

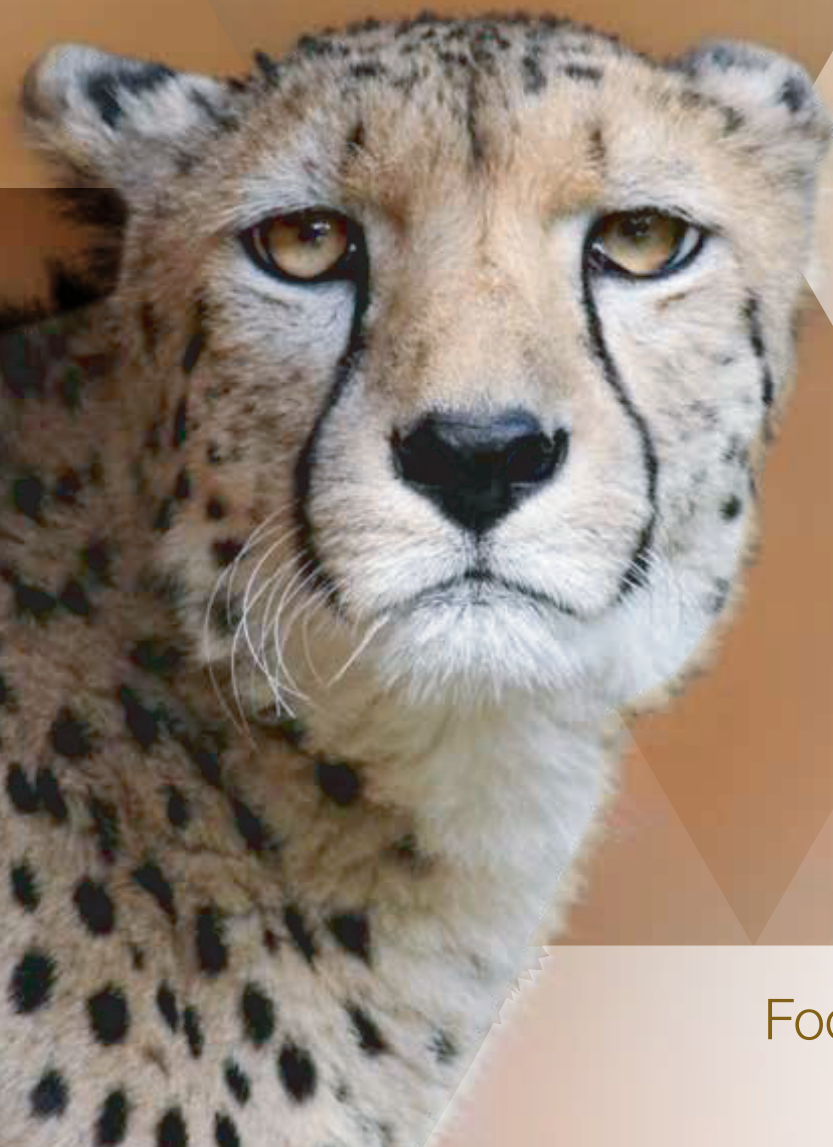
VUNANI

CAPITAL PARTNERS

Unaudited condensed consolidated interim results

for the six months ended 31 August 2021

The Unaudited Condensed Consolidated Interim Results have been prepared under the supervision of the Chief Financial Officer, Pride R Gwaze CA(SA).



Focus. Commitment. Purpose

General information

VUNANI

CAPITAL PARTNERS

("VCP" or "the company" or "the group")

Country of incorporation and domicile: South Africa

Registration number: 2019/431743/06

EESE code: EXVCP

ISIN: ZAE00000062

Listed on the Equity Express Securities Exchange Proprietary Limited ("EESE")

website: <https://vunanicapitalpartners.co.za/>

Nature of business and principal activities

Vunani Capital Partners Limited ("VCP") and its subsidiaries (the Group) is a group headquartered in South Africa and listed on the Equity Express Securities Exchange Proprietary Limited ("EESE") on 15 June 2021. The company is an investment holding company comprising of a portfolio of private equity assets unbundled out of Vunani Limited (JSE listed) on 12 February 2021. The group has investments in energy and resources, gaming, financial services, fintech, BEE investments, commodity trading, and property.

