

VUNANI

CAPITAL PARTNERS

Unaudited condensed
consolidated interim results
for the six months ended 31 August 2022



Commitment. Focus. Purpose.

Corporate information



("VCP" or "the company" or "the Group")

Country of incorporation and domicile: South Africa

Registration number: 2019/431743/06

EESE code: EXVCP

ISIN: ZAE000000062

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. VCP is an investment holding company comprising of a portfolio of private equity assets unbundled out of Vunani Limited, which is JSE-listed, on 12 February 2021. The Group has investments in resources and energy, gaming, financial services, fintech, BEE investments, commodity trading, and property.

Executive directors

	Date of appointment
NM Anderson – chief executive officer	12/10/2020
PR Gwaze – chief financial officer	22/04/2021
E Dube – executive deputy chairman	29/09/2020

Non-executive directors

LI Jacobs – independent chairman	22/04/2021
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

Vunani Sponsors Proprietary Limited

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

HIGHLIGHTS

Condensed consolidated statement of comprehensive income

for the period ended 31 August 2022

PROFIT AFTER TAX

R80.6 million

2021: R21.6 million

BASIC EARNINGS PER SHARE

47.0c

2021: 13.3c

INTERIM DIVIDEND PER SHARE

38.0c

2021: 3.0c

Figures in R'000	Note	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Revenue	1	10 241	9 627	18 004
Dividend income		428	–	34
Other income		225	–	907
Net profit on disposal of assets		221	5 826	5 836
Equity-accounted earnings (net of income tax)		89 036	15 985	39 544
Fair value adjustments		–	–	13 706
Impairments		–	–	(2 941)
Operating expenses	2	(17 204)	(9 348)	(17 516)
Results from operating activities		82 947	22 090	57 574
Finance income		357	21	2
Finance costs		(56)	–	–
Net finance income		301	21	2
Profit before tax		83 248	22 111	57 576
Income tax expense		(2 644)	(512)	(4 520)
Profit after tax		80 604	21 599	53 056
Other comprehensive income		–	–	(344)
Total comprehensive income for the period		80 604	21 599	52 712
Profit for the period attributable to:				
Owners of the parent		77 901	21 915	53 056
Non-controlling interest		2 703	(316)	–
		80 604	21 599	53 056
Total comprehensive income for the period attributable to:				
Owners of the parent		77 901	21 915	52 712
Non-controlling interest		2 703	(316)	–
		80 604	21 599	52 712
Basic earnings per share (cents)		47.0	13.3	32.3
Basic and diluted earnings per share (cents)		47.0	13.3	32.3
Basic headline earnings per share (cents)		46.9	10.5	29.5
Basic headline earnings per share (cents)	3	46.9	10.5	29.5

Condensed consolidated statement of financial position

at 31 August 2022

Figures in R'000	Note	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Assets				
Plant and equipment		–	89	–
Investments in and loans to associates		245 847	167 759	214 158
Other investments	5	35 319	20 127	34 891
Other financial assets	5	–	28 119	–
Deferred tax asset		258	1 567	258
Total non-current assets		281 424	217 661	249 307
Other investments		2 864	–	1 108
Loans to associates		1 669	–	2 932
Trade and other receivables		9 536	14 031	10 735
Inventory		–	1 330	–
Cash and cash equivalents		44 451	7 622	5 916
Total current assets		58 520	22 983	20 691
Total assets		339 944	240 644	269 998
Equity				
Stated capital		223 160	216 955	216 955
Treasury shares		(1 766)	–	–
Share-based payments reserve		–	10	–
Foreign currency translation reserve		(344)	–	(344)
Accumulated profit		82 651	8 372	34 547
Equity attributable to equity holders		303 701	225 337	251 158
Non-controlling interest		–	(239)	–
Total equity		303 701	225 098	251 158
Liabilities				
Other financial liabilities	5	7 937	6 985	7 937
Total non-current liabilities		7 937	6 985	7 937
Trade and other payables		19 693	8 561	10 903
Bank overdraft		8 613	–	–
Preference share liability		*	–	*
Current liabilities		28 306	8 561	10 903
Total liabilities		36 243	15 546	18 840
Total equity and liabilities		339 944	240 644	269 998
Shares in issue (000s)	4	168 216	165 541	165 541
Net asset value per share (cents)		180.5	136.1	151.7

