehensive income, net of tax	**(2 380)**	4 670	10 959
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	**(2 320)**	1 524	8 628
Fair value adjustments for the period	**(159)**	52	(99)
Deferred taxation on fair value adjustments	**34**	(65)	(32)
Reclassification of other comprehensive income to the income statement	**13**	(350)	(359)
Other comprehensive income of equity accounted investments	**(345)**	3 362	1 321
Items that will not be reclassified to the income statement:			
Fair value adjustments for the period	**350**	105	1 665
Deferred taxation on fair value adjustments	**(62)**	229	(91)
Capital Gains Taxation on disposal of FVOCI investments	**(8)**	(118)	(188)
Remeasurement of post-employment benefit obligations	**-**	-	65
Deferred taxation on remeasurement of post-employment benefit obligations	**-**	-	(18)
Change in reserves of equity accounted investments	**117**	(69)	67
Comprehensive income for the period - continuing operations	**(4 912)**	8 238	16 662
Discontinued operations			
Net profit for the period	**857**	1 451	5 117
Other comprehensive income, net of tax	**(3)**	(81)	(161)
Comprehensive income for the period - discontinued operations	**854**	1 370	4 956
Total comprehensive income for the period	**(4 058)**	9 608	21 618
Total comprehensive income attributable to:			
Equity holders	**(4 769)**	8 564	20 091
Continuing operations	**(5 132)**	8 110	16 353
Discontinued operations	**363**	454	3 738
Non-controlling interest	**711**	1 044	1 527
Continuing operations	**220**	128	309
Discontinued operations	**491**	916	1 218
	(4 058)	9 608	21 618

GROUP FINANCIAL STATEMENTS (continued)

Condensed consolidated statement of changes in equity

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
Balances at 1 July 2022	13 416	(685)	8 546	2 459	(2 352)	77 059	98 443	17 437	115 880
Total comprehensive income for the year	-	-	3 307	4 306	1 371	11 107	20 091	1 527	21 618
Net profit for the year	-	-	-	-	-	9 624	9 624	1 196	10 820
Other comprehensive income for the year	-	-	3 307	4 306	1 371	1 483	10 467	331	10 798
Dividends paid	-	-	-	-	-	(1 014)	(1 014)	(61)	(1 075)
Dividends *in specie* (Grindrod unbundling)	-	-	-	-	-	(1 629)	(1 629)	-	(1 629)
Transactions with non-controlling shareholders	-	-	-	(35)	-	(67)	(102)	103	1
Transfer between reserves	-	19	1 997	379	(222)	(2 173)	-	-	-
Businesses disposed	-	-	-	1 080	-	(149)	931	(12 239)	(11 308)
Long-term share incentive scheme reserve	-	58	-	(28)	-	-	30	(246)	(216)
Purchase of treasury shares by wholly owned subsidiary	-	(830)	-	-	-	-	(830)	-	(830)
Balances at 30 June 2023 (audited)	13 416	(1 438)	13 850	8 161	(1 203)	83 134	115 920	6 521	122 441
Total comprehensive income for the period	**-**	**-**	**(2 975)**	**457**	**298**	**(2 549)**	**(4 769)**	**711**	**(4 058)**
Net profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**(2 394)**	**(2 394)**	**719**	**(1 675)**
Other comprehensive income for the period	**-**	**-**	**(2 975)**	**457**	**298**	**(155)**	**(2 375)**	**(8)**	**(2 383)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(886)**	**(886)**	**(2)**	**(888)**
Transactions with non-controlling shareholders	**-**	**-**	**-**	**12**	**-**	**(31)**	**(19)**	**94**	**75**
Transfer between reserves	**-**	**41**	**(1 567)**	**(41)**	**(8)**	**1 575**	**-**	**-**	**-**
Business disposed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Long-term share incentive scheme reserve	**-**	**132**	**-**	**(65)**	**-**	**-**	**67**	**5**	**72**
Purchase of treasury shares by wholly owned subsidiary	**-**	**(726)**	**-**	**-**	**-**	**-**	**(726)**	**-**	**(726)**
Balances at 31 December 2023 (unaudited)	**13 416**	**(1 991)**	**9 308**	**8 524**	**(913)**	**81 243**	**109 587**	**7 320**	**116 907**
Balances at 1 July 2022	13 416	(685)	8 546	2 459	(2 352)	77 059	98 443	17 437	115 880
Total comprehensive income for the period	-	-	3 323	809	221	4 211	8 564	1 044	9 608
Net profit for the period	-	-	-	-	-	3 951	3 951	1 068	5 019
Other comprehensive income for the period	-	-	3 323	809	221	260	4 613	(24)	4 589
Dividends paid	-	-	-	-	-	(563)	(563)	(59)	(622)
Dividends *in specie* (Grindrod unbundling)	-	-	-	-	-	(1 629)	(1 629)	-	(1 629)
Transactions with non-controlling shareholders	-	-	-	(9)	-	(1)	(10)	9	(1)
Transfer between reserves	-	15	1 371	232	(266)	(1 352)	-	-	-
Long-term share incentive scheme reserve	-	45	-	(3)	-	-	42	(37)	5
Purchase of treasury shares by wholly owned subsidiary	-	(274)	-	-	-	-	(274)	-	(274)
Balances at 31 December 2022 (unaudited)	13 416	(899)	13 240	3 488	(2 397)	77 725	104 573	18 394	122 967

GROUP FINANCIAL STATEMENTS (continued)

