Remgro Limited

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

INTERIM REPORT UNAUDITED RESULTS FOR THE SIX MONTHS ENDED *31 DECEMBER 2021* AND CASH DIVIDEND DECLARATION

SALIENT FEATURES

Headline earnings per share	+139.4%
Interim dividend per share	+66.7%
Intrinsic net asset value per share	R202.47

Remgro Limited

Contents

Introduction

Introduction

This first half of Remgro's financial year continued to be a rollercoaster, with the fallout of the July violent unrest and the threat of the fourth wave of the Covid-19 pandemic, amidst a slow vaccination progress, which saw the global community impose further travel bans on South Africa. As we begin to emerge and recover, renewed macro challenges and volatility are evident on a global scale. Remgro continues to focus on its processes curated over its 74-year rich history, remaining committed to its strategic priorities, its corporate citizen mandate and values driven ethos.

To this end, significant progress has been made in the reporting period on strategic initiatives as Remgro continues to position for the future. Transformative corporate actions to this effect include the recently announced Distell Group Holdings Limited (Distell), Community Investment Ventures Holdings Proprietary Limited (CIVH) and Rand Merchant Investment Holdings Limited (RMI) level transactions. Remgro's commitment to its investment philosophy and underlying investments has seen a robust recovery in financial performance compared to the previous period with the majority of financial metrics ahead of pre-pandemic levels. Remgro is more than encouraged that its prudent management, strong balance sheet and capital allocation track record (as evidenced by its resilient portfolio) has enabled it to deliver a quick recovery amidst all the headwinds.

The combination of the above, the positive operational momentum, as well as the expected benefits from the announced corporate actions sees Remgro encouraged by its future prospects as it remains committed to shape the future and partner for South Africa's prosperity for the benefit of all her people.

Shareholders are reminded that this report is based on the actual results for the six months ended 31 December 2021. Therefore, this report does not reflect the current market conditions, which have been impacted by the Russia-Ukraine war and related economic sanctions, and must be read in that context.

Remgro's portfolio has been subject to the effects of rising commodity prices across the various investee companies, as well as the impact of moving bond yields. Remgro is monitoring and actively managing the effects of both supply chain issues and expected input cost pressures through the Group, which ultimate impact is still uncertain and difficult to accurately predict.

Results in context

The headline earnings for the comparative period was significantly impacted by the Covid-19 pandemic and the resultant lockdown measures. From this low base, the increase in headline earnings for the period under review of 139.3% is mainly due to the recovery of the earnings of most of Remgro's underlying investee companies, most notably Mediclinic International plc (Mediclinic), Grindrod Shipping Holdings Limited (Grindrod Shipping), TotalEnergies Marketing South Africa Proprietary Limited (TotalEnergies), FirstRand Limited (FirstRand), Grindrod Limited (Grindrod) and RCL Foods Limited (RCL Foods). Mediclinic's contribution for the comparative period includes the full impact of the Covid-19-related lockdown measures during the first wave of the pandemic,

Introduction (continued)

Results in context (continued)

on its results for the six months ended 30 September 2020. The results for the period under review were also positively impacted by lower equity accounted losses from CIVH and lower finance costs, due to the redemption of the exchangeable bonds.

In order to compare the headline earnings to a pre-pandemic period, the headline earnings for the six months ended 31 December 2019 (the pre-pandemic 2019 period) has been adjusted to take into account the RMB Holdings Limited (RMH) unbundling and the accounting reclassification of the FirstRand investment (from an equity accounted investment to an investment at fair value through other comprehensive income) during June 2020 (*pro forma* headline earnings for the pre-pandemic 2019 period). Compared to the *pro forma* headline earnings for the pre-pandemic 2019 period, headline earnings increased by 22.2%, which indicates that the earnings of most of Remgro's underlying investee companies, that have been affected by the Covid-19 pandemic, have substantially recovered from the pandemic.

Group profile

Originally established in the 1940s by the late Dr Anton Rupert, Remgro's investment portfolio has evolved substantially and currently includes investee companies across nine platforms. The Company is listed on the Johannesburg Stock Exchange (JSE), operated by the JSE Limited in South Africa under the "Financials – Financial Services – Investment Banking and Brokerage Services – Diversified Financial Services" sector, with the share code "REM". From 3 January 2022, the Company also has a secondary listing on the A2X. Remgro's interests consist mainly of investments in the healthcare, consumer products, financial services, infrastructure, industrial and media industries. Remgro's most significant investments are Mediclinic (44.6% interest), RMI (30.6% interest), CIVH (57.0% interest), Distell (31.7% interest), RCL Foods (80.4% interest), FirstRand (3.3% interest), Siqalo Foods Proprietary Limited (Siqalo Foods) (100.0% interest), Air Products South Africa Proprietary Limited (Air Products) (50.0% interest), TotalEnergies (24.9% interest) and Kagiso Tiso Holdings Proprietary Limited (KTH) (43.5% interest). These investments contribute approximately 92% to Remgro's intrinsic net asset value (INAV after tax).

Group financial review

Salient features

	31 Dec 2021	% Change	31 Dec 2020
Headline earnings (R million)	**3 345**	*139.3*	1 398
- per share (cents)	**592.3**	*139.4*	247.4
Ordinary interim dividends per share (cents)	**50**	66.7	30

Comparison to the pre-pandemic 2019 period	31 Dec 2021	% Change	31 Dec 2019
Pro forma headline earnings (R million)	**3 345**	*22.2*	2 738
- per share (cents)	**592.3**	*22.2*	484.6

	31 Dec 2021	% Change	30 June 2021
Intrinsic net asset value per share (R)	**202.47**	*14.2*	177.33
Remgro share price (R)	**131.15**	*14.4*	114.60
Percentage discount to intrinsic net asset value (%)	**35.2**	*20 bps*	35.4

Group reporting

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

Group financial review (continued)

Group reporting (continued)

From time to time, corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group may elect to disclose alternative earnings measures excluding these items in order to promote comparability between reporting periods.

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

Pro forma headline earnings for the pre-pandemic 2019 period

In order to provide users with a “like-for-like” comparison between the headline earnings for the period under review and the headline earnings for the six months ended 31 December 2019 (the pre-pandemic 2019 period), headline earnings for the pre-pandemic 2019 period has been adjusted to:

- exclude the equity accounted earnings of RMH of R1 290 million, which was presented as a discontinued operation in the prior periods due to the unbundling of this investment during June 2020,
- exclude the equity accounted earnings of FirstRand of R548 million and include the dividend income from FirstRand amounting to R334 million, as this investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income on 8 June 2020.

Reconciliation between the reported headline earnings for the pre-pandemic 2019 period and the *pro forma* headline earnings for the pre-pandemic 2019 period

R million	31 Dec 2019
Reported headline earnings	4 242
RMH equity accounted earnings	(1 290)
FirstRand equity accounted earnings	(548)
FirstRand dividend income	334
***Pro forma* headline earnings**	2 738

The above adjustments were extracted from the Company’s accounting records and is the responsibility of its Board of Directors. The *pro forma* headline earnings for the pre-pandemic 2019 period is a non-IFRS measure and therefore may not fairly present the Company’s headline earnings. This *pro forma* information has not been reviewed and reported on by Remgro’s auditors. Refer to the *Salient features* and *Headline earnings* for further details.

Headline earnings

Overview

For the period under review, headline earnings increased by 139.3% from R1 398 million to R3 345 million, while headline earnings per share (HEPS) increased by 139.4% from 247.4 cents to 592.3 cents. The increase in headline earnings is mainly due to higher contributions from Mediclinic, Grindrod Shipping, TotalEnergies, FirstRand, CIVH (lower losses), Grindrod and RCL Foods, as well as lower finance costs due to the redemption of the exchangeable bonds.

Compared to the *pro forma* headline earnings and *pro forma* HEPS for the pre-pandemic 2019 period, the headline earnings and HEPS increased by 22.2% from R2 738 million to R3 345 million and from 484.6 cents to 592.3 cents, respectively. The increase in headline earnings is mainly due to higher contributions from Grindrod Shipping, CIVH (lower losses), RCL Foods, TotalEnergies, Distell and Grindrod, as well as lower finance costs due to the redemption of the exchangeable bonds. This increase is partly offset by lower contributions from Mediclinic and FirstRand (lower dividends), as well as lower interest income due to the reduction in the South African repo rate.