The unbundling was effected on 12 February 2021 as such, there are no comparative figures reflected to 31 August 2020.

Executive directors

	Date of appointment
NM Anderson – chief executive officer	12/10/2020
PR Gwaze – chief financial officer	22/04/2021

Non-executive directors

LI Jacobs – independent chairman	22/04/2021
E Dube	29/09/2020
BM Khoza	12/10/2020
T Mika	13/07/2020
NS Mazwi – independent	22/04/2021
G Nzalo – independent	22/04/2021
JR Macey – independent	22/04/2021
S Mthethwa	22/04/2021
M Golding	22/04/2021

Company secretary

CIS Company Secretaries Proprietary Limited

Issuer Representative

David Steinbuch – Vunani Corporate Finance

Transfer secretaries

Singular Systems Proprietary Limited

Physical and registered address

Vunani House
Vunani Office Park
151 Katherine Street
Sandown, Sandton
2196

Postal address

PO Box 652419
Benmore
2010

Condensed consolidated statement of comprehensive income

for the period ended 31 August 2021

SALIENT FEATURES

REVENUE FROM OPERATIONS OF

R9.6 million

RESULTS FROM OPERATING ACTIVITIES OF

R22.1 million

BASIC EARNINGS PER SHARE OF

13.3c

NET ASSET VALUE PER SHARE OF

136.1c

DIVIDEND DECLARED OF

3.0c per share

		Unaudited 31 August 2021	Audited 28 February 2021
Figures in R'000			
	Note		
Revenue	1	9 627	167
Fair value adjustments		–	(10 192)
Equity-accounted earnings (net of income tax)		15 985	27 269
Net profit on disposal of assets		5 826	–
Impairments		–	(29 369)
Operating expenses	2	(9 348)	(1 202)
Results from operating activities		22 090	(13 327)
Finance income		21	–
Finance costs		–	(20)
Net finance income/(cost)		21	(20)
Profit before income tax		22 111	(13 347)
Income tax expense		(512)	(345)
Profit for the period		21 599	(13 692)
Other comprehensive income		–	–
Total comprehensive income for the period		21 599	(13 692)
Profit for the period attributable to:			
Equity holders of Vunani Capital Partners Limited		21 915	(13 620)
Non-controlling interest		(316)	(72)
		21 599	(13 692)
Total comprehensive income for the period attributable to:			
Equity holders of Vunani Capital Partners Limited		21 915	(13 620)
Non-controlling interest		(316)	(72)
		21 599	(13 692)
Basic earnings per share (cents)		13.3	(8.5)
Basic and diluted earnings/(loss) per share from operations (cents)		13.3	(8.5)
Basic headline earnings per share (cents)		13.3	9.8
Basic headline earnings per share from operations (cents)	3	13.3	9.8

No comparative financial results to 31 August 2020 have been presented as the company was formed as a result of the unbundling of certain private equity investments and fund management segment out of Vunani Limited which was effected on 12 February 2021.

Condensed consolidated statement of financial position

at 31 August 2021

Figures in R'000	Note	Unaudited 31 August 2021	Audited 28 February 2021
Assets			
Property, plant and equipment		89	529
Investments in and loans to associates		167 759	162 154
Other investments	5	20 127	14 215
Other financial assets	5	28 119	28 119
Deferred tax asset		1 567	1 567
Total non-current assets		217 661	206 584
Trade and other receivables		14 031	13 365
Inventory		1 330	1 330
Cash and cash equivalents		7 622	647
Total current assets		22 983	15 342
Total assets		240 644	221 926
Equity			
Stated capital		216 955	211 166
Share-based payments reserve		10	10
Accumulated profit/(loss)		8 372	(13 543)
Equity attributable to equity holders		225 337	197 633
Non-controlling interest		(239)	77
Total equity		225 098	197 710
Liabilities			
Other financial liabilities	5	6 985	6 985
Total non-current liabilities		6 985	6 985
Trade and other payables		8 561	17 231
Current liabilities		8 561	17 231
Total liabilities		15 546	24 216
Total equity and liabilities		240 644	221 926
Shares in issue (000s)	4	165 541	161 156
Net asset value per share (cents)		136.1	122.6

Net asset value per share (cents)

Net asset value per share is the equity attributable to equity holders of Vunani Capital Partners Limited, utilising all shares in issue.

