RMI

SUMMARY FINAL RESULTS ANNOUNCEMENT AND CASH DIVIDEND DECLARATION

22

FOR THE YEAR ENDED 30 JUNE 2022

Contents

BASIS OF PREPARATION

This announcement covers the summary financial results of Rand Merchant Investment Holdings Limited (RMI or the group), based on International Financial Reporting Standards (IFRS) for the year ended 30 June 2022.

The primary results and accompanying commentary are presented on a normalised basis as we believe this most accurately reflects the group's underlying economic performance. The normalised earnings have been derived from the audited IFRS financial results.

A reconciliation of the adjustments made to headline earnings to derive normalised earnings is presented on ***page 24.***

Schalk Human MCom (Acc) CA(SA) prepared these financial results under the supervision of Herman Bosman LLM CFA.

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office.

The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

The forward-looking information has not been commented on or reported on by the group's external auditor.

Navigation within this announcement

Indicates further information available on our website, **www.rmih.co.za**

Directs readers to another **page** in this announcement with supplementary information.

ABOUT RMI

RMI is a JSE-listed holding company with significant investments in insurance, asset management and fintech businesses. Historically, RMI has been a significant investor in some of South Africa's most iconic financial services brands.

VALUE CREATED for the year ended 30 June 2022

RMI measures the execution of its strategy through the creation of discernible value.

The unbundling of RMI's investments in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan) and the sale of the group's 30% interest in Hastings Group (Consolidated) Limited (Hastings) have resulted in the creation of significant shareholder value.

Total shareholders' return (TSR)

+453.5%

since listing in 2011

Normalised earnings from continuing operations

-4%

R1 773 million

(2021: R1 841 million)

Ordinary dividend

+46%

65.5 cents

(2021: 45.0 cents)

Special dividends

142.0 cents in cash

2 261.6 cents in specie

(2021: no special dividend)

Investor call

Herman Bosman (chief executive officer) invites you to join him in a conversation about RMI and OUTsurance's performance for the year ended 30 June 2022. He will be joined by Marthinus Visser (chief executive officer) and Jan Hofmeyr (chief financial officer) of OUTsurance. This investor call will take place on Thursday, 22 September 2022 at 10:00 (SAST).

To join, click here.

Alternatively, you can obtain the link from the company secretary by email at company.secretary@rmih.co.za.

Please ensure you have Microsoft Teams installed on the device with which you will be joining the call.

PERFORMANCE AND OUTLOOK

A momentous year

The 2022 financial year was truly momentous in the eventful history of RMI.

Both strategically and structurally, landmark decisions were made to unbundle its shareholdings in two strong South African life insurance brands, Discovery and Momentum Metropolitan, sell its investment in the lucrative British market, Hastings, and not to continue with an active investment strategy and further geographic expansion but to embark on an orderly and managed transition to a structure that represents an effective listing of OUTsurance.

RMI has unlocked significant value for shareholders as a direct result of these strategic decisions:

- As at 30 June 2021, RMI's market capitalisation was R48 billion. One year later, as at 30 June 2022, RMI's market capitalisation was R42.6 billion after the unbundling of its interests in Discovery and Momentum Metropolitan with a combined market value of R34.6 billion as at the time of the unbundling. In addition to this, RMI paid a special dividend of R2.2 billion and a normal dividend of R1 billion, this represents a 68% return (an increase of R35 billion) to shareholders for RMI's 2022 financial year.
- RMI's total shareholders' return since listing in 2011 amounts to 453.5%.

Sale of Hastings

On 8 December 2021, RMI announced the sale of the group's 30% shareholding in Hastings. The shares were jointly held by RMI (51%) and OUTsurance (49%) via Main Street 1353 Proprietary Limited (Main Street).

The sale price represented a premium of 37% to the price at which Hastings was privatised in November 2020 and an internal rate of return for RMI's investment in Hastings of 18.4% in Rand terms (R8.5 billion, including dividends) and 12.5% in Pound terms – well in excess of RMI's return requirements. The sale therefore represented an opportunity to monetise the investment in Hastings at an attractive valuation.

RMI and OUTsurance have enjoyed a successful partnership with Hastings and Sampo, resulting in strategic and financial collaboration benefits in the form of operational best practice, intellectual property and market knowledge sharing. An ongoing relationship, through the continuation of the existing arms-length outsourcing agreement for a call centre, will see the retention of approximately 650 permanent jobs in South Africa.

The proceeds of the sale were:

R billion	2022
Sale consideration	**14.6**
Less: Settlement of funding and related debt in Main Street	**(3.1)**
Net consideration	**11.5**
Less: OUTsurance's portion (49%) of net consideration	**(5.7)**
RMI's portion (51%) of net consideration	**5.8**
RMI's portion of OUTsurance's special dividend	**2.8**
RMI net proceeds from the sale, utilised to redeem the remainder of preference share debt	**8.6**
Cash retained in OUTsurance for future expansion	**2.5**

As a consequence of the sale of Hastings, RMI:

- Repaid all its debt;
- No longer required a rights issue to give effect to the unbundling of Discovery and Momentum Metropolitan;
- Enabled OUTsurance to retain R2.5 billion of the sales proceeds in cash, *inter alia* to fund its future international expansion; and
- Was able to release R2.2 billion of surplus cash as a special dividend in April 2022.

Unbundling of Discovery and Momentum Metropolitan unlocks value

On 25 April 2022, RMI finalised the unbundling of its shareholdings in Discovery and Momentum Metropolitan.

When announcing the unbundling on 20 September 2021, it was envisaged that a rights issue of approximately R6.5 billion would be required before the unbundling could be finalised to reduce debt to a level that would be appropriate for the reduced size of the balance sheet post-unbundling. The sales proceeds from Hastings were utilised to repay all the preference share debt and therefore negated the need for a rights issue.

As at 30 June 2022, RMI traded at a 2% discount to its intrinsic net asset value, having traded at a 28% discount as at the end of the previous financial year.

Transition to OUTsurance

Following the sale of Hastings and the unbundling of Discovery and Momentum Metropolitan, RMI predominantly reflects the value of OUTsurance alongside its investments in RMI Investment Managers and the AlphaCode portfolio of fintech companies.

Over the last two years, RMI has been evaluating the creation of a portfolio of unlisted, non-competing and collaborative businesses in the short-term insurance industry. This portfolio could benefit greatly from shared best practice across markets, distribution channels and underwriting experience and represent a blend of diversified and cash-generative 'local champions'. RMI conducted a detailed country and company analysis to identify potential target investments and found no actionable investment opportunities which meet RMI's expectations around asset quality, price and availability.

An expanded portfolio also needs to be compared to the status quo – an efficient and capitalised corporate structure almost solely representing OUTsurance which, in its own right, is a growing short-term insurance group operating across multiple geographies. OUTsurance could, in time, drive international expansion independently, should attractive opportunities arise.

The RMI board of directors concluded that it is in the best interests of shareholders not to continue with the active investment strategy and decided to embark on an orderly and managed transition to a structure that represents an effective listing of OUTsurance.

The managed transition will be achieved by renaming Rand Merchant Investment Holdings Limited to OUTsurance Group Limited. RMI's investments in RMI Investments Managers and the AlphaCode fintech portfolio will be housed under RMI Treasury Company Limited (a 100%-owned subsidiary of RMI), and its investment in OUTsurance will remain under OUTsurance Holdings Limited.

The managed transition is expected to result in the following key benefits for RMI shareholders:

- Simpler operational structure offering a single access point to OUTsurance;
- A cost-effective way to effectively complete an initial public offering (IPO) of OUTsurance and retain the group's empowerment credentials;
- More focused OUTsurance management team with direct accountability to shareholders;
- Higher dividend payout ratio;
- A phased reduction of the holding company and personnel costs at RMI until March 2023, whereafter the only remaining costs will relate to the costs associated with being a listed entity; and
- It enabled RMI to release R2.2 billion to shareholders as a special dividend.

Offer for RMI Investment Managers to build out their strategy with co-shareholders

RMI is currently in advanced-stage discussions with its co-shareholders, Momentum Metropolitan and Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), about Momentum Metropolitan's interest to acquire RMI's interest in RMI Investment Managers (excluding the group's investment in PolarStar).

This proposed transaction would solidify the existing empowerment, distribution and financial ambitions of RMI Investment Managers while retaining the independence and unique boutique characteristics of the affiliate model. RBIH has given its in-principle support to the proposed transaction and remains a committed and aligned partner. This proposed transaction is subject to the requisite governance and regulatory approvals, agreement of the final terms, confirmation of the structure, and other conditions typical of a transaction of this nature.

Intrinsic value of investments

During the year under review, the value of RMI's investments in OUTsurance and the combined value of its investments in RMI Investment Managers and AlphaCode investments increased by 14% and 18% respectively. The significant change in the net assets of the holding company is the result of the repayment of all the preference share debt from the proceeds of the sale of Hastings.

The intrinsic value of RMI's portfolio is made up as follows:

R million	2022	2021	% change
Continuing operations	**43 650**	28 552	53
Internal valuation of unlisted investments	**42 418**	37 037	15
OUTsurance (excluding Hastings)[1]	**40 517**	35 429	14
RMI Investment Managers and AlphaCode[2]	**1 901**	1 608	18
Net assets/(liabilities) of holding company[3]	**1 232**	(8 485)	>100
Discontinued operations	**–**	37 889	(100)
Hastings[4]	**–**	9 258	(100)
Discovery[5]	**–**	20 811	(100)
Momentum Metropolitan[5]	**–**	7 820	(100)
Net value of portfolio[6]	**43 650**	66 441	(34)
Net value of portfolio per share (cents)	**2 850**	4 337	(34)

The valuations are based on:

1 An internal discounted cash flow management model that has been independently verified.

2 The internal management valuation.

3 All the assets and liabilities at holding company level other than the investments shown separately in the table above.

4 A discounted cash flow valuation performed as at 30 June 2021 (Hastings was delisted on 16 November 2020). The ZAR:GBP exchange rate as at year-end was used to translate the GBP valuation into ZAR.