Group financial review (continued)

Contribution to headline earnings by reporting platform

R million	Six months ended 31 Dec 2021	% Change	Six months ended 31 Dec 2020	Year ended 30 June 2021
Healthcare	**577**	*239.4*	170	674
Consumer products	**1 166**	*14.5*	1 018	1 576
Financial services	**543**	*7.3*	506	921
Infrastructure	**409**	*287.6*	(218)	(376)
Industrial	**634**	*64.7*	385	1 014
Diversified investment vehicles	**69**	*675.0*	(12)	(260)
Media	**71**	*610.0*	10	53
Portfolio investments	**238**	*466.7*	42	247
Social impact investments	**(8)**	*42.9*	(14)	(66)
Central treasury				
- finance income	**92**	*(19.3)*	114	212
- finance costs	**(318)**	*34.2*	(483)	(861)
Other net corporate costs	**(128)**	*(6.7)*	(120)	(249)
Headline earnings	**3 345**	*139.3*	1 398	2 885

Refer to pages 12 and 13 for the segmental information.

Commentary on reporting platforms' performance

Healthcare

Mediclinic's contribution to Remgro's headline earnings amounted to R577 million (2020: R170 million), representing an increase of 239.4%. Mediclinic uses adjusted earnings, which removes volatility associated with certain types of exceptional income and charges, in evaluating performance and as a method to provide its shareholders with clear and consistent reporting. For the period under review the main difference between adjusted earnings and headline earnings related to an accelerated depreciation charge at Hirslanden's Klinik St. Anna and a past service cost relating to Swiss pension benefit plan changes. Remgro's portion of Mediclinic's adjusted earnings amounted to R711 million (2020: R160 million), representing an increase of 344.4%. In British pound terms, Mediclinic reported an increase in adjusted earnings of 373%, reflecting the strengthened average SA rand exchange rate against the British pound. Compared to the pre-pandemic 2019 period, Mediclinic reported an increase of 10% in adjusted earnings.

Mediclinic delivered a strong first-half operating performance compared to the prior period, driven by growth in patient volumes in all three divisions. Performance in the comparative period reflected the sudden onset of Covid-19-related lockdown measures and non-urgent elective procedure restrictions implemented by health authorities during the first wave of the pandemic. Revenue for the period under review increased by 12% (up 15% in constant currency terms). Mediclinic also made good progress compared to the pre-pandemic 2019 period, with revenue up by 4% (up 11% in constant currency terms).

Mediclinic's adjusted EBITDA for the period under review increased by 46% (up 49% in constant currency terms). Incremental Covid-19-related expenses approximated £14 million (2020: £17 million), reflecting the ongoing treatment of Covid-19 patients for the period under review during the third wave of the pandemic. Compared to pre-pandemic 2019 period, adjusted EBITDA was broadly in line with the period under review (up 5% in constant currency terms). Adjusted EBITDA margin materially increased to 15.8% (2020: 12.1%) and is approaching the pre-pandemic levels of 16.6%. Adjusted depreciation and amortisation and finance costs is down on the comparative period, which further explain the increase in adjusted earnings.

Group financial review (continued)

Consumer products

RCL Foods' contribution to Remgro's headline earnings amounted to R519 million (2020: R411 million), representing an increase of 26.3%. RCL Foods discloses underlying headline earnings, adjusted for Covid-19 direct costs incurred (R3 million (2020: R86 million)), costs incurred as a result of the civil unrest in South Africa during July 2021 (R32 million), net losses incurred in respect of the fire at the Sugar warehouse in Komatipoort (R29 million) and *IFRS 9* fair value adjustments on commodity contracts entered into as part of the raw material procurement strategy (positive adjustment of R2 million (2020: negative adjustment of R69 million)). Underlying headline earnings provides RCL Foods' users with relevant information and measures used by itself to assess performance. RCL Foods reported an increase in underlying headline earnings of 3.1%, driven mainly by gains in Sugar, Chicken and Vector Logistics, partly offset by a lower contribution from The Royal Eswatini Corporation (RES). The Sugar business had another strong performance aided by continued operational efficiency, a high world sugar price, favourable local industry factors and strong local market demand. The improvement in the Chicken division was aided by better agricultural results and higher price realisations amidst the Avian Influenza outbreak, which depressed the local market supply. The Chicken division also saw some benefits from the breed change, but the majority of the breed improvement benefits will only start flowing early in the 2023 calendar year. Vector Logistics' performance was driven by the good progress achieved with the integration of Imperial Logistics South Africa's cold chain business network and a recovery in the food service space, with volumes returning almost to pre-Covid-19 levels. RES' decrease was due to lower Sugar and ethanol sales volumes, as well as lower ethanol prices.

Distell's contribution to headline earnings amounted to R502 million (2020: R428 million), representing an increase of 17.3%. Distell discloses normalised earnings, adjusted for abnormal transactions and currency movements, to indicate its businesses' performance. These abnormal transactions included retrenchment, legal disputes and merger and acquisition related costs, as well as net losses relating to the civil unrest in South Africa. Distell reported an increase in normalised headline earnings of 6.2%, mainly due to an increase of 15.8% in revenue on 12.1% higher volumes. This was achieved despite having to contend with the ongoing challenges of Covid-19, rising commodity cost pressures, global supply chain disruptions, an increase in the cost of imported goods and glass shortages in the domestic market caused by rampant demand for Savanna and core spirits brands. Domestic revenue and volumes increased by 22.9% and 15.4%, respectively, driven by growth in all three of its categories (ciders and ready-to-drink beverages (RTDs), spirits and wine), especially premium cider and RTDs, led by Savanna. Revenue and volumes in the African markets, outside South Africa, increased by 0.9% and 6.5%, respectively, driven by Mozambique, Zambia and Tanzania as a result of the accelerated route-to-market investments. In the international markets, outside Africa, revenue is marginally down mainly due to Taiwan, which was experiencing Covid-19 related on-consumption channel closures for half of the trading period, the cessation of sales of non-core wine brands and the exit of the RTD business in various regions. Premium spirits continue to perform strongly across key markets, particularly with double-digit single malt growth. In addition to Distell's contribution, Remgro also accounted for amortisation and depreciation charges of R20 million (2020: R23 million) relating to the additional assets identified when Remgro obtained control over Distell on 11 May 2018.

The headline earnings contribution from Siqalo Foods amounted to R205 million (2020: R242 million), representing a decrease of 15.3%. The sustained increases in commodity prices have necessitated several price increases during the last 18 months. This, coupled with the impact of the July 2021 riots, resulted in a 1.7% decrease in volumes and a 24.3% decrease in operational EBITDA, which excludes the positive *IFRS 9* fair value adjustments of R31 million (2020: negative adjustment of R6 million) on commodity and foreign exchange contracts entered into as part of the raw material procurement strategy. In addition to Siqalo Foods' contribution, Remgro also accounted for amortisation and depreciation charges of R40 million (2020: R40 million) relating to the additional assets identified when Remgro obtained control over Siqalo Foods on 2 July 2018.

Group financial review (continued)

Financial services

RMI's contribution to Remgro's headline earnings increased by 5.5% to R515 million (2020: R488 million). During the period under review RMI announced its decision to unbundle its investments in Discovery Limited (Discovery) and Momentum Metropolitan Holdings Limited (Momentum Metropolitan), as well as the disposal of its investment in Hastings Group Holdings plc (Hastings). As a result, these investments were only equity accounted until 8 December 2021, the date on which the investment in Hastings was disposed of and the unbundling of Discovery and Momentum Metropolitan became highly probable. The results for the period under review are therefore not comparable with the prior period.

On a normalised basis, which excludes certain anomalies, RMI reported a decrease of 27.0% in earnings from continuing operations, which excludes the contributions of Discovery, Momentum Metropolitan and Hastings. This decrease is mainly due to lower earnings from OUTsurance Holdings Limited (OUTsurance), the most significant remaining asset in RMI. OUTsurance's earnings (excluding its share in Hastings) decreased by 23.2% mainly due to increased claims ratios despite annualised new premiums and gross written premium increasing by 18% and 14%, respectively. The claims ratio in OUTsurance's South African operations was impacted by wetter weather conditions, increased non-motor claims and the further normalisation of motor claims frequencies. At Youi, the claims ratio increased due to the extent of natural catastrophe events experienced, which included the Melbourne earthquake and various hail and flood events.

