

Remgro *Limited*

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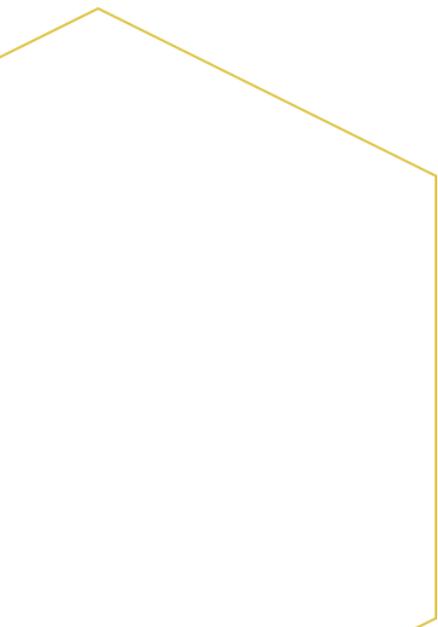
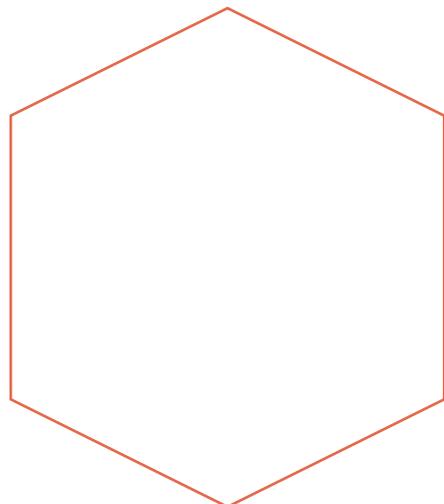


AUDITED SUMMARY CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2022 *AND CASH DIVIDEND DECLARATION*

SALIENT FEATURES

- Headline earnings per share 1 150.6 cents (up by 125.3%)
- Ordinary dividend per share 150 cents (up by 66.7%)
- Intrinsic net asset value per share R213.10 (up by 20.2%)

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INTRODUCTION

Introduction

The financial year under review had many headwinds that can be regarded as extreme events, which disrupted the global and local economy. Whilst dealing with the peak of the Covid-19 pandemic, the country was stunned by the civil unrest in KwaZulu-Natal and Gauteng during July 2021, which was followed by the ongoing Russia-Ukraine conflict, continuous power supply constraints and high single digit inflation in the US and elsewhere. Despite these challenges, Remgro has managed to deliver a robust recovery, with most financial metrics ahead of pre-pandemic levels, and made good progress in its journey to optimise its portfolio and unlock value for its stakeholders, as evidenced by the various transformative corporate actions initiated during this financial year. These include the recently announced cash acquisition of Mediclinic International plc (Mediclinic), as well as the Distell Group Holdings Limited (Distell), Community Investment Ventures Holdings Proprietary Limited (CIVH) and Rand Merchant Investment Holdings Limited (RMI) transactions. The Mediclinic, Distell and CIVH transactions are still subject to various approvals.

Despite the evident challenges and negative outlook on a global scale, Remgro believes that its track record of prudent management and strong financial position stand it in good stead to weather the current storms and deliver on its vision to be the trusted investment company of choice that consistently creates sustainable stakeholder value.

While considerable uncertainty still remains with much of the global economic outlook being negative amidst continued geopolitical volatility, Remgro remains optimistic about its future prospects as it stays committed to shape the future and partner for South Africa's prosperity. Key to Remgro's ongoing commitment to the country is to ensure that it puts its ethical approach to business that it has long pursued into a practical, modern form, and address the most pressing social and environmental issues it faces. Remgro remains committed to do that, understanding not only that they present challenges, but also opportunities to change for the better, for all.

Results in context

The headline earnings for the comparative year to 30 June 2021 was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings for the year under review of 125.1% is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies, most notably Mediclinic, TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), Kagiso Tiso Holdings Proprietary Limited (KTH), Grindrod Limited (Grindrod), Grindrod Shipping Holdings Limited (Grindrod Shipping), FirstRand Limited (FirstRand) and Distell. Mediclinic's contribution for the comparative year includes the full impact of the Covid-19-related lockdown measures during the first and second waves of the pandemic, on its results for the year ended 31 March 2021. However, during the financial year ended 31 March 2022, Mediclinic delivered a strong operational and financial performance, driven by increased patient activity, thereby substantially increasing its contribution to Remgro's headline earnings. The results for the year under review were also positively impacted by TotalEnergies' favourable stock revaluations, CIVH turning profitable and lower finance costs, due to the redemption of the exchangeable bonds during March 2021.

INTRODUCTION (continued)

Results in context (continued)

Compared to the reported headline earnings from continuing operations for the 2019 financial year of R5 551 million, which represents a reasonable comparison to a pre-pandemic period, headline earnings increased by 17.0%, which indicates that the earnings of most of Remgro's underlying investee companies, which have been affected by the Covid-19 pandemic, have substantially recovered to pre-pandemic levels. It should also be noted that the headline earnings from continuing operations for the 2019 financial year still included the equity accounted earnings of FirstRand of R1 093 million as oppose to dividend income of R625 million, as this investment was subsequently reclassified from an equity accounted investment to an investment at fair value through other comprehensive income.

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". 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 Mediclinic (44.6% interest), CIVH (57.0% interest), RMI (30.6% interest), Distell (31.7% interest), RCL Foods Limited (RCL Foods) (80.3% interest), FirstRand (2.5% interest), Siqalo Foods Proprietary Limited (Siqalo Foods) (100.0% interest), Discovery Limited (Discovery) (7.7% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), TotalEnergies (24.9% interest) and KTH (43.5% interest). These investments contribute approximately 84% to Remgro's intrinsic net asset value (INAV after tax).

GROUP FINANCIAL REVIEW

Salient features

	30 June 2022	% Change	30 June 2021
Headline earnings (R million)	6 494	125.1	2 885
- per share (cents)	1 150.6	125.3	510.6
Ordinary dividends per share (cents)	150	66.7	90
Intrinsic net asset value per share (R)	213.10	20.2	177.33
Remgro share price (R)	129.91	13.4	114.60
Percentage discount to intrinsic net asset value (%)	39.0	(360 bps)	35.4

GROUP FINANCIAL REVIEW (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.

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.

