



VUNANI

CAPITAL PARTNERS

INVESTOR PRESENTATION

**INTERIM RESULTS TO
31 AUGUST 2021**

FOCUS. COMMITMENT. PURPOSE

OUR STORY

- An independent black-owned and managed investment group with over 20 years of experience.
- Has the same founding partners as Vunani Limited (the financial services JSE listed group), who are actively involved in managing both entities.
- Investment portfolio of 14 assets across the 7 key sectors.
- Vunani has been active in the private equity investing for over 20 years.



THE MANAGEMENT

Role	Responsibilities	Members
Board	<ul style="list-style-type: none"> Oversight and governance Approve investments over R30 million 	Lionel Jacobs (Chairman); Mark Anderson (CEO), Pride R Gwaze (CFO); Ethan Dube; Butana Khoza; Tafadzwa Mika; Gordon Nzalo, John Macey, Nambita Mazwi, Marcel Golding; Sithembiso Mthethwa
Investment committee	<ul style="list-style-type: none"> Approve investments over R3 million to R30 million and recommend investments to the board over R30 million 	John Macey (Chairman); Lionel Jacobs; Marcel Golding, Andre Pieterse*; Ethan Dube; Mark Anderson
Executive team	<ul style="list-style-type: none"> Approve investments up to R3m 	Executive team
Day-to-day management	<ul style="list-style-type: none"> Responsibility for day-to-day management, board and shareholder reporting 	Mark Anderson (CEO); Pride Gwaze (CFO)
Investment services	<ul style="list-style-type: none"> Responsibility for sourcing, closing and monitoring/growing investments 	Led by Mark Anderson, Ethan Dube, Johan Rossouw and Millicent Zvarayi with support from Vunani Capital executives and Vunani Corporate Finance

* Andre Pieterse (Independent member) was formerly Head of Private Equity at Absa Bank

HIGHLIGHTS

Energy and resources:

Butsanani: RMC to commission a DMS washing plant to produce export quality coal.

Black Wattle: Entered into an agreement with Seriti to expand resource base.

Gaming

Strong performance from Betpawa (PawaTech) and looking to secure new licenses in a number of countries.

Commodity trading

Strong performance from Anatricea (specialises in boron products).

Financial services

Good performance from Phakamani Impact Capital.

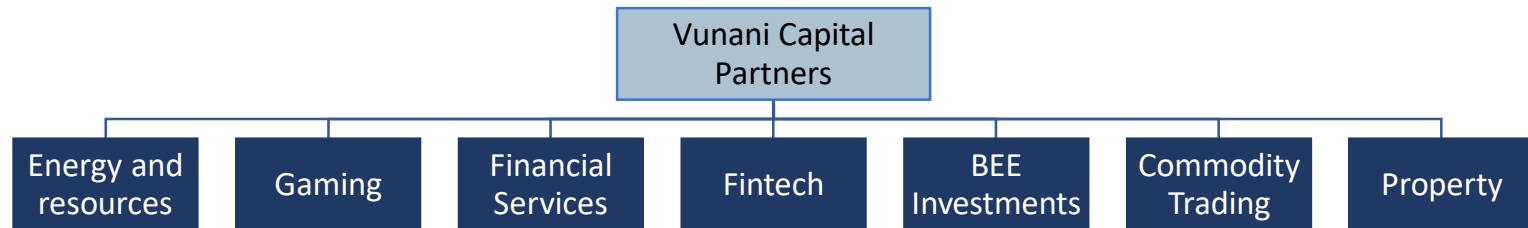
Fintech

Expanded portfolio to 11 investments.

Operating profit of R21.6m
(compared to budget of R15.4m).

Dividends

3 cents payable in December.



FINANCIAL PERFORMANCE

Actual vs budget to 31 August 2021

Figures in R'000s	Actual Aug 2021	Budget Aug 2021	R movement	% variance
Revenue	9 627	5 650	3 977	70%
Investment revenue	-	1 000	(1 000)	-100%
Net profit on disposal of assets	5 826	6 000	(174)	-3%
Equity accounted earnings (net of tax)	15 985	11 463	4 522	39%
Operating expenses	(9 348)	(7 542)	(1 806)	24%
Results from operating activities	22 090	16 571	5 519	33%
Finance income	21	-	21	
Finance costs	(0)	-	(0)	
Net finance income	21	-	21	
Profit before income tax	22 111	16 571	5 540	33%
Income tax expense	(512)	(1 218)	706	-58%
Profit from operations	21 599	15 352	6 246	41%

There are no comparatives for the prior year given the recent formation of the company. The unbundling was effective February 2021.