Discovery, Momentum Metropolitan and Hastings reported increases in normalised earnings of 25.9%, 50.7% and 22.9%, respectively. Discovery's earnings were positively impacted by mark-to-market foreign currency gains arising from a weakening of the SA rand compared to losses in the comparative period. Momentum Metropolitan's earnings increased mainly due to a significant increase in investment returns, resulting from the general recovery of investment markets, fair value gains from its investment in venture capital funds and foreign exchange gains on foreign currency-based assets.

Business Partners Limited's (Business Partners) contribution to Remgro's headline earnings increased by 55.6% to R28 million (2020: R18 million). This increase is mainly due to lower net credit losses and an increase in net property revenue, resulting from decreased vacancies and rental relief provided in the comparative period. A marginal improvement in credit quality resulted in lower net credit losses.

Infrastructure

CIVH's contribution to Remgro's headline earnings amounted to a loss of R23 million (2020: a loss of R209 million). The decrease in losses is mainly due to the settlement of head office debt, resulting from two rights issues, and improved performances by the underlying businesses. The performance of the underlying businesses improved due to a 21% increase in revenue coupled with cost reductions in the period under review, which resulted in improved operating earnings for the six months of R696 million (2020: R451 million). Dark Fibre Africa Proprietary Limited's (DFA) revenue increased by 18.2% to R1 404 million (2020: R1 188 million) mainly due to annuity income increasing to R192 million per month at 30 September 2021 (30 September 2020: R187 million per month). Vumatel Proprietary Limited's (Vumatel) revenue increased by 31.7% to R1 438 million, driven by its fibre infrastructure expansion program and subscriber uptake growth.

Grindrod and SEACOM Capital Limited's (SEACOM) contributions to Remgro's headline earnings amounted to R158 million and R8 million (2020: R15 million and R35 million), respectively. Grindrod achieved a strong performance in its core businesses underpinned by record mineral volumes handled at its Port and Terminals operations and a strong performance from the coastal shipping and container depot business. Other infrastructure investments mainly include Grindrod Shipping's contribution, which amounted to R267 million (2020: a loss of R58 million). The increased profit from Grindrod Shipping is mainly due to improved market conditions (higher freight rates) in the drybulk sector.

Industrial

Air Products' contribution to Remgro's headline earnings increased by 39.9% to R214 million (2020: R153 million). This increase is mainly due to improved trading conditions, largely due to operations returning to pre-Covid-19 levels in most sectors of the business, as well as some stable volume demand from most of the Onsite and Pipeline supplied customers.

Industrial (continued)

TotalEnergies' contribution to Remgro's headline earnings amounted to R301 million (2020: R98 million), an increase of 207.1%. Included in the contribution to headline earnings for the period under review are favourable stock revaluations amounting to R131 million (2020: R36 million). These revaluations are the result of the volatility in the Brent Crude price and the rand exchange rate. Excluding these revaluations, the contribution increased by 174.2% from R62 million to R170 million. This increase is mainly due to increased volumes sold and Natref's improved refining margins. In the comparative period, volumes in the retail network, mining and commercial sectors were significantly lower due to the impact of the Covid-19 lockdown measures.

Wispeco Holdings Proprietary Limited's (Wispeco) contribution to Remgro's headline earnings decreased by 14.9% to R126 million (2020: R148 million) mainly due to a lower profit margin, caused by the lag in passing higher raw material costs on via selling price increases, and a three-week wage strike in the Metals and Engineering sector during October 2021. The decrease was partly offset by improved factory efficiencies from economies of scale.

Other industrial investments consist of PGSI Limited's (PGSI) contribution to Remgro's headline earnings, which amounted to a loss of R7 million (2020: a loss of R14 million).

Diversified investment vehicles

KTH's contribution to headline earnings amounted to R45 million (2020: R11 million). This increase is mainly due to the recovery of the operating businesses of Kagiso Media Proprietary Limited from the Covid-19 impact in the comparative period, as well as the effective management of costs at group level.

The contribution from other diversified investment vehicles to headline earnings amounted to R24 million (2020: a loss of R23 million). Other diversified investment vehicles include the contribution from Invenfin Proprietary Limited (Invenfin), which amounted to R32 million (2020: a loss of R29 million). Invenfin's losses in the comparative period mainly related to losses from its investment in Bos Brands Proprietary Limited.

Media

eMedia Investments Proprietary Limited's (eMedia Investments) contribution to Remgro's headline earnings increased to R64 million (2020: R7 million). This increase is mainly due to the recovery in the television and radio advertising spend in South Africa (being the major source of revenue for eMedia Investments) and the concentrated effort to improve its market share and thereby its audience. e.tv and e.tv multi-channel (channels other than e.tv) increased their market shares by 21.1% and 26.3%, respectively, and eNCA continues to be the leading 24-hour news channel in the country. Year-on-year, eMedia Investments' television advertising revenue increased by 54% (approximately 35% better than the market) and this can be attributed to an increased prime time market share from 26.0% at September 2020 to 31.8% at September 2021.

Portfolio investments

The contribution from portfolio investments to headline earnings amounted to R238 million (2020: R42 million). This increase is mainly due to dividends of R196 million received from FirstRand. As a result of the Covid-19 pandemic, FirstRand did not pay a final dividend in the comparative period. Other portfolio investments include the dividends received from British American Tobacco plc and Reinet Investments SCA amounting to R42 million (2020: R42 million).

Social impact investments

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

Central treasury and other net corporate costs

Finance income amounted to R92 million (2020: R114 million). This decrease is mainly due to a lower average cash balance, resulting from increased investment activities, as well as the redemption of the exchangeable bonds of £350 million in cash on 22 March 2021. Finance costs is also lower at R318 million (2020: R483 million) due to the redemption of the exchangeable bonds. Other net corporate costs amounted to R128 million (2020: R120 million).

Group financial review (continued)

Earnings

Total earnings increased by 294.6% to R4 932 million (2020: R1 250 million) mainly due to the increase in headline earnings of R1 947 million discussed above, as well as Remgro's portion of the profit realised by RMI on the disposal of its investment in Hastings of R1 478 million.

Intrinsic net asset value

Remgro's intrinsic net asset value per share increased by 14.2% from R177.33 at 30 June 2021 to R202.47 at 31 December 2021. The closing share price at 31 December 2021 was R131.15 (30 June 2021: R114.60) representing a discount of 35.2% (30 June 2021: 35.4%) to the intrinsic net asset value. Refer to page 13 for full details.

Investment activities

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

Distell

On 15 November 2021, Distell and Heineken International B.V. (Heineken) announced their intention to combine the Heineken Southern African business, including an interest in Namibia Breweries Limited, with the bulk of the Distell business (consisting of its cider, other RTDs and spirits and wine business) in a new unlisted entity controlled by Heineken and referred to as Newco. The proposed transaction will include the unbundling by Distell of the unlisted shares in Distell's subsidiary, Capevin Holdings Proprietary Limited (Capevin), which holds Distell's remaining assets, including its Scotch whisky business. The proposed transaction will also include an offer by Newco to Distell shareholders to acquire their Distell shares for R165 per share and/or unlisted shares in Newco, or a combination thereof and an offer by Heineken to Distell shareholders to acquire their Capevin shares for R15 per share.

Remgro intends to elect to receive Newco shares for its Distell shares and is accordingly expected to be a significant shareholder in Newco. Furthermore, Remgro does not intend to accept the cash offer to be made by Heineken for the Capevin shares that it will receive and is therefore expected to retain a controlling shareholding in Capevin. The proposed transaction was approved by the Distell shareholders on 15 February 2022 but is still subject to a number of conditions precedent, most notably the relevant regulatory approvals.

RMI

On 20 September 2021, RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery and Momentum Metropolitan (the RMI Unbundling), as well as an equity capital raise of up to R6.5 billion by way of a *pro rata* rights issue to optimise its capital structure (the RMI Rights Issue) (together the RMI Restructure). Remgro gave its in-principle support for the RMI Restructure.