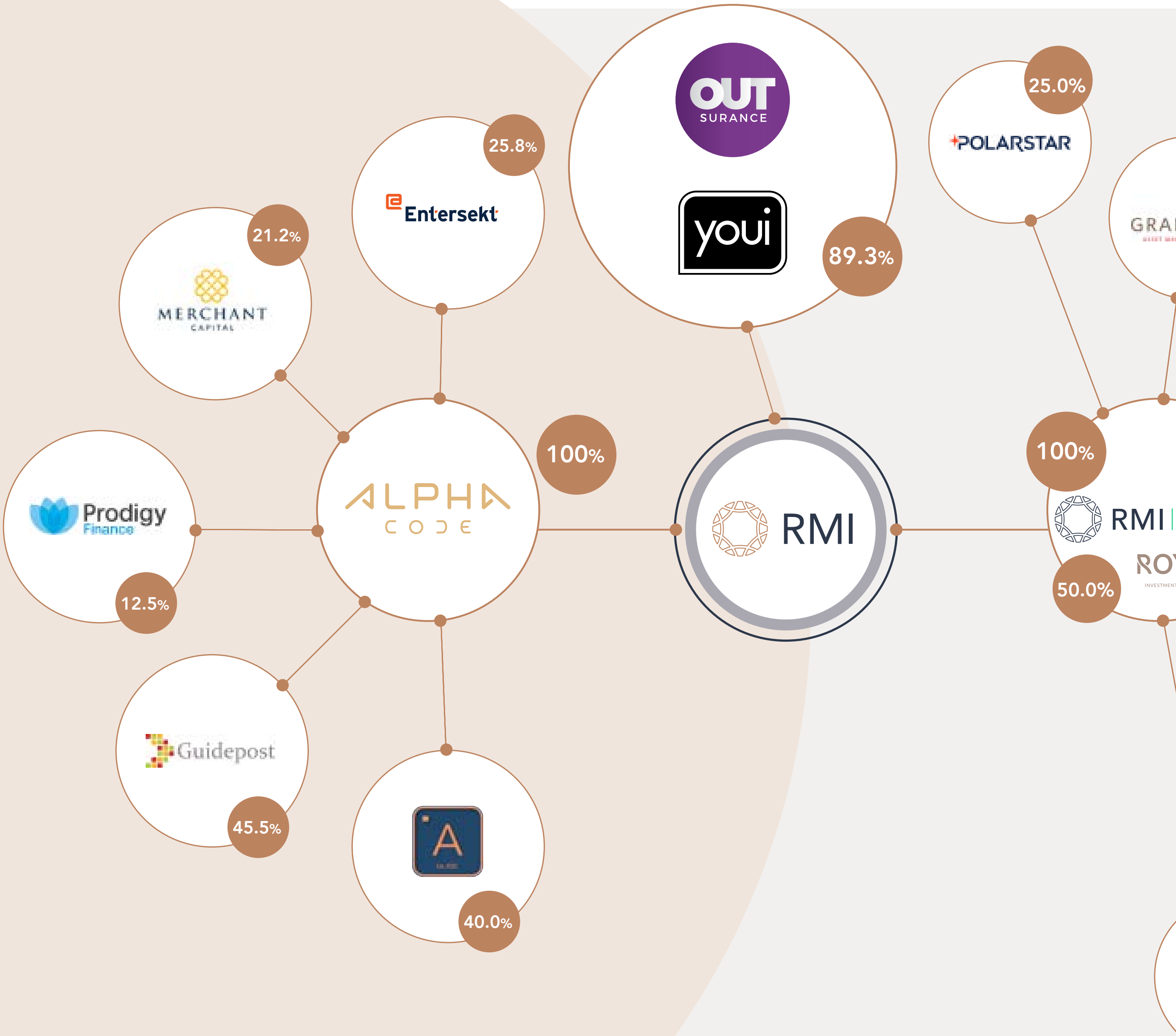
5 Market value as at 30 June 2021.

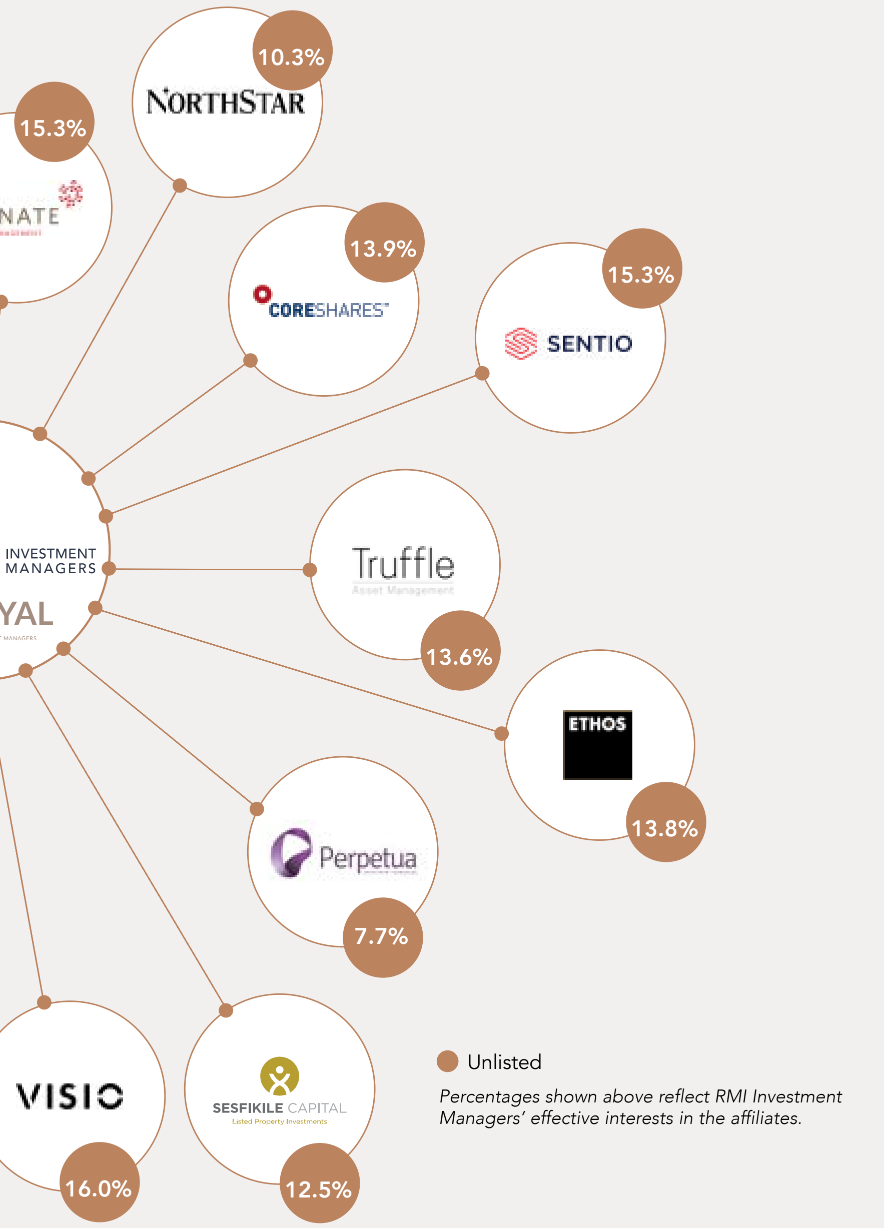
6 No provision for CGT. The size of RMI's stakes in its underlying investee companies qualifies for certain tax exemptions when certain corporate actions are performed.

The share price of R27.84 per share on 30 June 2022, therefore represents a discount of only 2% (2021: 28%) compared to the intrinsic value of the underlying investments.

RMI'S GROUP STRUCTURE

RMI's investments as at 30 June 2022 are depicted in the diagram below:





Percentages shown above reflect RMI Investment Managers' effective interests in the affiliates.

*RMI's effective interest in these group entities is different from the actual interest due to consolidation adjustments in respect of treasury shares. See **page 21.***

CONTINUING OPERATIONS

OUTsurance provides short-term and life insurance products in South Africa and short-term insurance products in Australia and Namibia. It has a client-centric approach, providing value for money insurance solutions backed by world-class service. Premiums are calculated according to a client's unique risk profile.

Clients who remain claim-free receive a cash OUTbonus, the first such reward system in South Africa.

At the core of the group's strategy is the incremental improvement of its operational performance to deliver pricing discipline and its relentless focus on brand trust and service outcomes. OUTsurance's systems transformation journey will ensure its agility to grow its competitive positioning and respond actively to changing market dynamics.

*Refer to **page 18** for further information on OUTsurance's performance in the past year.*

RMI Investment Managers is now in its sixth year of partnering with a select group of independent South African boutique asset management firms.

RMI Investment Managers and its shareholders recognise the importance of empowerment and playing a meaningful and active role in transforming the asset management industry in South Africa, through partnering and growing the next generation of significant investment management businesses. The strategic intent is therefore to solve for both distribution and empowerment through the strategic partnerships with Momentum Metropolitan and Royal Bafokeng Holdings (RBH). In addition, the affiliates continue to enhance their empowerment credentials and building out their own distribution capabilities in an effort to become leading players in the South African asset management industry.

RMI Investment Managers has continued with its focus to expand its asset class reach by supporting the expansion into new products by its affiliates, which enables the overall breadth of the affiliate stable to mature in a healthy, organic manner.

Royal Investment Managers is a joint venture between RMI Investment Managers and RBH.

AlphaCode Grow is one of the largest venture capital investors in South Africa with a portfolio of approximately R1 billion. The businesses are all led by South African entrepreneurs but are globally relevant and recognised internationally. The portfolio is fast-growing and having a significant social impact across the continent. Its current investments include:

- **Entersekt,** a leader in authentication app security and payments enablement technology, offering a highly scalable solution set with a track record of success across multiple continents. Entersekt is protecting 160 million transactions per month across 20 million bank accounts. Their unique, patented technology has been recognised globally, having recently attracted the attention of one of the world's leading growth capital investors, Accel-KKR, who completed an investment into the business earlier this year.
- **Guidepost,** a high-touch health insurtech innovator that enables highly personalised, data-driven diabetes management at scale. Guidepost makes it easy for everyone with diabetes to be healthy by providing its proprietary data-centric technology platform to service healthcare, pharma, life insurance and health insurance customers. In South Africa, Guidepost has served over 28 000 patients for leading insurer and healthcare brands like Novo Nordisk, Sanofi, Sanlam Insurance, Discovery Health and Discovery Life and has reduced hospitalisation costs by 19%.
- **Merchant Capital** is a provider of alternative sources of working capital for small and medium-sized enterprises in South Africa. AlphaCode Grow invested in Merchant Capital in 2015. Standard Bank has since joined AlphaCode Grow as a large strategic investor. Through this partnership, substantial distribution synergies are being unlocked and new products are being developed. Merchant Capital has provided more than R1.5 billion of working capital loans to some 12 000 SMEs in the country, while maintaining a healthy credit portfolio. In the last financial year, Merchant Capital was able to attract an additional R1 billion of loan funding from RMB.
- **Prodigy Finance,** an international fintech platform offering loans to postgraduate students attending top universities. Prodigy Finance has issued more than $1.2 billion of loans, serving more than 30 000 students globally. The business has recovered well from COVID-19 and is now growing by more than 50% year-on-year. Prodigy recently launched a highly successful social bond and has attracted funding from leading funders such as Canadian Pension Fund, Goldman Sachs and Deutsche Bank.

DISCONTINUED OPERATIONS

Discovery is a global, integrated financial services organisation that uses a pioneering shared value insurance model across businesses to achieve its core purpose of making people healthier and enhancing and protecting their lives.

It is a South African-founded diversified financial services organisation that operates in health insurance, life insurance, long-term savings and investments, short-term and commercial insurance, banking and behaviour change programmes.

Since its inception over two decades ago, it has been guided by its core purpose, which has manifested in a globally recognised shared value insurance model underpinned by its leading behaviour change platform, Vitality. The Vitality platform has been exported to 22 countries, reaching more than 40 million lives.