Condensed consolidated statement of cash flows

R million	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022	Audited Year ended 30 June 2023
Cash flows – operating activities			
Cash generated from operations	**358**	1 270	2 783
Interest received	**439**	510	1 124
Taxation paid	**(558)**	(910)	(2 051)
Dividends received	**1 339**	1 370	2 648
Finance costs	**(556)**	(629)	(1 309)
Cash available from operating activities	**1 022**	1 611	3 195
Cash settled share-based payments made by Distell	**-**	(138)	(715)
Dividends paid	**(888)**	(622)	(1 075)
Cash inflow from operating activities	**134**	851	1 405
Cash flows – investing activities			
Investment in property, plant and equipment and other assets	**(840)**	(1 586)	(3 266)
Proceeds on disposal of property, plant and equipment and other assets	**79**	58	257
Proceeds on disposal of Gordon’s Gin Distribution Rights	**700**	-	-
Proceeds on disposal of assets held for sale[1]	**1 185**	977	973
Businesses acquired[2]	**-**	-	(215)
Business disposed[3]	**-**	-	2 041
Proceeds on disposal of investments and loans	**94**	307	697
Additions to investments and loans[4]	**(112)**	(269)	(7 056)
Investment in money market funds	**-**	(1 610)	(190)
Withdrawal of money market funds	**2 907**	-	1 308
Cash inflow/(outflow) from investing activities	**4 013**	(2 123)	(5 451)
Cash flows – financing activities			
Loans repaid[5]	**(3 503)**	(655)	(1 899)
Loans advanced	**351**	122	254
Lease payments	**(87)**	(179)	(302)
Purchase of treasury shares	**(726)**	(274)	(830)
Investments in subsidiary companies	**-**	(10)	-
Capital invested by non-controlling shareholders	**75**	-	102
Cash outflow from financing activities	**(3 890)**	(996)	(2 675)
Net increase/(decrease) in cash and cash equivalents	**257**	(2 268)	(6 721)
Exchange rate profit/(loss) on foreign cash	**(86)**	108	405
Cash and cash equivalents at the beginning of the period	**5 189**	11 505	11 505
Cash and cash equivalents at the end of the period	**5 360**	9 345	5 189
Cash and cash equivalents – per statement of financial position	**6 126**	10 983	6 047
Bank overdraft	**(766)**	(1 638)	(910)
Included in assets and liabilities held for sale			
Cash and cash equivalents	**-**	-	82
Bank overdraft	**-**	-	(30)

1. *The period under review includes the proceeds on disposal of Vector Logistics and DC Foods. The prior periods included the proceeds on the disposal of 19.2 million FirstRand shares amounting to R959 million.*
2. *The year ended 30 June 2023 related to the acquisition of Sunshine Bakery Holdings Proprietary Limited by Remgro's subsidiary RCL Foods.*
3. *The year ended 30 June 2023 relates to the disposal as part of the Distell/Heineken transaction.*
4. *The year ended 30 June 2023 included the additional investments in Mediclinic of £221 million and Heineken Beverages of R2 181 million.*
5. *The period under review includes the early redemption of Remgro's Class B preference shares amounting to R3 500 million.*

GROUP FINANCIAL STATEMENTS (continued)

Additional information

1. Accounting policies

The interim report is prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including *IAS 34: Interim Financial Reporting*, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and in accordance with the requirements of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited. The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA). The interim report has not been audited or reviewed.

These financial statements incorporate accounting policies that are consistent with those of the previous financial periods. During the period under review various IFRS standards, interpretations and amendments became effective, but their implementation had no material impact on the results of either the current or prior periods.

2. Equity accounted investments

R million	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Associates	**22 150**	47 406	27 973
Joint ventures	**47 004**	7 654	48 472
Investments – equity accounted	**69 154**	55 060	76 445
Loans to equity accounted investments – current	**12**	26	35
	69 166	55 086	76 480
Equity accounted investments reconciliation			
Carrying value at the beginning of the period	**76 480**	50 786	50 786
Share of net attributable profit/(loss)	**(619)**	2 283	3 472
Dividends received	**(871)**	(906)	(1 459)
Grindrod unbundled	**-**	(1 649)	(1 649)
Investments made[1]	**7**	18	18 034
Business disposed	**-**	-	(806)
Exchange rate differences	**(2 142)**	1 219	7 087
Net impairments[2]	**(3 488)**	5	(50)
Equity accounted movements on reserves	**(232)**	3 293	1 388
Other movements	**31**	37	(323)
Carrying value at the end of the period	**69 166**	55 086	76 480

1. *The year ended 30 June 2023 included the investments in Heineken Beverages and Mediclinic.*
2. *The period under review includes an impairment of R3 488 million relating to Heineken Beverages.*

R million	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
Net impairments of equity accounted investments and loss allowances on loans			
Reversal of impairments/(impairments) were recognised for the following investments:			
Heineken Beverages	**(3 488)**	-	-
Other impairments and loss allowances	**-**	5	(50)
	(3 488)	5	(50)

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

2. Equity accounted investments (continued)

At 31 December 2023, **Heineken Beverages'** carrying value exceeded its fair value by R3 488 million. The amount is significant and therefore served as an impairment indicator. During the period under review, Heineken Beverages' volumes were impacted by lower industry growth, loadshedding, a shift from premium to mainstream (Heineken Beverages' portfolio over indexed in premium), and a challenging competitive environment. Margins were also negatively impacted by non-recurring expenses related to integration and supply chain challenges. The business itself also impaired goodwill amounting to R9 678 million. Remgro's carrying value of Heineken Beverages (amounting to R10 239 million before any impairment) includes the cost of the investment at transaction date (R165 per share) and equity accounted losses, which includes Remgro's portion of the afore-mentioned R9 678 million goodwill impairment.

Accordingly, the investment in Heineken Beverages was impaired by R3 488 million to its recoverable amount of R6 751 million, being the fair value of the investment. The fair value of the investment was determined using an average market EBITDA multiple methodology. A 5% change in the EBITDA-multiple will result in an inverse change in the impairment of R403 million.

At 31 December 2023, the fair value of the investment in **Mediclinic** was R43 089 million (30 June 2023: R47 268 million), which exceeded the carrying value of R39 588 million (30 June 2023: R41 050 million). Included in the carrying value of the investment is an impairment of R3 898 million which arose following regulatory changes in the investments' Switzerland business that affected its profitability since the 2019 financial year. Subsequently, the business was also severely impacted by the Covid-19 pandemic. Growth in the Switzerland business was also negatively impacted by a general shortage of nursing employees, leading to capacity constraints in certain parts of the division. The Switzerland business is adapting to the new business environment, but its profitability has not yet improved sufficiently to warrant a reversal of the impairment.

