

Remgro Limited

Registration number 1968/006415/06
ISIN ZAE000026480 Share code REM

AUDITED SUMMARY
CONSOLIDATED RESULTS
FOR THE YEAR ENDED
30 JUNE 2021

AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share from continuing operations	up by 66.0%
Total headline earnings per share	down by 8.9%
Total ordinary dividend per share	90 cents
Intrinsic net asset value per share	R177.33



Contents

Introduction	1
Group financial review	2
Changes to directorate	10
Reports of the independent auditor	10
Declaration of cash dividend	11
Composition of total headline earnings	12
Composition of intrinsic net asset value	13
Group financial statements	14
Directorate	26
Corporate information	26
Independent auditor's report	27

Introduction

Introduction

Towards the start of the Covid-19 pandemic, Remgro's Chairman, Mr Johann Rupert, noted that the impact thereof would not constitute a pause, but rather a reset. While Mr Rupert made the statement more than a year ago, we believe his statement remains true today. The pandemic and resultant containment measures have caused immeasurable harm globally, but these hardships have also provided individuals, companies and organisations with the opportunity to reflect and to reset where necessary.

Remgro continues to adapt to the changing markets, as it has successfully done over its 73 years of rich history. As part of this change, Remgro is placing increased emphasis on its Environmental, Social and Governance (ESG) practices across the Group. While workplace, economic, social and environmental sustainability practices have always been part of Remgro's core values, Remgro aims to be an ESG leader and is in the process of implementing measures to ensure that Remgro remains engaged with its corporate citizen mandate and values driven ethos.

While the ramifications of the pandemic will still be felt for a long time, Remgro is encouraged by its improved performance compared to the previous financial year.

Results in context

The headline earnings from continuing operations for the comparative year were significantly impacted, during the second six months to 30 June 2020, by the Covid-19 pandemic and the resultant lockdown measures, as well as by a once-off donation of R500 million to The South African SME Relief Trust (The SA SME Relief Trust). From this low base, the increase in headline earnings from continuing operations for the year under review is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies (most notably RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies) and Rand Merchant Investment Holdings Limited (RMI)). This increase is partly offset by a lower contribution from Mediclinic International plc (Mediclinic) (Mediclinic's contribution includes the full impact of the Covid-19-related lockdown measures on its results for the year ended 31 March 2021), as well as lower interest income, due to the 300 basis points reduction in interest rates since January 2020. Furthermore, due to the accounting reclassification of FirstRand Limited (FirstRand) from an equity accounted investment to an investment at fair value through other comprehensive income, only dividend income of R191 million was accounted from FirstRand for the year under review, whereas earnings of R657 million were equity accounted in the comparative year.

Introduction (continued)

Group profile

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially 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". 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 Mediclinic (44.6% interest), RMI (30.6% interest), Community Investment Ventures Holdings Proprietary Limited (CIVH) (55.2% interest), Distell (31.7% interest), FirstRand (3.3% interest), Siqualo Foods Proprietary Limited (Siqualo Foods) (100.0% interest), RCL Foods (80.4% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), 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).

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.

From time to time, 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 may elect to disclose alternative earnings measures 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

	30 June 2021	% Change	30 June 2020
Total headline earnings (R million)	2 885	(8.9)	3 167
- per share (cents)	510.6	(8.9)	560.6
Headline earnings from continuing operations (R million)*	2 885	66.1	1 737
- per share (cents)	510.6	66.0	307.5
Total ordinary dividend per share (cents)	90	(66.0)	265
	30 June 2021	% Change	30 June 2020
Intrinsic net asset value per share (R)	177.33	14.8	154.47
Remgro share price (R)	114.60	14.7	99.90
Percentage discount to intrinsic net asset value (%)	35.4	(10 bps)	35.3

* Headline earnings from continuing operations for the comparative year was calculated by excluding the equity accounted income of RMB Holdings Limited due to the unbundling of the investment.

Group financial review (continued)

Comparison with prior year

RMB Holdings Limited (RMH) and FirstRand

During June 2020, Remgro unbundled its 28.2% interest in RMH (RMH Unbundling) and, consequently, the investment in RMH was treated as a discontinued operation for the year ended 30 June 2020. For the year under review, earnings and headline earnings measures are again presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the prior year include the equity accounted income of RMH.

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand due to, amongst other factors, the RMH Unbundling and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the comparative year, the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income is accounted for FirstRand in the income statement. Dividends of R191 million were received from FirstRand during the year under review (2020: cash dividends of R655 million). As a result of the Covid-19 pandemic, FirstRand only paid an interim dividend during the year under review.

Reporting platforms

Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics. As reported previously, the platforms under which the results of investee companies are being reported to the chief operating decision-maker were changed and certain investments reallocated in line with internal reporting to enhance stakeholder communication. The *Media and sport* and *Other investments* platforms that were reported under up to the 2020 financial year, were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments Proprietary Limited (eMedia Investments));
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc (BAT));
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Asian funds, Invenfin Proprietary Limited (Invenfin) and Pembani Remgro Infrastructure Fund (PRIF)); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS)).

Comparative figures have been re-presented accordingly.

Headline earnings

Overview

For the year to 30 June 2021, headline earnings from continuing operations increased by 66.1% from R1 737 million to R2 885 million, while headline earnings per share (HEPS) from continuing operations increased by 66.0% from 307.5 cents to 510.6 cents. Total headline earnings and total HEPS decreased by 8.9% from R3 167 million to R2 885 million and from 560.6 cents to 510.6 cents, respectively.

The increase in headline earnings from continuing operations is mainly due to higher contributions from RCL Foods, Distell, TotalEnergies, RMI and CIVH (lower losses), as well as the once-off donation of R500 million to The SA SME Relief Trust in the comparative year. This increase is partly offset by lower contributions from Mediclinic and FirstRand, as well as lower interest income.