Condensed consolidated statement of changes in equity

for the period ended 31 August 2021

	Stated capital	Share-based payment reserve	Accumulated profit/(loss)	Total attributable to equity holders	Non-controlling interest	Total equity
Figures in R'000						
Balance as at 28 February 2021 – Audited	211 166	10	(13 543)	197 633	77	197 710
Total comprehensive income for the period						
Profit for the period	–	–	21 915	21 915	(316)	21 599
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	–	–	21 915	21 915	(316)	21 599
Transactions with owners, recorded directly in equity						
Issue of shares [⊗]	5 789	–	–	5 789	–	5 789
Total transactions with owners, recorded directly in equity	5 789	–	–	5 789	–	5 789
Balance as at 31 August 2021 – Unaudited	216 955	10	8 372	225 337	(239)	225 098

⊗ During the period, the company issued 4 385 526 shares through a private placement at R1.32 per share.

Condensed consolidated statement of cash flows

for the period ended 31 August 2021

	Note	Unaudited 31 August 2021	Audited 29 February 2021
Figures in R'000			
Cash flows from operating activities			
Net cash utilised/(generated) by operating activities	6	(9 002)	667
Finance income received		21	–
Finance costs paid		–	(20)
Income tax paid		(512)	–
Net cash utilised/(generated) by operating activities		(9 493)	647
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		300	–
Proceeds from repayment of loans to associates		7 888	–
Advances to investment and loans to associates		(67)	–
Dividends received from associates		2 558	–
Net cash inflow from investing activities		10 679	–
Cash flows from financing activities			
Issue of shares		5 789	–
Net cash inflow from financing activities		5 789	–
Net increase in cash and cash equivalents		6 975	647
Cash and cash equivalents at the beginning of the period		647	–
Total cash and cash equivalents at end of the period		7 622	647

Segmental reporting

for the period ended 31 August 2021

The group has investments across the seven sectors being, resources and energy, gaming, financial services, fintech, BEE investments, commodity trading, and property. The financial services sector is geographically located in South Africa and, on a smaller scale, in Malawi and Zimbabwe. The gaming investments are located in Zambia and the UK, whilst the energy and resources, BEE investments, commodity trading, fintech, and property investments are geographically located in South Africa.

These investments are grouped into the following operating segments: resources and energy, gaming and other investments which comprises of investments in financial services, fintech, commodity trading and property.

Figures in R'000	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Unaudited	Unaudited
	2021	31 August	31 August	31 August
	2021	2021	2021	2021
Energy and resources	6 593	10 091	127 439	(8 311)
Gaming	905	7 919	25 923	(250)
Other investments	2 129	3 589	87 282	(6 985)
Total	9 627	21 599	240 644	(15 546)

Figures in R'000	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Audited	Audited
	2020	31 August	28 February	28 February
	2020	2020	2021	2021
Energy and resources	–	–	92 556	(11 465)
Other investments	–	–	129 370	(12 751)
Total	–	–	221 926	(24 216)

For the purposes of segmental reporting at 28 February 2021, gaming, financial services, fintech, BEE investments, commodity trading and property segments have been consolidated under other investments.

Notes to the condensed consolidated financial statements

(all figures in R'000)

BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the Listing Requirements of the ESE Proprietary Limited and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The unaudited condensed consolidated interim financial statements have been presented on the historical cost basis, except for other investments, other financial assets and certain other financial liabilities, which are fair valued. These unaudited condensed consolidated interim financial statements are presented in South African Rand, rounded to the nearest thousand, which is the presentation currency of the group.

The unaudited condensed consolidated interim financial statements of the group at and for the period ended 31 August 2021 comprise the company and its subsidiaries (the "group") and the group's interests in associates. Results of subsidiaries and associates are included from the effective date of acquisition up to the effective date of disposal. All significant transactions and balances between group enterprises are eliminated on consolidation.