On 8 December 2021, RMI further announced the disposal of its 30% stake in Hastings for R14.6 billion and advised that the proceeds from the disposal will negate the requirement for the RMI Rights Issue. Following the RMI Unbundling and the Hastings disposal, RMI's remaining assets will consist mainly of its 89.1% investment in OUTsurance. The RMI Unbundling is still subject to conditions precedent, *inter alia* shareholders' and regulatory approvals.

CIVH

During July 2021, Remgro subscribed for 67 364 shares in CIVH for a total amount of R2 124 million in terms of a rights issue. The proceeds of the rights issue was used to reduce the CIVH group's debt and to facilitate further growth. This share subscription and a share repurchase to exit one of the minorities during the period increased Remgro's interest in CIVH from 55.2% at 30 June 2021 to 57.0% at 31 December 2021.

On 10 November 2021, Remgro advised its shareholders that CIVH and Vodacom Proprietary Limited (Vodacom) reached an agreement in terms of which Vodacom will, through a combination of assets of approximately R4.2 billion and cash of at least R6.0 billion, acquire up to 40% of the ordinary shares of a newly created wholly owned subsidiary of CIVH (namely Infraco), which will hold *inter alia* CIVH's current interests in Vumatel and DFA. As a result of the proposed transaction, Remgro's indirect interest in DFA and Vumatel will dilute with the entrance of Vodacom as a shareholder, but Remgro will also obtain an indirect interest in the assets contributed by Vodacom. The proposed transaction is still subject to various conditions precedent, *inter alia* regulatory approvals.

Group financial review (continued)

Investment activities (continued)

Grindrod Shipping

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

Invenfin (a wholly owned subsidiary of Remgro)

During October 2021, Invenfin Investments 2 Proprietary Limited (an 89% held subsidiary of Invenfin) entered into an agreement for the disposal of its full 50.5% interest in Ad Dynamo Proprietary Limited (Ad Dynamo). The total disposal consideration is still subject to certain conditions. As one of Africa's largest digital media sales houses, Ad Dynamo partners exclusively with a number of leading global digital platforms to drive their revenue growth in Africa.

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

Asia Partners I LP (Asia Partners)

During the period under review Remgro invested a further \$7 million in Asia Partners, thereby increasing its cumulative investment to \$18 million. As at 31 December 2021 the fair value of Remgro's investment in Asia Partners amounted to \$24 million and remaining commitment to Asia Partners amounted to \$8 million.

Pembani Remgro Infrastructure Fund (PRIF)

During the period under review Remgro invested a further R55 million in PRIF and received distributions of R5 million, thereby increasing its cumulative investment to R541 million and cumulative distributions received to R343 million. As at 31 December 2021 the fair value of Remgro's investment in PRIF amounted to R440 million and remaining commitment to PRIF amounted to R109 million.

Subsequent to 31 December 2021 Remgro invested a further R34 million in PRIF.

Milestone China Funds

As at 31 December 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to \$100 million. During the period under review Remgro received distributions of \$4 million from Milestone III, thereby increasing its cumulative distributions received to \$89 million. As at 31 December 2021 the fair value of Remgro's investment in Milestone III amounted to \$61 million.

Other

Other smaller investments amounted to R78 million.

Events after 31 December 2021

Russia-Ukraine war

The Russia-Ukraine war remains highly volatile with medium term and permanent impacts which are difficult to assess. Policy actions have been swift resulting in significant supply chain disruptions from the isolation of Russia supply.

As a South African focused corporate, Remgro's portfolio has been subject to the effects of rising commodity prices across the various investee companies, both positively and negatively, as well as the impact of moving bond yields.

Remgro is monitoring and actively managing the effects of both supply chain issues and expected input cost pressures through the Group, with particular emphasis on its investee companies which have been more heavily impacted. The ultimate impact of these challenges is still uncertain and difficult to accurately predict. The Board has also considered the potential impact of rising bond yields on Remgro's underlying unlisted investee companies and, based on current valuation assumptions, would result in a decline of approximately 1% on Remgro's intrinsic net asset value.

Group financial review (continued)

Events after 31 December 2021 (continued)

South African corporate income tax rate

On 23 February 2022, the Minister of Finance announced that the corporate income tax rate will be reduced from 28% to 27%, effective for years of assessment ending on or after 31 March 2023. This decrease does not affect the amounts of current or deferred income taxes recognised by Remgro as at 31 December 2021. However, this change will decrease the Group's future current tax and deferred tax accordingly.

Treasury shares

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share incentive schemes.

During the period under review Remgro repurchased a further 1 000 000 Remgro ordinary shares at an average price of R136.94 per share for a total amount of R137 million, while 58 889 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 31 December 2021, 4 221 274 Remgro ordinary shares (0.8%) were held as treasury shares.

Cash resources at the centre

The Company's cash resources at 31 December 2021 were as follows:

	31 December 2021			30 June 2021
R million	**Local**	**Offshore**	**Total**	
Per consolidated statement of financial position	4 872	4 347	9 219	8 763
Investment in money market funds	6 190	-	6 190	5 010
Less: Cash of operating subsidiaries	(5 105)	(1 597)	(6 702)	(4 067)
Cash at the centre	5 957	2 750	8 707	9 706

On 31 December 2021, approximately 45.0% (R3 920 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position.

Changes to directorate

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

Group financial review (continued)

Declaration of Dividend No. 43

Notice is hereby given that an interim gross dividend of 50 cents (2020: 30 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the six months ended 31 December 2021.

A dividend withholding tax of 20% or 10 cents per share will be applicable, resulting in a net dividend of 40 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Dates of importance:

Last day to trade in order to participate in the dividend	Tuesday, 19 April 2022
Shares trade ex dividend	Wednesday, 20 April 2022
Record date	Friday, 22 April 2022
Payment date	Monday, 25 April 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 April 2022, and Friday, 22 April 2022, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
Approved by the Board: 23 March 2022
SENS release date: 24 March 2022

Remgro Limited

Composition of headline earnings

R million		Six months ended 31 Dec 2021	% Change	Six months ended 31 Dec 2020
Healthcare				
Mediclinic		577	239.4	170
Consumer products				
RCL Foods		519	26.3	411
Distell	- entity contribution	502	17.3	428
	- *IFRS 3* charge[1]	(20)	13.0	(23)
Siqalo Foods	- entity contribution	205	(15.3)	242
	- *IFRS 3* charge[1]	(40)	-	(40)
Financial services				
RMI		515	5.5	488
Business Partners		28	55.6	18
Infrastructure				
CIVH		(23)	89.0	(209)
Grindrod		158	953.3	15
SEACOM		8	(77.1)	35
Other infrastructure investments		266	550.8	(59)
Industrial				
Air Products		214	39.9	153
TotalEnergies		301	207.1	98
Wispeco		126	(14.9)	148
Other industrial investments		(7)	50.0	(14)
Diversified investment vehicles				
KTH		45	309.1	11
Other diversified investment vehicles		24	204.3	(23)
Media				
eMedia Investments		64	814.3	7
Other media investments		7	133.3	3
Portfolio investments				
FirstRand		196	nm	-
Other portfolio investments		42	-	42
Social impact investments		(8)	42.9	(14)
Central treasury				
Finance income		92	(19.3)	114
Finance costs		(318)	34.2	(483)
Other net corporate costs		(128)	(6.7)	(120)
Headline earnings		3 345	139.3	1 398
Weighted number of shares (million)		564.8	-	565.0
Headline earnings per share (cents)		592.3	139.4	247.4