Group financial review (continued)

Contribution to headline earnings by reporting platform

R million	Year ended 30 June 2021	% Change	Year ended 30 June 2020
Healthcare	674	(59.3)	1 655
Consumer products	1 576	189.2	545
Financial services	921	47.6	624
Infrastructure	(376)	47.5	(716)
Industrial	1 014	279.8	267
Diversified investment vehicles	(260)	(2.0)	(255)
Media	53	(32.1)	78
Portfolio investments	247	(64.5)	695
Social impact investments	(66)	(447.4)	19
Central treasury			
- finance income	212	(55.7)	479
- finance costs	(861)	9.5	(951)
- option remeasurement	-	(100.0)	2
Other net corporate costs	(249)	64.7	(705)
Headline earnings from continuing operations	2 885	66.1	1 737
Discontinued operations	-	(100.0)	1 430
Total headline earnings	2 885	(8.9)	3 167

Refer to pages 12 and 13 for the segmental information.

Commentary on reporting platforms' performance (unaudited)

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R674 million (2020: R1 655 million), representing a decrease of 59.3%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. For the year under review the main difference between adjusted earnings and headline earnings related to an accelerated depreciation and amortisation charge and a remeasurement of a redemption liability, whereas the comparative year included a tax credit in respect of a reduction in Swiss statutory tax rates. Remgro's portion of Mediclinic's adjusted earnings amounted to R959 million (2020: R1 480 million), representing a decrease of 35.2%.

Mediclinic's revenue and profitability were significantly impacted in April 2020 by Covid-19-related lockdown measures and non-urgent elective procedure restrictions. From May 2020 onwards, the moderation of restrictions resulted in a strong rebound in operating performance in Switzerland and the Middle East. Southern Africa experienced a more gradual recovery as it exited the first wave.

Despite a subsequent and more severe wave of the pandemic in the second half of Mediclinic's financial year, Mediclinic delivered an improved financial performance supported by less restrictive lockdown measures, greater operational flexibility and counter-seasonal demand in Southern Africa and the Middle East during December 2020. Mediclinic's revenue for the full year decreased by 3% (down 1% in constant currency terms), while stronger demand in the second half of Mediclinic's financial year delivered revenue growth of 1%.

In British pound terms, Mediclinic reported a decrease in adjusted earnings of 42.9%, reflecting the weakened average SA rand exchange rate against the British pound. This decrease is mainly due to the revenue decline exacerbated by the largely fixed employee cost base, depreciation and amortisation, as well as an escalation in PPE usage, consumables pricing and staffing requirements due to isolation and quarantine regulations. Incremental Covid-19-related expenses approximated £32 million.

Group financial review (continued)

Consumer products

The contribution from consumer products to Remgro's headline earnings amounted to R1 576 million (2020: R545 million), representing an increase of 189.2%.

RCL Foods' contribution to Remgro's headline earnings amounted to R759 million (2020: R92 million), representing an increase of 725.0%. RCL Foods discloses underlying headline earnings, adjusted for Covid-19 direct costs incurred and certain elements of the gain on bargain purchase, relating to Vector Logistics' acquisition of the Imperial cold chain business, in the comparative year. Underlying headline earnings provides RCL Foods' users with relevant information and measures used by itself to assess performance. Covid-19 specific costs for the period amounted to R121 million (2020: R267 million). RCL Foods reported an increase in underlying headline earnings of 170.9%, driven by an excellent performance in the Sugar and Baking business units and continued strong delivery in Grocery. Sugar's record result was mainly driven by increased consumer demand, tight cost control combined with a successful shift in its sales mix towards higher-priced local market sales. The increased local sugar demand and a shrinking industry crop have created a more favourable supply-demand balance. A higher world sugar price has also impacted favourably on export revenue. The strong Baking performance was underpinned by a successful turnaround in the Gauteng bakeries, as well as a more favourable sales mix in the Milling operating unit. Chicken delivered a disappointing result impacted by continuing breed performance challenges, significant raw material cost increases and the lingering impacts of the initial Covid-19 lockdown, compounded by Avian Influenza.

Distell's contribution to headline earnings amounted to R538 million (2020: R165 million), representing an increase of 226.1%. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. These abnormal transactions included retrenchment and restructuring costs, as well as credit loss provisions on Zimbabwe savings bonds in the comparative year. Distell reported an increase in normalised headline earnings of 302.4%, mainly due to an increase of 26.3% in revenue on 26.3% higher volumes and the containment of operating costs. This represents a 7.9% revenue increase and a 2.1% volume decline when compared to the pre-Covid levels in the 2019 financial year. Domestic revenue and volumes increased by 29.4% and 28.7%, respectively, despite a 20% reduction in trading days being lost due to the second and third sale of alcohol bans. Domestically Distell gained market share across all three of its categories (ciders and ready-to-drink beverages (RTDs), spirits and wine). Revenue and volumes in the African markets, outside South Africa, increased by 22.9% and 30.7%, respectively, also due to excellent growth across all three categories. In the international markets, outside Africa, revenue increased by 10.0% alongside a volume decline of 10.8%. The increase in international revenue is mainly due to the cessation of sales of non-core wine brands, bulk whisky and the exit from the RTD business. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R47 million (2020: R47 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

The headline earnings contribution from Siqualo Foods amounted to R405 million (2020: R414 million), representing a decrease of 2.2%. In terms of the transition agreement with Unilever, Siqualo Foods received an after-tax finalisation amount of R31 million from Unilever in the comparative year. Excluding the finalisation amount, Siqualo Foods' contribution to headline earnings increased from R383 million to R405 million (or 5.7%). This increase is mainly due to a 5.5% increase in volumes. Good cost management enabled the business to increase its operational EBITDA by 6.7%. In addition to Siqualo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R79 million (2020: R79 million) relating to the additional assets identified when Remgro obtained control over Siqualo Foods on 2 July 2018.

Financial services

The contribution from financial services to Remgro's headline earnings amounted to R921 million (2020: R624 million), representing an increase of 47.6%.

RMI's contribution to Remgro's headline earnings increased by 49.9% to R898 million (2020: R599 million). On a normalised basis, which excludes certain anomalies, RMI reported an increase of 14.9% in earnings. Despite the Covid-19 pandemic, with elevated mortality experience impacting materially on its life insurance operations, RMI delivered a strong overall operational performance, with pleasing growth being achieved by both OUTsurance Holdings Limited (OUTsurance) and Hastings Group Holdings plc (Hastings), its two large short-term insurance investments. Furthermore, the positive impact of the lower interest rate environment, on RMI's funding costs, and excellent performance by RMI Investment Managers also contributed to the strong performance.