Estimates and judgements

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 28 February 2021.

NOTES

1. Revenue

Revenue from operations include management fee income derived from managing the group's investments in financial services, fintech, and resources and energy.

The revenue relating to the operations of the group has been disaggregated as follows:

	Unaudited 31 August 2021	Audited 28 February 2021
Figures in R'000		
Energy and resources	6 593	–
Financial services	1 200	–
Fintech	929	167
Gaming	905	–
Total revenue	9 627	167

2. Operating expenses

The expenses are broken down as follows:

Staff costs	870	324
Fees for professional services	7 874	971
Other expenses	604	(93)
Total expenses	9 348	1 202

3. Reconciliation of headline earnings for the year

Profit for the year attributable to equity holders of Vunani

21 915 (13 620)

Adjusted for:

Impairment of investment in associates

– 7 486

Impairment of goodwill

– 21 883

21 915 15 749

Headline and diluted headline earnings per share (cents)

13.3 9.8

Basic headline and diluted earnings per share from operations

13.3 9.8

4. Authorised and issued stated capital

The authorised stated capital at 31 August 2021 was 500 million ordinary shares of no par value (2020: nil). 165 541 441 shares were in issue at 31 August 2021 (2020: nil).

Notes to the condensed consolidated interim financial statements

(all figures in R'000) (continued)

	Unaudited 31 August 2021	Audited 28 February 2021
Weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	161 156	–
Issue of shares	3 148	161 156
Weighted average number of shares in issue during the year	164 304	161 156
Number of shares in issue at the end of the year	165 541	161 156
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	161 156	–
Issue of shares	3 148	161 156
Diluted weighted average number of shares in issue during the year	164 304	161 156
Number of shares in issue at the end of the year	165 541	161 156

5. Other investments, other financial assets and other financial liabilities

Unlisted investments are fair valued annually by the directors. Listed investment prices are determined with reference to the share price at period-end.

Both listed and unlisted investments are measured at fair value through profit or loss. Financial liabilities are either accounted for at amortised cost or classified at fair value through profit or loss. The group classifies other financial assets at fair value through profit or loss.

Ring-fenced special purpose entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring-fenced structures are both fair valued through profit or loss in terms of IFRS 9 *Financial Instruments*.

For additional information on the fair values of other investments, other financial assets and other financial liabilities, please refer to note 7 of these financial results.

6. Net cash utilised by operating activities

	Unaudited 31 August 2021	Audited 28 February 2021
Figures in R'000		
Profit/(loss) before income tax expense	22 111	(13 347)
Adjusted for:		
Depreciation of property, plant and equipment	141	–
Equity-accounted earnings (net of income tax)	(15 985)	(27 269)
Fair value adjustments	–	10 192
Impairment loss on trade and other receivables	(185)	(389)
Impairment of associates and goodwill	–	29 369
Net profit on disposal of assets	(5 826)	–
Foreign currency translation gain	(86)	–
Interest received from investments and finance income	(21)	–
Finance costs	*	20
Changes in working capital:		
Decrease in trade and other receivables	(7 588)	(13 365)
(Decrease)/increase in trade and other payables	(1 563)	16 786
Increase in inventory	–	(1 330)
Cash generated by operating activities	(9 002)	667

* below R1 000

7. Financial instruments carried at fair value

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. Financial instruments fair valued using quoted prices would generally be classified as level 1 in terms of the fair value hierarchy and when fair valued indirectly (i.e. derived from prices) will be classified as level 2.

Where a quoted price does not represent fair value at the measurement date or where the market for a financial instrument is not active, the group establishes fair value by using valuation techniques. These valuation techniques include reference to the value of the assets of the underlying business, earnings multiples (e.g. unlisted investments), discounted cash flow analysis (e.g. unlisted investments, loans and advances) and various option pricing models.

Inputs used in valuation techniques for loans and advances, other investments, other financial assets, investments in associates and other financial liabilities, include discount rates, expected future cash flows, dividend yields, earnings multiples, volatility, equity prices and commodity prices.