- The group generated an after tax profit of R21.6 million (41% above) compared to a forecast profit of R15.4 million for the six months to August 2021.
- Earnings from associates showed a better than expected performance, which are 39% above budget.
- Strong performance particularly from energy and resources R8.7m, gaming R2.8m, commodity trading R1.3m, fintech R2.2m and financial service R1.0m.
- Majority of investments are equity accounted, as the group has significant influence (board representation) and this also avoids mark-to market volatility from fair value adjustments. Fair value adjustments will be performed annually.
- Revenue from operations of R9.6m (70% above budget), 68% of the revenue is generated from energy and resources.
- Revenue and equity accounted earnings are anticipated to grow from the expansions in Butsanani and Black Wattle, as well as additional licenses from gaming.

INVESTMENTS

As at 31 August 2021, the group had 14 investments within the 7 key sectors with the below values:

Sector	Asset	Accounting treatment	Value ('000)
Energy and resources	Black Wattle Colliery	Discount cash flow	28 119
	Butsanani Energy	Equity accounting	73 201
	Ferrox	Latest transaction	5 626
	Vunani Resources	Net asset value	(475)
Gaming	Betbio Zambia	Equity accounting	17 427
	PawaTech	Latest transaction	5 913
Financial services	Alliance Capital	Equity accounting	1 992
	Phakamani Impact Capital	Equity accounting	2 913
	Purpose Asset Management	Equity accounting	172
Fintech	Vunani Fintech Fund	Equity accounting	7 867
BEE investments	African Legend	Net asset value	8 587
	Verbicept	Net asset value	49 285
Commodity trading	Anatrica SA	Equity accounting	2 834
Property	Vunani Properties	Equity accounting	*
TOTAL			203 462

PROFIT FORECASTS

Profit forecasts for the year ended February 2022 and for the two following years are shown below:

Year ended (1 March to 28 February)	Feb-22	Feb-23	Feb-24
Revenue	10 618	10 239	10 721
Investment revenue	6 000	20 000	22 000
Net profit on disposal of assets	6 000	-	-
Equity accounted earnings (net of tax)	27 105	33 057	38 153
Operating expenses	(15 600)	(18 017)	(18 599)
Results from operating activities	34 123	45 279	52 275
Taxation	(51)	-	-
Net profit	34 072	45 279	52 275

PROFIT ASSUMPTIONS

- Assumptions are a base case and do not forecast asset realisations (except where deal has closed), asset purchases or asset revaluations.
- Investment revenue (from resources & energy) are expected to grow between 2023 and 2024 as a result of key customers coming out of Covid19 shutdowns and demand normalising. Underlying shareholder debt is forecast to be settled by end 2021 resulting in increased dividend flow.
- Equity accounted income to grow from gaming due to new licences operationalised.
- Only contracted revenues are projected for the group.

RISK CONSIDERATIONS

Key risks to the profit forecasts being met are set out below:

Sector	Risk consideration
Energy and resources	<p>Export coal price and demand is maintained at forecast levels.</p> <p>Availability of rail and RBCT capacity for coal exports.</p> <p>Eskom maintains coal demand at current contracted levels.</p> <p>Community action and regulatory interventions do not disrupt production.</p>
Gaming	<p>No significant exchange rate effects and Covid19 impact on sporting events.</p>
Commodity trading	<p>Continued supply of boron in terms of the ETI Maden contract.</p>

INVESTMENT PROSPECTS

Sector	Prospects
Energy and resources	Focus on contract with Seriti (Black Wattle), increasing production from washing export quality coal (Butsanani).
Gaming	To expand its gaming footprint in Africa by securing additional gaming licenses and establishing strong partnerships.
Financial services	Identify potential acquisitions within the sector and grow product base.
Fintech	Increasing deal pipeline with international VC funds.
BEE investments	Seek value unlock.
Commodity trading	Growing its sales of boron and expanding into other products.
Property	Identifying strategic partners on residential/social housing developments.

GROUP STRATEGY

- Continue to build strategic partnerships

mainly focused on seven investment

sectors.
- Maintain a dividend paying culture

(first dividend payable in December)
- Grow earnings from the seven

sectors and generate strong cash

flows.
- Dispose of investments overtime

to ensure an optimal use of capital.