OUTsurance's earnings (excluding its share in Hastings) increased by 14.3%, driven by strong equity market returns and an increase in gross written premiums, while Hastings' earnings increased by 20.1% mainly due to a

Group financial review (continued)

Financial services (continued)

lower claims ratio. The decrease in Momentum Metropolitan Holdings Limited's (Momentum Metropolitan) earnings (down by 33.8%) is largely attributable to the prolonged negative impact that Covid-19 had on mortality claims experience, including the anticipated impact of the ongoing third and possible fourth waves. The earnings of Discovery Limited (Discovery) decreased by 9.1% mainly due to the Covid-19 related impact on Discovery Life.

Business Partners Limited's (Business Partners) contribution to Remgro's headline earnings decreased by 8.0% to R23 million (2020: R25 million). This decrease is mainly due to lower net interest income, resulting from a 300 basis points decrease in the average interest rate, and a decrease in net property revenue, due to increased vacancies and rental relief provided. The decrease is partly offset by lower net credit losses. Net credit losses for the comparative year incorporated the impact of the devastation of the Small and Medium Enterprises (SMEs) sector caused by the Covid-19 pandemic.

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to a loss of R435 million (2020: a loss of R649 million). Included in CIVH's comparative year is once-off costs relating to the financing of the Vumatel Proprietary Limited (Vumatel) acquisition, as well as costs incurred on CIVH's debt refinance process, which was finalised in December 2019. The decrease in losses is also due to an increase in annuity income at Dark Fibre Africa Proprietary Limited (DFA) and subscriber growth at Vumatel. DFA's revenue marginally increased to R2 483 million (2020: R2 465 million) impacted by lower once-off revenue due to Covid-19. DFA's annuity income amounted to R192 million per month on 31 March 2021 (31 March 2020: R179 million per month). Vumatel's revenue increased by 50.1% to R2.4 billion, driven by accumulated subscriber uptake growth.

Grindrod Limited's (Grindrod) and SEACOM Capital Limited's (SEACOM) contributions to Remgro's headline earnings amounted to R16 million and R26 million (2020: losses of R12 million and R10 million), respectively, while other infrastructure investments include Grindrod Shipping Holdings Limited's (Grindrod Shipping) contribution, which amounted to a profit of R19 million (2020: a loss of R46 million). The increased profit from Grindrod Shipping is mainly due to the improving market conditions in the drybulk sector.

Industrial

Air Products' contribution to Remgro's headline earnings decreased by 3.3% to R322 million (2020: R333 million). This decrease is mainly due to difficult trading conditions, largely due to the impact of Covid-19. Although trading conditions have improved, growth opportunities are limited as a result of low levels of capital investment in the economy.

TotalEnergies' contribution to Remgro's headline earnings amounted to a profit R366 million (2020: loss of R20 million). Included in the contribution to headline earnings for the year under review are favourable stock revaluations amounting to R186 million (2020: unfavourable stock revaluations amounting to R229 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution decreased by 13.9% from R209 million to R180 million. This decrease is mainly due to a significant drop in volumes in the retail network, mining and commercial sectors due to the impact of the Covid-19 lockdown, as well as Natref's depressed refining margins and the poor economics having a domino effect of reduced crude treatment.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings increased by 230.0% to R264 million (2020: R80 million) mainly due to higher sales volumes, which also unlocked economy of scale efficiencies in the manufacturing operations, and gains yielded due to an upward commodity price cycle. The weakened SA rand and escalating international shipping costs prompted importers to redirect orders to local extruders.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to a profit of R62 million (2020: a loss of R126 million).

Diversified investment vehicles

KTH's contribution to headline earnings amounted to a loss of R182 million (2020: loss of R164 million). The earnings of KTH include a negative fair value adjustment on its investment in Actom Investment Holdings Proprietary Limited of R434 million (2020: R260 million), partly offset by the positive fair value adjustment on its investment in Momentum Metropolitan of R60 million (2020: negative fair value adjustment of R69 million).

Group financial review (continued)

Diversified investment vehicles (continued)

The contribution from other diversified investment vehicles to headline earnings amounted to a loss of R78 million (2020: loss of R91 million). Other diversified investment vehicles include the contribution from Invenfin, which amounted to a loss of R128 million (2020: a loss of R106 million). Invenfin's loss is mainly due to losses from its investment in Bos Brands Proprietary Limited. These losses are partly offset by dividends received from Remgro's investment in PRIF amounting to R55 million.

Media

eMedia Investments' contribution to Remgro's headline earnings decreased by 44.9% to R43 million (2020: R78 million). This decrease is mainly due to lower advertising revenue, being the major source of revenue for eMedia Investments. Tough trading conditions due to the pandemic continued for the free-to-air broadcasting industry with advertising revenue under increased pressure. eMedia Investments' television advertising revenue is approximately 8% better than the market and this can be attributed to the increased prime time market share from 24.6% in March 2020 to 29.6% in March 2021, an increase of 20.3%.

Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R247 million (2020: R695 million). This decrease is mainly due to dividends of R191 million received from FirstRand, as opposed to equity accounted earnings of R657 million in the comparative year. Other portfolio investments include the dividends received from BAT and Reinet Investments SCA amounting to R56 million (2020: R38 million).

Social impact investments

Social impact investments primarily consist of various sport interests, including an interest in the Blue Bulls rugby franchise and SAS.

Central treasury and other net corporate costs

Finance income amounted to R212 million (2020: R479 million). This decrease is mainly due to lower local interest earned, resulting from the 300 basis points reduction in the South African repo rate, announced since January 2020, as well as a lower local average cash balance. Finance costs is lower at R861 million (2020: R951 million), mainly due to the redemption of the exchangeable bonds in cash on 22 March 2021.

Other net corporate costs amounted to R249 million (2020: R705 million). This decrease is mainly due to the once-off donation of R500 million to The SA SME Relief Trust in the comparative year.

Earnings

Total earnings decreased by 46.6% to R3 550 million (2020: R6 646 million). It should be noted that apart from the increase in headline earnings from continuing operations discussed above (up by R1 148 million) and the equity accounted earnings of RMH in the comparative period amounting to R1 395 million, earnings includes other once-off items, which cause comparability of earnings to be challenging.