Valuation methodologies and techniques applied for level 3 financial instruments include a combination of discounted cash flow analysis, application of earnings multiples on sustainable after tax earnings and current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depends on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

After the valuations of the unlisted financial assets and liabilities are performed, these are presented to the group's investment committee for independent review. All significant valuations are approved by the investment committee.

The valuation methodologies, techniques and inputs applied to the fair value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial period.

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 and 3 in the fair value hierarchy:

Assets	Valuation technique	Key inputs
Loans and advances	Discounted cash flows	Discount rates
Other investments and other financial assets	Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Discount rates, valuation multiples, dividend growth, foreign exchange rates
Liabilities		
Other financial liabilities	Adjusted net asset value	Discount rates, net asset value per share

Fair values Figures in R'000	Unaudited 31 August 2021		Audited 28 February 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value				
Other investments	20 127	20 127	14 215	14 215
Other financial assets	28 119	28 119	28 119	28 119
Financial assets at amortised cost				
Loans to associates	7 898	5 917	15 720	11 995
	56 144	54 163	58 054	54 329
Financial liabilities measured at fair value				
Other financial liabilities	(6 985)	(6 985)	(6 985)	(6 985)
	(6 985)	(6 985)	(6 985)	(6 985)
Total	49 159	47 178	51 069	47 344

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables reasonably approximate their fair values and are therefore not included in the table above.

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on inputs to the valuation techniques used.

Notes to the condensed consolidated interim financial statements

(all figures in R'000) (continued)

7. Financial instruments carried at fair value (continued)

The different levels are defined as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unaudited 31 August 2021

Figures in R'000	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit or loss	–	–	20 127
Financial assets measured at fair value	–	–	28 119
Financial assets at amortised cost	–	–	5 917
Financial liabilities designated at fair value through profit or loss	–	–	(6 985)
	–	–	47 178

Audited 28 February 2021

	Level 1	Level 2	Level 3
Financial assets designated at fair value through profit or loss	–	–	14 215
Financial assets measured at fair value	–	–	28 119
Financial assets at amortised cost	–	–	11 995
Financial liabilities designated at fair value through profit or loss	–	–	(6 985)
	–	–	47 344

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 9.04%. A significant increase in the rate would result in a decrease in the fair value of these assets or liabilities.

Figures in R'000	Unaudited 31 August 2021	Audited 28 February 2021
Level 3 financial instruments at fair value comprise:		
Balance at beginning of period	35 349	–
Total gains or losses in profit or loss	–	(10 192)
Foreign exchange movements	86	–
Purchases	5 826	45 541
Balance at end of the period	41 261	35 349
A change of 5% to 10% in the unobservable inputs of the investments at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss)) and equity before taxation		
Equity		
10% increase	2 013	1 422
10% decrease	(2 013)	(1 422)
Cash flow		
10% increase	(2 760)	(2 707)
10% decrease	3 748	4 710
Foreign exchange movement		
5% increase	664	–
5% decrease	(490)	–

8. Related party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2021 took place during the period under review. There has been no other related party transactions in the current year.

9. Events after reporting date

There have been no material events between the period-end and the date of the signing of the results.

10. Dividends

Dividend declared

Notice is hereby given that a gross ordinary dividend of 3.0 cents per share (2020: nil) has been declared out of income reserves on 18 October

2021 and are payable to ordinary shareholders in accordance with the following timetable.

In terms of dividend tax effective since 1 April 2012, the following additional information is disclosed:

- The local Dividend Withholding Tax rate is 20%
- 165 541 441 shares are in issue
- The gross ordinary dividend is 3.00000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 2.40000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax
- Vunani Capital Partners Limited's tax reference number is 9582898186

Timetable	2021
Declaration and finalisation date announcement	Monday, 18 October
Last day to trade cum dividend	Monday, 13 December
Shares commence trading ex-dividend	Tuesday, 14 December
Record date	Friday, 17 December
Dividend payment date	Monday, 20 December

No dematerialisation or rematerialisation of shares will be allowed for the period from Tuesday, 14 December 2021 to Friday, 17 December 2021, both dates inclusive.