Headline earnings

Overview

For the year under review, headline earnings increased by 125.1% from R2 885 million to R6 494 million, while headline earnings per share (HEPS) increased by 125.3% from 510.6 cents to 1 150.6 cents. The increase in headline earnings is mainly due to higher contributions from TotalEnergies, Mediclinic, CIVH (turning profitable), KTH, Grindrod, Grindrod Shipping, FirstRand and Distell, as well as lower finance costs due to the redemption of the exchangeable bonds. The increase is partly offset by a lower contribution from RMI, due to the unbundling of its investments in Discovery and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), as well as the disposal of its investment in Hastings Group Holdings plc (Hastings) during the year under review.

GROUP FINANCIAL REVIEW (continued)

Contribution to headline earnings by reporting platform

	Year ended 30 June 2022	%	Year ended 30 June 2021
		Change	
Healthcare	1 267	88.0	674
Consumer products	1 906	20.9	1 576
Financial services	866	(6.0)	921
Infrastructure	613	263.0	(376)
Industrial	1 800	77.5	1 014
Diversified investment vehicles	95	136.5	(260)
Media	178	235.8	53
Portfolio investments	444	79.8	247
Social impact investments	(20)	69.7	(66)
Central treasury			
- finance income	224	5.7	212
- finance costs	(627)	27.2	(861)
Other net corporate costs	(252)	(1.2)	(249)
Headline earnings	6 494	125.1	2 885

Refer to pages 17 and 18 for the segmental information.

Commentary on reporting platforms' performance

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R1 267 million (2021: R674 million), representing an increase of 88.0%. 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. The main difference between adjusted earnings and headline earnings related to an accelerated depreciation charge of £19 million (2021: £10 million) at Hirslanden's Klinik St. Anna. Furthermore, the year under review also included past service costs of £11 million relating to Swiss and Middle East retirement plan changes, whereas the comparative year included a remeasurement of a redemption liability of £23 million relating to Clinique des Grangettes. Remgro's portion of Mediclinic's adjusted earnings amounted to R1 508 million (2021: R959 million), representing an increase of 57.2%. In British pound terms, Mediclinic reported an increase in adjusted earnings of 65%. Compared to the Mediclinic's pre-pandemic 2020 year, Mediclinic reported a decrease of 6% in adjusted earnings (however, up in constant currency terms).

Mediclinic delivered a strong operational and financial performance compared to the prior year, driven by increased client activity. Revenue for the year under review increased by 8% (up 10% in constant currency terms). Compared with the pre-pandemic 2020 year, revenue was up by 5% (up 9% in constant currency terms). Revenue increased in all three divisions when compared with both the prior year and the pre-pandemic 2020 year.

GROUP FINANCIAL REVIEW (continued)

Healthcare (continued)

Mediclinic's adjusted EBITDA for the year under review increased by 22% (up 24% in constant currency terms). Incremental Covid-19-related expenses totalled around £27 million (2021: £32 million), reflecting the ongoing treatment of Covid-19 inpatients during various pandemic waves. Compared to the pre-pandemic 2020 year, adjusted EBITDA was down 3% (however, up 1% in constant currency terms). The adjusted EBITDA margin materially increased to 16.1% (2021: 14.2%), driven by the revenue performance, and is approaching the pre-pandemic levels of 17.5%. Compared to the prior year, adjusted depreciation and amortisation is flat and finance costs is down, which further explains the increase in adjusted earnings.

Consumer products

Distell's contribution to headline earnings amounted to R735 million (2021: R538 million), representing an increase of 36.6%. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. These abnormal transactions included legal disputes, costs associated with significant corporate transactions and major restructurings, as well as net losses due to the civil unrest in South Africa. Distell reported an increase in normalised headline earnings of 34.8%, mainly due to an increase of 20.8% in revenue on 17.6% higher volumes. This was achieved against a backdrop of rising commodity cost pressures, global supply chain disruptions, an increase in the cost of imported goods and glass shortages in the domestic market caused by rampant demand for Savanna and core spirits brands. Distell still faced challenges associated with Covid-19 in the first half of the financial year. Domestic revenue and volumes increased by 24.4% and 18.7%, respectively, with all three categories (ciders and ready-to-drink beverages (RTDs), spirits and wine) growing revenues by double digits. The growth momentum continued in the premium cider and RTDs segment, led by Savanna, Hunter's and Bernini. Revenue and volumes in the African markets, outside South Africa, increased by 14.4% and 16.3%, respectively, driven by Mozambique, Zambia, Tanzania and Nigeria as a result of ongoing route-to-market investments, which increased the customer footprint by 48%. In the international markets, outside Africa, revenue and volumes increased by 7.9% and 9.4%, respectively, primarily driven by single malts and Amarula. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R11 million (2021: R47 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018. This decrease is mainly due to a positive deferred tax rate adjustment resulting from the reduction in the corporate income tax rate from 28% to 27%.

RCL Foods' contribution to Remgro's headline earnings amounted to R846 million (2021: R759 million), representing an increase of 11.5%. RCL Foods discloses underlying headline earnings, adjusted for Covid-19 direct costs incurred, impairments of cash-generating units due to a lower forecast of growth and losses incurred in respect of the fire at the Sugar warehouse in Komatipoort. Underlying headline earnings provides users of RCL Foods' results with relevant information and measures used by itself to assess performance. RCL Foods reported a decrease in underlying headline earnings of 1.8%, which demonstrated resilience in a challenging operating environment resulting from the impact of continued commodity input cost increases, the economic and social fallout of the Covid-19 lockdowns, the unrest in KwaZulu-Natal and Gauteng in July 2021 and the floods in KwaZulu-Natal and parts of the Eastern Cape in April 2022. RCL Foods' performance was driven by continued momentum in Sugar following an exceptional 2021 performance, a return to profitability in the Chicken business (Rainbow) and a solid performance in Vector Logistics. The Sugar business made its second highest profit since inception. Rainbow has made good progress with its turnaround strategy, despite the headwinds of commodity input cost increases, avian influenza (AI), and unrest and flooding impacts. The realigned focus in poultry farming has yielded significantly improved agricultural results with the current breed, and the full benefit arising from the introduction of the new breed is expected to flow through in the next 12 months. Vector Logistics' results were aided by higher revenue, efficiency enhancements and a recovery in the food service industry, with volumes returning to almost pre-Covid-19 levels.

GROUP FINANCIAL REVIEW (continued)

Consumer products (continued)

The headline earnings contribution from Siqualo Foods amounted to R401 million (2021: R405 million), representing a decrease of 1.0%. During a challenging, turbulent year impacted by a surge in commodity prices, supply chain challenges and the war in Ukraine (resulting in two price increases taken during the year), Siqualo Foods managed to achieve a 14.8% increase in revenue. Volumes were in line with the prior year. Profitability was negatively impacted by high commodity prices, the full impact of which the business was unable to pass on to the consumer, resulting in a decrease of 5.5% in operational EBITDA, which excludes *IFRS 9* fair value adjustments on commodity and foreign exchange contracts entered into as part of the raw material procurement strategy. In addition to Siqualo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R65 million (2021: R79 million) relating to the additional assets identified when Remgro obtained control over Siqualo Foods on 2 July 2018. This decrease is mainly due to a positive deferred tax rate adjustment resulting from the reduction in the corporate income tax rate from 28% to 27%.