3. Investments at fair value through other comprehensive income (FVOCI)

	Unaudited		Audited
R million	**31 December 2023**	**31 December 2022**	**30 June 2023**
Carrying value at the beginning of the period	**22 564**	20 650	20 650
Fair value adjustments for the period[1]	**350**	43	1 657
Investments made	**71**	240	306
Exchange rate differences	**(64)**	102	393
Disposals	**(90)**	(67)	(415)
Transfers	**(5)**	-	-
Business disposed	**-**	-	(38)
Other movements	**-**	(115)	11
Carrying value at the end of the period	**22 826**	20 853	22 564

1. *Fair value adjustments at 30 June 2023 mainly consist of positive fair value adjustments from Momentum Metropolitan (R467 million), Discovery (R910 million) and FirstRand (R753 million).*

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

R million	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
4. Long-term loans			
20 000 Class A 7.42% cumulative redeemable preference shares (prior periods: dividend rate of 7.5%)[1&2]	**3 502**	3 510	3 510
1 985 Class B 7.8% cumulative redeemable preference shares (prior periods: 10 000 shares)[1&2]	**865**	4 339	4 347
Various other loans	**3 690**	3 621	3 201
	8 057	11 470	11 058
Short-term portion of long-term loans[2&3]	**(2 070)**	(1 223)	(5 254)
	5 987	10 247	5 804

1. *Remgro's debt covenant, which relates to the Class A and B cumulative redeemable preference shares, is based on net debt at the centre. As Remgro is in a net cash position, the debt covenant is comfortably met.*
2. *Refer to "Financing activities" on page 13 for details pertaining to the redemption and refinancing of preference shares.*
3. *30 June 2023 included the 20 000 Class A cumulative redeemable preference shares that was repayable on 15 January 2024. As a result of the refinancing negotiated in December 2023, the Class A shares will now be redeemed on 17 March 2025, while R3.5 billion of the Class B shares were early redeemed on 5 December 2023.*

R million	Unaudited 31 December 2023	Unaudited 31 December 2022	Audited 30 June 2023
5. Additions to and replacement of property, plant and equipment	**869**	1 714	3 434
6. Capital and investment commitments[1] (Including amounts authorised, but not yet contracted for)	**3 665**	8 783	4 487
7. Guarantees and contingent liabilities	**7**	34	15
8. Dividends received from equity accounted investments set off against investments	**871**	906	1 459
9. Refer to "investment activities" under "Group financial review" for more detail on related party transactions.			

1. *The comparative period included the £201 million commitment in respect of the Mediclinic transaction whereby Remgro agreed to purchase a further 5.4% indirect interest in Mediclinic.*

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

10. Fair value remeasurements

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- Financial instruments at fair value and investment in money market funds: fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flow, liquidation valuation or actual net asset value of the investment.
- Derivative instruments: The fair values of derivative instruments, which are included in financial instruments at FVPL, are determined by using appropriate valuation methodologies and mark-to-market valuations.

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table illustrates the fair values of financial assets and liabilities that are measured at fair value, by hierarchy level:

R million	Level 1	Level 2	Level 3	Total
31 December 2023 (unaudited)				
Assets				
Non-current assets				
Financial assets at FVOCI	**21 012**	**-**	**1 814**	**22 826**
Financial assets at FVPL	**-**	**-**	**150**	**150**
Current assets				
Financial assets at FVPL	**-**	**17**	**-**	**17**
Investment in money market funds	**1 675**	**-**	**-**	**1 675**
	22 687	**17**	**1 964**	**24 668**
Liabilities				
Current instruments at FVPL	**-**	**125**	**-**	**125**
Hedge derivatives	**-**	**153**	**-**	**153**
	-	**278**	**-**	**278**
31 December 2022 (unaudited)				
Assets				
Non-current assets				
Financial assets at FVOCI	18 188	-	2 665	20 853
Financial assets at FVPL	-	-	242	242
Hedge derivatives	-	116	-	116
Current assets				
Financial assets at FVPL	-	66	-	66
Investment in money market funds	7 310	-	-	7 310
	25 498	182	2 907	28 587
Liabilities				
Current instruments at FVPL	-	22	-	22

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

10. Fair value remeasurements (continued)

R million	Level 1	Level 2	Level 3	Total
30 June 2023 (audited)				
Assets				
Non-current assets				
Financial assets at FVOCI	20 246	3	2 315	22 564
Financial assets at FVPL	-	-	150	150
Current assets				
Financial assets at FVPL	-	29	-	29
Investment in money market funds	4 582	-	-	4 582
	24 828	32	2 465	27 325
Liabilities				
Current instruments at FVPL	-	6	-	6
Hedge derivatives	-	92	-	92
	-	98	-	98

The following table illustrates the reconciliation of the carrying value of level 3 assets at the beginning and end of the period:

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
Assets			
Balances at 1 July 2023	**2 315**	**150**	**2 465**
Additions	**71**	**-**	**71**
Disposals	**(90)**	**-**	**(90)**
Transfers	**(5)**	**-**	**(5)**
Exchange rate adjustment	**(29)**	**-**	**(29)**
Fair value adjustments through other comprehensive income	**(448)**	**-**	**(448)**
Balances at 31 December 2023	**1 814**	**150**	**1 964**

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone), Asia Partners Fund I LP and Asia Partners Fund II LP (Asia Partners) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R255 million (30 June 2023: R738 million), R616 million (30 June 2023: R658 million) and R302 million (30 June 2023: R325 million), respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of two listed investments (3%), cash and cash equivalents (3%) and two unlisted investments (94%) (30 June 2023: 11%, 2% and 87%, respectively). The most significant unlisted investment is valued based on the redemption price in definitive agreements. Asia Partners consists of cash balances and seven different investments of which 83% is measured using option pricing models. PRIF's eight assets were valued using the discounted cash flow method.

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

10. Fair value remeasurements (continued)

The investments in LifeQ Global Limited and Bolt Technology OÜ were valued at R167 million and R296 million, respectively, at 31 December 2023 (30 June 2023: R202 million and R257 million, respectively).

Remgro's unlisted investments classified as level 3 financial instruments are widely held. Accordingly, changes in the assumptions used to value the above-mentioned unlisted investments will not have a significant impact on Remgro's financial statements.