These are:

- the accounting profit realised on the RMH Unbundling and FirstRand Reclassification totaling R11 588 million in the 2020 financial year;
- Remgro's portion of the impairment of Mediclinic's assets in Switzerland and the Middle East and its investment in Spire Healthcare Group plc (Spire) of R4 330 million in the 2020 financial year;
- the impairment of goodwill of R1 809 million relating to Remgro's investment in Distell in the 2020 financial year;
- Remgro's portion of the impairments of RCL Foods' underlying divisions of R970 million in the 2020 financial year; and
- the reversal of impairment of Remgro's investments in Grindrod of R488 million (2020: impairment of R596 million) and Grindrod Shipping of R607 million (2020: impairment of R112 million).

Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 14.8% from R154.47 at 30 June 2020 to R177.33 at 30 June 2021. The closing share price at 30 June 2021 was R114.60 (2020: R99.90) representing a discount of 35.4% (2020: 35.3%) to the intrinsic net asset value. Refer to page 13 for full details.

Group financial review (continued)

Investment activities

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

CIVH

During January 2021, Remgro subscribed for 54 738 shares in CIVH for a total amount of R1 636 million in terms of a rights issue. This share subscription increased Remgro's interest in CIVH marginally from 54.7% at 30 June 2020 to 55.2% at 30 June 2021.

Subsequent to 30 June 2021, Remgro subscribed for a further 67 364 shares in CIVH for a total amount of R2 124 million in terms of a further rights issue, increasing Remgro's interest in CIVH to 55.5%. The proceeds of both rights issues were used to reduce the CIVH group's debt, as well as to unlock capital expenditure facilities for further growth.

FirstRand

During May 2021 Remgro sold 40 000 000 FirstRand shares through an accelerated book build offering for a gross consideration of R2 040 million (or R51.00 per share). The transaction reduced Remgro's interest in FirstRand to 3.3% (2020: 4.0%).

RCL Foods

During November and December 2020 Remgro acquired a further 28 940 412 RCL Foods shares for a total amount of R234 million. At 30 June 2021 Remgro's effective interest in RCL Foods was 80.4% (2020: 77.1%).

Asia Partners I LP (Asia Partners)

During the year under review, Remgro committed to invest \$25 million in Asia Partners. Asia Partners makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 3 March 2021, Asia Partners, who had an initial target fund size of \$300 million, announced its final close at \$384 million in commitments. Up to 30 June 2021, Remgro invested \$11 million, which included \$1 million relating to fund closing costs. As at 30 June 2021 the remaining commitment to Asia Partners amounted to \$15 million.

Subsequent to 30 June 2021 Remgro invested a further \$6 million in Asia Partners.

Milestone China Funds

As at 30 June 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$100 million. During the year under review Remgro received distributions of \$14 million from Milestone III, thereby increasing its cumulative distributions received to \$85 million. As at 30 June 2021 the fair value of Remgro's investment in Milestone III amounted to \$86 million.

Subsequent to 30 June 2021 Remgro received distributions of \$4 million from Milestone III.

PRIF

During the year under review Remgro invested a further R114 million in PRIF and received distributions of R81 million, thereby increasing its cumulative investment to R486 million and cumulative distributions received to R338 million. As at 30 June 2021 the fair value of Remgro's investment in PRIF amounted to R368 million and remaining commitment to PRIF amounted to R164 million.

KTH

During November 2020 Tiso Blackstar Group Proprietary Limited exited its 20.0% investment in KTH through multiple inter-connected steps, which increased Remgro's interest in KTH. At 30 June 2021 Remgro's effective interest in KTH was 43.5% (2020: 36.3%).

Invenfin

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further €4 million in Bolt Technology OÜ (Bolt), thereby increasing its cumulative investment to €9 million (or 0.7%). Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Other

Other smaller investments amounted to R167 million.

Group financial review (continued)

Investment activities (continued)

Events after year-end

RMI

On 20 September 2021 RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery and Momentum Metropolitan, as well as an equity capital raise of up to R6.5 billion by way of a pro rata rights issue to optimise its capital structure (the RMI Restructure). Remgro gave its in-principle support for the RMI Restructure. Following the RMI Restructure, RMI's remaining assets will consist mainly of its 89.1% investment in OUTsurance and its 30.0% investment in Hastings.

Civil unrest in South Africa Distell and RCL Foods

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in violence and the destruction and looting of property and businesses. One of the Distell distribution centres in KwaZulu-Natal was damaged and its operations disrupted. Initial assessments placed the damage between R80 million and R100 million. Various of RCL Foods' KwaZulu-Natal-based sites in the Chicken and Vector Logistics business units were also impacted by the civil unrest and resultant looting and vandalism of property. RCL Foods estimated the impact of the civil unrest at approximately R46 million.

The impact of the civil unrest is regarded as a non-adjusting event in terms of *IAS 10: Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2021.

Financing activities

On 22 March 2016 Remgro issued exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350 million. These exchangeable bonds were redeemed in cash on 22 March 2021.

Treasury shares

At 30 June 2020, 3 297 213 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the year under review 17 050 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares.

Group financial review (continued)

Cash resources at the centre

The Company's cash resources at 30 June 2021 were as follows:

R million	30 June 2021			30 June 2020
	Local	Offshore	Total	
Per consolidated statement of financial position	5 478	3 285	8 763	15 631
Investment in money market funds	5 010	-	5 010	4 945
Less: Cash of operating subsidiaries	(2 992)	(1 075)	(4 067)	(3 503)
Cash at the centre	7 496	2 210	9 706	17 073

On 30 June 2021, approximately 51% (R4 980 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.

Changes to directorate

The following changes were effective 30 November 2020:

- Ms S E N De Bruyn was appointed as member of the Remuneration and Nomination Committee;
- Mr P K Harris retired as independent non-executive director from the Board;
- Mr J Malherbe resigned as co-deputy Chairman; and
- Mr K M S Rantloane was appointed as an independent non-executive director of the Board and member of the Investment Committee, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting.

The Board wishes to thank Mr P K Harris for his valuable contributions over many years.

Reports of the independent auditor

The Company's directors are responsible for the preparation of a summary of the audited consolidated financial statements.