Hastings is a technology-led challenger to traditional insurers in the United Kingdom (UK) car, van, bike and home insurance market. It is an expert in digital and price comparison distribution and relies on high digitisation of the customer experience in order to drive client retention.

Hastings provides a simple financial model with low-cost, stable and diversified underwriting and retail income and is a highly cash-generative business. It has more than three million live client policies and is a multi-award-winning business.

Momentum Metropolitan is an insurance-based financial services group listed on the JSE. It operates primarily in South Africa, with insurance interests in select African countries, the UK (asset management) and India (health). The core businesses of Momentum Metropolitan offer life and short-term insurance, asset management, savings, investment, healthcare administration and employee benefits. Their product and service solutions are provided to all market segments through the Momentum and Metropolitan operating brands.

OPERATING ENVIRONMENT

Our investment decisions and the results of our portfolio companies are impacted by factors in our external environment and the outlook in the countries in which we operate.

	External factors impacting our current environment	External factors we expect to impact the environment in the years ahead
Geopolitical tension	■ Geopolitical tension, most prominent in Ukraine, has resulted in extreme **commodity price swings** that will have a profound impact on the global economy over the short to medium term. ■ Price increases in **oil and gas** as well as **food** has affected worldwide inflation statistics, especially in the developed world.	■ The additional upward pressure on inflation will r**educe household purchasing power** across the globe. ■ Economic sanctions can have a **lasting and dramatic** effect on the world economy in the medium to long term. ■ The **supply chain** bottlenecks and shortcomings exposed by COVID-19 are expected to endure in the medium term.
South African economy	■ The economy is plagued by **poor service delivery** and an **energy crisis,** manifested by increased load shedding and Eskom plant breakdowns. ■ High **fuel and food inflation** have dampened consumer confidence and spending. ■ Record **unemployment** continues to limit economic recovery and has the potential to spark social unrest.	■ The Organisation for Economic Co-operation and Development (OECD) projects **GDP** to grow by 1.8% in 2022 and 1.3% in 2023. ■ The commodity prices boom will support **exports.** ■ **Inflation** is expected to increase further due to higher energy prices before starting to decline.
Australia	■ The Australian economy has experienced a solid **post-pandemic recovery.**	■ The OECD projects **GDP growth** of 4.2% in 2022 and 2.5% in 2023. ■ **Wage and price pressures** will rise, given the already tight labour market and the strains on global supply chains, before moderating in 2023.
Climate change	■ Climate-related **weather events** continue to be the top risks. ■ In April, KwaZulu-Natal was hit by severe **flooding and landslides** caused by heavy rainfall. ■ Australia recently endured **severe flooding** in the states of Queensland and New South Wales.	■ Severe weather events are expected to become **more frequent and severe** in the coming decade. ■ Momentum on climate change action and ESG **disclosures** are growing.

OVERVIEW OF RESULTS

Hastings represented a major geographical area of operation and both Discovery and Momentum Metropolitan represented major lines of business. The results of all these investee companies are therefore being treated as discontinued operations in the RMI group results. The results of Hastings were equity accounted until 8 December 2021, the effective date of the sale. The results of Discovery and Momentum Metropolitan were also equity accounted until 8 December 2021, the date on which the unbundling of these assets met the accounting definition of being highly probable.

RMI regards normalised earnings as the appropriate basis to evaluate business performance as it eliminates the impact of non-recurring items and accounting anomalies. In respect of the results for the year ended 30 June 2022, the emphasis is on normalised earnings from continuing operations and this will form the base from which the results from the 2023 financial year onwards will be evaluated.

Normalised results from continuing operations decreased by 4%. Total normalised earnings were negatively impacted by the inclusion of the results from discontinued operations only up to 8 December 2021, i.e. just over five months, resulting in a decline of 17% in normalised earnings from continuing and discontinued operations. RMI's consolidated normalised earnings for the year ended 30 June 2022 are set out in the table below.

	For the year ended 30 June		
R million	2022	2021	% change
Continuing operations	**1 773**	1 841	(4)
OUTsurance (excluding Hastings)	**2 039**	2 296	(11)
– OUTsurance (including Hastings)	**2 099**	2 513	(16)
– Hastings included in OUTsurance	**(60)**	(217)	72
RMI Investment Managers and AlphaCode investments	**27**	142	(81)
Funding and holding company costs	**(293)**	(597)	51
Discontinued operations	**1 181**	1 704	(31)
Discovery (up to 8 December 2021)	**620**	850	(27)
Hastings (up to 8 December 2021)	**191**	585	(67)
Momentum Metropolitan (up to 8 December 2021)	**370**	269	38
Normalised earnings	**2 954**	3 545	(17)
Normalised earnings per share (cents)	**192.8**	231.4	(17)

*A reconciliation of the adjustments made to headline earnings to derive normalised earnings is presented on **page 24.***

CONTINUING OPERATIONS

RMI's portion of normalised earnings from **OUTsurance,** excluding its stake in Hastings, decreased by 11% for the year ended 30 June 2022 to R2.0 billion.

Normalised earnings from OUTsurance's South African operations were negatively impacted by an increased claims ratio as a result of wetter weather conditions, increased non-motor claims costs, the 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 significantly due to the extent of natural catastrophe events experienced which included the Melbourne earthquake and various hail and flood events. Although the claims related to the flooding experienced during the second half of this financial year were mostly covered by the reinsurers, each separate event resulted in a retained loss of AUS$2 million.

The operating loss of new ventures (products and channels) increased from R485 million in 2021 to R631 million in 2022. This increase is associated with a higher new business strain from a stronger growth rate in the BZI channel, the impact of more severe weather losses and the launch of the OUTsurance Life face-to-face strategy. The operational loss relating to new ventures represented 19% (2021: 13%) of the operating profit generated by profitable segments. The group's target over time for this measure is set at 10%.

Annualised new premiums written increased by 23% to R7.1 billion and gross written premiums increased by 14% to R23.5 billion. The new premiums written growth was enabled by the group's channel and product growth strategy. The South African operations delivered 16% growth, while Youi achieved 30% growth measured in Australian Dollars, mainly due to the step-up in the BZI channel sales.

Normalised earnings generated in the comparative year by **RMI Investment Managers** included a significant amount for performance fees earned which was not repeated in the year under review. However, the financial results for the year were ahead of expectations and the business continues to benefit from a diversified affiliate revenue capability.

The challenging market conditions experienced in the global markets since January 2022 have impacted Affiliate fund performance. RMI Investment Managers has done well to keep its assets under management largely flat during this period. Local and offshore markets were largely negative over the first half of the 2022 calendar year. The FTSE/JSE All Share Index and the FTSE/JSE All Property Index lost 8.3% and 13.5% respectively. Global markets also sold off heavily, with ZAR returns on the Nasdaq and S&P500 falling by 27.4% and 17.8% respectively. The MSCI ACWI lost 17.9% while the MSCI Emerging Market index declined by 15.3% over the six months ended 30 June 2022.

The combined affiliate assets under management amounted to R204.4 billion as at 30 June 2022. The positive net inflow of assets under management largely mitigated the negative market conditions across the portfolio.

The **AlphaCode** portfolio continues to perform in line with expectations. All the entities in the AlphaCode Grow stable, being Entersekt, Guidepost, Merchant Capital and Prodigy Finance, made significant progress in growing their business, increasing revenue and establishing business relationships that bode well for the future.

All the preference share debt funding was repaid by mid-December with the proceeds from the sale of Hastings. This was the main contributor to the reduction of 51% in **funding and holding company costs** during the year under review.

DISCONTINUED OPERATIONS
(commentary based on six months' results)

The total reported normalised earnings of RMI's discontinued operations for the six months to 31 December 2021 are provided in the table below:

R million	Six months ended 31 December 2021	2020	% change
Discovery	**2 876**	2 284	26
Hastings	**801**	652	23
Momentum Metropolitan	**1 525**	1 012	51

Discovery's normalised earnings increased by 26% to R2.9 billion during the six months ended 31 December 2021. Normalised earnings were positively impacted by mark-to-market foreign currency gains arising from a weakening of the Rand during the six months to 31 December 2021 compared to losses due to the strengthening of the Rand in the comparative period. Discovery has navigated the COVID-19 pandemic across its global operations, with mortality risk in South Africa having the largest financial impact. Although the COVID-19 claims paid of R3.4 billion during the six months to 31 December 2021 were the highest throughout the pandemic, the earnings impact was limited given strong reinsurance arrangements and previously raised provisions. High levels of vaccination among its clients and high levels of immunity in South Africa contributed to the significant reduction in fatalities.

Hastings achieved 23% growth in normalised earnings during the six months ended 31 December 2021. Its calendar year loss ratio for 2021 of 62.2% was significantly ahead of the target of 76%. Motor claims frequencies, although higher than 2020, remained below 2019 levels throughout 2021, largely reflecting reduced motor vehicle usage as a result of COVID-19 restrictions. The average cost of claims continued to rise, reflecting increases in repair costs, largely due to extended repair periods as a result of COVID-19 and general inflation in labour, parts and paint. Customer retention rates continue to be high and above market averages. Home insurance customer policies grew by 16% year-on-year to just over 310 000 policies.

Momentum Metropolitan's normalised earnings increased by 51% to R1.5 billion in the six months to 31 December 2021, mainly due to a significant increase in investment returns from R122 million to R740 million resulting from the general recovery of investment markets, fair value gains from the group's investment in venture capital funds and foreign exchange gains on the foreign currency-based assets. A decline of 12% in operating profit was largely attributable to net mortality losses of R378 million. New business volumes increased by 23% to R37 billion and the value of new business increased by 20% to R400 million.

OUTLOOK AND FUTURE VALUE CREATION

OUTsurance expects the global and local economic backdrop to remain volatile for the foreseeable future. The major strategic focus for the 2023 financial year is to drive the growth initiatives to profitability and target margins.

The inflationary environment and hardening reinsurance market require ongoing pricing action and discipline. With OUTsurance's focus on underwriting margins, this may imply slower policy growth in the 2023 financial year.

The system transformation journey enjoys significant focus and the next year will see further adoption of the newly developed Stratos platform and bedding down the finance and risk systems which were recently deployed.

The international expansion initiative is gaining momentum and a licensing application will be submitted in 2023, together with launch preparations.

The listing transition of RMI to OUTsurance is a significant undertaking and is expected to be substantially completed by December 2022.

Agreement has been reached to acquire the Youi minority interest (2.6% in the 2023 financial year and a further 2.6% in the 2024 financial year).

Improving customer service outcomes will continue to be a core focus for incremental improvement in the 2023 financial year.

OUTsurance will pro-actively navigate the rapidly changing reinsurance market to ensure outcomes within its risk and capital appetite.

RMI Investment Managers' view is that the portfolio is largely complete, however, they remain opportunistic and continue to explore the addition of affiliates to either solve for additional exposure or under-exposure in certain asset classes or to further add value to the portfolio.