Dividends are declared in the currency of the Republic of South Africa. The directors have confirmed that the company will satisfy the liquidity and solvency requirements immediately after the payment of the dividend.

11. Going concern

The condensed consolidated financial statements have been prepared on a going-concern basis. The group has recognised a net profit after tax of R21.6 million for the period ended 31 August 2021 (2020: nil), and as at that date current assets exceed current liabilities by R14.4 million (2020: nil).

The board undertook processes to ensure that the going-concern principle applies, which include:

- the group's financial budgets and a 12-month rolling cash flow forecast;
- the performance of underlying business operations and their ability to make a positive contribution to the group's objectives;
- the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and
- the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's working capital requirements.

Management has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and that the group will extinguish liabilities in the normal course of business at the amounts stated in the condensed consolidated financial statements.

The board and management continue to actively engage, communicate and monitor the impact of Covid-19 on the group's businesses to ensure the sustainability of the group given the conceivable adverse consequence on the economy. The group continues to carefully monitor the impact of Covid-19 on its businesses and has put strategic plans in place to ensure minimum disruptions.

The board is of the view that, based on its knowledge of the group, assumptions regarding the outcome of the key processes under way and specific enquiries it has made, the group has adequate resources at their disposal to settle obligations as they fall due and the group will continue as going concern for the foreseeable future.

Overview and prospects

Overview and prospects

Vunani's 2021/22 financial year commenced at the tail-end of South Africa's second COVID-19 wave and under relatively mild Level 1 lockdown conditions. By May the country entered the third wave though, prompting progressively stricter lockdown restrictions up to Level 4 which would be eased by late July only, and eventually adjusted to Level 2 by mid-September. Consequently, economic activity generally remained depressed over the first half of the prevailing financial year, suffering from the lagged impact of COVID-related disruption over the course of the past financial year, and aggravated by renewed tightening of lockdown restrictions as the year progressed.

Despite technical adjustment of historical economic data which suggests economic growth contraction at -6.4% for 2020 was less pronounced than previously reported, the magnitude of the COVID-related adverse impact is evident from the fact that the size of the South African economy was still smaller in the second quarter of 2021 than in the fourth quarter of 2017. Quarterly economic growth rates did improve somewhat from the low base caused by the hard lockdown conditions in 2020, but besides technical rebound prevailing underlying growth impetus remained muted. Business confidence was further dented by the impact of the attempted insurrection in KwaZulu-Natal and Gauteng in July.

Nevertheless, surging global commodity prices did render a fillip for commodity exporters and a resultant healthy trade surplus bolstered the current account into a sizeable surplus, which underpinned the Rand-exchange rate. That culminated in a better-than-expected performance by the Rand amidst trying domestic economic conditions and escalating concerns about South Africa's fiscal affairs in particular.

Vunani has performed considerably well despite the impact of Covid-19, generating a profit of R21.6 million to August 2021 (2020: nil). Total comprehensive income attributable to equity holders of Vunani was R21.9 million (2020: nil), with a loss of R0.4 million attributable to non-controlling interest.

The group has three reportable segments in the seven sectors, which are: energy and resources, gaming, and other investments which includes, financial services, fintech, BEE investments, commodity trading, and property.

Energy and resources

This segment comprises three investments, being Butsanani Energy Investment Holdings Proprietary Limited (Butsanani), Black Wattle Colliery Proprietary Limited (Black Wattle) and Vunani Resources Proprietary Limited (VR). Investments in Butsanani, 33.3% and BlackWattle, 37.5% are equity accounted for, whilst Vunani Resources is a 75% subsidiary of the group. The segment contributed R10.1 million in profit to the group.

Gaming

The group, together with its strategic partners has secured gaming licences in various African countries, namely Zambia, Ghana, Cameroon, Tanzania and the DRC. The segment has contributed R7.9 million in profit to the group and as such it intends to secure further licences across the continent as this sector has shown significant growth potential.