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 2022

	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation 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
Total comprehensive income for the period								
Profit for the period	–	–	–	–	31 141	31 141	–	31 141
Other comprehensive income for the period	–	–	–	(344)	–	(344)	–	(344)
Total comprehensive income for the period	–	–	–	(344)	31 141	30 797	–	30 797
Transactions with owners, recorded directly in equity								
Transactions with equity holders	–	–	(10)	–	–	(10)	239	229
Dividend paid **	–	–	–	–	(4 966)	(4 966)	–	(4 966)
Total transactions with owners, recorded directly in equity	–	–	(10)	–	(4 966)	(4 976)	239	(4 737)
Balance as at 28 February 2022 – Audited	216 955	–	–	(344)	34 547	251 158	–	251 158
Total comprehensive income for the period								
Profit for the period	–	–	–	–	77 901	77 901	2 703	80 604
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	77 901	77 901	2 703	80 604
Transactions with owners, recorded directly in equity								
Issue of shares***	6 205	–	–	–	–	6 205	–	6 205
Share buy-back ****	–	(1 766)	–	–	–	(1 766)	–	(1 766)
Dividend paid/payable*****	–	–	–	–	(29 797)	(29 797)	(2 703)	(32 500)
Total transactions with owners, recorded directly in equity	6 205	(1 766)	–	–	(29 797)	(25 358)	(2 703)	(28 061)
Balance as at 31 August 2022 – Unaudited	223 160	(1 766)	–	(344)	82 651	303 701	–	303 701

* Issue of 4.4 million shares at a price of R1.32 per share.

** Dividends per share – 3 cents.

*** Issue of 2.7 million shares at a price of R2.32 per share.

**** Share buy back of 0.9 million shares at a price of R1.85.

***** Dividends per share to equity holders of VCP – 18 cents.

Condensed consolidated statement of cash flows

for the period ended 31 August 2022

Figures in R'000	Note	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Cash flows from operating activities				
Net cash utilised by operating activities	6	(3 513)	(9 002)	(2 845)
Finance income received		357	21	2
Finance costs paid		(56)	–	–
Dividend paid		(29 797)	–	(4 966)
Tax paid		(2 644)	(512)	(3 211)
Net cash utilised by operating activities		(35 653)	(9 493)	(11 020)
Cash flows from investing activities				
Proceeds from disposal of businesses		–	–	(647)
Proceeds from disposal of associates		221	–	–
Proceeds from disposal of plant and equipment		–	300	–
Proceeds from repayment of loans to associates		1 317	7 888	9 108
Advances to investment and loans to associates		(14 175)	(67)	(2 242)
Dividends received from associates		70 900	2 558	5 281
Dividends received from other investments		428	–	–
Acquisition of other investments		(429)	–	(5 000)
Proceeds from disposal of other investments		1 108	–	4 000
Net cash flows from investing activities		59 370	10 679	10 500
Cash flows from financing activities				
Issue of shares		6 205	5 789	5 789
Net cash inflow from financing activities		6 205	5 789	5 789
Net increase in cash and cash equivalents		29 922	6 975	5 269
Cash and cash equivalents at the beginning of the period		5 916	647	647
Total cash and cash equivalents at end of the period*		35 838	7 622	5 916

* Total cash and cash equivalent is shown net of bank overdraft.

Segmental reporting

for the period ended 31 August 2022

The Group has investments across 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 Zimbabwe. The gaming investments are located in Zambia, Tanzania and the United Kingdom, whilst the resources and energy, BEE investments, commodity trading, fintech, and property investments are geographically located in South Africa.

The condensed interim financial results from the seven sectors are shown below:

Figures in R'000	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Unaudited	Unaudited
	2022	31 August	31 August	31 August
	2022	2022	2022	2022
Resources and energy	6 546	72 565	171 279	(14 257)
Gaming	–	1 388	32 093	(2 572)
Financial services	–	737	7 975	(2 864)
Fintech	1 000	2 153	23 206	–
BEE investments	–	(47)	82 525	(7 937)
Commodity trading	2 695	4 396	3 393	–
Property	–	(588)	19 473	(8 613)
Total	10 241	80 604	339 944	(36 243)

Figures in R'000	Reportable segment			
	Revenue	profit	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Unaudited	Unaudited
	2021	31 August	31 August	31 August
	2021	2021	2021	2021
Resources and energy*	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)

For the purposes of segmental reporting at 31 August 2021, gaming, financial services, fintech, BEE investments, commodity trading and property segments have been consolidated under other investments.

* The segment was renamed from Energy and resources to resources and energy.