nm - not meaningful

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

Remgro Limited

Composition of intrinsic net asset value

R million	31 December 2021 Book value	31 December 2021 Intrinsic value[1]	30 June 2021 Book value	30 June 2021 Intrinsic value[1]
Healthcare				
Mediclinic[2]	29 155	22 448	24 581	19 358
Consumer products				
RCL Foods	8 624	9 297	8 262	6 926
Distell	8 176	11 791	7 578	11 665
Siqalo Foods	6 164	6 767	6 226	7 277
Financial services				
RMI	12 120	21 205	10 174	14 713
Business Partners[2]	1 312	1 141	1 273	1 273
Infrastructure				
CIVH	6 852	15 140	4 981	12 054
Grindrod[2]	1 111	857	842	842
SEACOM	29	929	23	799
Other infrastructure investments	1 118	1 197	701	701
Industrial				
Air Products	1 104	4 617	1 063	4 523
TotalEnergies	2 472	3 036	2 242	2 539
Wispeco	1 356	1 473	1 229	1 188
Other industrial investments	190	311	198	415
Diversified investment vehicles				
KTH	1 517	2 183	1 456	2 044
Milestone III	969	969	1 234	1 234
Prescient China Equity Fund	1 321	1 321	1 211	1 211
Other diversified investment vehicles	1 750	1 828	1 449	1 567
Media				
eMedia Investments[2]	829	793	815	616
Other media investments	87	145	3	137
Portfolio investments				
FirstRand[3]	8 543	8 543	7 659	7 659
Other portfolio investments	693	693	661	661
Social impact investments	127	127	135	135
Central treasury				
Cash at the centre[4]	8 707	8 707	9 706	9 706
Debt at the centre	(7 831)	(7 831)	(7 821)	(7 821)
Other net corporate assets	1 831	2 568	2 178	2 919
Intrinsic net asset value (INAV)	98 326	120 255	88 059	104 341
Potential CGT liability[5]		(6 051)		(4 150)
INAV after tax	98 326	114 204	88 059	100 191
Issued shares after deduction of shares repurchased (million)	564.1	564.1	565.0	565.0
INAV after tax per share (Rand)	174.32	202.47	155.86	177.33
Remgro share price (Rand)		131.15		114.60
Percentage discount to INAV		35.2		35.4

1. *For purposes of determining the intrinsic net asset value, the unlisted investments are shown at IFRS 13: Fair value measurement valuations and the listed investments are shown at closing stock exchange prices.*
2. *Remgro determined the recoverable amounts for Mediclinic, Business Partners, Grindrod and eMedia Investments which are in excess of the investments' carrying values.*
3. *The intrinsic value for FirstRand includes the investment at market value less deferred capital gains tax (CGT) on the investment, as well as the after tax zero cost collar hedge on 60 000 000 FirstRand shares amounting to a liability of R582 million (30 June 2021: a liability of R384 million).*
4. *Cash at the centre excludes cash held by subsidiaries that are separately valued above (mainly RCL Foods, Distell, Siqalo Foods and Wispeco).*
5. *The potential CGT liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and also taking into account the corporate relief provisions. However, provision for CGT has been made for the proposed RMI unbundling and Distell/Heineken transaction. In addition to FirstRand, the deferred CGT on other investments at fair value through other comprehensive income is included in the investee line item above.*

Summary consolidated statement of financial position

R million	31 December 2021	31 December 2020	30 June 2021
Assets			
Non-current assets			
Property, plant and equipment	17 000	16 777	16 765
Investment properties	128	117	124
Intangible assets	20 595	20 759	20 680
Investments - Equity accounted	58 930	48 927	50 207
- Financial assets at fair value through other comprehensive income (FVOCI)	15 910	15 236	14 342
Financial assets at fair value through profit and loss (FVPL)	235	137	214
Retirement benefits	723	995	692
Long-term loans and debtors	166	163	146
Deferred taxation	256	198	208
	113 943	103 309	103 378
Current assets	43 175	47 676	37 388
Inventories	12 724	12 184	12 621
Biological agricultural assets	935	815	955
Debtors and short-term loans	12 806	12 867	9 597
Loans to equity accounted investments	39	-	94
Financial assets at FVPL	39	192	83
Taxation	152	94	258
Investment in money market funds	6 190	5 745	5 010
Cash and cash equivalents	9 219	15 681	8 763
	42 104	47 578	37 381
Assets held for sale	1 071	98	7
Total assets	157 118	150 985	140 766
Equity and liabilities			
Stated capital	13 416	13 416	13 416
Reserves	85 597	73 883	75 204
Treasury shares	(687)	(562)	(561)
Shareholders' equity	98 326	86 737	88 059
Non-controlling interest	16 903	15 072	15 517
Total equity	115 229	101 809	103 576
Non-current liabilities	19 724	24 209	20 103
Retirement benefits	144	152	136
Long-term loans	11 726	15 296	11 978
Lease liabilities	1 116	1 621	1 440
Deferred taxation	6 738	6 710	6 389
Hedge derivatives	-	430	160
Current liabilities	22 165	24 967	17 087
Trade and other payables	16 150	15 600	12 844
Short-term loans	4 646	8 492	3 401
Lease liabilities	289	315	275
Financial liabilities at FVPL	830	225	471
Taxation	250	335	96
Total equity and liabilities	157 118	150 985	140 766
Net asset value per share (Rand)			
- At book value	174.32	153.52	155.86
- At intrinsic value	202.47	161.98	177.33

Remgro Limited

Group financial statements (continued)

Summary consolidated income statement

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Revenue	38 339	34 060	65 803
Inventory expenses	(22 915)	(19 857)	(38 387)
Staff costs	(4 885)	(4 324)	(9 251)
Depreciation	(928)	(837)	(1 711)
Other net operating expenses	(6 471)	(6 077)	(12 005)
Trading profit	3 140	2 965	4 449
Dividend income	332	50	366
Interest received	223	220	446
Finance costs	(632)	(846)	(1 548)
Net impairment of investments, assets and goodwill	30	1	1 039
Loss allowances on loans	(7)	19	(205)
Bargain purchase gain	-	-	8
Profit on sale and dilution of investments	92	-	17
Consolidated profit before tax	3 178	2 409	4 572
Taxation	(950)	(885)	(1 135)
Consolidated profit after tax	2 228	1 524	3 437
Share of after-tax profit of equity accounted investments	3 879	753	1 618
Net profit for the period	6 107	2 277	5 055
Attributable to:			
Equity holders	4 932	1 250	3 550
Non-controlling interest	1 175	1 027	1 505
	6 107	2 277	5 055

Equity accounted investments

Share of after-tax profit of equity accounted investments			
Profit before taking into account impairments and non-recurring items	3 340	1 462	3 404
Net impairment of investments, assets and goodwill	(32)	(227)	(507)
Profit/(loss) on the sale of investments	1 491	3	(6)
Other headline earnings adjustable items	17	3	14
Profit before tax and non-controlling interest	4 816	1 241	2 905
Taxation	(732)	(406)	(1 111)
Non-controlling interest	(205)	(82)	(176)
	3 879	753	1 618

Group financial statements (continued)

Headline earnings reconciliation

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Net profit for the period attributable to equity holders (earnings)	**4 932**	1 250	3 550
Impairment of equity accounted investments[1]	**-**	-	22
Reversal of impairment of equity accounted investments[1]	**(30)**	-	(1 154)
Impairment of property, plant and equipment	**-**	2	97
Reversal of impairment of property, plant and equipment	**-**	(3)	(3)
Bargain purchase gain	**-**	-	(8)
Profit on sale and dilution of equity accounted investments	**(92)**	-	(29)
Loss on sale and dilution of equity accounted investments	**-**	-	12
Profit on disposal of property, plant and equipment	**(37)**	(134)	(249)
Loss on disposal of property, plant and equipment	**6**	8	17
Non-headline earnings items included in equity accounted earnings of equity accounted investments	**(1 479)**	195	468
- Profit on disposal of property, plant and equipment	**(3)**	(26)	(31)
- Profit on sale of investments[2]	**(1 492)**	(16)	(70)
- Loss on sale of investments	**1**	13	76
- Impairment of investments, assets and goodwill	**32**	227	507
- Other headline earnings adjustable items	**(17)**	(3)	(14)
Taxation effect of adjustments	**22**	36	(11)
Non-controlling interest	**23**	44	173
Headline earnings	**3 345**	1 398	2 885

1. *Refer to "Net impairments of equity accounted investments" under "Additional information" for further detail.*
2. *"Profit on sale of investments" from equity accounted investments for the six months ended 31 December 2021 includes Remgro's portion of the profit realised by RMI on the disposal of Hastings amounting to R1 478 million.*

Group financial statements (continued)

Earnings and dividends

Cents	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Headline earnings per share			
– Basic	592.3	247.4	510.6
– Diluted	588.0	245.6	508.1
Earnings per share			
– Basic	873.3	221.2	628.3
– Diluted	867.8	219.7	625.5
Dividends per share			
Ordinary	50.00	30.00	90.00
– Interim	50.00	30.00	30.00
– Final	-	-	60.00