Other investments

Other investments segment contributed R2.1 million in revenue and R3.9 million in profit to the group. Details of the segment investments are shown below:

Financial services

The group holds significant stakes in three financial services businesses being Purpose Asset Management, a 65% held asset management business based in Harare, Zimbabwe, 45% shareholding in Alliance Holdings, an asset management, advisory, stockbroking, life insurance business which is based in Blantyre, Malawi and 51% shareholding in Phakamani Impact Capital Proprietary Limited, a South African enterprise development services business.

Fintech

The group has invested in fintech funds through its 20% shareholding in Vunani Fintech Fund Proprietary Limited, which has a portfolio of business that provides digital and tech-based solutions in the financial sector.

BEE investments

This segment includes the group's investments in Workforce Holdings Limited (Workforce), held via a special purpose vehicle, Verbicept Proprietary Limited and African Legend Investment Proprietary Limited (which is the BEE anchor shareholder in Astron Energy). The group holds an effective 50% in Workforce and 2.34% in African Legend. The group's strategy is to dispose of its investments overtime to ensure an optimal use of capital.

Commodity trading

The group holds 29.25% shareholding in Anatica SA Proprietary Limited (Anatica). Anatica started a commodity trading business when it was offered an opportunity together with its Turkish partners to exclusively trade ETI Maden's boron product range across the African continent. ETI Maden is the world's largest miner and producer of boron products.

Property

The commercial property sector is facing major headwinds initially brought on by tough economic conditions and then exacerbated by the Covid 19 pandemic. Nevertheless, the group is progressing with its effort to create a property portfolio, which has seen the group identify interesting opportunities. The strategy involves partnering with investors who have experience in the property sector.

Financial performance

The group generated **revenue** of R9.6 million (2020: nil).

Equity-accounted earnings for the period amounted to R16.0 million (2020: nil). The group's investment in associates had a positive contribution to the group's overall performance. **Operating expenses** of R9.4 million (2020: nil) were incurred during the period, with the majority of costs related to initial listing fees. The group is focused on cost-cutting and keeps a close eye on spending.

Most of the group's investments are structured such that Vunani's has significant influence and accordingly, these entities are equity accounted for in the group's results. **Investments in associates** constitute 77% of the group's total non-current assets. The group's investment in associates had a positive contribution to the group's overall performance with **equity-accounted earnings** for the period amounting to R16.0 million (2020: nil). The **other investments** have increased due to additional acquisitions in the group. Fair value adjustments to the other investments, other financial assets and other financial liabilities carried at fair value through profit and loss will be performed at year-end. **Share capital** has increased due to the issue of 4 385 526 shares through a private placement at R1.32 per share in which the group raised R5.9 million.

Prospects

Following the unbundling of the private equity portfolio out of Vunani Limited and the listing of the company on ESE exchange, Vunani's executive believe that the group is well positioned to benefit from the ongoing improvement in business and consumer confidence in order to grow the company and increase shareholder value. VCP has identified seven investment themes/sectors and will focus on these sectors and with our strategic and management partners grow the investment portfolio looking in particular to extract greater value from our existing assets. The group has established deep relationships and sector expertise across the seven sectors and will use this to grow organically and through selective acquisitions as these will provide a firm foundation for Vunani's long-term success.

Forward-looking statements and directors' responsibility

Statements made throughout this announcement regarding the future financial performance of Vunani have not been reviewed or audited by the company's external auditors. The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than as required by the ESE Listing Requirements.

The directors take full responsibility for the preparation of the condensed consolidated interim results.

Signed on behalf of the board of directors by NM Anderson and PR Gwaze on 18 October 2021.

RESULTS PRESENTATION

Vunani Capital Partners will be hosting the interim results presentation by CEO Mark Anderson and CFO Pride Gwaze, followed by a question and answer session on Friday 22 October 2021, at 11:00 via a web/audio cast. Shareholders and investors wishing to join the Vunani Capital Partners Interim Results presentation should email IR@Singular.co.za for the link and relevant details.

("VCP" or "the company" or "the group")

Country of incorporation and domicile : South Africa

Registration number: 2019/431743/06

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Listed on the Equity Express Securities Exchange (Pty) Limited ("EESE")

<https://vunanicapitalpartners.co.za>