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 requirements of the Companies Act 71 of 2008 of South Africa and the ESESE Listing Requirements. 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 the measurement of certain financial instruments which are measured at fair value. 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 2022 comprise VCP 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.

Use of 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 financial statements for the year ended 28 February 2022.

NOTES

1. Revenue

Revenue from operations include commission and management fee income.

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

	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Figures in R'000			
Resources and energy	6 546	6 593	13 170
Financial services	–	1 200	2 000
Fintech	1 000	929	1 929
Gaming	–	905	905
Commodity trading	2 695	–	–
Total revenue	10 241	9 627	18 004

2. Operating expenses

The expenses are broken down as follows:

Staff costs including directors' fees	438	870	657
Fees for professional services (including management fees)*	13 152	5 267	10 201
Commission paid*	2 627	2 607	5 295
Other expenses	987	604	1 363
Total expenses	17 204	9 348	17 516

* Commission paid was reclassified from professional fees.

The increase in expenses relates to the increase in management fees.

3. Reconciliation of headline earnings per share

Profit attributable to equity holders	77 901	21 915	53 056
Adjusted for:			
Profit on loss of control	–	–	(10)
Taxation	–	–	2
Profit on disposal of assets	(221)	(5 826)	(5 826)
Taxation	48	1 220	1 220
	77 728	17 309	48 442
Headline earnings per share (cents)	46.9	10.5	29.5
Basic headline and diluted earnings per share from operations	46.9	10.5	29.5

4. Authorised and issued stated capital

The authorised stated capital at 31 August 2022 was 500 million ordinary shares of no par value (2021: 500 million). 168 215 818 shares were in issue at 31 August 2022 (2021: 165 541 441).

	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the period	165 541	161 156	161 156
Issue of shares	242	3 148	3 148
Treasury shares	(10)	–	–
Weighted average number of shares in issue	165 773	164 304	164 304
Number of shares in issue at the end of the period	168 216	165 541	165 541

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 2022	Unaudited 31 August 2021	Audited 28 February 2022
Figures in R'000			
Profit before income tax	83 248	22 111	57 576
Adjusted for:			
Depreciation of plant and equipment	–	141	–
Dividend income	(428)	–	(34)
Equity-accounted earnings (net of income tax)	(89 036)	(15 985)	(39 544)
Fair value adjustments	–	–	(13 706)
Impairment loss on trade and other receivables	–	(185)	–
Impairment of associates	–	–	2 941
Net profit on disposal of assets	(221)	(5 826)	(5 836)
Foreign currency translation gain	–	(86)	(266)
Interest received from investments and finance income	(357)	(21)	(2)
Finance costs	56	–	–
Changes in working capital:			
Decrease/(increase) in trade and other receivables	1 765	(7 588)	(6 593)
Increase/(decrease) in trade and other payables	1 460	(1 563)	2 619
Cash utilised by operating activities	(3 513)	(9 002)	(2 845)

Notes to the condensed consolidated interim financial statements

(all figures in R'000) (continued)

7. Financial instruments carried at fair value

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 financial instruments 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.

Level 3 investments are fair valued at year end and approved by the Group's 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.

Fair values

	Unaudited 31 August 2022	Unaudited 31 August 2021	Audited 28 February 2022
Figures in R'000			
Financial assets measured at fair value through profit or loss			
Other investments	35 319	20 127	34 891
Other financial assets	–	28 119	–
Financial assets at amortised cost			
Loans to associates	16 952	5 917	9 943
	52 271	54 163	44 834
Financial liabilities measured at fair value through profit or loss			
Other financial liabilities	(7 937)	(6 985)	(7 937)
Total	44 334	47 178	36 897

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and preference share liability 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.

The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 investments relates in listed securities.
- 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 2 investments relates to units held in collective investments.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Level 3 investments relates to non-current other investments and other financial liabilities.