Financial services

RMI's contribution to Remgro's headline earnings decreased by 11.4% to R796 million (2021: R898 million). During the year under review RMI unbundled its investments in Discovery and Momentum Metropolitan (the RMI Unbundling), as well as disposed of its investment in Hastings. As a result, these investments were only equity accounted until 8 December 2021, the date on which the investment in Hastings was disposed of and the RMI Unbundling became highly probable. The results for the year under review are therefore not comparable with the prior year.

On a normalised basis, which excludes certain anomalies, RMI reported a decrease of 3.7% in earnings from continuing operations, which excludes the contributions of Discovery, Momentum Metropolitan and Hastings. This decrease is mainly due to lower earnings from OUTsurance Holdings Limited (OUTsurance), the most significant remaining asset in RMI, offset by lower fundings costs as the Hastings proceeds were utilised to settle RMI's debt. OUTsurance's earnings (excluding its share in Hastings) decreased by 11.3% mainly due to increased claims ratios despite annualised new premiums and gross written premium increasing by 23% and 14%, respectively. The claims ratio in OUTsurance's South African operations was impacted by wetter weather conditions, increased non-motor claims costs, the further normalisation of motor claims frequencies and claims related to the extensive damage caused by the flooding in Kwazulu-Natal. At Youi, the claims ratio increased due to the extent of natural catastrophe events experienced, which included the Melbourne earthquake and various hail and flood events.

Discovery and Momentum Metropolitan reported increases in normalised earnings for their year ended 30 June 2022 of 70.8% and 335.3%, respectively. Discovery's earnings were positively impacted by an increase in core new business annualised premium income, with particular strong growth from the SA and UK Composites, as well as mark-to-market foreign currency gains. Momentum Metropolitan's earnings increased mainly due to improved mortality results due to the less severe impacts of the Covid-19 pandemic.

Business Partners Limited's (Business Partners) contribution to Remgro's headline earnings increased to R70 million (2021: R23 million). This increase is mainly due to lower net credit losses and an increase in investment income. An improvement in credit risk resulted in lower net credit losses.

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to R47 million (2021: a loss of R435 million). The increase in earnings is mainly due to the settlement of head office debt, resulting from two rights issues, and improved performances by the underlying businesses. The performance of the underlying businesses improved due to a 14.8% increase in revenue despite greater market competition. CIVH also experienced some macro-economic pressure in terms of customer relocations, customer defaults and an increased collection risk. Dark Fibre Africa Proprietary Limited's (DFA) revenue increased marginally by 4.1% to R2 485 million (2021: R2 388 million),

GROUP FINANCIAL REVIEW (continued)

Infrastructure (continued)

mainly due to annuity income increasing to R198 million per month at 31 March 2022 (31 March 2021: R192 million per month). Vumatel Proprietary Limited's (Vumatel) revenue increased by 26.3% to R2 981 million, driven by its subscriber uptake growth.

Grindrod and SEACOM Capital Limited's (SEACOM) contributions to Remgro's headline earnings amounted to R263 million and R37 million (2021: R16 million and R26 million), respectively. Grindrod delivered good earnings growth in its core businesses underpinned by strong mineral commodity world markets. Port and Terminals achieved earnings growth due to an increase in volumes handled, whereas the coastal shipping and container depot businesses performed well under the challenging operational environment caused by the severe floods in April 2022. Other infrastructure investments mainly include Grindrod Shipping's contribution, which amounted to R267 million (2021: R19 million). Grindrod Shipping was equity accounted until 25 November 2021, the date on which Remgro agreed to dispose of its investment. The increased profit from Grindrod Shipping for this period is mainly due to improved market conditions (higher freight rates) in the drybulk sector.

Industrial

Air Products' contribution to Remgro's headline earnings increased by 31.1% to R422 million (2021: R322 million). This increase is mainly due to improved trading conditions, largely due to operations returning to pre-Covid-19 levels in most sectors of the business.

TotalEnergies' contribution to Remgro's headline earnings amounted to R1 076 million (2021: R366 million), an increase of 194.0%. Included in the contribution to headline earnings for the year under review are favourable stock revaluations amounting to R642 million (2021: R186 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution increased by 141.1% from R180 million to R434 million. This increase is mainly due to increased sales volumes and Natref's improved refining margins.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings increased by 6.4% to R281 million (2021: R264 million). Turnover increased by 23% mainly due to higher selling prices that were driven upwards by increasing raw material costs on the back of the strong commodity cycle for most of the year. Selling prices of aluminium extrusions were adjusted in line with these movements albeit always lagging with a few weeks, causing average gross margin to be lower than the prior year.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to R21 million (2021: R62 million)

Diversified investment vehicles

KTH's contribution to headline earnings amounted to R80 million (2021: a loss of R182 million). The increase in earnings is mainly due to the recovery of the operating businesses of Kagiso Media Proprietary Limited from the Covid-19 impact in the comparative year, higher earnings from its investment in Momentum Metropolitan, lower losses from its investment in Servest Group Proprietary Limited and lower negative fair value adjustments of R144 million (2021: negative fair value adjustments of R374 million). The year under review includes a negative fair value adjustment on KTH's investment in Momentum Metropolitan preference shares of R152 million (2021: positive adjustment of R60 million), whereas the prior year includes a negative fair value adjustment on KTH's investment in Actom Investment Holdings Proprietary Limited of R434 million.

The contribution from other diversified investment vehicles to headline earnings amounted to R15 million (2021: a loss of R78 million). Other diversified investment vehicles include the contribution from Invenfin Proprietary Limited (Invenfin), which amounted to R6 million (2021: a loss of R128 million).

GROUP FINANCIAL REVIEW (continued)

Diversified investment vehicles (continued)

Invenfin's losses in the comparative year mainly related to losses from its investment in Bos Brands Proprietary Limited. The losses of the prior year were partly offset by dividends received from Remgro's investment in Pembani Remgro Infrastructure Fund (PRIF) amounting to R55 million.