The RMI Investment Managers team continues to actively engage in strategic dialogue with its affiliates with a focus on implementing its shareholder value map, which offers affiliates access to comprehensive strategic support including operational, governance and financial support, succession planning, talent management and board representation. In addition, the team continues to play a strategic advisory role in helping its affiliates raise retail assets and foster meaningful and trusted client relationships. Many of the affiliates have also benefited from marketing support provided by the team. This has enabled the affiliates to expand their branding, marketing and public relations efforts to enhance their brand presence and credibility in the market.

RMI Investment Managers will ensure that its reputation as a trusted, value-adding but non-interfering shareholder of choice for the independent asset management industry remains a core philosophy. The team and its partners in Momentum Metropolitan and RBH remain excited and committed to working with its affiliates to support their growth to scale.

AlphaCode Incubate is an important element of RMI's enterprise supplier development programme which is biased towards black-owned businesses. In the 2022 financial year, AlphaCode Incubate selected eight businesses across healthtech, fintech, legaltech and datatech. The eight startups received an entrepreneurial package worth R500 000 including a curated online learning experience, mentorship and expert interventions, exclusive office space at AlphaCode, marketing, legal and other business support services as well as access to RMI's networks. Women are severely underrepresented in the startup ecosystem globally. Representation matters and by having a diverse AlphaCode team and selection panel, there was representation of seven female founders across the eight startups, several of whom have run successful businesses prior to these startups which we know makes for more successful entrepreneurs. All of the startups were founded during the pandemic, forcing the founders to work harder getting to know their customers, to become incredibly resourceful, resilient and creative in how they validated their products with customers. Between January and April 2022, the cohort generated R1.6 million in revenue and serviced an average of more than 10 000 customers. In June 2022, a virtual demo day was hosted. Each startup received an entrepreneurial package worth R1 million including R500 000 grant funding, six months of sprint-based tailored expert support and continued access to the co-working space.

ALPHA CODE

AlphaCode Explore is an initiative aimed at upskilling those interested in entrepreneurship through thought leadership events, workshops, masterclasses and peer learning sessions. A women-in-tech initiative was the key focus for the 2022 financial year. A female-founder-only dinner and pitch event was hosted where four female-founded tech startups collectively received R350 000 in grant funding. All six startups that pitched received tailored mentorship support, enabling their startups to refine their business models, gain access to investors, gain market traction and showcase their capability to corporates.

AlphaCode Seed invested R2 million via a convertible note into **CARscan,** an insurtech that uses a mobile phone for vehicle service assessments, pre-inspections or claim assessments in the event of an accident using a priority AI-AR based platform. The fund co-invested alongside Kalon Venture Partners, Launch Africa and IDF (all are following-on from their original investment) as well as Allan Gray E2 Ventures. In total, $1 million was invested in the business in this round. The business has received $1.7 million in funding across two funding rounds.

RMI remains excited about the growth prospects of the **AlphaCode Grow** portfolio. The drive to scale and grow Entersekt, Guidepost, Merchant Capital and Prodigy Finance remains unchanged and RMI remains a supportive shareholder.

Events after the reporting period

The directors are not aware of any material adjusting or non-adjusting events relating to the year ended 30 June 2022 that occurred between the date of the statement of financial position and the date of this report.

Changes to the board of directors

At the annual general meeting held on 24 November 2021, Messrs Harris, Mupita and Phetwe and Ms De Bruyn stepped down as RMI board members. On the same date, Mr Morobe took over from Ms De Bruyn as member of the remuneration committee and Mr Lucht took over from Ms De Bruyn as member of the social, ethics and transformation committee.

On 14 March 2022, Mr Dippenaar retired from the RMI board.

Final dividend for the 2022 financial year

The board of RMI has decided to declare a final dividend of 42.0 cents per share on 21 September 2022. The board believes RMI is adequately capitalised and that the group will be able to meet its obligations in the foreseeable future after payment of the final dividend.

The total ordinary dividend per share for the year of 65.5 cents (2021: 45.0 cents) is covered 2.9 times (2021: 5.1 times) by the normalised earnings of 192.8 cents (2021: 231.4 cents) per share.

Shareholders are referred to the dividend declaration on **page 17** *regarding the applicability of Dividend Withholding Tax to the ordinary dividend.*

Appreciation

We express our appreciation for the ongoing commitment of all our stakeholders as RMI transitions to OUTsurance.

We are confident that the group will continue to deliver value in the short, medium and long term.

Jannie Durand
Chairman

Herman Bosman
Chief executive officer

Rosebank

21 September 2022

CASH DIVIDEND DECLARATION

Notice is hereby given that a gross final cash dividend of 42.0 cents per ordinary share, payable out of income reserves, was declared on 21 September 2022 in respect of the year ended 30 June 2022.

The dividend will be subject to Dividend Withholding Tax at a rate of 20%, which will result in a net dividend of 33.6 cents per ordinary share for those shareholders who are not exempt.

The company's tax reference number is 9469/826/16/9. Its issued share capital at the declaration date comprises 1 531 807 770 ordinary shares.

Shareholders' attention is drawn to the following important dates:

- Last day to trade in order to participate in this dividend will be Tuesday, 18 October 2022.
- Shares commence trading ex-dividend on Wednesday, 19 October 2022.
- The record date for the dividend payment will be Friday, 21 October 2022.
- Dividend payment date will be on Monday, 24 October 2022.

No dematerialisation or rematerialisation of share certificates may be done between Wednesday, 19 October 2022 and Friday, 21 October 2022 (both days inclusive).

By order of the RMI board.

Schalk Human
Company secretary

Rosebank

21 September 2022

OUTSURANCE'S PERFORMANCE FOR THE YEAR

VALUE CREATED for the year ended 30 June 2022

Valuation	Normalised earnings	Normal dividends paid
R44.6 billion	R2 316 million	48.7 cents per share
2021: R42.5 billion	2021: R2 779 million	2021: 59.0 cents per share
+5%	(17%)	(17%)

WHY OUTSURANCE IS A GOOD INVESTMENT

- Dynamic management team
- Market leader in direct insurance
- Well-loved and easily recognised brand
- World-class technology and claims-handling processes
- High level of cash generation and dividend-paying capabilities
- Preferred employer, thereby attracting talented people

2022 Performance

- OUTsurance's operating profit decreased by 13% to R2.9 billion, mainly driven by the increase in the group's claims ratio from 52.6% to 56.1%, reflecting the impact of the KwaZulu-Natal floods, increase in catastrophe events in Australia and the normalisation of motor claims frequencies;
- Normalised earnings including its stake in Hastings decreased by 17% to R2.3 billion. Excluding Hastings, normalised earnings decreased by 11% to R2.2 billion;
- Gross written premiums increased by 14% to R23.5 billion;
- Annualised new business premium written increased by 23% to R7.1 billion;
- The cost-to-income ratio increased marginally from 30.3% to 30.4%; and
- The total dividend for the year decreased by 17% to 48.7 cents per share.

OUTsurance's SA short-term insurance operations (Personal and Business) delivered an acceptable operational and financial performance considering the effect of motor claims frequency normalisation, higher repair cost inflation exacerbated by supply shortages, wetter weather and the impact of the KwaZulu-Natal flood event. The 9% increase in gross premiums to R10.3 billion is a combination of an increase in policy count and significantly higher premium inflation. Vehicle claims frequencies returned to pre-pandemic levels and the effect of retained weather losses contributed to an increase in the claims ratio from 49.9% to 53%. The cost-to-income ratio increased from 24.6% to 25.2%, mostly due to the expanding tied agency channel at OUTsurance Business and an increase in remuneration of employees following a resumption of salary increases in 2022 and the effect of the rising demand for specialist talent.

Youi delivered a strong operational performance for the year under review despite the challenging financial results owing to a large increase in retained natural perils losses. Australia endured various large weather events, the most notable being the major flood events in Queensland and New South Wales in February and March 2022. Youi's reinsurance programme for 2022 has an AUS$30 million catastrophe retention attachment point compared to AUS$10 million the previous year. This resulted in higher natural event retention in 2022, amplified by the larger number of events and severity thereof. Youi delivered 19% and 23% growth in gross written premiums in Rand and Australian Dollar terms respectively. This was enabled by a healthy new business performance in the direct channel, supported by higher inflation and accelerated growth from the BZI partnership established in March 2020. The CTP business was established in December 2020 and has delivered encouraging market penetration in the New South Wales compulsory insurance market.

During the year under review, **OUTsurance Life** made large investments to support the diversified product and distribution channel expansion. These include the expansion of the Funeral product and the launch of OUTsurance Financial Advisors, a dedicated tied agency distribution capability for life and investment products. Gross written premiums increased by 23% in 2022, with encouraging new business margins across all products. The Funeral product, inclusive of both the direct and Shoprite channel, delivered 91% gross premium growth to R206 million during the 2022 financial year. During the first half of the financial year, OUTsurance Life incurred significant mortality claims linked to the Delta COVID-19 wave. Mortality linked to COVID-19 was significantly more muted in the second half of the year which has resulted in a partial release of the COVID-19-specific reserves which were maintained since the inception of the pandemic. The operating profit of R91 million generated by OUTsurance Life was aided by the net positive effect of yields during 2022. This is a positive outcome considering the investment in new initiatives. The embedded value increased by 17% to R1.5 billion.

OUTsurance has entered into a binding offer to dispose of its 49% interest in **OUTsurance Namibia** to the FirstRand group. Completion of this transaction is subject to the approval from the Competition authority.

OUTsurance's capital position has remained resilient throughout the pandemic, with a solvency coverage ratio of 2.2 times at year-end.

RMI included R2 099 million of OUTsurance's earnings in its normalised earnings (2021: R2 513 million).

For an in-depth review of OUTsurance's performance, RMI's shareholders are referred to **www.outsurance.co.za**

FINANCIAL REVIEW

Basis of presentation of results

The summary consolidated financial statements contained in this booklet are prepared in accordance with the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

This report is prepared in accordance with:

- The framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including interpretations issued by the IFRS Interpretations Committee;
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council;
- SAICA Financial Reporting Guide as issued by the Accounting Practices Committee; and
- As a minimum, the information required by IAS 34: Interim Financial Reporting.

The directors take full responsibility and confirm that this information has been correctly extracted from the audited consolidated annual financial statements from which the summary consolidated financial statements were derived.

Accounting policies

These summary results incorporate accounting policies that are consistent with those used in preparing the financial results for the previous financial year.

The audited consolidated annual financial statements, from which these summary consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis, as modified by the fair value accounting of certain assets and liabilities, where required or permitted by IFRS.

No new or amended IFRS became effective for the year ended 30 June 2022 that impacted the group's reported earnings, financial position, reserves or accounting policies.

Auditor's report

The auditor expressed an unmodified opinion on the consolidated annual financial statements from which the summary consolidated financial statements were derived.

A copy of the auditor's report on the consolidated annual financial statements is available for inspection at RMI's registered office, 12th Floor, The Bank, corner of Tyrwhitt and Cradock Avenues, Rosebank, together with the financial statements identified in the auditor's report.