11. Segment revenue

R million	Unaudited Six months ended 31 December 2023	Unaudited Six months ended 31 December 2022 Restated	Audited Year ended 30 June 2023
Consumer products			
RCL Foods[1]	**20 038**	18 489	37 616
Capevin[1]	**1 481**	1 642	2 897
Siqalo Foods	**1 883**	2 009	3 748
Industrial			
Wispeco	**1 973**	1 978	3 813
Other	**39**	39	77
Total revenue from continuing operations	**25 414**	24 157	48 151
Disaggregated revenue information			
RCL Foods[1]			
RCL Foods Value-Added Business	**12 993**	12 202	24 760
Groceries	**2 735**	2 661	5 034
Baking	**4 587**	4 175	8 625
Sugar	**5 671**	5 366	11 101
Rainbow	**7 287**	6 579	13 464
Sales between RCL Foods' business units	**(282)**	(312)	(639)
Group	**132**	106	198
	20 130	18 575	37 783
Capevin[1]			
Spirits	**1 308**	1 503	2 632
Other	**173**	139	265
	1 481	1 642	2 897
Siqalo Foods			
Spreads	**1 883**	2 009	3 748
Wispeco			
Extrusions and related products	**1 730**	1 677	3 208
Other	**243**	301	605
	1 973	1 978	3 813
Other	**39**	39	77
Elimination of intersegment revenue	**(92)**	(86)	(167)
Total revenue from continuing operations	**25 414**	24 157	48 151

1. *During the year ended 30 June 2023, RCL Foods classified Vector Logistics business as a discontinued operation and Distell sold the bulk of its business to Heineken Beverages with its continuing operations consisting of Capevin. Refer to "Discontinued operations" for further details.*

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

12. Discontinued operations

12.1 Disposal of certain assets and liabilities of Distell

On 26 April 2023 Heineken International B.V. (Heineken) acquired the bulk of Distell's business (consisting of its cider, other RTDs and spirits and wine business). The transaction entailed the following:

- Distell sold its equity interests in Distell Namibia Limited, Distillers Corporation (Namibia) Limited and Namibia Wines and Spirits Limited to Namibia Breweries.
- Heineken's Southern African business, including an interest in Namibia Breweries, was combined with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in Heineken Beverages. Remgro exchanged 62 242 453 Distell shares for 62 242 453 Heineken Beverages shares (being a 15.5% stake in Heineken Beverages) and sold 7 607 803 of its Distell shares to Heineken Beverages in terms of a scale 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. Remgro's investment in Heineken Beverages was classified as an associate since Remgro has board representation.
- Distell unbundled the unlisted shares in its subsidiary, Capevin, which holds Distell's remaining assets, mainly its Scotch whisky business. Remgro is the controlling shareholder in Capevin, which shareholding 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 continued to be classified as a subsidiary. It was previously held indirectly through Distell.

The investment in Distell was derecognised on 26 April 2023, while Remgro continued to consolidate the investment in Capevin at its underlying carrying values as previously accounted for. The business activities relating to the assets and liabilities transferred to Heineken Beverages was presented as a discontinued operation for the year ended 30 June 2023 and, subsequently, also for the comparative six months to 31 December 2022 (restated). A profit of R4 374 million was recognised in the 2023 financial year for the assets and liabilities transferred to Heineken Beverages.

12.2 RCL Foods: Sale of Vector Logistics

The sale of RCL Foods' Vector Logistics segment, which was presented as held for sale and disclosed as a discontinued operation 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. A profit of R256 million was realised on disposal of the Vector Logistics segment. RCL Foods is currently in a 12-month transitional arrangement to enable the seamless operational separation of its Vector Logistics business. For the period under review and the comparative six months to 31 December 2022 (restated), the financial results of the Vector Logistics segment were disclosed as a discontinued operation.

12.3 Capevin: Termination of Gordon's Gin distribution agreement

The Gordon's Gin and Pimm's No1 Cup (Gordon's Gin) distribution agreement, which was presented as held for sale and disclosed as a discontinued operation 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 termination consideration amounted to R1 billion, of which R700 million was received during August 2023 and the outstanding amount of R300 million is payable (in two equal portions) upon achieving certain cumulative thresholds relating to the continued supply and manufacturing of the products to Diageo. A profit of R691 million was realised on disposal of the Gordon's Gin distribution agreement. For the period under review and the comparative six months to 31 December 2022 (restated), the financial results of the Gordon's Gin distribution agreement were disclosed as a discontinued operation.

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

12. Discontinued operations (continued)

R million	Vector Logistics	Gordon's Gin	Total
	Unaudited Six months ended 31 December 2023		
Profit for the period from discontinued operations:			
Revenue	479	242	721
Inventory expenses	(110)	(188)	(298)
Staff costs	(198)	(13)	(211)
Other net operating expenses	(160)	(36)	(196)
Trading profit	11	5	16
Interest received	3	-	3
Finance costs	(22)	-	(22)
Consolidated profit/(loss) before tax	(8)	5	(3)
Taxation	6	8	14
Consolidated profit/(loss) after tax	(2)	13	11
Share of after-tax profit of equity accounted investments	-	-	-
Net profit/(loss) for the period from discontinued operations	(2)	13	11
Profit on sale of intangible asset	-	691	691
Profit on sale of investments	256	-	256
Reserves recycled	15	-	15
Taxation	-	(116)	(116)
Total profit for the period from discontinued operations	269	588	857
Attributable to:			
Equity holders	213	152	365
Non-controlling interest	56	436	492
Other comprehensive income for the period from discontinued operations:			
Net profit for the period	269	588	857
Exchange rate adjustments	12	-	12
Fair value adjustments			
Reclassification of other comprehensive income to the income statement	(15)	-	(15)
Total comprehensive income	266	588	854
Attributable to:			
Equity holders	211	152	363
Non-controlling interest	55	436	491

GROUP FINANCIAL STATEMENTS (continued)

Additional information (continued)

12. Discontinued operations (continued)

R million	Distell	Vector Logistics	Gordon's Gin	Total
	Unaudited Six months ended 31 December 2022			
Profit for the period from discontinued operations:				
Revenue	17 791	1 582	1 197	20 570
Inventory expenses	(11 786)	(306)	(931)	(13 023)
Staff costs	(1 356)	(571)	-	(1 927)
Depreciation	(394)	(97)	-	(491)
Other net operating expenses	(2 479)	(544)	(89)	(3 112)
Trading profit	1 776	64	177	2 017
Dividend income	3	-	-	3
Interest received	62	17	-	79
Finance costs	(113)	(43)	-	(156)
Loss allowances on loans	14	-	-	14
Consolidated profit before tax	1 742	38	177	1 957
Taxation	(574)	(11)	(43)	(628)
Consolidated profit after tax	1 168	27	134	1 329
Share of after-tax profit of equity accounted investments	114	8	-	122
Net profit for the period from discontinued operations	1 282	35	134	1 451
Attributable to:				
Equity holders	402	27	42	471
Non-controlling interest	880	8	92	980
Other comprehensive income for the period from discontinued operations:				
Net profit for the period	1 282	35	134	1 451
Exchange rate adjustments	(36)	17	-	(19)
Fair value adjustments	6	-	-	6
Other comprehensive income of equity accounted investments				
Remeasurement of post-employment benefit obligations	(92)	-	-	(92)
Deferred taxation on remeasurement of post-employment benefit obligations	24	-	-	24
Total comprehensive income	1 184	52	134	1 370
Attributable to:				
Equity holders	371	41	42	454
Non-controlling interest	813	11	92	916