Media

eMedia Investments Proprietary Limited's (eMedia Investments) contribution to Remgro's headline earnings increased to R145 million (2021: R43 million). This increase is mainly due to an increase in television advertising revenue (being the major source of revenue for eMedia Investments) and the concentrated effort to improve its market share and thereby its audience. Year-on-year, eMedia Investments' television advertising revenue increased by 39% (approximately 15% better than the market) and this can be attributed to a 15.2% increase in audience prime time market share from 29.6% in March 2021 to 34.1% in March 2022. The set-top box activations for Openview increased from an average of 35 000 per month to 40 000 per month and totalled 2.9 million boxes at the end of June 2022.

Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R444 million (2021: R247 million). This increase is mainly due to dividends of R389 million (2021: R191 million) received from FirstRand. As a result of the Covid-19 pandemic, FirstRand did not pay a final dividend in the comparative year. Other portfolio investments include the dividends received from British American Tobacco plc and Reinet Investments SCA amounting to R55 million (2021: R56 million).

As a result of the RMI Unbundling, Remgro received 51 254 365 Discovery shares (7.7% interest) and 122 908 061 Momentum Metropolitan shares (8.6% interest). Both investments were classified as financial instruments at fair value through other comprehensive income and, in future, dividend income will be accounted for under portfolio investments.

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 costs

Finance income amounted to R224 million (2021: R212 million). This increase is mainly due to the increase in the South African repo rate. Finance costs is lower at R627 million (2021: R861 million) due to the redemption of the exchangeable bonds in cash on 22 March 2021. Other net corporate costs amounted to R252 million (2021: R249 million).

Earnings

Total earnings increased by 270.1% to R13 139 million (2021: R3 550 million) mainly due to Remgro's portion of the profits realised by RMI on the unbundling of its investments in Discovery and Momentum Metropolitan (totaling R4 667 million) and the disposal of its investment in Hastings (R1 465 million), as well as the increase in headline earnings of R3 609 million discussed above.

GROUP FINANCIAL REVIEW (continued)

Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 20.2% from R177.33 at 30 June 2021 to R213.10 at 30 June 2022. The closing share price at 30 June 2022 was R129.91 (2021: R114.60), representing a discount of 39.0% (2021: 35.4%) to the intrinsic net asset value. Refer to page 18 for full details.

Investment activities

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

Mediclinic



On 4 August 2022 the boards of Manta Bidco Limited (Bidco), MSC Mediterranean Shipping Company SA (MSC), Remgro and Mediclinic announced that they have reached agreement on the terms of a recommended cash offer by Bidco to acquire the entire issued and to be issued ordinary share capital of Mediclinic, other than the Mediclinic shares Remgro already owns (the Acquisition). Remgro currently holds 328 497 888 Mediclinic ordinary shares (representing an interest of approximately 44.6%). Bidco is a newly formed company, which is jointly owned by Remgro and MSC.

In terms of the Acquisition, Mediclinic shareholders will receive 504 pence per Mediclinic share (the offer price). The offer price represents a premium of 35% to the Mediclinic share price on 25 May 2022 of 373 pence, the day prior to the initial offer. Bidco reserves the right to reduce the offer price by future Mediclinic dividends (including the 3 pence per Mediclinic share declared by Mediclinic on 25 May 2022, paid on 26 August 2022), distributions or other returns of value in instances where current Mediclinic shareholders retain the right to such dividends, distributions or other returns of value declared, made or paid.

Remgro, MSC and Bidco have also entered into a subscription and rollover agreement, in terms of which Remgro will sell its existing Mediclinic shares to Bidco in exchange for shares in Bidco and subscribe for further shares in Bidco for approximately £201 million (representing an additional indirect interest in Mediclinic of approximately 5.4%). MSC will also subscribe for shares in Bidco (representing an indirect interest in Mediclinic of 50.0%). The share subscription in Bidco will enable the Acquisition. Bidco's issued share capital will be held equally by Remgro and MSC. Remgro currently accounts for its investment in Mediclinic as an equity accounted investment and, following the completion of the Acquisition, Remgro will also account for its 50% interest in Bidco (being an indirect 50.0% interest in Mediclinic) as an equity accounted investment. The Acquisition is still subject to various conditions precedent.

GROUP FINANCIAL REVIEW (continued)

Investment activities (continued)

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 (the RMI Unbundling), and on 8 December 2021, RMI also announced the disposal of its 30% stake in Hastings for R14.6 billion.

The RMI Unbundling was completed during April 2022 and Remgro received 51 254 365 Discovery shares (7.7% interest), in the ratio of 10.91799 Discovery shares for every 100 RMI shares held, and 122 908 061 Momentum Metropolitan shares (8.6% interest), in the ratio of 26.18136 Momentum Metropolitan shares for every 100 RMI shares held. The market values of these investments at that time amounted to R8 561 million and R2 056 million, respectively, and both the investments were classified as financial instruments at fair value through other comprehensive income. In future only dividend income will be accounted for these investments in the income statement.

Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets consist mainly of its 89.1% investment in OUTsurance.

Distell



On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share. The proposed transaction was approved by the Distell shareholders on 15 February 2022. During September 2022, the Namibian Competition Commission approved the transaction with conditions and the Competition Commission of South Africa recommended it to the Competition Tribunal with various conditions attached. Once all the regulatory approvals have been obtained, shareholders will still be required to make an election.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin.

GROUP FINANCIAL REVIEW (continued)

Investment activities (continued)

CIVH



During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the year increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 30 June 2022.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which 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 Infraco), which will hold *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, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

FirstRand



FirstRand

During June and July 2020, Remgro entered a series of options (zero cost collars) to hedge the value of 60 000 000 of its FirstRand shares. Remgro classifies its investment in FirstRand as a financial instrument at fair value through other comprehensive income. The 60 000 000 FirstRand shares were hedged on a 1:1 basis and the zero cost collars were recognised at fair value with changes in the fair value also accounted for in other comprehensive income.

The zero cost collars became exercisable during June and July 2022 and Remgro decided to sell the 60 000 000 FirstRand hedged shares to net settle the option liabilities. The net effect of the disposal of the 60 000 000 FirstRand hedged shares amounted to proceeds on disposal of R2 997 million (being R49.945 per FirstRand share). Remgro effectively sold 40 800 000 FirstRand shares for R2 038 million during June 2022, reducing its interest in FirstRand to 2.5% at 30 June 2022 (30 June 2021: 3.3%), and 19 200 000 FirstRand shares for R959 million during July 2022, which further reduced its interest to 2.2%.

On 30 June 2022, the zero cost collar was valued as a liability of R239 million (2021: R495 million).

Grindrod Shipping



On 25 November 2021, Remgro agreed to dispose of its investment in Grindrod Shipping (included under the Infrastructure platform under Other infrastructure investments) and the investment, which was previously classified as an equity accounted investment, was reclassified as a non-current asset held for sale. The transaction was concluded during January 2022 and Remgro sold its 4 329 580 Grindrod Shipping shares for a gross consideration of R1 191 million.