The auditor's report does not necessarily report on all of the information contained in these summary consolidated financial statements. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should review the auditor's report together with the accompanying financial information from the issuer's registered office.

The forward-looking information has not been commented or reported on by the group's external auditor. RMI's board of directors takes full responsibility for the preparation of this booklet.

Normalised results

RMI believes that normalised earnings more accurately reflect operational performance.

Headline earnings in terms of Circular 4/2018: Headline Earnings are adjusted to exclude non-operational items and accounting anomalies.

*A reconciliation between headline earnings and normalised earnings is provided on **page 24.***

Effective interest

RMI's effective interest in the group entities is different from the actual holdings as a result of the following consolidation adjustments:

- Treasury shares held by group entities;
- Shares held by consolidated share incentive trusts;
- 'Deemed' treasury shares arising from broad-based black economic empowerment (B-BBEE) transactions entered into; and
- 'Deemed' treasury shares held by policyholders and mutual funds managed by them.

The effective interest held by RMI can be compared to the actual interest in the statutory issued share capital of the companies as follows:

	As at 30 June 2022		As at 30 June 2021	
	Effective	**Actual**	Effective	Actual
OUTsurance	**90.8%**	**89.3%**	90.6%	89.1%
RMI Investment Managers	**100%**	**100%**	100.0%	100.0%
Merchant Capital	**21.2%**	**21.2%**	24.8%	24.8%
Entersekt	**25.8%**	**25.8%**	28.2%	28.2%
Guidepost	**45.5%**	**45.5%**	39.5%	39.5%
Discovery	**–**	**–**	25.1%	24.8%
Hastings Group Consolidated	**–**	**–**	30.0%	30.0%
Momentum Metropolitan	**–**	**–**	28.2%	26.8%

The group's interest in Prodigy Finance is treated as a financial asset at fair value through other comprehensive income, as the size of this shareholding (12.5%) does not enable the group to exercise significant influence, which is the criterion for classifying an investment as an investment in associate.

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 30 June

R million	2022	2021	% change
Gross insurance premiums	**23 532**	20 570	14
Less: Reinsurance premiums	**(2 314)**	(1 658)	
Net insurance premiums	**21 218**	18 912	12
Gross change in provision for unearned premiums	**(1 264)**	(1 043)	
Reinsurance relating to provision for unearned premiums	**243**	182	
Net insurance premiums earned	**20 197**	18 051	12
Fee and other income	**471**	85	
Investment income	**320**	152	
Interest income on financial assets using the effective interest rate method	**341**	333	
Realised losses	**–**	(6)	
Net fair value gains on financial assets	**118**	406	
Fair value gain on loss of control of subsidiary	**37**	–	
Expected credit losses on financial assets	**(5)**	(2)	
Net income	**21 479**	19 019	13
Gross claims paid	**(13 352)**	(10 019)	
Reinsurance recoveries received	**2 577**	1 276	
Provision for non-claims bonuses	**(550)**	(509)	
Transfer to policyholder liabilities under insurance contracts	**(3)**	(249)	
Fair value adjustment to financial liabilities	**(147)**	(140)	
Marketing and administration expenses	**(6 868)**	(5 598)	
Profit before finance costs, results of associates and taxation	**3 136**	3 780	(17)
Finance costs	**(432)**	(626)	
Share of after-taxation results of associates	**27**	64	
Profit before taxation	**2 731**	3 218	(15)
Taxation	**(1 027)**	(1 139)	
Profit for the year from continuing operations	**1 704**	2 079	(18)
Profit for the year from discontinued operations	**21 187**	1 143	
Profit for the year	**22 891**	3 222	>100
Attributable to:			
Equity holders of the company	**22 396**	2 893	>100
Non-controlling interests	**495**	329	50
Profit for the year	**22 891**	3 222	>100
Earnings per share (continuing and discontinued operations)	**1 463.2**	189.2	>100
Diluted earnings per share (continuing and discontinued operations)	**1 460.4**	188.5	>100

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

R million	2022	2021	% change
Profit for the year	**22 891**	3 222	>100
Other comprehensive income/(losses) for the year			
Exchange differences on translation of foreign operations[1]	**202**	(502)	
Fair value gains/(losses) on other comprehensive income financial instruments[2]	**38**	(67)	
Deferred tax on fair value losses on other comprehensive income financial instruments	**3**	–	
Share of comprehensive loss of associates	**(739)**	(761)	
Items that may subsequently be reclassified to profit or loss, after taxation	**809**	(901)	
Reclassification of accumulated comprehensive income of discontinued operation	**(1 430)**	–	
Movement in liabilities accounted for as net investment hedge	**(77)**	215	
Items that will not be reclassified to profit or loss, after taxation	**(41)**	(75)	
Other comprehensive loss for the year	**(496)**	(1 330)	
Total comprehensive income for the year	**22 395**	1 892	>100
Attributable to:			
Equity holders of the company	**21 864**	1 682	>100
Non-controlling interests	**531**	210	>100
Total comprehensive income for the year	**22 395**	1 892	>100
Total comprehensive income from continuing operations	**1 923**	**1 510**	**27**
Total comprehensive income from discontinued operations	**20 472**	**382**	**>100**

1 This amount may subsequently be classified to profit or loss.
2 R10 million (2021: (R75 million)) of this amount may subsequently be reclassified to profit or loss and R28 million (2021: R8 million) will not be reclassified to profit or loss.

COMPUTATION OF HEADLINE EARNINGS

for the year ended 30 June

R million	2022	2021	% change
Earnings attributable to equity holders	**22 396**	2 893	>100
Adjustment for:			
Gain on distribution of associates	**(15 227)**	–	
Profit on disposal of equity accounted investments	**(4 780)**	–	
Impairment of intangible assets by associates	**206**	138	
Gain on dilution and disposal of equity-accounted investments	**(38)**	(84)	
Loss of control of subsidiary	**19**	–	
Impairment of owner-occupied building to below cost	**17**	3	
Adjustments within equity-accounted earnings	**4**	9	
Loss on disposal of property and equipment	**1**	4	
Profit on sale of subsidiary	**–**	(41)	
Derecognition of intangible assets and property and equipment	**–**	10	
FCTR reversal on sale of foreign subsidiary	**–**	(4)	
Loss on dilution of joint venture	**–**	1	
Headline earnings attributable to equity holders	**2 598**	2 929	(11)

COMPUTATION OF NORMALISED EARNINGS

for the year ended 30 June

R million	2022	2021	% change
Headline earnings attributable to equity holders	**2 598**	2 929	(11)
RMI's share of normalised adjustments made by associates	**30**	610	
Amortisation of intangible assets relating to business combinations	**128**	289	
Economic assumption adjustments net of discretionary margin and interest rate derivative	**(81)**	95	
Remeasurement gain on retained interest in CloudBadger	**(53)**	–	
Restructuring costs	**34**	219	
Unrealised (gains)/losses on foreign exchange contracts not designated as a hedge	**(15)**	54	
Transaction costs related to VitalityLife interest rate derivatives	**12**	1	
Time value of money movement of swap contract in VitalityLife	**(11)**	(28)	
Adjustments for iSabelo	**8**	11	
Finance costs – Convertible preference shares	**5**	–	
Deferred tax raised on assessed losses	**3**	(38)	
B-BBEE cost	**–**	7	
Restructuring costs	**318**	–	
Group treasury shares	**8**	6	
Normalised earnings attributable to equity holders	**2 954**	3 545	(17)

COMPUTATION OF EARNINGS AND DIVIDEND PER SHARE
for the year ended 30 June

R million	2022	2021	% change
Earnings attributable to equity holders	**22 396**	2 893	>100
Headline earnings attributable to equity holders	**2 598**	2 929	(11)
Number of shares in issue (millions)	**1 532**	1 532	
Weighted average number of shares in issue (millions)	**1 531**	1 529	
Continuing and discontinued operations			
Earnings per share (cents)	**1 463.2**	189.2	>100
Diluted earnings per share (cents)	**1 460.4**	188.5	>100
Headline earnings per share (cents)	**169.7**	191.6	(11)
Diluted headline earnings per share (cents)	**167.6**	190.9	(12)
Continuing operations			
Earnings per share (cents)	**94.1**	115.2	(18)
Diluted earnings per share (cents)	**92.0**	115.2	(20)
Headline earnings per share (cents)	**95.0**	119.6	(21)
Diluted headline earnings per share (cents)	**93.9**	119.6	(22)
Dividend per share			
Normal dividend (cents)	**65.5**	45.0	
Special dividend (cents)	**142.0**	–	
Total dividend (cents)	**207.5**	45.0	>100

COMPUTATION OF NORMALISED EARNINGS PER SHARE
for the year ended 30 June

R million	2022	2021	% change
Normalised earnings attributable to equity holders	**2 954**	3 545	(17)
Number of shares in issue (millions)	**1 532**	1 532	
Weighted average number of shares in issue (millions)	**1 532**	1 532	
Continuing and discontinued operations			
Normalised earnings per share (cents)	**192.8**	231.4	(17)
Diluted normalised earnings per share (cents)	**191.1**	231.1	(17)
Continuing operations			
Normalised earnings per share (cents)	**115.8**	120.2	(4)
Diluted normalised earnings per share (cents)	**114.7**	120.2	(5)

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

R million	**2022**	2021
ASSETS		
Property and equipment	**1 065**	1 056
Intangible assets	**236**	213
Right-of-use assets	**70**	104
Investments in associates	**692**	29 301
Financial assets		
– Equity securities		
– fair value through profit or loss	**1 536**	1 741
– fair value through other comprehensive income	**383**	365
– Debt securities		
– fair value through profit or loss	**2 037**	3 090
– fair value through other comprehensive income	**5 317**	3 338
– amortised cost	**7 233**	6 122
– Derivative asset	**68**	133
Insurance and other receivables	**4 858**	3 803
Deferred acquisition cost	**681**	513
Reinsurance contracts	**2 765**	1 140
Deferred taxation	**425**	502
Taxation	**3**	25
Assets held for sale	**503**	–
Cash and cash equivalents	**2 508**	2 618
Total assets	**30 380**	54 064
EQUITY		
Share capital and premium	**15 431**	15 353
Reserves	**(3 944)**	11 885
Total shareholders' equity	**11 487**	27 238
Non-controlling interests	**1 465**	1 776
Total equity	**12 952**	29 014
LIABILITIES		
Financial liabilities		
– Preference shares	**–**	11 514
– Financial liabilities at fair value through profit or loss	**72**	125
– Derivative liability	**6**	130
– Investment contracts at fair value through profit or loss	**64**	37
Lease liabilities	**82**	118
Share-based payment liability	**297**	258
Employee benefit liabilities	**251**	237
Deferred taxation	**29**	270
Insurance and other payables	**2 777**	1 909
Insurance contracts	**13 638**	10 311
Taxation	**163**	141
Liabilities directly associated with assets held for sale	**49**	–
Total liabilities	**17 428**	25 050
Total equity and liabilities	**30 380**	54 064