INFORMATION ON UNLISTED INVESTMENTS

Mediclinic

Mediclinic's contribution to Remgro's headline earnings, which includes the contribution of Bidco, amounted to R566 million (2022: R732 million), representing a decrease of 22.7%. As a result of the Mediclinic acquisition, Remgro's indirect interest in Mediclinic increased from 44.6% to 50.0% (or by 5.4%) on 6 June 2023. For the period under review, Remgro accounted for Mediclinic's results for the two months ended 31 May 2023 at 44.6% and for the four months to 30 September 2023 at 50.0%. Mediclinic's contribution includes transaction costs of R165 million (2022: R19 million) relating to the Mediclinic acquisition. Excluding these transaction costs, Mediclinic's contribution to headline earnings decreased from R751 million to R731 million (or 2.7%).

Mediclinic (excluding Bidco) reports adjusted earnings, which removes volatility associated with certain types of significant income and charges, to assess financial and operational performance and as a method to provide investors and analysts with complementary information to better understand its financial performance. These adjustments included the above-mentioned transaction costs. The comparative period also included significant amounts relating to a positive Swiss cantonal tax rate change, a decrease of a redemption liability (re Clinique des Grangettes) and an accelerated depreciation charge (re Klinik St. Anna). In US dollar terms, Mediclinic's (excluding Bidco) reported adjusted earnings remained flat at $81 million. Remgro's portion of Mediclinic's adjusted earnings increased by 25.2% to R740 million (2022: R591 million), reflecting a weakened average SA rand exchange rate against the US dollar and Remgro's increased interest in Mediclinic.

Mediclinic's performance for their six months to 30 September 2023 was impacted by a weak performance in Switzerland, partially offset by an outperformance in the Middle East. Revenue was up 5% at $2 199 million (2022: $2 102 million) and up 5% in constant currency terms. This result was driven by a 1.3% growth in inpatient admissions and a 3.9% growth in day case admissions, partly offset, however, by lower average revenue per case due to mix changes and below-inflation tariff increases. The strong growth in day case admissions confirms the ongoing outmigration of care trend which is being addressed through a strategy of expanding across the continuum of care and entering new care settings outside of the hospital environment.

Adjusted EBITDA was down 4% at $285 million (2022: $297 million) and down 3% in constant currency terms. Adjusted EBITDA margin was 13.0% (2022: 14.2%). This decline reflected a softer revenue performance coupled with increased employee costs in Switzerland, as well as additional employee and energy costs in Southern Africa, the latter due to increased load shedding. The decrease in adjusted EBITDA was mainly offset by a lower tax charge and a higher equity-accounted contribution from Mediclinic's investment in Spire. The lower tax charge reflects the higher contribution of non-taxable income from the Middle East, as well as the effect of the non-recognition of deferred tax assets on tax losses in Switzerland in the prior period.

Switzerland's inpatient admissions and revenue for the period were broadly stable with revenue of CHF901 million (2022: CHF905 million), and inpatient admissions were down 0.1% compared to the prior period. The general insurance mix increased to 52.7% (2022: 51.7%). The average length of stay decreased by 5.7%, resulting in an occupancy rate of 55.2% (2022: 58.8%). Outpatient and day case revenue were up 6% to CHF198 million (2022: CHF187 million), contributing approximately 22% (2022: 21%) to total revenue. The constrained revenue performance, combined with elevated spending on employee costs resulted in an 11% decrease in adjusted EBITDA to CHF104 million (2022: CHF118 million). The adjusted EBITDA margin was 11.6% (2022: 13.0%). Cash conversion of 52% (2022: 46%) reflects a decrease in trade payables and lower collections. Switzerland continues to target cash conversion in line with the historic average of 90–100%.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Mediclinic (continued)

Southern Africa's revenue increased by 7% to R10 394 million (2022: R9 724 million), reflecting the continued recovery in client activity. Paid patient days increased by 2%, with day case growth exceeding inpatient growth. Occupancy improved to an average of 68.7% (2022: 68.5%). Average revenue per bed day was up 5.0%, below the average annual tariff increase due mainly to the effect of network formations. The average length of stay was up 0.5% due to an increase in medical inpatient admissions. Adjusted EBITDA was stable at R1 817 million (2022: R1 811 million), resulting in a lower adjusted EBITDA margin of 17.5% (2022: 18.6%), driven by higher employee costs, in addition to rising energy costs due to increased load shedding. Cash conversion was 74% (2022: 94%), reflecting slower collections in trade receivables.

The Middle East revenue increased by 11% to AED2 321 million (2022: AED2 087 million), driven by strong growth in client activity. Inpatient admissions and day cases were up 10% and 19%, respectively. Outpatient cases were also up 10%. The volume increase was partly offset by a decrease in the average revenue per case driven by mix changes. Adjusted EBITDA increased by 16% to AED277 million (2022: AED238 million), driven by the strong revenue performance which was partly offset by an increase in consumables and supplies due to specialty mix. The adjusted EBITDA margin increased to 11.9% (2022: 11.4%). Cash conversion was 119% (2022: 102%).

CIVH

Community Investment Ventures Holdings

CIVH has a March financial year-end and therefore its results for the six months ended 30 September 2023 have been included in Remgro's results for the period under review. The contribution of CIVH's operations to Remgro's headline earnings for the period under review amounted to R6 million compared to R184 million in the comparative period. The main contributing factor to the decrease in headline earnings is due to the 400 bps increase in interest rates from 7.75% at 1 April 2022 to 11.75% at the end of the reporting period.