Number of shares

	31 December 2021	31 December 2020	30 June 2021
Ordinary shares of no par value	529 217 007	529 217 007	529 217 007
Unlisted B ordinary shares of no par value	39 056 987	39 056 987	39 056 987
Total number of shares in issue	568 273 994	568 273 994	568 273 994
Number of shares held in treasury			
Ordinary shares repurchased and held in treasury	(4 221 274)	(3 285 384)	(3 280 163)
	564 052 720	564 988 610	564 993 831
Weighted number of shares	564 769 052	564 978 399	564 984 762

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

Group financial statements (continued)

Summary consolidated statement of comprehensive income

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Net profit for the period	**6 107**	2 277	5 055
Other comprehensive income, net of tax	**6 032**	(1 503)	(2 512)
Items that may be reclassified subsequently to the income statement:			
Exchange rate adjustments	**3 963**	(3 480)	(4 188)
Fair value adjustments for the period	**200**	(504)	(520)
Deferred taxation on fair value adjustments	**(46)**	119	112
Reclassification of other comprehensive income to the income statement	**(1)**	-	9
Other comprehensive income of equity accounted investments	**866**	(502)	(2 627)
Items that will not be reclassified to the income statement:			
Fair value adjustments for the period	**879**	3 190	4 150
Deferred taxation on fair value adjustments	**(191)**	(626)	(448)
Capital Gains Taxation on disposal of FVOCI investments	**(16)**	-	(343)
Remeasurement of post-employment benefit obligations	**58**	83	157
Deferred taxation on remeasurement of post-employment benefit obligations	**(16)**	(23)	(45)
Change in reserves of equity accounted investments	**336**	240	1 231
Total comprehensive income for the period	**12 139**	774	2 543
Total comprehensive income attributable to:			
Equity holders	**10 671**	(10)	1 345
Non-controlling interest	**1 468**	784	1 198
	12 139	774	2 543

Summary consolidated statement of changes in equity

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Balance at the beginning of the period	**103 576**	101 443	101 443
Total comprehensive income for the period	**12 139**	774	2 543
Dividends paid	**(399)**	(309)	(506)
Transactions with non-controlling shareholders	**5**	(233)	(241)
Other movements	**9**	9	18
Businesses acquired	**2**	-	3
Long-term share incentive scheme reserve	**34**	125	316
Purchase of shares by wholly-owned subsidiary	**(137)**	-	-
Balance at the end of the period	**115 229**	101 809	103 576

Summary consolidated statement of cash flows

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Cash flows – operating activities			
Cash generated from operations	**4 745**	4 763	7 017
Interest received	**223**	220	446
Taxation paid	**(650)**	(445)	(1 628)
Dividends received	**751**	383	1 293
Finance costs	**(655)**	(838)	(1 676)
Cash available from operating activities	**4 414**	4 083	5 452
Proceeds from retirement fund assets transferred to Distell	**55**	-	405
Cash settled equity based payments made by Distell	**(105)**	-	-
Dividends paid	**(399)**	(309)	(506)
Cash inflow from operating activities	**3 965**	3 774	5 351
Cash flows – investing activities			
Investment in property, plant and equipment and other assets	**(1 374)**	(1 009)	(2 048)
Proceeds on disposal of property, plant and equipment and intangible assets	**165**	134	242
Proceeds on disposal of assets held for sale	**6**	287	510
Businesses acquired	**(6)**	-	(64)
Proceeds on disposal of investments and loans[1]	**421**	202	2 542
Additions to investments and loans[2]	**(2 401)**	(203)	(2 317)
Investment in money market funds	**(2 240)**	(800)	(800)
Withdrawal of money market funds	**1 060**	-	735
Cash outflow from investing activities	**(4 369)**	(1 389)	(1 200)
Cash flows – financing activities			
Loans repaid[3]	**(103)**	-	(7 579)
Lease payments	**(217)**	(226)	(454)
Purchase of treasury shares	**(137)**	-	-
Other movements	**80**	233	156
Cash inflow/(outflow) from financing activities	**(377)**	7	(7 877)
Net increase/(decrease) in cash and cash equivalents	**(781)**	2 392	(3 726)
Exchange rate profit/(loss) on foreign cash	**333**	(905)	(892)
Cash and cash equivalents at the beginning of the period	**8 601**	13 219	13 219
Cash and cash equivalents at the end of the period	**8 153**	14 706	8 601
Cash and cash equivalents – per statement of financial position	**9 219**	15 681	8 763
Bank overdraft	**(1 066)**	(975)	(162)

1. *The year ended 30 June 2021 included the proceeds on the disposal of 40 000 000 FirstRand shares amounting to R2 040 million.*
2. *The period under review includes an investment in CIVH amounting to R2 124 million (year ended 30 June 2021: R1 636 million).*
3. *Remgro redeemed its exchangeable bonds for £350 million cash on 22 March 2021.*

Additional information

1. Accounting policies

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

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

2. Equity accounted investments

R million	31 December 2021	31 December 2020	30 June 2021
Associates	51 503	44 460	44 756
Joint ventures	7 427	4 467	5 451
Investments – equity accounted	58 930	48 927	50 207
Loans to equity accounted investments - current	39	-	94
	58 969	48 927	50 301
Equity accounted investments reconciliation			
Carrying value at the beginning of the period	50 301	50 991	50 991
Share of net attributable profit	3 879	753	1 618
Dividends received	(483)	(397)	(928)
Exchange rate differences	3 025	(2 227)	(2 727)
Investments made[1]	2 138	39	1 830
Grindrod Shipping transferred to non-current assets held for sale[2]	(1 055)	-	-
Net impairments	30	-	1 132
Net allowance on loans	1	-	(121)
Equity accounted movements on reserves	1 232	(263)	(1 398)
Other movements	(99)	31	(96)
Carrying value at the end of the period	58 969	48 927	50 301

1. *The period under review includes an investment in CIVH amounting to R2 124 million.*
2. *Refer to "Investment activities" for further detail.*

Equity accounted investments (continued)

R million	31 December 2021	31 December 2020	30 June 2021
Net impairments of equity accounted investments and loss allowances on loans			
Reversal of impairments/(impairments) were recognised for the following investments:			
Grindrod	-	-	488
Grindrod Shipping[1]	30	-	607
Other impairments and loss allowances	1	-	(84)
	31	-	1 011

1. *A reversal of impairment was recognised for Grindrod Shipping following a significant increase in the share price due to improved market conditions resulting in higher freight rates in the drybulk sector.*

The listed market value of the investment in Mediclinic was R22 448 million on 31 December 2021 (30 June 2021: R19 358 million), which is significantly lower than the carrying value of R29 155 million (30 June 2021: R24 581 million) before impairment. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable. The value in use of the investment was R36 247 million on 31 December 2021 (30 June 2021: R29 625 million) and, as a result, no further impairment was recognised.

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

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

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to further impairment charges in future.

Group financial statements (continued)

3. Long-term loans

R million	31 December 2021	31 December 2020	30 June 2021
20 000 Class A 7.5% cumulative redeemable preference shares[1]	3 509	3 508	3 508
10 000 Class B 8.3% cumulative redeemable preference shares[1]	4 322	4 311	4 313
Exchangeable bonds with an effective interest rate of 4.5% (redeemed on 22 March 2021)	-	7 819	-
Various other loans	6 593	6 735	7 076
	14 424	22 373	14 897
Short-term portion of long-term loans	(2 698)	(7 077)	(2 919)
	11 726	15 296	11 978

	31 December 2021	31 December 2020	30 June 2021
4. Additions to and replacement of property, plant and equipment	1 383	1 049	2 081
5. Capital and investment commitments[2] (Including amounts authorised, but not yet contracted for)	4 637	4 155	5 818
6. Guarantees and contingent liabilities[3]	39	3 694	3 692
7. Dividends received from equity accounted investments set off against investments	483	397	928
8. Refer to "investment activities" under "Group financial review" for more detail on related party transactions.			