These summary consolidated financial statements for the year ended 30 June 2021 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the annual consolidated financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports and the report on the summary annual financial statements is attached hereto.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the registered office of the Company or on the Company's website at www.remgro.com.

Declaration of cash dividend

Declaration of Dividend No. 42

Notice is hereby given that a final gross dividend of 60 cents (2020: 50 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2021.

A dividend withholding tax of 20% or 12 cents per share will be applicable, resulting in a net dividend of 48 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2021 therefore amounts to 90 cents, compared to 265 cents for the year ended 30 June 2020. The final dividend of 2020, as well as the interim and final dividends of 2021, were adjusted downwards to take into account the RMH Unbundling during the prior year and the ongoing impact of the Covid-19 pandemic.

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 November 2021
Shares trade ex dividend	Wednesday, 17 November 2021
Record date	Friday, 19 November 2021
Payment date	Monday, 22 November 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 November 2021, and Friday, 19 November 2021, 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: 21 September 2021
SENS release date: 22 September 2021

Composition of total headline earnings¹

R million	Year ended 30 June 2021	% change	Year ended 30 June 2020
Healthcare			
Mediclinic	674	(59.3)	1 655
Consumer products			
RCL Foods	759	725.0	92
Distell	538	226.1	165
- entity contribution	(47)	-	(47)
- IFRS 3 charge ²			
Siqalo Foods	405	(2.2)	414
- entity contribution	(79)	-	(79)
- IFRS 3 charge ²			
Financial services			
RMI	898	49.9	599
Business Partners	23	(8.0)	25
Infrastructure			
CIVH	(435)	33.0	(649)
Grindrod	16	233.3	(12)
SEACOM	26	360.0	(10)
Other infrastructure investments	17	137.8	(45)
Industrial			
Air Products	322	(3.3)	333
TotalEnergies	366	1 930.0	(20)
Wispeco	264	230.0	80
Other industrial investments	62	149.2	(126)
Diversified investment vehicles			
KTH	(182)	(11.0)	(164)
Other diversified investment vehicles	(78)	14.3	(91)
Media			
eMedia Investments	43	(44.9)	78
Other media investments	10	-	-
Portfolio investments			
FirstRand	191	(70.9)	657
Other portfolio investments	56	47.4	38
Social impact investments	(66)	(447.4)	19
Central treasury			
Finance income	212	(55.7)	479
Finance costs	(861)	9.5	(951)
Option remeasurement	-	(100.0)	2
Other net corporate costs	(249)	64.7	(705)
Headline earnings from continuing operations	2 885	66.1	1 737
Discontinued operations	-	(100.0)	1 430
Total headline earnings	2 885	(8.9)	3 167
Weighted number of shares (million)	565.0	-	565.0
Total headline earnings per share (cents)	510.6	(8.9)	560.6

1. Refer to the change in reporting platforms on page 3.

2. IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.

Composition of intrinsic net asset value¹

R million	30 June 2021		30 June 2020	
	Book value	Intrinsic value ²	Book value	Intrinsic value ²
Healthcare				
Mediclinic ³	24 581	19 358	27 443	18 769
Consumer products				
RCL Foods ³	8 262	6 926	7 189	6 029
Distell ³	7 578	11 665	7 128	5 330
Siqalo Foods	6 226	7 277	6 285	6 145
Financial services				
RMI	10 174	14 713	9 736	13 708
Business Partners ³	1 273	1 273	1 244	1 232
Infrastructure				
CIVH	4 981	12 054	4 458	10 584
Grindrod	842	842	532	532
SEACOM	23	799	8	909
Other infrastructure investments	701	701	226	226
Industrial				
Air Products	1 063	4 523	1 264	3 979
TotalEnergies	2 242	2 539	2 029	2 515
Wispeco	1 229	1 188	1 008	810
Other industrial investments	198	415	205	309
Diversified investment vehicles				
KTH	1 456	2 044	1 601	1 961
Milestone III	1 234	1 234	1 251	1 251
Prescient China Equity Fund	1 211	1 211	1 156	1 156
Other diversified investment vehicles	1 449	1 567	1 050	1 107
Media				
eMedia Investments ³	815	616	805	947
Other media investments	3	137	41	41
Portfolio investments				
FirstRand ⁴	7 659	7 659	7 068	7 068
Other portfolio investments	661	661	782	782
Social impact investments	135	135	331	331
Central treasury				
Cash at the centre ⁵	9 706	9 706	17 073	17 073
Debt at the centre	(7 821)	(7 821)	(15 288)	(15 288)
Other net corporate assets	2 178	2 919	2 148	2 817
Intrinsic net asset value (INAV)	88 059	104 341	86 773	90 323
Potential CGT liability⁶		(4 150)		(3 050)
INAV after tax	88 059	100 191	86 773	87 273
Issued shares after deduction of shares repurchased (million)	565.0	565.0	565.0	565.0
INAV after tax per share (Rand)	155.86	177.33	153.59	154.47
Remgro share price (Rand)		114.60		99.90
Percentage discount to INAV		35.4		35.3

1. Refer to the change in reporting platforms on page 3.

2. 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.

3. Remgro determined the recoverable amounts for Mediclinic, RCL Foods, Wispeco and eMedia Investments which are in excess of the investments' carrying values.

4. 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 FirstRand shares amounting to a liability of R384 million (30 June 2020: an asset of R78 million).

5. Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods and Wispeco).