Unaudited 31 August 2022

Figures in R'000	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 864	–	35 319	38 183
Other liabilities at fair value through profit or loss	–	–	(7 937)	(7 937)
Total at fair value through profit or loss	2 864	–	27 382	30 246
Loans to associates at amortised cost	–	–	16 952	16 952
Total	2 864	–	44 334	47 198

Unaudited 31 August 2021	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	–	–	20 127	20 127
Other financial assets at fair value through profit or loss	–	–	28 119	28 119
Other liabilities at fair value through profit or loss	–	–	(6 985)	(6 985)
Total at fair value through profit or loss	–	–	41 261	41 261
Loans to associates at amortised cost	–	–	5 917	5 917
Total	–	–	47 178	47 178

Audited 28 February 2022	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss – other investments	–	1 108	34 891	35 999
Financial liabilities at fair value through profit or loss – other liabilities	–	–	(7 937)	(7 937)
Total at fair value through profit or loss	–	1 108	26 954	28 062
Financial assets at amortised cost	–	–	9 943	9 943
Total	–	1 108	36 897	38 005

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 2022	Unaudited 31 August 2021	Audited 28 February 2022
Level 3 financial instruments at fair value comprise:			
Opening balance	26 954	35 349	35 349
Fair value adjustments included in profit or loss	–	–	13 599
Foreign exchange movements	–	86	266
Additions/(disposals)	428	5 826	(22 260)
Closing balance	27 382	41 261	26 954
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			
Net asset value			
10% increase	1 445	2 013	2 238
10% decrease	(1 445)	(2 013)	(2 238)
Cash flow			
10% increase	980	(2 760)	568
10% decrease	(980)	3 748	(568)
Foreign exchange movement			
1% increase	104	664	122
1% decrease	(104)	(490)	(122)

8. Related party transactions

Related party transactions similar to those disclosed in the Group's financial statements for the year ended 28 February 2022 took place during the period under review. There have been no other related party transactions in the current period.

9. Events after reporting date

On 20 October 2022, the directors declared a dividend of 38.0 cents per share. Refer to note 10 for additional information on the dividend declaration.

The directors are not aware of any other matters arising since the end of the financial period that have not otherwise dealt with in the interim results that could significantly affect the financial position of the Group.

Notes to the condensed consolidated interim financial statements

(all figures in R'000) (continued)

10. Dividends

Dividend declared

Notice is hereby given that a gross ordinary dividend of 38.0 cents per share (2021: 3.0 cents) has been declared out of income reserves on 20 October 2022 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%
- 169 394 818 shares are in issue
- The gross ordinary dividend is 38.00000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 30.40000 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

2022

Declaration and finalisation date announcement	Thursday, 20 October
Last day to trade cum dividend	Monday, 24 October
Shares commence trading ex-dividend	Tuesday, 25 October
Record date	Monday, 24 October
Dividend payment date	Friday, 28 October

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

Dividends paid

Ordinary dividend number 2 of 18.0 cents (14.4 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 30 June 2022. Total cash of R30.0 million was paid to ordinary shareholders.

11. Going concern

The condensed consolidated interim results have been prepared on a going-concern basis. The Group has recognised a net profit after tax of R80.6 million for the period ended 31 August 2022 (2021: R21.6 million), and as at that date current assets exceed current liabilities by R30.2 million (2021: R14.4 million).

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 interim financial statements.

The board and management continue to actively engage, communicate and monitor the impact of Covid-19 and the Russian invasion of Ukraine on the Group's businesses to ensure the sustainability of the Group given the conceivable adverse consequence on the economy. While these events had no significant impact on the Group, the Group continues to monitor the impact on the business.

The board is of the view that, based on its knowledge of the Group, assumptions regarding the outcome of the key processes underway 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 Capital Partner's 2022/23 financial year commenced at the tail-end of the domestic National State of Disaster which was eventually terminated at midnight on 4 April 2022, leaving some transitional Covid-19-related provisions and restrictions in place.

Despite the gradual lifting of Covid restrictions globally, the damage to the world economy was already done. Global economic output remained under pressure and the lagged detrimental economic impact thereof is to be felt for many years to come. The economic recovery was further disrupted by the direct effects of, and indirect repercussions from Russia's invasion of the Ukraine in February 2022. Unsurprisingly, global energy and fuel prices have subsequently surged, and the hands of monetary authorities were forced into aggressively tightening interest rates to stem spiralling global inflation. The US Federal Reserve set the tone by commencing a steep hiking cycle, which culminated in the US Dollar strengthening and pushing the exchange rate of cross-currencies like the Rand weaker.

Even though challenging global and domestic economic conditions amidst a cycle of rising interest rates did not leave Vunani's private equity-focused business totally unscathed, prevailing conditions did bring some windfall benefits and gains in some of the seven areas the business focuses on. Most notably, the spike in global energy prices resulted in coal prices escalating by more than 50% over the course of the reporting period and a concomitant double-digit weakening in the Rand exchange rate resulted in the Rand-price of exported coal surging by more than 65%. Moreover, the related opportunities in renewable energy remain a particular focus area which the business eventually hopes to exploit.