The group remains operationally cash generative, albeit not at the same levels as in prior periods due mainly to the higher financing costs. Reinvestment of free cash flow into expansion of its operations and network is strategically managed and lower than prior period in order to preserve balance sheet strength against the backdrop of the macro-economic challenges being experienced locally.

DFA is the premier open-access fibre infrastructure and connectivity provider in South Africa. It continues to build, install, manage and maintain its fibre network which now covers in excess of 14 000 km of fibre assets. The network transmits metro and long-haul telecommunications traffic, which is leased to its customers (licensed Telecommunication Companies and Internet Service Providers (ISPs)) using an open-access wholesale commercial model. The network footprint includes the major metros in South Africa in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni and George, to name a few.

DFA group revenue for the period to 30 September 2023 increased by 3% to R1 341 million (2022: R1 297 million). The annuity revenue base at 30 September 2022 was R210 million per month and the company ended on a base of R215 million per month at 30 September 2023.

Vumatel has built the largest fibre-to-the-home (FTTH) network in South Africa and provides fibre and internet services on an open-access model to ISPs, who in turn provide broadband retail internet services to end consumers. Vumatel's coverage has passed more than two million homes, one million of which are in traditionally underserved areas, including townships.

INFORMATION ON UNLISTED INVESTMENTS (continued)

CIVH (continued)

Vumatel is the FTTH leader in both the homes passed and connected homes market in South Africa, having a market share of approximately 36% in both verticals. Vumatel remains a growth asset for the group as it continues infrastructure expansion into lower Living Standards Measure (LSM) areas, as well as connecting customers in both its traditional core network and lower LSM areas.

Vumatel group's revenue for the period increased by 11% to R1 818 million compared to the comparative period of R1 642 million. The Reach network expanded 11% with Reach homes passed exceeding one million and Reach subscribers increasing by 20%.

CIVH's CSI focus pillars include education, health, environment and social welfare. These ambitions are supported by providing access to internet connectivity, online resources, training, learnerships, e-learning facilities, counselling and other development opportunities. Community development for poor and needy persons and anti-poverty initiatives include the promotion of community-based projects relating to self-help, empowerment and skills development.

The group has increased its commitment to managing climate change and reducing its environmental impact. These initiatives include exploring cost-effective measures to reduce consumption of scope 1 and 2 emissions, sourcing renewable energy, influencing our supply chain to reduce indirect emissions (scope 3), reduction of waste and consumption, responsible disposal of hazardous waste, and focus on reuse, recycle and resell. These policies are being operationalised through training, stakeholder communication and setting targets.

Vumatel's schools project now extends to 734 schools connected in areas where fibre has been deployed, providing every school that Vumatel passes with a free 1 Gbps internet service .

CIVH continued to support its independent CSI Foundation, which has the objective of creating sustainable eco-systems in the communities in which the business operates. The goal is to contribute meaningfully and sustainably to these communities leading to strong ties that talk to the essence of the group brands, a distinction that will set them apart from the competition.

Heineken Beverages

Heineken Beverages started trading in April 2023 – hence there are no reported comparable results for the combined entity.

Heineken Beverages' contribution to Remgro's headline earnings, which consists of Remgro's portion of Heineken Beverages' results for the six months ended 31 December 2023, amounted to a loss of R386 million. Heineken Beverages' contribution includes amortisation and depreciation charges of R178 million relating to the additional assets identified when Heineken Beverages obtained control over Distell and Namibia Breweries on 26 April 2023. Excluding these charges, Heineken Beverages' contribution amounted to a loss of R208 million.

In addition to Heineken Beverages contribution, Remgro also accounted for amorisation and depreciation charges of R26 million relating to additional assets identified when Remgro obtained significant influence over Heineken Beverages.

Heineken Beverages' volumes were impacted by lower industry growth, loadshedding, a shift from premium to mainstream (Heineken Beverages' portfolio over indexed in premium), and a challenging competitive environment. Margins were also negatively impacted by non-recurring expenses related to integration and supply chain challenges. As a result of these challenges the first half-year period of trading for Heineken Beverages is not deemed to be an accurate reflection of the long-term prospects of the business - meaningful insights from the results will only be forthcoming following a longer trading period for the combined business.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Heineken Beverages (continued)

Heineken Beverages is well-positioned to capture significant growth opportunities in South Africa and relevant markets in Africa. The business will be able to leverage and optimise the manufacturing footprint of Heineken SA, Distell and Namibia Breweries, leading to more efficient use of its assets and driving increased profitability of the combined business as it grows.

Capevin

Capevin's contribution to Remgro's headline earnings for the six months ended 31 December 2023, amounted to R57 million.

The industry and Capevin had a challenging first six months. The ongoing geopolitical and macroeconomic uncertainty coupled with high inflation and interest rates significantly impacted consumers where continuous cost pressure along with a decrease in disposable income resulted in softer demand and downtrading.

Capevin's profit from continuing operations, which excludes Gordon's Gin due to it being classified as a discontinued operation, increased by 23.4% to R170 million (2022: R138 million). Despite the challenging global trading environment, the Scotch Whisky brands performed resiliently. Capevin's portfolio of premium products with unique point of difference, excellent quality, and strong heritage positions itself as an attractive option for consumers. The Single Malt category, consisting of *Bunnahabhain*, *Deanston*, *Tobermory* and *Ledaig*, delivered double digit revenue growth. The majority of Capevin's revenue is generated outside of the Africa continent and the consolidated performance was materially impacted by currency movements, in particular the significant weakening of the South African Rand compared to the prior period. The blended Scotch whisky portfolio, driven by *Scottish Leader* in Taiwan also delivered a strong performance where *Scottish Leader* maintains its position as the second largest blended Scotch brand in Taiwan.

From a supply perspective, Capevin is continuing its strategy to distill and lay down inventory in line for long-term demand. Capevin also continues to invest in its trademarks to grow and build brand equity for long-term growth.

The six months to 31 December 2023 also saw a continuing double digit reduction in energy consumption and GHG emissions compared to the comparative period. These reductions are a result of more efficient process controls within the operational areas as well as a focus on ensuring a reliable wood fuel supply at the Bunnahabhain biomass facility.

Capevin continues to distribute and manage the wider portfolio of Heineken Beverages' Wine and Amarula Cream across key international geographies. Both the South African Wine category and Amarula had a challenging six months with net revenue showing a decline on the comparative period. Supply chain challenges and ongoing shipment delays from South Africa contributed to this performance. The distribution of Wine and Amarula will transition back to Heineken Beverages before the end of the financial year.