6. 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

Summary consolidated statement of financial position

R million	30 June 2021	30 June 2020
Assets		
Non-current assets		
Property, plant and equipment	16 765	16 845
Investment properties	124	109
Intangible assets	20 680	21 067
Investments - Equity accounted	50 207	50 991
- Financial assets at fair value through other comprehensive income (FVOCI)	14 342	12 505
Financial assets at fair value through profit and loss (FVPL)	214	309
Hedge derivatives	-	101
Retirement benefits	692	868
Long-term loans and debtors	146	181
Deferred taxation	208	190
	103 378	103 166
Current assets	37 388	43 933
Inventories	12 621	12 032
Biological agricultural assets	955	805
Debtors and short-term loans	9 597	9 958
Loans to equity accounted investments	94	-
Financial assets at FVPL	83	11
Taxation	258	258
Investment in money market funds	5 010	4 945
Cash and cash equivalents	8 763	15 631
	37 381	43 640
Assets held for sale	7	293
Total assets	140 766	147 099
Equity and liabilities		
Stated capital	13 416	13 416
Reserves	75 204	73 921
Treasury shares	(561)	(564)
Shareholders' equity	88 059	86 773
Non-controlling interest	15 517	14 670
Total equity	103 576	101 443
Non-current liabilities	20 103	23 139
Retirement benefits	136	141
Long-term loans	11 978	15 167
Lease liabilities	1 440	1 725
Deferred taxation	6 389	6 106
Hedge derivatives	160	-
Current liabilities	17 087	22 517
Trade and other payables	12 844	11 616
Short-term loans	3 401	10 158
Lease liabilities	275	310
Financial liabilities at FVPL	471	279
Taxation	96	154
Total equity and liabilities	140 766	147 099
Net asset value per share (Rand)		
- At book value	R155.86	R153.59
- At intrinsic value	R177.33	R154.47

Group financial statements (continued)

Summary consolidated income statement

R million	Year ended 30 June	
	2021	2020
Continuing operations		
Revenue	65 803	54 732
Inventory expenses	(38 387)	(32 291)
Staff costs	(9 251)	(8 451)
Depreciation	(1 711)	(1 682)
Other net operating expenses	(12 005)	(10 763)
Trading profit	4 449	1 545
Dividend income	366	45
Interest received	446	862
Fair value adjustment on exchangeable bonds' option	-	2
Finance costs	(1 548)	(1 876)
Net impairment of investments, assets and goodwill	1 039	(4 234)
Loss allowances on loans	(205)	(290)
Bargain purchase gain	8	278
Profit on sale and dilution of investments	17	4 220
Consolidated profit before tax	4 572	552
Taxation	(1 135)	(452)
Consolidated profit after tax	3 437	100
Share of after-tax profit/(loss) of equity accounted investments	1 618	(2 272)
Net profit/(loss) for the year from continuing operations	5 055	(2 172)
Discontinued operations¹		
Profit for the year from discontinued operations	-	8 755
Net profit for the year	5 055	6 583
Attributable to:		
Equity holders	3 550	6 646
Continuing operations	3 550	(2 109)
Discontinued operations	-	8 755
Non-controlling interest	1 505	(63)
	5 055	6 583
Equity accounted investments		
Share of after-tax profit/(loss) of equity accounted investments		
Profit before taking into account impairments and non-recurring items	3 404	5 176
Net impairment of investments, assets and goodwill	(507)	(4 810)
Profit/(loss) on the sale of investments	(6)	87
Other headline earnings adjustable items	14	(21)
Profit before tax and non-controlling interest	2 905	432
Taxation	(1 111)	(952)
Non-controlling interest	(176)	(358)
	1 618	(878)
Continuing operations	1 618	(2 272)
Discontinued operations	-	1 394

1. On 31 March 2020 the investment in RMH was transferred from "investment - equity accounted" to "assets held for distribution" (refer to "Comparison with the prior year" on page 3). Profit from discontinued operations for the prior year include the equity accounted income of RMH, as well as the profit realised on the RMH Unbundling.

Group financial statements (continued)

Headline earnings reconciliation

R million	Year ended 30 June	
	2021	2020
Continuing operations		
Net profit/(loss) for the year attributable to equity holders (earnings)	3 550	(2 109)
Impairment of equity accounted investments ¹	22	930
Reversal of impairment of equity accounted investments ¹	(1 154)	(73)
Impairment of property, plant and equipment	97	639
Reversal of impairment of property, plant and equipment	(3)	(2)
Impairment of investment properties	-	10
Impairment of intangible and other assets ²	-	2 730
Bargain purchase gain	(8)	(278)
Profit on sale and dilution of equity accounted investments ³	(29)	(4 241)
Loss on sale and dilution of equity accounted investments	12	21
Profit on disposal of property, plant and equipment	(249)	(56)
Loss on disposal of property, plant and equipment	17	18
Non-headline earnings items included in equity accounted earnings of equity accounted investments	468	4 725
- (Profit)/loss on disposal of property, plant and equipment	(31)	16
- Profit on sale of investments	(70)	(130)
- Loss on sale of investments	76	8
- Impairment of investments, assets and goodwill ⁴	507	4 810
- Other headline earnings adjustable items	(14)	21
Taxation effect of adjustments	(11)	(204)
Non-controlling interest	173	(373)
Headline earnings from continuing operations	2 885	1 737
Discontinued operations		
Net profit for the year attributable to equity holders (earnings)	-	8 755
Profit on sale of equity accounted investments ⁵	-	(7 360)
Non-headline earnings items included in equity accounted earnings of equity accounted investments		
- Loss on sale of investments	-	35
Headline earnings from discontinued operations	-	1 430
Total headline earnings from continuing and discontinued operations	2 885	3 167

1. Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.
2. Refer to "Intangible assets" under "Additional information" for further detail.
3. "Profit on sale and dilution of equity accounted investments" for the prior year includes the profit realised on the FirstRand Reclassification of R4 228 million.
4. "Impairment of investments, assets and goodwill" from equity accounted investments for the prior year includes Remgro's portion of the impairments of Mediclinic's assets in Switzerland and the Middle East, as well as its investment in Spire of R4 330 million.
5. "Profit on sale of equity accounted investments" for the prior year consists of the profit realised on the RMH Unbundling.