1. *Remgro's debt covenant, which relates to the Class A and B cumulative redeemable preference shares, is based on net debt at the centre. As Remgro is in a net cash position, the debt covenant is comfortably met.*
2. *The prior periods included an investment commitment of R2 124 million to CIVH, which was paid on 19 July 2021.*
3. *Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. CIVH has since settled the loan and Remgro had no exposure on 31 December 2021.*

9. Fair value remeasurements

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

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

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

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

R million	Level 1	Level 2	Level 3	Total
31 December 2021				
Assets				
Non-current assets				
Financial assets at FVOCI	13 433	-	2 477	15 910
Financial assets at FVPL	-	-	235	235
Current assets				
Financial assets at FVPL	-	39	-	39
Investment in money market funds	6 190	-	-	6 190
	19 623	39	2 712	22 374
Liabilities				
Current instruments at FVPL	-	830	-	830
31 December 2020				
Assets				
Non-current assets				
Financial assets at FVOCI	13 443	-	1 793	15 236
Financial assets at FVPL	-	137	-	137
Current assets				
Financial assets at FVPL	-	25	167	192
Investment in money market funds	5 745	-	-	5 745
	19 188	162	1 960	21 310
Liabilities				
Current instruments at FVPL	-	225	-	225

Fair value remeasurements (continued)

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2021				
Assets				
Non-current assets				
Financial assets at FVOCI	11 933	3	2 406	14 342
Financial assets at FVPL	-	-	214	214
Current assets				
Financial assets at FVPL	-	83	-	83
Investment in money market funds	5 010	-	-	5 010
	16 943	86	2 620	19 649
Liabilities				
Current instruments at FVPL	-	471	-	471

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

R million	Financial assets at FVOCI	Financial assets at FVPL	Total
Assets			
Balances on 1 July 2021	2 406	214	2 620
Additions	181	-	181
Disposals	(257)	-	(257)
Exchange rate adjustment	160	-	160
Fair value adjustments through other comprehensive income	(13)	-	(13)
Fair value adjustments through profit and loss	-	21	21
Balances on 31 December 2021	2 477	235	2 712

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and the Pembani Remgro Infrastructure Fund (PRIF) amounting to R1 014 million and R440 million, respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (35%), cash and cash equivalents (2%) and unlisted investments (63%). Unlisted investments included at transaction prices in Milestone's fair value amounted to R213 million, while its remaining two unlisted investments were valued at R426 million. PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders, GridX and Medallion. ETG Group was valued using a market based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method.

The investment in Bolt was valued at R359 million based on the price realised on the disposal of a portion of the investment during the period. The investments in Asia Partners, a diversified investment vehicle, and LifeQ were valued at R376 million and R186 million, respectively.

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

Group financial statements (continued)

10. Segment revenue

R million	Six months ended 31 December 2021	Six months ended 31 December 2020	Year ended 30 June 2021
Consumer products			
Distell	17 801	15 374	28 254
RCL Foods	17 065	15 627	31 536
Siqalo Foods	1 792	1 605	3 088
Industrial			
Wispeco	1 681	1 454	2 925
Total revenue	38 339	34 060	65 803
Disaggregated revenue information			
Distell			
Spirits	7 422	6 146	11 127
Wine	3 905	3 903	6 880
Ciders and ready-to-drinks	6 468	5 309	10 223
Other	6	16	24
	17 801	15 374	28 254
RCL Foods[1]			
Food Division	10 490	10 057	19 769
Groceries	3 078	2 762	5 522
Baking	2 980	2 917	5 849
Sugar	4 432	4 378	8 398
Chicken Division	5 518	4 875	10 336
Vector Logistics	1 830	1 520	3 154
Sales between RCL Foods' business units	(785)	(845)	(1 766)
Group	94	94	195
	17 147	15 701	31 688
Siqalo Foods			
Spreads	1 792	1 605	3 088
Wispeco			
Extrusions and related products	1 487	1 247	2 545
Other	194	207	380
	1 681	1 454	2 925
Elimination of intersegment revenue	(82)	(74)	(152)
Total revenue	38 339	34 060	65 803

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

Information on unlisted investments

CIVH

CIVH is active in the telecommunications and information technology sectors and is the holding company of a group of companies of which DFA and Vumatel are its largest operating subsidiaries.

DFA is the premier open-access fibre infrastructure and connectivity provider in South Africa. It builds, installs, manages, and maintains a fibre network to transmit metro and long-haul telecommunications traffic, which is leased to its customers (Telecommunication Companies and Internet Service Providers (ISPs)) using an open-access wholesale commercial model. DFA has in excess of 13 300 km of fibre assets in the ground and owns fibre networks in Johannesburg, Cape Town, Durban, Midrand, Centurion and Pretoria, as well as other smaller metros, such as East London, Polokwane, Tlokwe, Emalahleni and George, to name a few.

Vumatel is an open-access fibre-to-the-home (FTTH) provider and leases its infrastructure to ISPs, who in turn provide broadband retail internet services to the end customers.

CIVH has a March year-end and its results for the six months ended 30 September 2021 have been included in Remgro's results for the period under review. CIVH's contribution to Remgro's headline earnings for the period under review amounted to a loss of R23 million (2020: a loss of R209 million). The decrease in losses is mainly due to the settlement of head office debt, resulting from two rights issues, and improved performances by the underlying businesses. The performance of the underlying businesses improved due to a 21% increase in revenue coupled with cost reductions in the current year, which resulted in improved operating earnings for the six months to 30 September 2021 of R696 million (30 September 2020: R451 million).

The group is operationally cash generative and continues to reinvest any excess operating cash flow and capital into expanding its operations and network footprint with a continued principle of limiting overbuild in key markets.

Vumatel is the FTTH leader in both the homes passed and connected homes market in South Africa achieving a market share status of approximately 38% and 36%, respectively. Vumatel remains a growth asset for the group as it continues infrastructure expansion into identified lower Living Standards Measure (LSM) areas and accelerating connections in both its traditional core network and lower LSM areas.

Vumatel Group's revenue for the period increased by 32% to R1 438 million compared to the prior period of R1 092 million, driven through its fibre infrastructure expansion program and subscriber uptake growth for the period. Vumatel's underlying operating earnings increased by 63% to R484 million for the six months to 30 September 2021 (30 September 2020: R297 million).

DFA's current book value of the fibre optic network is in excess of R10.1 billion. The network uptime for the period under review was 99.983%, and the mean time to repair was 3 hours and 11 minutes, well above industry standards. The DFA revenue model adapts to the customers' needs, and DFA offers flexible payment profiles, with a mix of an upfront amount and a monthly annuity, or solely annuity based with multi-year contracts of up to 15 years for dark fibre products.

The DFA Group's revenue for the six months ended 30 September 2021 increased by 18% to R1 404 million (2020: R1 188 million). The underlying performance of DFA's core business increased by 8% with annuity income increasing to R192 million per month at 30 September 2021 (30 September 2020: R187 million per month). DFA's underlying operating earnings increased by 4% to R242 million for the six months to 30 September 2021 (30 September 2020: R232 million).

Vumatel's CSI initiatives have the goal of contributing meaningful and sustainable social impact within the communities it serves. Vumatel is committed to connecting every school that it passes within their fibre rollout areas with a free 1Gbps uncapped internet service. To date, Vumatel together with its ISP partners, have connected over 500 schools including over 45 schools within the Vumatel Reach areas. An estimate of 500 000 learners have been positively impacted especially during the height of the Covid-19 pandemic where online learning was essential. Hospitals that have partnered with Reach for a Dream, within the Vuma network will be connected to a free 1Gbps service with Groote Schuur Hospital being the first.

Information on unlisted investments (continued)

CIVH (continued)

In addition to providing connectivity support to schools and hospitals, Vumatel has also partnered with Reach for a Dream, Pink Drive and Food and Trees. These partnerships have allowed Vumatel to provide various Covid-19 vaccination support initiatives at Chris Hani Baragwanath Hospital and Chiawelo and rollouts of fruit and vegetable gardens in Reach communities. In association with Safe Hub, Vumatel has also formed one of the largest and most impactful youth development campaigns ever implemented in South Africa. Safe Hub provides a place of safety and support for children and families, a place for youth to enjoy sports, digital libraries, and access to counselling. Soweto and Alexandra are among the first Safe Hub sites that will be completed in 2022.

DFA's ongoing CSI focus is filling gaps in infrastructure development e.g., bridging the digital divide in high poverty areas. One of the positive impacts is on providing student access to e-learning and ultimately, new job creation and access to the economy.