On 1 May 2023, Capevin concluded an agreement with Diageo, subject to certain conditions precedent, to terminate the longstanding Gordon's Gin agreement. On 19 July 2023, the Competition Commission of South Africa approved the proposed transaction without conditions. The termination consideration amounts to R1 billion, of which the upfront portion of R700 million was received in August 2023. The deferred portion of the termination consideration of R300 million is payable in two equal portions at 50% and 100% of the agreed volumes which relates to the continued supply and manufacturing of the products to Diageo. On 8 January 2024 a further amount of R150 million was received, after 50% of the required product volumes were met. The final R150 million is subject to the remaining 50% of production volumes being produced for the 2024 financial year.

The sale of Gordon's Gin and profit on disposal of the trademark is excluded from headline earnings and in line with IFRS shown as discontinued operations in the income statement.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Siqalo Foods

Siqalo Foods manufactures spreads, which are sold under market-leading trademarks such as *Rama*, *Flora*, *Stork* and *Rondo* within the Southern African Customs Union territories.

Siqalo Foods' contribution to Remgro's headline earnings for the six months under review amounted to R237 million (2022: R162 million), excluding additional *IFRS 3* amortisation of R1 million (2022: R40 million).

The trading environment remains a challenge due to elevated interest rates, high inflation, volatile exchange rates and continued load shedding. To recover margin from prior commodity cost drivers and to offset the impact of inflation and continued cost pressure, the business increased prices in September 2023. Siqalo Foods has experienced a 7.9% decrease in volumes for the six months under review, as consumer spend was negatively impacted by the elevated inflationary environment. Oil commodity markets have stabilised at pre-Ukraine war levels which has assisted to offset the decrease in volumes resulting in a 23.6% overall increase in operational EBITDA. There is an immaterial impact of *IFRS 9* fair value adjustment on commodity and foreign exchange contracts entered in as part of the raw material procurement strategy, however, the prior period was negatively affected by R29 million. *IFRS 9* fair value adjustments are excluded from operational EBITDA.

The spreads category remains under pressure with a decline of 0.5% in volumes over the last 12 months in comparison to the prior year. Siqalo Foods continues its steady performance in the category with a slight decline of 1.2% on its 12-month moving average value market share to 70.6% at 31 December 2023 compared to 71.8% in the prior year and a decline of 2.3% on its 12-month moving average volume market share to 62.6% as at 31 December 2023 compared to 64.9% in the prior year. The business focus for 2024 remains to recover profit margins while growing the brands and volumes in the long term.

A management services contract remains in place with RCL Foods that governs certain services that RCL Foods' Shared Services platform provides to Siqalo Foods on an arm's length basis. The result is an innovative alternative business model, leveraging the capabilities within the wider Remgro Group of companies.

Air Products

Air Products has a September year-end and its results for the six months ended 30 September 2023 have been included in Remgro's results for the period under review. Air Products' contribution to Remgro's headline earnings for the period under review increased by 11.8% to R284 million (2022: R254 million).

Turnover for Air Products' six months ended 30 September 2023 increased by 17.4% to R2 727 million (2022: R2 322 million), while the company's operating profit for the same period increased by 13.2% to R778 million (2022: R687 million).

Air Products manufactures and distributes a variety of industrial and specialty gases that are supplied to a wide range of industries including steel, chemicals, oil refining, resource minerals, glass, pulp and paper, food packaging, as well as general manufacturing, fabrication and welding.

Turnover growth for the period was significantly influenced by the large power cost inflation pass-through effects on large Tonnage customers. Volumes in the large Tonnage business were largely static overall. These large industrial gas customers are supplied through a combination of onsite plant generation, pipeline supply and trucked bulk liquid supply under long term arrangements. A lack of large project development in mining, chemicals and metal extraction in the local economy is hampering growth prospects in the onsite and pipeline areas of supply and volumes and profitability remain static. Bulk liquid gases are supplied to a wide variety of industries and have seen modest growth largely in the food beverage sectors.

INFORMATION ON UNLISTED INVESTMENTS (continued)

Air Products (continued)

The packaged gases business has shown pleasing growth in volumes in the current period from existing customers and new business signings in a number of industry sectors including motor, mining and metals fabrication. Margins and profitability continue to improve following the effects of Covid-19 and the energy supply shocks in 2022.

TotalEnergies

TotalEnergies has a December year-end and its results for the six months to 31 December 2023 is included in Remgro's results for the period under review. TotalEnergies' contribution to Remgro's headline earnings for the six months to 31 December 2023 amounted to a loss of R262 million (2022: a loss of R144 million). Included in the contribution to headline earnings for the period under review is a negative fair value adjustment (FVA) made by TotalEnergies on its Natref stock amounting to R377 million, due to Natref being classified as held for sale in terms of *IFRS* 5. TotalEnergies has entered in an agreement to sell its 36.36% minority stake in Natref.

TotalEnergies' turnover for the six months ended 31 December 2023 increased by 28.3% to R59 907 million (2022: R46 685 million) due to the increase of global oil prices affecting the average basic fuel price. Stock revaluations for the six months amounted to a loss of R43 million (2022: a loss of R1 522 million).

TotalEnergies' refining continued to achieve positive margins in the six-month period to 31 December 2023, due to a favorable refining market environment. Natref's average refining margin indicator for the period under review was lower at $86/ton (six months ended 31 December 2022: $121/ton), mainly due to lower product cracks and higher freight.

TotalEnergies continued with its investments in health, safety, and environment to comply with increased stringent legislation and developing TotalEnergies' requirements. The key focus areas are environmental compliance, as well as health and safety compliance by staff, transporters, and construction contractors.

KTH

KTH is a leading black-owned investment holding company with a strong and diversified asset portfolio comprising a mix of listed and private investments in the media, financial services, industrial, services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the period under review amounted to a profit of R185 million (2022: R348 million). The decrease in KTH's headline earnings for the period was driven by a debt forgiveness gain in the comparative period. The disposal of Actom in the comparative period resulted in a lender waiving its right to receive payment of an outstanding loan amount, resulting in a debt forgiveness gain of R521 million, of which Remgro's share is R227 million. Excluding the R227 million, KTH's contribution to Remgro's headline earnings in the comparative period would have been R121 million.