Group financial statements (continued)

Earnings and dividends

Cents	Year ended 30 June	
	2021	2020
Total headline earnings per share		
– Basic	510.6	560.6
Continuing operations	510.6	307.5
Discontinued operations	-	253.1
– Diluted	508.1	558.4
Continuing operations	508.1	305.6
Discontinued operations	-	252.8
Earnings per share		
– Basic	628.3	1 176.4
Continuing operations	628.3	(373.3)
Discontinued operations	-	1 549.7
– Diluted	625.5	1 173.6
Continuing operations	625.5	(373.9)
Discontinued operations	-	1 547.5
Dividends per share		
Ordinary	90.00	265.00
– Interim	30.00	215.00
– Final	60.00	50.00

Number of shares

	30 June	
	2021	2020
Ordinary shares of no par value	529 217 007	529 217 007
Unlisted B ordinary shares of no par value	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994
Number of shares held in treasury		
Ordinary shares repurchased and held in treasury	(3 280 163)	(3 297 213)
	564 993 831	564 976 781
Weighted number of shares	564 984 762	564 961 299

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

Group financial statements (continued)

Summary consolidated statement of comprehensive income

R million	Year ended 30 June	
	2021	2020
Net profit for the year	5 055	6 583
Other comprehensive income, net of tax	(2 512)	6 554
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	(4 188)	6 880
Fair value adjustments for the year	(520)	(3)
Deferred taxation on fair value adjustments	112	6
Reclassification of other comprehensive income to the income statement	9	(1 073)
Other comprehensive income of equity accounted investments	(2 627)	2 671
Items that will not be reclassified to the income statement:		
Fair value adjustments for the year	4 150	(1 210)
Deferred taxation on fair value adjustments	(448)	(668)
Capital Gains Taxation on disposal of FVOCI investments	(343)	-
Remeasurement of post-employment benefit obligations	157	133
Deferred taxation on remeasurement of post-employment benefit obligations	(45)	(37)
Change in reserves of equity accounted investments	1 231	(145)
Total comprehensive income for the year	2 543	13 137
Total comprehensive income attributable to:		
Equity holders	1 345	12 900
Non-controlling interest	1 198	237
	2 543	13 137

Summary consolidated statement of changes in equity

R million	Year ended 30 June	
	2021	2020
Balance at the beginning of the year	101 443	115 866
Total comprehensive income for the year	2 543	13 137
Dividends paid	(506)	(3 883)
Dividends <i>in specie</i> ¹	-	(23 716)
Transactions with non-controlling shareholders	(241)	58
Other movements	18	(25)
Business acquired	3	-
Long-term share incentive scheme reserve	316	6
Balance at the end of the year	103 576	101 443

1. RMH Unbundling.

Group financial statements (continued)

Summary consolidated statement of cash flows

R million	Year ended 30 June	
	2021	2020
Cash flows – operating activities		
Cash generated from operations	7 017	4 340
Interest received	446	777
Taxation paid	(1 628)	(772)
Dividends received	1 293	2 984
Finance costs	(1 676)	(1 592)
Cash available from operating activities	5 452	5 737
Proceeds from retirement fund assets transferred to Distell	405	-
Dividends paid	(506)	(3 883)
Cash inflow from operating activities	5 351	1 854
Cash flows – investing activities		
Investment in property, plant and equipment and other assets	(2 048)	(2 467)
Proceeds on disposal of property, plant and equipment and intangible assets	242	131
Proceeds on disposal of assets held for sale	510	10
Businesses acquired	(64)	110
Proceeds on disposal of investments and loans ¹	2 542	925
Additions to investments and loans ²	(2 317)	(417)
Investment in money market funds	(800)	(2 275)
Withdrawal of money market funds	735	2 505
Cash outflow from investing activities	(1 200)	(1 478)
Cash flows – financing activities		
Loans repaid ³	(7 579)	(11)
Lease payments	(454)	(406)
Other movements	156	166
Cash outflow from financing activities	(7 877)	(251)
Net increase/(decrease) in cash and cash equivalents	(3 726)	125
Exchange rate profit/(loss) on foreign cash	(892)	1 549
Cash and cash equivalents at the beginning of the year	13 219	11 545
Cash and cash equivalents at the end of the year	8 601	13 219
Cash and cash equivalents – per statement of financial position	8 763	15 631
Bank overdraft	(162)	(2 412)

1. The year under review includes the proceeds on the disposal of 40 000 000 FirstRand shares amounting to R2 040 million.
2. The year under review includes an investment in CIVH amounting to R1 636 million.
3. Remgro redeemed its exchangeable bonds for £350 million cash on 22 March 2021.

Group financial statements (continued)

Additional information

1. Accounting policies

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by *IAS 34: Interim Financial Reporting*.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated Annual Financial Statements. During the year under review various other interpretations and amendments became effective, but their implementation had no impact on the results of either the current or prior years.

The financial statements have been prepared under the supervision of the Chief Financial Officer, Neville Williams CA(SA).

2. Intangible assets

R million	30 June	
	2021	2020
Carrying value at the beginning of the year	21 067	24 024
Additions	143	149
Businesses acquired	59	8
Impairments ¹	-	(2 730)
Amortisation	(495)	(523)
Foreign exchange translation	(91)	132
Transfers and other	(3)	7
Carrying value at the end of the year	20 680	21 067

1. As a result of the negative impact of the Covid-19 lockdown, the Group recognised impairments on goodwill allocated to Distell (R1 809 million), as well as impairments on RCL Foods' goodwill (R598 million) and indefinite life intangible assets (R315 million) on 30 June 2020. Subsequent to 30 June 2020, these business units' cash flows recovered and their recoverable amounts exceeded their carrying values on 30 June 2021.

Group financial statements (continued)

3. Equity accounted investments

R million	30 June 2021	2020
Associates	44 756	46 347
Joint ventures	5 451	4 644
Investments – equity accounted	50 207	50 991
Loans to equity accounted investments - current	94	-
	50 301	50 991
Equity accounted investments reconciliation		
Carrying value at the beginning of the year	50 991	70 860
Share of net attributable profit/(loss)	1 618	(878)
Dividends received	(928)	(2 620)
Exchange rate differences	(2 727)	5 527
Investments made	1 830	254
RMH Unbundling ¹	-	(17 182)
FirstRand Reclassification ²	-	(6 061)
Dark Fibre Africa Loans reclassified to debtors and short-term loans	-	(468)
Net impairments	1 011	(885)
Equity accounted movements on reserves	(1 398)	2 526
Other movements	(96)	(82)
Carrying value at the end of the year	50 301	50 991

- On 31 March 2020 the investment in RMH was transferred from “investment - equity accounted” to “assets held for distribution”.
- With effect from 8 June 2020 Remgro ceased to have significant influence over FirstRand, due to among others the RMH Unbundling, and the investment was reclassified from an equity accounted investment to an investment at FVOCI.