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

R million	Share capital	Equity-accounted reserves	Transactions with non-controlling interests	Other reserves	Retained earnings	Non-controlling interests	Total equity
Balance as at 30 June 2020	15 342	7 463	(3 856)	727	6 172	1 697	27 545
Profit for the year	–	–	–	–	2 893	329	3 222
Other comprehensive income	–	(755)	–	(456)	–	(119)	(1 330)
Dividends paid	–	–	–	–	(345)	(226)	(571)
Income of associate companies retained	–	651	–	–	(651)	–	–
Movement in treasury shares	11	(1)	–	–	–	(10)	–
Transactions with non-controlling interest	–	3	(76)	–	(2)	54	(21)
Issue of share capital to non-controlling interests by subsidiaries	–	–	–	–	–	50	50
Share-based payment reserve	–	83	–	2	7	1	93
Share of equity financial instrument	–	–	–	5	–	–	5
Conversion of equity financial instrument	–	–	–	(6)	–	–	(6)
Sale of financial assets through other comprehensive income	–	–	–	(47)	47	–	–
Reserve adjustment of associates	–	59	–	–	(32)	–	27
Balance as at 30 June 2021	**15 353**	**7 503**	**(3 932)**	**225**	**8 089**	**1 776**	**29 014**
Profit for the year	**–**	**–**	**–**	**–**	**22 396**	**495**	**22 891**
Other comprehensive income	**–**	**(726)**	**–**	**194**	**–**	**36**	**(496)**
Dividends paid	**–**	**–**	**–**	**–**	**(2 880)**	**(594)**	**(3 474)**
Dividend in specie – unbundling of associates	**–**	**–**	**–**	**–**	**(34 644)**	**–**	**(34 644)**
Income of associate companies retained	**–**	**(7 154)**	**–**	**–**	**7 154**	**–**	**–**
Movement in treasury shares	**78**	**3**	**–**	**–**	**(68)**	**1**	**14**
Transactions with non-controlling interest	**–**	**5**	**(248)**	**–**	**(1)**	**(271)**	**(515)**
Issue of share capital to non-controlling interests by subsidiaries	**–**	**–**	**–**	**–**	**–**	**63**	**63**
Share-based payment reserve	**–**	**36**	**–**	**1**	**(3)**	**–**	**34**
Derecognition of retained earnings on loss of control of subsidiary	**–**	**–**	**–**	**–**	**82**	**(41)**	**41**
Reserve adjustment of associates	**–**	**24**	**–**	**–**	**–**	**–**	**24**
Balance as at 30 June 2022	**15 431**	**(309)**	**(4 180)**	**420**	**125**	**1 465**	**12 952**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

R million	Group 2022	Group 2021
Cash flows from operating activities		
Cash generated from operations	**3 893**	4 424
Interest income	**366**	308
Dividends received	**233**	256
Cash flows on assets backing policyholder liabilities	**(156)**	(244)
Purchase of financial assets	**(12 005)**	(7 986)
Proceeds on disposal of financial assets	**9 108**	7 558
Income tax paid	**(1 185)**	(1 116)
Dividends received from discontinued operations	**326**	397
Net cash (utilised in)/generated from operating activities	**580**	3 597
Cash flows from investing activities		
Purchase of property and equipment	**(95)**	(81)
Disposal of property and equipment	**6**	1
Purchase of financial assets	**(431)**	(3 112)
Proceeds on disposal of financial assets	**1 965**	1 395
Acquisition of associates	**(161)**	(226)
Proceeds on disposal of associate	**14 576**	11
Acquisition of shares in discontinued operation	**(402)**	–
Net cash inflow/(outflow) from investing activities	**15 458**	(2 012)
Cash flows from financing activities		
Redemption of preference share debt	**(11 514)**	–
Purchase of shares from non-controlling interest	**(728)**	–
Proceeds from the issue of preference share debt	**–**	2 000
Borrowing raised	**245**	
Borrowings repaid	**(245)**	(2 108)
Repayment of lease liability	**(43)**	(41)
Cost of funding	**(14)**	(68)
Dividends paid on preference shares in issue	**(511)**	(560)
Dividends paid by subsidiaries to non-controlling interests	**(594)**	(226)
Cash dividends paid to shareholders	**(2 880)**	(345)
Proceeds on issue of shares to non-controlling interest	**63**	40
Net cash outflow from financing activities	**(16 221)**	(1 308)
Net (decrease)/increase in cash and cash equivalents for the year	**(183)**	277
Decrease in cash due to disposal of subsidiary	**(5)**	–
Unrealised foreign currency translation adjustment on cash and cash equivalents	**78**	(73)
Cash and cash equivalents at the beginning of the year	**2 618**	2 414
Cash and cash equivalents at the end of the year	**2 508**	2 618

SEGMENTAL REPORT

The segmental analysis is based on the management accounts prepared for the group.

R million	Discovery	Momentum Metropolitan	Hastings	OUTsurance	Other[1]	RMI
Year ended 30 June 2022						
Net income	–	–	–	20 682	145	21 007
Interest received	–	–	–	355	117	472
Policyholder benefits and transfer to policyholder liabilities	–	–	–	(11 328)	–	(11 328)
Depreciation	–	–	–	(136)	(19)	(155)
Amortisation	–	–	–	(29)	–	(29)
Other expenses	–	–	–	(6 275)	(409)	(6 684)
Finance costs	–	–	–	(10)	(422)	(432)
Fair value adjustment to financial liabilities	–	–	–	(147)	–	(147)
Share of after-tax results of associates	–	–	–	2 187	(2 160)	27
Profit/(loss) before taxation	–	–	–	5 479	(2 748)	2 731
Taxation	–	–	–	(958)	(69)	(1 027)
Profit/(loss) for the year from continuing operations	–	–	–	4 521	(2 817)	1 704
Profit/(loss) for the year from discontinued operations	15 438	750	5 098	–	(99)	21 187
Hastings included in OUTsurance	–	–	–	(2 449)	2 449	–
Profit/(loss) for the year	15 438	750	5 098	2 072	(467)	22 891
Normalised earnings	620	370	124	2 316	(476)	2 954
Hastings included in OUTsurance	–	–	67	(67)	–	–
Normalised earnings	620	370	191	2 249	(476)	2 954
As at 30 June 2022						
Assets	–	–	–	27 055	2 397	29 452
Investments in associates	–	–	–	290	402	692
Intangible assets	–	–	–	236	–	236
Total assets	–	–	–	27 581	2 799	30 380
Total liabilities	–	–	–	17 186	242	17 428

1 Other includes RMI, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost and consolidation entries.

R million	Discovery	Momentum Metropolitan	Hastings	OUTsurance	Other[1]	RMI
Year ended 30 June 2021						
Net income	**–**	**–**	**–**	**18 568**	**75**	**18 643**
Interest received	**–**	**–**	**–**	**284**	**92**	**376**
Policyholder benefits and transfer to policyholder liabilities	**–**	**–**	**–**	**(9 501)**	**–**	**(9 501)**
Depreciation	**–**	**–**	**–**	**(129)**	**(7)**	**(136)**
Amortisation	**–**	**–**	**–**	**(20)**	**–**	**(20)**
Other expenses	**–**	**–**	**–**	**(5 302)**	**(140)**	**(5 442)**
Finance costs	**–**	**–**	**–**	**(9)**	**(617)**	**(626)**
Fair value adjustment to financial liabilities	**–**	**–**	**–**	**(140)**	**–**	**(140)**
Share of after-tax results of associates	**790**	**108**	**184**	**68**	**57**	**1 207**
Profit/(loss) before taxation	**790**	**108**	**184**	**3 819**	**(540)**	**4 361**
Taxation	**–**	**–**	**–**	**(1 115)**	**(24)**	**(1 139)**
Profit/(loss) for the year	**790**	**108**	**184**	**2 704**	**(564)**	**3 222**
Hastings included in OUTsurance	**–**	**–**	**61**	**(61)**	**–**	**–**
Profit/(loss) for the year	**790**	**108**	**245**	**2 643**	**(564)**	**3 222**
Normalised earnings	**850**	**269**	**341**	**2 779**	**(694)**	**3 545**
Hastings included in OUTsurance	**–**	**–**	**244**	**(244)**	**–**	**–**
Normalised earnings	**850**	**269**	**585**	**2 535**	**(694)**	**3 545**
As at 30 June 2021						
Assets	**–**	**–**	**–**	**20 853**	**3 697**	**24 550**
Investments in associates	**12 482**	**6 149**	**6 184**	**3 716**	**770**	**29 301**
Intangible assets	**–**	**–**	**–**	**213**	**–**	**213**
Total assets	**12 482**	**6 149**	**6 184**	**24 782**	**4 467**	**54 064**
Hastings included in OUTsurance	**–**	**–**	**3 627**	**(3 627)**	**–**	**–**
Total assets	**12 482**	**6 149**	**9 811**	**21 155**	**4 467**	**54 064**
Total liabilities	**–**	**–**	**–**	**13 186**	**11 864**	**25 050**

[1] *Other includes RMI, RMI Investment Managers, Merchant Capital, Entersekt, Prodigy, Guidepost and consolidation entries.*

GEOGRAPHICAL SEGMENTS

R million	South Africa	Australia	United Kingdom	RMI
Year ended 30 June 2022				
Net income	**11 874**	**9 605**	**–**	**21 479**
Policyholder benefits and transfer to policyholder liabilities	**(5 550)**	**(5 778)**	**–**	**(11 328)**
Other expenses	**(4 241)**	**(3 206)**	**–**	**(7 447)**
Share of after-tax results of associates	**27**	**-**	**–**	**27**
Profit before taxation	**2 110**	**621**	**–**	**2 731**
Taxation	**(846)**	**(181)**	**–**	**(1 027)**
Profit for the year from continuing operations	**1 264**	**440**	**–**	**1 704**
Profit for the year from discontinued operations	**15 896**	**–**	**5 291**	**21 187**
Profit for the year	**17 160**	**440**	**5 291**	**22 891**
As at 30 June 2022				
Assets				
Property and equipment	**357**	**708**	**–**	**1 065**
Investments in associates	**692**	**–**	**–**	**692**
Financial assets	**9 306**	**7 268**	**–**	**16 574**
Other assets	**2 208**	**9 841**	**–**	**12 049**
Total assets	**12 563**	**17 817**	**–**	**30 380**
Liabilities				
Insurance contract liabilities	**2 854**	**10 784**	**–**	**13 638**
Other liabilities	**968**	**2 822**	**–**	**3 790**
Total liabilities	**3 822**	**13 606**	**–**	**17 428**
Year ended 30 June 2021				
Net income	10 751	8 268	–	19 019
Policyholder benefits and transfer to policyholder liabilities	(5 074)	(4 427)	–	(9 501)
Other expenses	(3 585)	(2 779)	–	(6 364)
Share of after-tax results of associates	64	–	–	64
Profit before taxation	2 156	1 062	–	3 218
Taxation	(796)	(343)	–	(1 139)
Profit for the year from continuing operations	1 360	719	–	3 218
Profit for the year from discontinued operations	569	–	574	1 143
Profit for the year	1 929	719	574	3 222
As at 30 June 2021				
Assets				
Property and equipment	364	692	–	1 056
Investments in associates	19 490	–	9 811	29 301
Financial assets	6 788	6 104	–	12 892
Other assets	3 977	6 838	–	10 815
Total assets	30 619	13 634	9 811	54 064
Liabilities				
Insurance contract liabilities	2 785	7 526	–	10 311
Other liabilities	12 825	1 914	–	14 739
Total liabilities	15 610	9 440	–	25 050

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June

Financial instruments measured at fair value

The table below analyses financial instruments carried at fair value by level in the fair value hierarchy. The different levels are based on the extent that observable prices and/or data are used in the calculation of the fair value of the financial instruments. These levels are defined as follows:

Level 1 – fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on the reporting date.