INFORMATION ON UNLISTED INVESTMENTS (continued)

KTH (continued)

KTH's headline earnings for the period decreased to R424 million from R800 million in the comparative period. Excluding the comparative period's debt forgiveness of R521 million, the headline earnings increased from R279 million to R424 million. This increase is mainly due to:

- An increase in the revenue of Kagiso Media Proprietary Limited of 20% to R706 million (2022: R589 million) and an increase in the revenue of Lupo Bakery Proprietary Limited of 11% to R226 million (2022: R203 million);
- A positive fair value movement on KTH's investment in Momentum Metropolitan preference shares;
- An increase of 37% on KTH's equity accounted income from R113 million to R155 million; and
- Net finance income for the period of R13 million compared to a net finance cost of R45 million in the comparative period. The positive net finance position was driven by increased interest earned on cash balances and a decrease in funding costs relating to the settlement of the debt associated with the Actom investment that was settled in the comparative period.

Wispeco

Wispeco's turnover for the six months ended 31 December 2023 decreased marginally to R1 973 million (2022: R1 978 million). Over the reporting period, fluctuations in the USD based commodity price of brass and aluminium were mostly offset by opposing movements in the ZAR/USD exchange rate, bringing relative selling price stability in Rand terms.

Headline earnings for the period under review decreased by 6.2% to R137 million (2022: R146 million). The decrease in earnings was a result of a lower gross profit margin together with a reduction in brass sprinkler sales that negatively impacted profitability. The market in general was subdued with competitive conditions being tough, given the current economic climate.

Wispeco remains focused on speed of delivery as its competitive advantage in the make-to-order aluminium extrusion business. Recent investments ensured that sufficient capacity is available to offer class-leading service levels. Production plants operate efficiently and deliver on short lead times for mill-finish and coated aluminium extrusions.

Wispeco's range of architectural products remains the benchmark in the industry. The product offering is continuously improved and is distributed by a large network of distributors across Southern Africa. Wispeco continues to lead the way with its unique fenestration design software offerings.

Business Partners

Business Partners has a March year-end and its results for the six months ended 30 September 2023 have been included in Remgro's results for the period under review. Business Partners' contribution to Remgro's headline earnings for the period under review amounted to R41 million (2022: R41 million).

Business Partners is a specialist financial services group offering risk finance, mentorship, and business premises to small and medium enterprises (SMEs).

High inflation, rising global fragmentation and escalating geopolitical conflict contributed to a weaker global economy. Although the high level of global inflation has abated, central banks' monetary policies remain restrictive to growth to contain upside risk to inflation.

South Africa faced the multiple challenges of load shedding and crumbling logistical infrastructure, which exacerbated the constraints on economic growth whilst the consistently high levels of unemployment continue to pose significant risk to social cohesion. Increases in the prime interest rate amounting to 200 bps and inflationary pressures on the cost

INFORMATION ON UNLISTED INVESTMENTS (continued)

Business Partners (continued)

of doing business resulted in adverse trading conditions for SMEs with margins under pressure. Although SMEs continued to demonstrate resilience, indicators of increasing financial distress have been observed.

Business Partners' assets increased by 3.9% whilst borrowings remained stable. Cash generated from operating activities improved by R405 million from a deficit of R70 million to a positive inflow of R335 million. This performance, largely due to strong cash inflows from the investment portfolio, is commendable against the backdrop of the adverse trading conditions prevalent throughout the reporting period.

The healthy increase in total revenue from R266 million to R344 million is mainly attributable to the increase in interest rates and improved investment income and gains. The rebuilding of capacity and the improvement in capability have continued, resulting in operating expenses increasing from R136 million to R152 million. This resulted in profit for the period increasing from R122 million to R135 million.

Investment activity increased significantly with 139 (2022: 101) investments amounting to R660 million (2022: R444 million) approved during the reporting period. Initiatives to address inequality and transformation through its investment activity delivered significant improvements in black and female entrepreneurs being supported during the reporting period. Investments approved to black entrepreneurs increased from 37.8% to 61.5% and investments approved to female entrepreneurs increased from 26.1% to 33.8% when compared to the prior period.

The improvement in investment activity resulted in a more than 50% increase in facilitating employment opportunities for 4 034 jobs (2022: 2 573 jobs).

SEACOM

Remgro has an effective economic interest of 30% in SEACOM, a converged telecommunications provider which operates subsea and terrestrial fibre-optic connectivity, internet services, voice, cloud, security and managed services offerings to the Wholesale and Enterprise markets in Southern and East Africa.

SEACOM has a December year-end. Its results for the six months to 31 December 2023 have been included in Remgro's results for the period under review. SEACOM's contribution to Remgro's headline earnings for the period under review amounted to R32 million (2022: R29 million). Once-off debt refinancing costs and other restructuring costs negatively impacted on the performance for the period under review.

The business has continued to service demand for connectivity and cloud services in the Enterprise sector and has been complemented by its managed services solutions offering during the period. Stable growth continued within the wholesale (Infrastructure) business.

SEACOM's ability to adapt to the rapidly evolving data market and invest in its submarine, terrestrial network and cloud infrastructure allows it to respond to an ever-increasing demand for faster and more reliable data services and is critical to maintain its ongoing competitive positioning. Key strategic investments in East Africa, as well as new capacity on Google's Equiano cable, were completed in the first half of 2023.

eMedia Investments

eMedia Investments is the only investment of eMedia Holdings Limited (eMedia Holdings). Refer to the commentary of eMedia Holdings, listed on the JSE, which was released on SENS on 29 November 2023.

DIRECTORATE

Non-executive directors

Johann Rupert (*Chairman*), F Robertson* (*Deputy Chairman*),
S E N De Bruyn*, N P Mageza*,
J Malherbe, P J Moleketi*, M Morobe*,
P J Neethling, G G Nieuwoudt*,
K S Rantloane*, A E Rupert
(* *Independent*)

Executive directors

J J Durand (*Chief Executive Officer*),
M Lubbe, N J Williams

CORPORATE INFORMATION

Secretary

D I Dreyer

Listings

Primary listing - JSE Limited
Sector: Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services
Secondary listing – A2X

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Auditors

Ernst & Young Inc.
Cape Town, South Africa

Sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)

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