GROUP FINANCIAL REVIEW (continued)

Investment activities (continued)

Invenfin (a wholly owned subsidiary of Remgro)



During October 2021, Invenfin Investments 2 Proprietary Limited (an 88.7% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration amounted to R245 million. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

During November 2021, Invenfin sold one third of its Bolt Technology OÜ (Bolt) investment for R179 million (or €10 million), with the disposal consideration approximating Invenfin's total investment cost in Bolt to date. Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Asia Partners Funds



During the year under review Remgro invested a further \$9 million in Asia Partners I LP (Asia Partners I), thereby increasing its cumulative investment to \$19 million. As at 30 June 2022 the fair value of Remgro's investment in Asia Partners I amounted to \$24 million and remaining commitment to Asia Partners I amounted to \$6 million.

During April 2022, Remgro also committed to invest up to \$50 million in Asia Partners II LP (Asia Partners II). Asia Partners II makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 28 April 2022, Asia Partners II, who had an initial target fund size of \$600 million, announced its initial close at \$310 million in commitments. Subsequent to 30 June 2022 Remgro invested \$8 million in Asia Partners II.

PRIF



During the year under review Remgro invested a further R91 million in PRIF and received distributions of R9 million, thereby increasing its cumulative investment to R577 million and cumulative distributions received to R347 million. As at 30 June 2022 the fair value of Remgro's investment in PRIF amounted to R615 million and remaining commitment to PRIF amounted to R73 million.

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 \$4 million from Milestone III, thereby increasing its cumulative distributions received to \$89 million. As at 30 June 2022 the fair value of Remgro's investment in Milestone III amounted to \$49 million.

GROUP FINANCIAL REVIEW (continued)

Investment activities (continued)

Other

Other smaller investments amounted to R94 million.

Events after year-end

Grindrod



On 26 September 2022 Remgro approved the unbundling of its investment in Grindrod to its shareholders as a dividend *in specie* in terms of Section 46 of the Income Tax Act, in the ratio of 30.70841 Grindrod shares for every 100 Remgro shares held. The expected distribution date is 17 October 2022.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2022.

Treasury shares

At 30 June 2021, 3 280 163 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 schemes.

During the year under review Remgro repurchased a further 1 000 000 Remgro ordinary shares at an average price of R136.94 per share for a total amount of R137 million, while 74 666 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2022, 4 205 497 Remgro ordinary shares (0.8%) were held as treasury shares.

Cash resources at the centre

The Company's cash resources at 30 June 2022 were as follows:

R million	30 June 2022			30 June 2021
	Local	Offshore	Total	
Per consolidated statement of financial position	7 929	3 955	11 884	8 763
Investment in money market funds	5 700	-	5 700	5 010
Less: Cash of operating subsidiaries	(3 833)	(1 471)	(5 304)	(4 067)
Cash at the centre	9 796	2 484	12 280	9 706

On 30 June 2022, approximately 46% (R5 650 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

There were no changes to the directorate in the year under review. Mr F Robertson was appointed as a member of the Investment Committee effective 21 September 2021. Mr P J Neethling was appointed as an alternate member to Mr J P Rupert on the Investment Committee effective 23 March 2022.

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 2022 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.

The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website at www.remgro.com.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results.

DECLARATION OF CASH DIVIDEND

Declaration of Dividend No. 44

Notice is hereby given that a final gross dividend of 100 cents (2021: 60 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 2022.

A dividend withholding tax of 20% or 20 cents per share will be applicable, resulting in a net dividend of 80 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 2022 therefore amounts to 150 cents, compared to 90 cents for the year ended 30 June 2021.

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, 8 November 2022
Shares trade ex dividend	Wednesday, 9 November 2022
Record date	Friday, 11 November 2022
Payment date	Monday, 14 November 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 November 2022, and Friday, 11 November 2022, 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: 26 September 2022

SENS release date: 27 September 2022

COMPOSITION OF HEADLINE EARNINGS

R million	Year ended 30 June 2022	% Change	Year ended 30 June 2021
Healthcare			
Mediclinic	1 267	88.0	674
Consumer products			
Distell	735	36.6	538
- entity contribution			
- IFRS 3 charge ¹	(11)	76.6	(47)
RCL Foods	846	11.5	759
Siqalo Foods	401	(1.0)	405
- entity contribution			
- IFRS 3 charge ¹	(65)	17.7	(79)
Financial services			
RMI	796	(11.4)	898
Business Partners	70	204.3	23
Infrastructure			
CIVH	47	110.8	(435)
Grindrod	263	1 543.8	16
SEACOM	37	42.3	26
Other infrastructure investments	266	1 464.7	17
Industrial			
Air Products	422	31.1	322
TotalEnergies	1 076	194.0	366
Wispeco	281	6.4	264
Other industrial investments	21	(66.1)	62
Diversified investment vehicles			
KTH	80	144.0	(182)
Other diversified investment vehicles	15	119.2	(78)
Media			
eMedia Investments	145	237.2	43
Other media investments	33	230.0	10
Portfolio investments			
FirstRand	389	103.7	191
Other portfolio investments	55	(1.8)	56
Social impact investments	(20)	69.7	(66)
Central treasury			
Finance income	224	5.7	212
Finance costs	(627)	27.2	(861)
Other net corporate costs	(252)	(1.2)	(249)
Headline earnings	6 494	125.1	2 885
Weighted number of shares (million)	564.4	(0.1)	565.0
Headline earnings per share (cents)	1 150.6	125.3	510.6