Level 2 – fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly (for example prices) or indirectly (for example derived from prices).

Level 3 – fair value is determined from inputs for the asset or liability that are not based on observable market data.

The following table presents the group's financial assets and liabilities that are measured at fair value:

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2022				
Financial assets				
Equity securities				
– Exchange-traded funds	**817**	**–**	**–**	**817**
– Listed preference shares	**341**	**–**	**–**	**341**
– Collective investment schemes	**–**	**368**	**–**	**368**
– Listed equity securities	**–**	**–**	**–**	**–**
– Unlisted equity securities	**–**	**–**	**393**	**393**
Debt securities				
– Unsecured investment in development fund	**–**	**–**	**58**	**58**
– Zero-coupon deposits	**–**	**849**	**–**	**849**
– Convertible loan	**–**	**–**	**4**	**4**
– Government, municipal and public utility securities	**–**	**281**	**–**	**281**
– Money market securities	**–**	**4 576**	**–**	**4 576**
– Collective investment schemes	**–**	**1 225**	**–**	**1 225**
– Unlisted debt securities at fair value through profit or loss	**–**	**–**	**360**	**360**
Derivative assets	**–**	**68**	**–**	**68**
Total financial assets recognised at fair value	**1 158**	**7 367**	**815**	**9 340**
Financial liabilities				
Financial liabilities at fair value through profit or loss	**–**	**–**	**72**	**72**
Investment contract liability	**–**	**64**	**–**	**64**
Derivative liability	**–**	**6**	**–**	**6**
Total financial liabilities recognised at fair value	**–**	**70**	**72**	**142**

R million	2022	2021
Reconciliation of movement in level 3 assets		
Balance at the beginning of the year	**807**	912
Reclassification on investment becoming an associate	**(13)**	–
Additions in the current year	**219**	90
Disposals (sales and redemptions)	**(186)**	(118)
Fair value movement	**(12)**	(77)
Balance at the end of the year	**815**	807
The level 3 financial assets at fair value through profit or loss represent loans and preference share investments, the value of which is not significantly sensitive to an increase or decrease in the counterparty credit rating due to the collateralised nature of the transaction.		
Reconciliation of movement in level 3 liabilities		
Balance at the beginning of the year	**125**	104
Preference dividends charged to profit or loss	**147**	140
Preference dividends paid	**(161)**	(119)
Transfer to liabilities associated with assets held for sale	**(39)**	–
Balance at the end of the year	**72**	125

The level 3 financial liabilities at fair value through profit or loss represent profits arising out of profit-sharing arrangements on ring-fenced insurance business that accrue on a monthly basis.

Financial instruments measured at fair value continued

R million	Level 1	Level 2	Level 3	Total carrying amount
30 June 2021				
Financial assets				
Equity securities				
– Exchange-traded funds	952	–	–	952
– Listed preference shares	310	–	–	310
– Collective investment schemes[1]	–	388	–	388
– Listed equity securities	81	–	–	81
– Unlisted equity securities	–	–	375	375
Debt securities				
– Unsecured loans	–	18	47	65
– Zero-coupon deposits	–	708	–	708
– Convertible loan	–	–	13	13
– Government, municipal and public utility securities	–	260	–	260
– Money market securities	–	4 995	–	4 995
– Unlisted debt securities at fair value through profit or loss	–	37	372	409
Derivative assets	–	133	–	133
Total financial assets recognised at fair value	1 343	6 539	807	8 689
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	125	125
Investment contract liability	–	37	–	37
Derivative liability	–	130	–	130
Total financial liabilities recognised at fair value	–	167	125	292

[1] A prior year collective investment scheme to the value of R253 million was reclassified from exchange-traded funds to collective investment schemes in line with the current year presentation.

The fair values of the above instruments were determined as follows:

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The listed preference share investments comprise instruments which are listed on a securities exchange. The fair values of these investments are calculated based on the quoted closing prices of the individual investments on the reporting date. These instruments are included in Level 1 and comprise mainly equity and debt instruments classified as trading securities. The investment in the exchange-traded funds tracks the performance of the top fifty companies listed on the JSE.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are market observable, the instrument is included in Level 2.

Level 2 instruments comprise the following, with a description of their valuation techniques provided:

- **Collective investment schemes:** These instruments are fair valued monthly by multiplying the number of units held by the closing market price which is based on the most recently available observable inputs.
- **Zero-coupon deposits:** These instruments are not traded actively during a financial reporting period. The group uses zero-coupon deposits to offset the interest rate risk inherent in some of the life insurance products underwritten by OUTsurance Life. The counterparties to these deposits are the large South African banks. The zero-coupon deposits have been structured to allow for the payment of the notional initial deposit to be spread over the specified term to enable cash flow matching. The maturity dates of the accreting zero-coupon deposits are long-term, with maturity dates at the various trading dates not exceeding 15 years. The fair values of the accreting zero-coupon deposits are determined monthly based on observable market inputs. To determine the fair values of the accreting zero-coupon deposits, a risk-free Swap Yield Curve produced every business day by the Johannesburg Securities Exchange is referenced. The instruments are designated at fair value through profit or loss, with both the interest accrual and fair value accounted for in profit or loss. The entire balance of the zero-coupon deposits is exposed to credit risk. The zero-coupon deposit has specifically remained classified as fair value through profit or loss under the 'accounting mismatch' rule as these financial assets have specifically been acquired to match the non-claims bonus portion of the policyholder liability.

Financial instruments measured at fair value continued

- **Government, municipal and public utility securities and money market securities:** The fair value of money market instruments and government, municipal and public utility securities is determined based on observable market inputs. These instruments consist of fixed and floating rate notes held in segregated portfolios and are typically listed on the JSE Interest Rate Market. These listed instruments are not as actively traded as Level 1 instruments. The fair values of these instruments are determined by using market observable inputs. The fair value yield, term-to-maturity, coupon payments and maturity value are used to discount the expected cash flows of these instruments to their present value in determining the fair value at the financial year-end.
- **Zero-coupon deposits backing endowment policies and the investment contract liability backing the asset:** These instruments relate to a linked endowment policy. The fair value is based on the quoted interest rates provided in each contract. The group is not the ultimate counterparty to these endowment policies but rather acts as an agent to the arrangement between the client and third party. As such the asset and liability are designed to set off against each other.
- **Interest rate swaps:** These swap arrangements consists of fixed for floating instruments. The fixed leg is priced at a fixed percentage plus a contractually agreed basis point adjustment and the floating leg is priced at three-month JIBAR.
- **Collateralised swaps:** The fair value of collateralised swap arrangement, whereby the R2048 government bond serves as collateral and is underlying, is determined in the same manner as other money market instruments described above.
- **Bond forward contract:** The fair value of the bond forward contract is derived from the fair value of the underlying bonds which are linked to the CPI index. The fair values of these bonds are calculated in the same manner as the other government and money market securities described above.
- **Forward exchange contracts:** The group makes use of forward exchange contracts to reduce the impact of the currency risk contained in its open foreign currency exposure. The fair value of forward exchange contracts is determined using the difference between the spot closing exchange rate and the forward exchange rate at the statement of financial position date multiplied by the number of currency units purchased.

The group makes use of an interest rate, a collateralised swap and a bond forward arrangement to manage the interest rate risk contained in the non-bonus policyholder liability.

While the above instruments are not traded on an active market, the variable inputs relating to their valuation are readily available in the marketplace. The remaining inputs have been contractually agreed and are reflective of market-related terms and conditions.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The financial instruments at fair value through profit or loss represent the following:

- **Unlisted equity:** The fair value of the equity investment in Blue Zebra Insurance relating to a convertible preference share held is determined based on standard valuation techniques where the net asset value is a key input.

  The 12.5% (2021: 13.3%) shareholding held in Prodigy is carried at fair value of R351 million (2021: R321 million). Prodigy is a US based fintech platform that enables financing for international postgraduate students. The fair value is based on a present value calculation taking into account unobservable inputs of similar companies. These unobservable inputs in the calculation of the fair value of Prodigy includes a discount rate used of 14.1% (2021: 16.0%), and other inputs of significance being the loan book growth, the fee earned on loan book and disbursements. The higher the discount rate the lower the fair value of the shares held. The fair value is very sensitive to loan growth and fee earned on loan book assumptions, for instance, an increase or decrease by 1% per annum would increase or decrease the fair value by 10% and should the disbursement growth increase or decrease by 10 basis points, the fair value would increase or decrease by 7.5%. The investment is also exposed to currency risk.
- **Unsecured Investment in Development Fund:** The group invested in the ASISA Enterprise Development Fund of which the objective is to make investments in underlying B-BBEE development entities. The nature of the underlying debt and equity investments are high-risk, small- and medium-sized businesses which are exposed to start-up, scale and macro-economic risk. As such gains and losses which could arise from the underlying investments are material, relative to the size of the group's investment in the fund. The group previously referred to the investment as an unsecured loan, however, the nature of the investment is similar to that of an investment in a unit trust.

The investments are fair valued by multiplying the number of units held by the closing price per unit as valued by the fund. A 20% positive or negative change in the value of the underlying investments is deemed to be a reasonable expected range of potential fluctuation of the group's investment and will result in the following fair value of the fund. Prior year sensitivities have been updated accordingly.

R million	Current	1% increase in interest rate	1% decrease in interest rate
30 June 2022			
Fair value	**58**	**70**	**47**
30 June 2021			
Fair value	44	43	45

- **Convertible loan:** The loan with AutoGuru Australia Proprietary Limited (AutoGuru). The only significant unobservable inputs in the calculation are the market value of the AutoGuru shares, as this is an unlisted private company, and the underlying interest rate. Due to the fact that the loan is convertible into shares of AutoGuru, it exposes the group to equity price risk. As a result of the absence of quoted prices for the shares when the convertible bond was issued it fails the SPPI criteria, therefore the loan is designated as fair value through profit or loss.