R million	30 June 2021	2020
Net impairments of equity accounted investments and loss allowances on loans		
Reversal of impairments/(impairments) were recognised for the following investments:		
Best Global Brands Limited (BGB) ¹	-	(144)
Grindrod ²	488	(596)
Grindrod Shipping ²	607	(112)
Other impairments	(84)	(33)
	1 011	(885)

- The further significant devaluation of the Angolan kwanza during the prior year has negatively affected the earnings of BGB. The recoverable amount was based on a fair value less cost to sell calculation. At 30 June 2021 the recoverable amount exceeded the carrying value.
- Reversals of impairment were recognised for these investments to their listed market prices following a significant increase in the share price.

The listed market value of the investment in Mediclinic was R19 358 million on 30 June 2021 (2020: R18 769 million), which is significantly lower than the carrying value of R24 581 million (2020: R27 443 million) before impairment. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable.

Group financial statements (continued)

Net impairments of equity accounted investments and loss allowances on loans (continued)

Cash flow projections for a five-year period were estimated and reflected management's best view of future earnings. The discount and terminal growth rates used for the business segments were as follows:

	Discount rate (%)	Terminal growth rate (%)
South Africa	12.7	4.5
Switzerland	5.1	1.6
Middle East	8.7	3.0

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future. The value in use of the investment was R29 625 million on 30 June 2021 (2020: R28 776 million) and, as a result, no further impairment was recognised.

4. Long-term loans

R million	30 June	
	2021	2020
20 000 Class A 7.5% cumulative redeemable preference shares	3 508	3 507
10 000 Class B 8.3% cumulative redeemable preference shares	4 313	4 313
Exchangeable bonds with an effective interest rate of 4.5% (redeemed on 22 March 2021)	-	7 468
Various other loans	7 076	7 456
	14 897	22 744
Short-term portion of long-term loans	(2 919)	(7 577)
	11 978	15 167
5. Additions to and replacement of property, plant and equipment	2 081	2 976
6. Capital and investment commitments¹ (Including amounts authorised, but not yet contracted for)	5 818	2 299
7. Guarantees and contingent liabilities²	3 692	3 353
8. Dividends received from equity accounted investments set off against investments	928	2 620
9. Refer to "investment activities" under "Group financial review" for more detail on related party transactions.		

1. The year under review includes an investment commitment of R2 124 million to CIVH, which was paid on 19 July 2021.
2. Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. Remgro's exposure at 30 June 2021 amounted to R3 594 million.

Group financial statements (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
30 June 2021				
Assets				
Non-current assets				
Financial assets at FVOCI	11 933	3	2 406	14 342
Financial assets at FVPL	-	-	214	214
Current assets				
Financial assets at FVPL	-	83	-	83
Investment in money market funds	5 010	-	-	5 010
	16 943	86	2 620	19 649
Liabilities				
Current instruments at FVPL	-	471	-	471
	-	471	-	471
30 June 2020				
Assets				
Non-current assets				
Financial assets at FVOCI	10 542	101	1 963	12 606
Financial assets at FVPL	-	-	309	309
Current assets				
Financial assets at FVPL	-	11	-	11
Investment in money market funds	4 945	-	-	4 945
	15 487	112	2 272	17 871
Liabilities				
Current instruments at FVPL	-	279	-	279
	-	279	-	279

Group financial statements (continued)

Fair value remeasurements (continued)

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
Assets			
Balances on 1 July 2020	1 963	309	2 272
Additions	403	-	403
Disposals	(244)	(142)	(386)
Exchange rate adjustment	(242)	82	(160)
Fair value adjustments through other comprehensive income	526	-	526
Fair value adjustments through profit and loss	-	(35)	(35)
Balances on 30 June 2021	2 406	214	2 620

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 273 million (2020: R1 299 million) and R368 million (2020: R341 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 listed investments (33%), cash and cash equivalents (5%) and unlisted investments (62%) (2020: 13%, 2% and 85%, respectively). Unlisted investments included at transaction prices in Milestone's fair value amounted to R649 million (2020: R988 million), while its remaining three unlisted investments were valued at R140 million (2020: R117 million). PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders and GridX. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method. The investments in LifeQ and Bolt were valued at R186 million and R336 million, respectively, at 30 June 2021.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements as the underlying assets of the funds in which Remgro made its investments are widely spread.

11. Segment revenue

R million	Year ended 30 June	
	2021	2020
Consumer products		
Distell	28 254	22 370
RCL Foods	31 536	27 659
Siqalo Foods	3 088	2 712
Industrial		
Wispeco	2 925	1 991
Total revenue	65 803	54 732

Group financial statements (continued)

Segment revenue (continued)

Disaggregated revenue information

R million	Year ended 30 June	
	2021	2020
Distell		
Spirits	11 127	8 942
Wine	6 880	5 656
Cider and RTDs	10 223	7 725
Other	24	47
	28 254	22 370
RCL Foods		
Groceries	5 522	4 984
Baking	5 849	5 195
Chicken	10 336	8 814
Sugar	8 398	7 622
Vector	3 154	2 589
Sales between RCL Foods' business units	(1 766)	(1 566)
Group	195	166
	31 688	27 804
Siqalo Foods		
Spreads	3 088	2 712
Wispeco		
Extrusions and related products	2 545	1 721
Other	380	270
	2 925	1 991
Elimination of intersegment revenue	(152)	(145)
Total revenue	65 803	54 732

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 M 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

Listing

JSE Limited

Sector: Financials – Financial Services – Investment Banking and
Brokerage Services – Diversified Financial Services

Business address and registered office

Millennia Park, 16 Stellantia Avenue, Stellenbosch 7600
(PO Box 456, Stellenbosch 7599)

Transfer Secretaries

Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(Private Bag X9000, Saxonwold 2132)

Auditors

PricewaterhouseCoopers Inc.
Stellenbosch, South Africa

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Website

www.remgro.com

Independent auditor's report on the summary consolidated financial statements

to the shareholders of Remgro Limited

Opinion

The summary consolidated financial statements of Remgro Limited, contained in the accompanying provisional report, which comprise the summary consolidated statement of financial position as at 30 June 2021, the summary consolidated income statement, the summary consolidated statement of comprehensive income, the summary consolidated changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Remgro Limited for the year ended 30 June 2021.

In our opinion, the summary consolidated financial statements set out on pages 12 to 25 are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 September 2021. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

Director: A Wentzel

Registered Auditor

Stellenbosch, South Africa

21 September 2021