1. 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 VALUE

R million	30 June 2022		30 June 2021	
	Book value	Intrinsic value ¹	Book value	Intrinsic value ¹
Healthcare				
Mediclinic	26 681	29 568	24 581	19 358
Consumer products				
Distell	8 386	11 969	7 578	11 665
RCL Foods ²	8 816	7 355	8 262	6 926
Siqalo Foods	6 261	6 345	6 226	7 277
Financial services				
RMI	5 307	13 069	10 174	14 713
Business Partners	1 193	1 193	1 273	1 273
Infrastructure				
CIVH	6 905	13 756	4 981	12 054
Grindrod	1 559	1 559	842	842
SEACOM	40	776	23	799
Other infrastructure investments	67	67	701	701
Industrial				
Air Products	1 162	4 690	1 063	4 523
TotalEnergies	3 158	3 274	2 242	2 539
Wispeco ²	1 448	1 402	1 229	1 188
Other industrial investments	189	379	198	415
Diversified investment vehicles				
KTH	1 497	2 145	1 456	2 044
Prescient China Equity Fund	1 189	1 189	1 211	1 211
Milestone III	792	792	1 234	1 234
Other diversified investment vehicles	1 876	2 122	1 449	1 567
Media				
eMedia Investments ²	856	738	815	616
Other media investments	111	150	3	137
Portfolio investments				
FirstRand ³	7 141	7 141	7 659	7 659
Discovery	5 410	5 410	-	-
Momentum Metropolitan	1 439	1 439	-	-
Other portfolio investments	809	809	661	661
Social impact investments	132	132	135	135
Central treasury				
Cash at the centre ⁴	12 280	12 280	9 706	9 706
Debt at the centre	(7 838)	(7 838)	(7 821)	(7 821)
Other net corporate assets	1 577	2 221	2 178	2 919
Intrinsic net asset value (INAV)	98 443	124 132	88 059	104 341
Potential CGT liability⁵		(3 930)		(4 150)
INAV after tax	98 443	120 202	88 059	100 191
Issued shares after deduction of shares repurchased (million)	564.1	564.1	565.0	565.0
INAV after tax per share (Rand)	174.52	213.10	155.86	177.33
Remgro share price (Rand)		129.91		114.60
Percentage discount to INAV		39.0		35.4

- 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.
- Remgro determined the recoverable amounts for RCL Foods, Wispeco and eMedia Investments which are in excess of the investments' carrying values.
- 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 19 200 000 FirstRand shares amounting to a liability of R187 million (2021: a liability of R384 million).
- Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly Distell, RCL Foods, Siqalo Foods and Wispeco).
- 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. However, provision for CGT has been made for the proposed Distell/Heineken transaction. 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.

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 2022, the summary consolidated income statement, the summary consolidated statements of comprehensive income, 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 2022.

In our opinion, the accompanying summary consolidated financial statements 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 26 September 2022. 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
26 September 2022

GROUP FINANCIAL STATEMENTS

Summary consolidated statement of financial position

R million	30 June 2022	30 June 2021
Assets		
Non-current assets		
Property, plant and equipment	17 831	16 765
Investment properties	137	124
Intangible assets	20 275	20 680
Investments - Equity accounted	50 771	50 207
- Financial assets at fair value through other comprehensive income (FVOCI) ¹	20 650	14 342
Financial assets at fair value through profit and loss (FVPL)	242	214
Retirement benefits	709	692
Long-term loans and debtors	155	146
Deferred taxation	219	208
	110 989	103 378
Current assets	45 709	37 388
Inventories	13 568	12 621
Biological agricultural assets	1 232	955
Debtors and short-term loans	11 903	9 597
Loans to equity accounted investments	15	94
Financial assets at FVPL	78	83
Taxation	98	258
Investment in money market funds	5 700	5 010
Cash and cash equivalents	11 884	8 763
	44 478	37 381
Assets held for sale	1 231	7
Total assets	156 698	140 766
Equity and liabilities		
Stated capital	13 416	13 416
Reserves	85 712	75 204
Treasury shares	(685)	(561)
Shareholders' equity	98 443	88 059
Non-controlling interest	17 437	15 517
Total equity	115 880	103 576
Non-current liabilities	21 128	20 103
Retirement benefits	149	136
Long-term loans	11 693	11 978
Lease liabilities	959	1 440
Deferred taxation	8 276	6 389
Hedge derivatives	51	160
Current liabilities	19 690	17 087
Trade and other payables	16 025	12 844
Short-term loans	2 681	3 401
Lease liabilities	231	275
Financial liabilities at FVPL	33	471
Taxation	325	96
	19 295	17 087
Liabilities held for sale	395	-
Total equity and liabilities	156 698	140 766
Net asset value per share (Rand)		
- At book value	R174.52	R155.86
- At intrinsic value	R213.10	R177.33

1. During April 2022 RMI unbundled its investments in Discovery and Momentum Metropolitan. Remgro received a 7.7% interest in Discovery (amounting to R8 561 million) and an 8.6% interest in Momentum Metropolitan (amounting to R2 056 million) and both the investments were classified as financial instruments at fair value through other comprehensive income. Refer to "Investment activities" for further detail.

GROUP FINANCIAL STATEMENTS (continued)

Summary consolidated income statement

R million	Year ended 30 June	
	2022	2021
Revenue	76 096	65 803
Inventory expenses	(46 073)	(38 387)
Staff costs	(10 056)	(9 251)
Depreciation	(1 892)	(1 711)
Other net operating expenses	(13 015)	(12 005)
Trading profit	5 060	4 449
Dividend income	641	366
Interest received	537	446
Finance costs	(1 229)	(1 548)
Impairment of investments, assets and goodwill	(461)	(119)
Reversal of impairment of investments and assets	614	1 158
Loss allowances on loans	45	(205)
Bargain purchase gain	-	8
Profit on sale and dilution of investments	394	17
Consolidated profit before tax	5 601	4 572
Taxation	(1 602)	(1 135)
Consolidated profit after tax	3 999	3 437
Share of after-tax profit of equity accounted investments	10 980	1 618
Net profit for the year	14 979	5 055
Attributable to:		
Equity holders	13 139	3 550
Non-controlling interest	1 840	1 505
	14 979	5 055
Equity accounted investments		
Share of after-tax profit/(loss) of equity accounted investments		
Profit before taking into account impairments and non-recurring items	6 826	3 404
Net impairment of investments, assets and goodwill	(190)	(507)
Profit/(loss) on the sale of investments	6 297	(6)
Other headline earnings adjustable items	15	14
Profit before tax and non-controlling interest	12 948	2 905
Taxation	(1 605)	(1 111)
Non-controlling interest	(363)	(176)
	10 980	1 618

GROUP FINANCIAL STATEMENTS (continued)

Headline earnings reconciliation

R million	Year ended 30 June	
	2022	2021
Net profit for the year attributable to equity holders (earnings)	13 139	3 550
Impairment of equity accounted investments ¹	193	22
Reversal of impairment of equity accounted investments ¹	(361)	(1 154)
Impairment of property, plant and equipment	106	97
Reversal of impairment of property, plant and equipment	(253)	(3)
Impairment of intangible and other assets	162	-
Bargain purchase gain	-	(8)
Profit on sale and dilution of equity accounted investments	(395)	(29)
Loss on sale and dilution of equity accounted investments	1	12
Profit on disposal of property, plant and equipment	(83)	(249)
Loss on disposal of property, plant and equipment	23	17
Loss on disposal of intangible assets	(12)	-
Non-headline earnings items included in equity accounted earnings of equity accounted investments	(6 189)	468
- Profit on disposal of property, plant and equipment	(67)	(31)
- Profit on sale of investments ²	(6 298)	(70)
- Loss on sale of investments	1	76
- Impairment of investments, assets and goodwill	190	507
- Other headline earnings adjustable items	(15)	(14)
Taxation effect of adjustments	135	(11)
Non-controlling interest	28	173
Headline earnings	6 494	2 885

1. Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.
2. "Profit on sale of investments" from equity accounted investments for the year ended 30 June 2022 includes Remgro's portion of the profit realised by RMI on the unbundling of its investments in Discovery and Momentum Metropolitan (totalling R4 667 million) and the disposal of its investment in Hastings (R1 465 million).