Financial instruments measured at fair value continued

Level 3 continued

The fair value is determined based on a present value calculation taking into account the term to maturity, underlying interest rate and the share price of AutoGuru. The fair value of R4 million (2021: R13 million) as at 30 June 2022 is derived from an interest rate of 7.4% (2020: 6.6%). This interest rate has been contractually agreed and is adjusted for the prevailing BBSR applicable at valuation date. A 1% movement in the interest rate would result in the following fair value being recognised as at 30 June 2022:

R million	Current	1% increase in interest rate	1% decrease in interest rate
30 June 2022			
Fair value	**4**	**4**	**3**
30 June 2021			
Fair value	13	14	13

- **Financial liabilities at fair value through profit or loss:** A specific valuation technique is used to value this financial instrument which represents the accrued profit related to the FirstRand Bank Limited homeowners profit-sharing arrangement, as well as the accrued profit related to the Shoprite funeral profit-sharing arrangement.

Profits arising out of the homeowners profit-sharing arrangement accrue on a monthly basis and are distributed as preference dividends bi-annually to FirstRand Bank Limited. Profits arising out of the funeral profit-sharing arrangement accrue on a monthly basis and are distributed as preference dividends annually to Shoprite Investment Limited. The only significant unobservable input in the calculation of the preference dividends is the historic profit of the profit-sharing arrangements and there are no other inputs that determine the value of these instruments. Should the profit of the profit-sharing arrangement increase or decrease by 10%, for instance, the preference dividend will also increase or decrease by 10%.

No assumptions or adjustments or any other inputs are made to the profits before or after distribution. Distribution of the profits arising is made in the form of preference dividends.

The profit or loss of these profit-sharing arrangements is sensitive to:

- Claims ratio of the pool of business;
- Expense ratio of the pool of business; and
- Investment income on this pool of business.

Assets held for sale/liabilities directly associated with assets held for sale

On 1 May 2022, management committed to a plan to sell certain of its associates indirectly held by RMI Investment Managers Group as well as assets and liabilities directly associated with these associates. Accordingly, the RMI Investment Managers associates have been classified as held for sale with an effective date of 1 May 2022. These assets are valued as at 30 June 2022 at their carrying value which is the lower of carrying value and fair value less costs to sell. The carrying value of the investment in associates may be reduced with any dividend payments between 1 May 2022 and the completion of the transaction.

The associates included as held for sale comprises CoreShares Holdings Proprietary Limited, Ethos Private Equity Proprietary Limited, Granate Asset Management Proprietary Limited, Northstar Asset Management Proprietary Limited, Perpetua Investment Managers Proprietary Limited, Royal Investment Managers Proprietary Limited, Sentio Capital Management Proprietary Limited and Truffle Capital Proprietary Limited.

In December 2021, management committed to a plan to sell its 49% associate shareholding in OUTsurance Namibia to FirstRand Namibia as it no longer fits into the strategic direction of the group. Accordingly, the investment in OUTsurance Namibia has been classified as held for sale with an effective date of 31 December 2021 and no significant changes to the sales plan are expected. The sale is expected to be finalised once final regulatory approval has been obtained. The investment in associate is valued as at 30 June 2022 at its carrying value which is the lower of carrying value and fair value less costs to sell.

The disposal proceeds relating to OUTsurance Namibia will be 49% of the aggregate of the value of the in-force book plus the net asset value (NAV) of OUTsurance Namibia as at 31 December 2021. The investment in associate may be reduced with any dividend payments after 31 December 2021 and before the completion of the transaction.

R million	2022	2021
Assets held for sale	**503**	–
Liabilities directly associated with assets held for sale	**49**	–

Reclassification of comparative information

RMI classified Hastings, Discovery and Momentum Metropolitan as discontinued operations. The comparative information in the income statement and statement of cash flows were reclassified as required by *IFRS 5*.

The reclassifications to the summary consolidated income statement are set out below:

Summary consolidated income statement for the year ended 30 June 2021

R million	Original	Restated	Reclas-sification
Share of after-tax results of associates	**1 207**	**64**	**(1 143)**
Profit for the year from discontinued operations	**–**	**1 143**	**1 143**

The reclassifications to the summary consolidated statement of cash flows are set out below:

Summary consolidated statement of cash flows for the year ended 30 June 2021

R million	Original	Restated	Reclas-sification
Dividends received	**653**	**256**	**(397)**
Cash flows from discontinued operations	**–**	**397**	**397**

Discontinued operations

On 20 September 2021 RMI announced its intention to unbundle its shareholdings in Discovery and Momentum Metropolitan. At the time it was envisaged that a rights issue of approximately R6.5 billion would be required before the unbundling could be finalised to reduce debt to a level that would be appropriate for the reduced size of the balance sheet post-unbundling. On 8 December 2021 RMI announced the sale of the group's shareholding in Hastings. The sales proceeds were utilised to repay all the preference share debt and therefore negated the need for a rights issue prior to the unbundling of Discovery and Momentum Metropolitan.

Hastings represented a major geographical area of operation and both Discovery and Momentum Metropolitan represented major lines of business. The results of all these investee companies are therefore being treated as discontinued operations in the RMI group results. The results of Hastings were equity accounted until 8 December 2021, the effective date of the sale. The results of Discovery and Momentum Metropolitan are also being equity accounted until 8 December 2021, the date on which the unbundling of these assets met the accounting definition of being highly probable. At this date, Discovery and Momentum Metropolitan were classified as held for distribution.

On 25 April 2022, RMI finalised the unbundling of its shareholdings in Discovery and Momentum Metropolitan.

Consequently, these investments were classified as discontinued operations in the results for the year ended 30 June 2022. The effective date for these reclassifications was 8 December 2021. Comparative information presented has been restated in terms of IFRS 5 Non-current Assets Held for sale and Discontinued Operations.

Financial information relating to the discontinued operations is as follows:

R million		At date of unbundling /sale	30 June 2021
Name of entity	**Discovery Limited**		
Country of incorporation	Republic of South Africa		
% of ownership		**25.1**	25.1
% of voting rights		**25.0**	24.8
Name of entity	**Momentum Metropolitan Holdings Ltd**		
Country of incorporation	Republic of South Africa		
% of ownership		**28.2**	28.2
% of voting rights		**27.6**	27.4
Name of entity	**Hastings Group (Consolidated) Limited**		
Country of incorporation	United Kingdom		
% of ownership		**30.0**	30.0
% of voting rights		**30.0**	30.0

R million	Discovery	Momentum Metropolitan	Hastings	Year ended 30 June 2022
RMI's effective portion in at-acquisition net asset	4 083	6 142	3 365	13 590
Dividend forming part of acquisition price	–	–	(216)	(216)
Notional goodwill	1 031	153	5 613	6 797
Cost price of investment	5 114	6 295	8 762	20 171
RMI's effective interest in post-acquisition movement in asset value	8 622	84	1 301	10 007
Treasury shares	–	(98)	–	(98)
Group carrying value prior to unbundling/sale	13 736	6 281	10 063	30 080
Additional acquisition of shares	402	–	–	402
Dividend received after reclassification to assets from discontinued operations	–	(140)	–	(140)
Group carrying value for unbundling/sale	14 138	6 141	10 063	30 342
Market value at distribution of investment	27 934	6 710	–	34 644
Proceeds from sale	–	–	14 576	14 576
Gain on distribution of investment	13 796	569	–	14 365
Gain on sale of Hastings	–	–	4 513	4 513
Equity-accounted earnings for the period	716	146	137	999
Gain on distribution of investment	13 796	569	–	14 365
Gain on disposal of investment	–	–	4 513	4 513
Reclassification of accumulated comprehensive income of discontinued operations	926	35	468	1 429
Transaction costs	(77)	(22)	(20)	(119)
Profit from discontinued operations	**15 361**	**728**	**5 098**	**21 187**
Attributable to:				
Equity holders of the company	15 361	728	4 865	20 954
Non-controlling interests	–	–	233	233
Profit from discontinued operations	**15 361**	**728**	**5 098**	**21 187**
Profit from discontinued operations	15 361	728	4 865	20 954
Headline earnings adjustment of discontinued operations	(14 673)	(403)	(4 734)	(19 810)
Headline earnings from discontinued operations	688	325	131	1 144
Normalised earnings adjustment of discontinued operations	(68)	45	60	37
Normalised earnings from discontinued operations	**620**	**370**	**191**	**1 181**
Dividend received from associate	–	200	126	326

R million	Discovery	Momentum Metropolitan	Hastings	Year ended 30 June 2021
RMI's effective portion in at acquisition net asset	4 083	6 142	3 365	13 590
Dividend forming part of acquisition price	–	–	(216)	(216)
Notional goodwill	1 031	153	5 613	6 797
Cost price of investment	5 114	6 295	8 762	20 171
RMI's effective interest in post-acquisition movement in asset value	7 368	(59)	1 049	8 358
Treasury shares	–	(87)	–	(87)
Group carrying value	12 482	6 149	9 811	28 442
Equity-accounted earnings for the year	790	108	245	1 143
Profit from discontinued operations	790	108	245	1 143
Attributable to:				
Equity holders of the company	790	108	234	1 132
Non-controlling interests	–	–	11	11
Profit from discontinued operations	790	108	245	1 143
Profit from discontinued operations	790	108	234	1 132
Headline earnings adjustment of discontinued operations	(41)	9	–	(32)
Headline earnings from discontinued operations	749	117	234	1 100
Normalised earnings adjustment of discontinued operations	101	152	351	604
Normalised earnings from discontinued operations	850	269	585	1 704
Dividend received from associate	–	100	297	397

Contingencies and commitments

RMI guarantees a liability of one of its associates, limited to a maximum amount of R28 million (2021: R28 million).

LEASE COMMITMENTS

The group had the following lease commitments as at 30 June 2022:

R million	2022	2021
Within 1 year	**47**	32
1 to 5 years	**33**	43
More than 5 years	**2**	43
Lease liabilities	**82**	118
Within 1 year	**1**	4
Short-term leases	**1**	4

Subsequent events

Dividend

RMI declared a dividend of 42.0 cents per share on 21 September 2022, payable on 24 October 2022. This is a non-adjusting event.

ADMINISTRATION

Rand Merchant Investment Holdings Limited (RMI)

Registration number:	2010/005770/06
JSE ordinary share code:	RMI
ISIN code:	ZAE000210688

Directors

JJ Durand (chairman), HL Bosman (chief executive officer and financial director), JP Burger, P Cooper, (Ms) A Kekana, P Lagerström, (Ms) MM Mahlare, MM Morobe and JA Teeger

Messrs PK Harris, RT Mupita and O Phetwe and Ms SEN De Bruyn stepped down as directors at the annual general meeting held on 24 November 2021. Mr LL Dippenaar retired as a director on 14 March 2022.

Alternates

DA Frankel, F Knoetze and UH Lucht

Secretary and registered office

JS Human

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	Corner Cradock and Tyrwhitt Avenues, Rosebank, Johannesburg, 2196
Postal address:	Private Bag X1000, Saxonwold, 2132
Telephone:	+27 10 753 2430
Web address:	**www.rmih.co.za**

Sponsor

(in terms of JSE Listings Requirements)

Rand Merchant Bank (a division of FirstRand Bank Limited)

Physical address:	1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited

Physical address:	Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Postal address:	Private Bag X9000, Saxonwold, 2132
Telephone:	+27 11 370 5000
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RMI

www.rmih.co.za