A more cautious global approach towards fintech business also prompted Vunani Capital Partners to be a little less aggressive in this regard in favour of supporting existing investments. Despite some Covid-related disruption, our predominantly Africa-focused businesses like resources and energy and gaming continued to perform well, while expansion into additional territories is explored.

The Group generated profit of R80.6 million to 31 August 2022 compared to R21.6 million to August 2021. The performance from each of the seven sectors is detailed below.

Resources and energy

This segment comprises of investments in Butsanani Energy Investment Holdings Proprietary Limited (Butsanani), Black Wattle Colliery Proprietary Limited (Black Wattle) and Vunani Resources Proprietary Limited (VR). VR's operations have been scaled down. The segment contributed R72.6 million in profit to the Group compared to R10.1 million in 2021. The increase relates to additional resources being mined by Black Wattle. The increase in coal prices meant better margins from these investments. The Group's focus is to extract value from these existing investments and expand into renewable energy.

Gaming

The gaming sector has shown significant growth potential and the Group intends to secure further licences across the continent. The segment has contributed R1.4 million (2021: R7.9 million) in profit to the Group. The decrease is a result of the inclusion of once-off profit in the prior year.

Financial services

The Group holds a 65% stake in Purpose Asset Management, which operates in Zimbabwe and 51% shareholding in Phakamani Impact Capital Proprietary Limited, a South African enterprise development and training services business. The investment in Alliance Capital was fully impaired as the business experienced financial difficulties.

Fintech

The Group has invested in fintech funds through its interest in Vunani Fintech Fund Proprietary Limited, which has a portfolio of businesses 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. VCP holds 2.34% in African Legend Investments Proprietary Limited (which is the BEE anchor shareholder in Astron Energy). 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 Anatraca SA Proprietary Limited (Anatraca), a commodity trading business. This segment contributed R4.4 million in earnings to the group. The business is currently focused on expanding their product range in Africa and the Middle East, which include chemicals and agricultural products.

Property

A number of development opportunities in the residential and retail sector have been embarked upon with returns expected in the next 12 to 24 months.

Financial performance

Vunani Capital Partners' performance for the six-month period to 31 August 2022 has improved in comparison to the prior period. The Group generated total comprehensive income for the period of R80.6 million (2021: R21.6 million), while total profit attributable to equity holders of VCP amounted to R77.9 million (2021: R21.9 million). **Revenue** for the period 31 August 2022 of R10.2 million (2021: R9.6 million) an increase of 6%. **Equity-accounted earnings** for the period amounted to R89.0 (2021: R16.0 million) with coal prices expected to remain strong, this will continue to underpin earnings for the Group.

Operating expenses of R17.2 million (2021: R9.4 million) were incurred during the period. The majority of costs relates to fees for services which are contractually agreed with services providers.

Most of the Group's investments are structured such that the Group has significant influence and accordingly, these entities are equity accounted for in the Group's results. **Investments in and loans to associates** constitute 73% of the Group's total assets. The group's investment in associates had a positive contribution to the Group's overall performance with the increase in earnings generated from these investments.

The **other investments** are carried at fair value through profit and loss. Fair value adjustments to financial instruments that are measured at fair value through profit and loss will be performed at year-end. **Cash and cash equivalents** has increased as a result of the increase in dividends received from associates.

The Group successfully placed 2.7 million shares for R6.2 million which has resulted in the increase in **stated capital** (2021: 4.4 million shares for R5.9 million).

Overview and prospects

(continued)

Prospects

Vunani Capital Partners has chosen seven investment themes and will concentrate on these and, expand the investment portfolio with the help of our strategic and management partners and continues to leverage off its business relationships. The objective is to maximise value for shareholders, through organic growth and acquisitions. Some opportunities in the domestic property sector and financial services sector as well as in the BEE space are under consideration, even though tighter business conditions aggravated by rising interest rates do call for caution. Nevertheless, Vunani Capital Partners remains well positioned to grow its existing underlying businesses and to also take advantage of new growth opportunities.

Forward-looking statements and directors' responsibility

Statements made throughout this announcement regarding the future financial performance of the Group have not been reviewed or audited by VCP's external auditors. VCP cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. VCP 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 Unaudited Condensed Consolidated Interim Results have been prepared under the supervision of the Chief Financial Officer, Pride R Gwaze CA(SA).

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 20 October 2022.

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 21 October 2022, 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.