GROUP FINANCIAL STATEMENTS (continued)

Earnings and dividends

Cents	Year ended 30 June	
	2022	2021
Headline earnings per share		
– Basic	1 150.6	510.6
– Diluted	1 141.4	508.1
Earnings per share		
– Basic	2 327.9	628.3
– Diluted	2 312.5	625.5
Dividends per share		
Ordinary	150.00	90.00
– Interim	50.00	30.00
– Final	100.00	60.00

Number of shares

	30 June	
	2022	2021
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	(4 205 497)	(3 280 163)
	564 068 497	564 993 831
Weighted number of shares	564 417 614	564 984 762

In determining earnings per share and 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	
	2022	2021
Net profit for the year	14 979	5 055
Other comprehensive income, net of tax	(1 946)	(2 512)
Items that may be reclassified subsequently to the income statement:		
Exchange rate adjustments	578	(4 188)
Fair value adjustments for the year	(791)	(520)
Deferred taxation on fair value adjustments	13	112
Reclassification of other comprehensive income to the income statement	64	9
Other comprehensive income of equity accounted investments	1 558	(2 627)
Items that will not be reclassified to the income statement:		
Fair value adjustments for the year	(306)	4 150
Deferred taxation on fair value adjustments	(2 236)	(448)
Capital Gains Taxation on disposal of FVOCI investments	(40)	(343)
Remeasurement of post-employment benefit obligations	42	157
Deferred taxation on remeasurement of post-employment benefit obligations	-	(45)
Change in reserves of equity accounted investments	(828)	1 231
Total comprehensive income for the year	13 033	2 543
Total comprehensive income attributable to:		
Equity holders	11 031	1 345
Non-controlling interest	2 002	1 198
	13 033	2 543

Summary consolidated statement of changes in equity

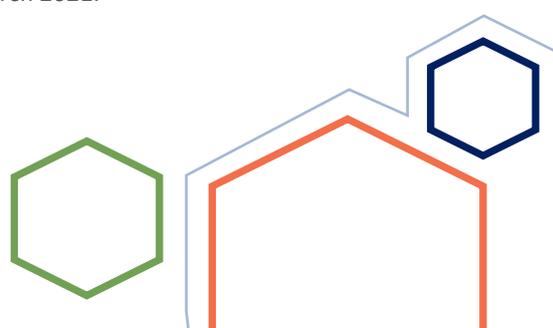
R million	Year ended 30 June	
	2022	2021
Balance at the beginning of the year	103 576	101 443
Total comprehensive income for the year	13 033	2 543
Dividends paid	(721)	(506)
Transactions with non-controlling shareholders	(11)	(241)
Other movements	10	18
Businesses acquired	40	3
Long-term share incentive scheme reserve	90	316
Purchase of shares by wholly owned subsidiary	(137)	-
Balance at the end of the year	115 880	103 576

GROUP FINANCIAL STATEMENTS (continued)

Summary consolidated statement of cash flows

R million	Year ended 30 June	
	2022	2021
Cash flows – operating activities		
Cash generated from operations	7 756	7 017
Interest received	535	446
Taxation paid	(1 430)	(1 628)
Dividends received	2 223	1 293
Finance costs	(1 185)	(1 676)
Cash available from operating activities	7 899	5 452
Proceeds from retirement fund assets transferred to Distell	55	405
Cash settled share-based payments made by Distell	(148)	-
Dividends paid	(721)	(506)
Cash inflow from operating activities	7 085	5 351
Cash flows – investing activities		
Investment in property, plant and equipment and other assets	(3 272)	(2 048)
Proceeds on disposal of property, plant and equipment and intangible assets	262	242
Proceeds on disposal of assets held for sale	13	510
Businesses acquired	(84)	(64)
Proceeds on disposal of investments and loans ¹	3 536	2 542
Additions to investments and loans ²	(2 437)	(2 317)
Investment in money market funds	(690)	(800)
Withdrawal of money market funds	-	735
Cash outflow from investing activities	(2 672)	(1 200)
Cash flows – financing activities		
Loans repaid ³	(1 618)	(7 579)
Lease payments	(474)	(454)
Purchase of treasury shares	(137)	-
Other movements	367	156
Cash outflow from financing activities	(1 862)	(7 877)
Net increase/(decrease) in cash and cash equivalents	2 551	(3 726)
Exchange rate profit/(loss) on foreign cash	353	(892)
Cash and cash equivalents at the beginning of the year	8 601	13 219
Cash and cash equivalents at the end of the year	11 505	8 601
Cash and cash equivalents – per statement of financial position	11 884	8 763
Bank overdraft	(379)	(162)

1. The year under review included the proceeds on the disposal of 40 800 000 FirstRand shares amounting to R2 038 million (2021: 40 000 000 shares amounting to R2 040 million).
2. The year under review includes an investment in CIVH amounting to R2 124 million (2021: 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	
	2022	2021
Carrying value at the beginning of the year	20 680	21 067
Additions	172	143
Disposals	(11)	-
Businesses acquired	91	59
Impairments	(162)	-
Amortisation	(509)	(495)
Foreign exchange translation	5	(91)
Transfers and other	9	(3)
Carrying value at the end of the year	20 275	20 680

GROUP FINANCIAL STATEMENTS (continued)

3. Equity accounted investments

R million	30 June	
	2022	2021
Associates	43 317	44 756
Joint ventures	7 454	5 451
Investments – equity accounted	50 771	50 207
Loans to equity accounted investments - current	15	94
	50 786	50 301
Equity accounted investments reconciliation		
Carrying value at the beginning of the year	50 301	50 991
Share of net attributable profit	10 980	1 618
Dividends received	(1 687)	(928)
Discovery dividend <i>in specie</i> ¹	(8 561)	-
Momentum Metropolitan dividend <i>in specie</i> ¹	(2 056)	-
Exchange rate differences	(244)	(2 727)
Investments made ²	2 163	1 830
Grindrod Shipping disposed ¹	(756)	-
Net impairments	168	1 132
Net allowances on loans	1	(121)
Equity accounted movements on reserves	729	(1 398)
Other movements	(252)	(96)
Carrying value at the end of the year	50 786	50 301

1. Refer to "Investment activities" for further detail.

2. The year under review includes an investment in CIVH amounting to R2 124 million (2021: R1 636 million).

R million	30 June	
	2022	2021
Net impairments of equity accounted investments and loss allowances on loans		
Reversal of impairments/(impairments) were recognised for the following investments:		
Business Partners ¹	(193)	(22)
Grindrod ²	361	488
Grindrod Shipping	-	607
Other impairments and loss allowances	1	(62)
	169	1 011

1. The investment's fair value declined further mainly due to an increase in the tradability discount applied to the valuation thereof.

