

RMH INVESTOR PRESENTATION

Results for the six months ended September 2022

14 December 2022

Q&A

For the benefit of all investors, copied below are the responses to questions raised at the call

With reference to the comment made by A Cilliers

RMH considered applying the investment entity exemption as permitted by *IFRS 10* paragraph 4B (as applied by Zeder and PSG) and accounting for underlying investments at fair value as the fair value would permit adjustments as disclosed on page 14 of the interim financial results booklet.

As part of the process, RMH considered changing its accounting policy and applying the exemption in accordance with paragraphs 17 to 19 of *IAS 28* and, instead of using the equity accounted method for investment in associates, to account for its underlying investments at fair value in terms of *IFRS 9*. *IAS 28.18*, however, permits for the accounting policy choice only to be made at initial recognition of the investment.

The guidance received is that, for an investment in a subsidiary (like in the instance of PSG), a company can apply this exemption prospectively as soon as the definition of an investment entity is met. That is what PSG did when it changed its accounting policy in 2021. However, for an investment in an associate, it will only change once the definition of an *IFRS 5: Assets held for sale* asset is met. So, even though RMH could meet the definition of an investment entity it could only prospectively apply the exemption for new investments. It would not be able to apply the exemption for historic investments in associates.

RMH, therefore, did not proceed with the change in the accounting policy and accounting for the underlying investments at fair value. The only accounting policy change RMH could make was in its separate financial statements to account for the underlying investments at fair value instead of cost. RMH would have needed to continue to equity account for the investments in the consolidated financial statements.

RMH, therefore, introduced the table of discount to net asset value (NAV) and provided reasons why the discount to NAV exists. RMH wanted to make it clear that NAV does not imply transaction value as NAV and transaction values use different inputs in acceptable valuation methodologies. Inputs in determining NAV rely on hypothetical market inputs.

The wording on page 14 will be technically reviewed by the external auditor and updated accordingly.