Siqalo Foods

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

Siqalo Foods' contribution to Remgro's headline earnings for the six months under review amounted to R205 million (2020: R242 million), excluding additional *IFRS 3* amortisation of R40 million (2020: R40 million).

Irrespective of the business' resilient performance in the wake of Covid-19, volatile commodity prices have had a bigger impact on the business, resulting in a more depressed performance compared to the prior year. The sustained increases in commodity prices have necessitated several price increases during the last 18 months. This, coupled with the impact of the July riots, resulted in a 1.7% decrease in volumes and a 24.3% decrease in its operational EBITDA, which excludes the positive *IFRS 9* fair value adjustments of R31 million (2020: negative adjustment of R6 million) on commodity and foreign exchange contracts entered into as part of the raw material procurement strategy.

The spreads category has seen a slowdown in the growth experienced during the initial lockdown period last year. Siqalo Foods continues to perform better than the rest of the category which resulted in a combined 12-month moving average value market share of 70.8% as at 31 October 2021. The business remains committed to grow its brands and volumes in 2022 while recovering its profit margins during these turbulent times.

Two contracts are in place with RCL Foods. Vector Logistics provides distribution, sales and merchandising, while a management services contract governs certain services that RCL Foods Shared Services platform provide to Siqalo Foods on an arm's length basis. The result is an innovative, alternative business model, leveraging the capabilities within the wider Remgro Group of companies.

Air Products

Air Products has a September year-end and its results for the six months ended 30 September 2021 have been included in Remgro's results for the period under review. Air Products' contribution to Remgro's headline earnings for the period under review increased by 39.9% to R214 million (2020: R153 million).

Turnover for Air Products' six months ended 30 September 2021 increased by 30.1% to R2 059 million (2020: R1 583 million), while the company's operating profit for the same period increased by 41.0% to R605 million (2020: R429 million).

The period under review saw improved trading conditions, largely due to operations returning to pre-pandemic levels in most sectors of the business, as well as some stable volume demand from most of the Onsite and Pipeline supplied customers. Inflationary pressure from electricity and fuel prices remains a concern.

Bulk and Packaged Gas volumes improved as manufacturing, construction and maintenance activities normalised and demand for welding gases grew. An acquisition in the welding gases and equipment is nearing conclusion and is expected to contribute to further growth in this area.

Information on unlisted investments (continued)

TotalEnergies

TotalEnergies has a December year-end and its results for the six months to 31 December 2021 have been included in Remgro's results for the period under review. TotalEnergies' contribution to Remgro's headline earnings for the six months to 31 December 2021 amounted to R301 million (2020: R98 million).

TotalEnergies' turnover for the six months ended 31 December 2021 increased by 42% to R39 746 million (2020: R28 092 million), because of increases in volumes sold due to the easing of government-imposed lockdown regulations, as well as increases in the basic fuel price as the brent price increased due to the global easing of Covid-19 lockdown measures. Stock revaluation amounted to a gain of R729 million (2020: gain of R198 million).

TotalEnergies refining results returned to positive margins in the six month period to 31 December 2021 due to favourable economic environment. Natref's average refining margin indicator for the period under review increased from -$0.4/ton (for the six months ended 31 December 2020) to +$25/ton mainly due to the higher product cracks and lower crude premiums.

KTH

KTH is a leading black-owned investment company with a strong and diversified asset portfolio covering the industrial, services, media, financial services and healthcare sectors.

KTH's contribution to Remgro's headline earnings for the period under review amounted to R45 million (2020: R11 million). The increase in headline earnings is due to recovery in operating businesses from the prior period impact of Covid-19 resulting in an increase in revenue by 27% (R123 million) from the comparative period. The biggest increase came from the Radio assets in Kagiso Media (Jacaranda and East Coast radio). KTH continued to manage costs effectively, which had a positive impact on operating profits for the period.

KTH recognised negative fair value movement on its preference share investment held in Momentum Metropolitan (R28 million) driven by the decrease in the Momentum Metropolitan's ordinary share price (2020: R14 million). In the prior period the Group also recognised a negative fair value movement relating to the shareholder loans in Actom Investment Holdings Proprietary Limited (R25 million), whereas no movement was recognised for the current period.

Radio associate investments (Kaya FM, Heart FM, Gagasi FM and OFM) showed recovery from the prior period and equity accounted results increased from R13 million for the comparative period to R20 million.

Wispeco

Wispeco's turnover for the six months ended 31 December 2021 increased by 15.6% to R1 681 million (2020: R1 454 million). The increase in revenue is mainly due to higher selling prices, which were driven upwards by higher international aluminium raw material costs attributed to an upward commodity cycle. Sales volumes were marginally down on the prior period. Headline earnings for the period under review decreased by 14.9% to R126 million (2020: R148 million). This decrease is mainly due to a lower profit margin caused by the lag in passing these higher raw material costs on via selling price increases, partly offset by improved factory efficiencies from economies of scale. Earnings was also negatively affected by a three-week wage strike in the Metals and Engineering sector during October 2021.

High international shipping costs on imports of aluminium extrusions into South Africa caused local demand on Wispeco's factories to remain strong. Planned capacity expansions include the installation of an extra extrusion press in March 2022 and a second vertical powder coating plant in September 2022. A large stockists distribution footprint across Southern Africa ensures availability of Wispeco products.

Wispeco launched its new Starlite Mobi App allowing window design and estimating to be done on a building site using a handheld Android device. This and other software offerings entrench Wispeco's leadership in providing products and solutions in the architectural aluminium space.

Business Partners

Business Partners has a March year-end and its results for the six months ended 30 September 2021 have been included in Remgro's results for the period under review. Business Partners' contribution to Remgro's headline earnings for the period under review amounted to R28 million (2020: R18 million).

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

Information on unlisted investments (continued)

Business Partners (continued)

The resumption of economic activity as a result of more relaxed Covid-19 lockdown regulations has benefited many sectors. However, sectors such as tourism, hospitality and education still face challenges to return to viable activity levels. Despite the improvement in gross domestic product during the six-month period to 30 September 2021 (the period under review) some investee clients and tenants are experiencing a slow recovery from the impact of Covid-19. The SME market remains vulnerable in the months ahead as businesses recover from the impact of the Covid-19 pandemic and increased interruptions in electricity supply.

The net profit attributable to equity holders for the period under review, increased by 66.5% from the corresponding period, while investment income increased from R15 million to R32 million. Net property revenue increased by 33% to R74 million. A marginal improvement in credit quality resulted in a lower provision for expected credit losses, decreasing from 13.9% of the portfolio at the end of March 2021 to 13.5% on 30 September 2021.

During the corresponding prior period, the focus was on extending relief to Business Partners' clients and Sukuma Fund beneficiaries. In the period under review, as investment activity normalised, disbursements amounted to R346 million, a marked increase compared to R211 million disbursed during the corresponding prior period.

SEACOM

Remgro has an effective economic interest of 30% in SEACOM, which operates and markets fibre-optic based telecommunication systems through metropolitan, regional and international route networks in Southern and East Africa.

SEACOM has a December year-end and its results for the six months to 31 December 2021 have been included in Remgro's results for the period under review. SEACOM contributed a reduced profit of R8 million (2020: R35 million) to Remgro's headline earnings for the period under review. Marginal growth in the top line primarily from the wholesale business, this however, has been offset by increased operational costs and unfavourable unrealised forex losses.

SEACOM provides high-capacity international and local bandwidth services to customers in the form of International Private Line, IP Transit, Internet access and cloud services. The company continues to expand and grow business in the Enterprise and Service Provider market offering national long haul, metro and last-mile fibre solutions to customers, providing high capacity Internet, Metro Ethernet and cloud services.

There has been a continued increase in demand in the use of data and cloud services. SEACOM continues to adapt to the rapidly evolving data market and investment in its submarine and terrestrial network to respond to an ever-increasing demand for faster and more reliable data services, is critical to maintain its ongoing competitive positioning.

SEACOM maintains a proactive approach to ensuring profitability by expanding its network and products to meet market demand, and introducing a more diversified product range that allows it to capture increased market share by offering a better value proposition.

Directorate

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

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

Corporate information

Secretary
D I Dreyer

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

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Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
(Private Bag X9000, Saxonwold 2132)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch, South Africa

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Website
www.remgro.com