2. Grindrod's listed share price recovered significantly (85% increase year-on-year) following much improved trading results mainly due to the recovery in the logistics and port and terminals sectors in which it operates.

GROUP FINANCIAL STATEMENTS (continued)

3. Equity accounted investments (continued)

At 30 June 2022, the listed market value of the investment in Mediclinic was R29 568 million, which significantly exceeded the carrying value of R26 681 million. The company's share price was also positively affected during June 2022 by Remgro and Mediterranean Shipping Company's cash offer to the other Mediclinic shareholders of £5.04 per Mediclinic share. Based on the volume weighted average price for the year ended 30 June 2022, the fair value of the investment amounted to R23 296 million. Remgro also performed a value in use calculation and concluded that no further impairment of the investment is required. 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. While the Switzerland business is adapting to the new business environment and is recovering after the pandemic, its profitability has not yet improved sufficiently to warrant a (partial) reversal of the impairment.

At 30 June 2021, the listed market value of the investment in Mediclinic was R19 358 million, which was significantly lower than the carrying value of R24 581 million. At that date Remgro also performed a value in use calculation and concluded that no additional impairment of the investment is required as its recoverable amount exceeded its carrying value. There were also no indicators that required the consideration of a reversal of impairment.

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. Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings.

The discount and terminal growth rates used for the business segments are as follows:

%	30 June 2022		30 June 2021	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
South Africa	12.8	5.0	12.7	4.5
Switzerland	6.0	1.6	5.1	1.6
Middle East	8.7	3.5	8.7	3.0

The value in use model is sensitive to changes in the discount rate, long-term growth rate and projected cash flows. Increases in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to an impairment charge in future.

GROUP FINANCIAL STATEMENTS (continued)

3. Equity accounted investments (continued)

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	Movement in growth rates
South Africa (%)	+0.50	-0.50
Switzerland (%)	+0.25	-0.25
Middle East (%)	+0.50	-0.50
Potential impairment based on value in use as recoverable amount (R million)	1 795	2 216

Mediclinic operates in three regions. Each of its operations were separately valued as the economic indicators for each area vary. Accordingly, the sensitivity analysis takes account thereof.

4. Long-term loans

R million	2022	2021
20 000 Class A 7.5% cumulative redeemable preference shares ¹	3 509	3 508
10 000 Class B 7.8% cumulative redeemable preference shares ¹	4 329	4 313
Various other loans	5 835	7 076
	13 673	14 897
Short-term portion of long-term loans	(1 980)	(2 919)
	11 693	11 978
5. Additions to and replacement of property, plant and equipment	3 077	2 081
6. Capital and investment commitments (Including amounts authorised, but not yet contracted for)	6 208	5 818
7. Guarantees and contingent liabilities ²	25	3 692
8. Dividends received from equity accounted investments set off against investments	12 304	928
9. Refer to "investment activities" under "Group financial review" for more detail on related party transactions.		

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. Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. CIVH has since settled the loan and Remgro had no exposure on 30 June 2022 (30 June 2021: 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 2022				
Assets				
Non-current assets				
Financial assets at FVOCI	18 248	-	2 402	20 650
Financial assets at FVPL	-	-	242	242
Current assets				
Financial assets at FVPL	-	78	-	78
Investment in money market funds	5 700	-	-	5 700
	23 948	78	2 644	26 670
Liabilities				
Current instruments at FVPL	-	33	-	33
Hedge derivatives	-	51	-	51
	-	84	-	84
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

GROUP FINANCIAL STATEMENTS (continued)

10. 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 at 1 July 2021	2 406	214	2 620
Additions	243	-	243
Disposals	(258)	-	(258)
Exchange rate adjustment	176	28	204
Fair value adjustments through other comprehensive income	(165)	-	(165)
Balances at 30 June 2022	2 402	242	2 644

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and PRIF amounting to R835 million (2021: R1 273 million) and R615 million (2021: R368 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 (27%), cash and cash equivalents (1%) and unlisted investments (72%) (2021: 33%, 5% and 62%, respectively). Unlisted investments included at transaction prices in Milestone's fair value amounted to R217 million (2021: R649 million), while its remaining unlisted investment was valued at R376 million (2021: R140 million). PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders, GridX and Medallion. 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, Bolt and Asia Partners (a diversified investment vehicle) were valued at R240 million, R210 million and R398 million, respectively, at 30 June 2022. (2021: R186 million, R336 million and R152 million).

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.

GROUP FINANCIAL STATEMENTS (continued)

11. Segment revenue

R million	Year ended 30 June	
	2022	2021
Consumer products		
Distell	34 134	28 254
RCL Foods	34 744	31 536
Siqalo Foods	3 546	3 088
Industrial		
Wispeco	3 598	2 925
Other	74	-
Total revenue	76 096	65 803

Disaggregated revenue information

R million	Year ended 30 June	
	2022	2021
Distell		
Spirits	13 680	11 127
Wine	7 422	6 880
Cider and ready-to-drinks	13 012	10 223
Other	20	24
	34 134	28 254
RCL Foods¹		
Food Division	21 221	19 769
Groceries	6 006	5 522
Baking	6 214	5 849
Sugar	9 001	8 398
Rainbow	11 385	10 336
Vector Logistics	3 692	3 154
Sales between RCL Foods' business units	(1 581)	(1 766)
Group	190	195
	34 907	31 688
Siqalo Foods		
Spreads	3 546	3 088
Wispeco		
Extrusions and related products	3 050	2 545
Other	548	380
	3 598	2 925
Other	74	-
Elimination of intersegment revenue	(163)	(152)
Total revenue	76 096	65 803

1. RCL Foods performed a strategic review of its portfolio. It resulted in Rainbow being established as a separate division while Groceries, Baking and Sugar were grouped as the Food Division.

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

Business address and registered office

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Transfer Secretaries

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 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