

# VUNANI

CAPITAL PARTNERS

Unaudited condensed  
consolidated interim results  
for the six months ended 31 August 2023



Commitment. Focus. Purpose.

# Corporate 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: 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

	<b>Date of appointment</b>
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

Pride R Gwaze

### 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 2023

### PROFIT AFTER TAX

**R1.2 million**

2022: R80.6 million

### BASIC EARNINGS PER SHARE

**0.7c**

2022: 47.0c

### CORPORATE ACTIONS

**Concluded a second investment in the renewable energy sector**

Figures in R'000	Note	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
Revenue	1	6 732	10 241	15 697
Dividend income		107	428	515
Other income		288	225	1 288
Net profit on disposal of assets		–	221	2 372
Equity-accounted earnings (net of tax)		2 917	89 036	170 857
Fair value adjustments		98	–	1 324
Impairments		–	–	(26 632)
Operating expenses	2	(8 276)	(17 204)	(31 376)
<b>Results from operating activities</b>		<b>1 866</b>	<b>82 947</b>	<b>134 045</b>
Finance income		933	357	2 254
Finance costs		(399)	(56)	(370)
Net finance income		534	301	1 884
<b>Profit before tax</b>		<b>2 400</b>	<b>83 248</b>	<b>135 929</b>
Income tax expense		(1 207)	(2 644)	(7 614)
<b>Profit after tax</b>		<b>1 193</b>	<b>80 604</b>	<b>128 315</b>
<b>Other comprehensive income</b>		<b>(18)</b>	<b>–</b>	<b>339</b>
<b>Total comprehensive income for the period</b>		<b>1 175</b>	<b>80 604</b>	<b>128 654</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent		1 193	77 901	114 242
Non-controlling interest		–	2 703	14 073
		<b>1 193</b>	<b>80 604</b>	<b>128 315</b>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent		1 175	77 901	114 581
Non-controlling interest		–	2 703	14 073
		<b>1 175</b>	<b>80 604</b>	<b>128 654</b>
<b>Basic earnings per share (cents)</b>		<b>0.7</b>	<b>47.0</b>	<b>68.3</b>
Basic earnings per share (cents)		0.7	47.0	68.3
<b>Basic headline earnings per share (cents)</b>		<b>0.7</b>	<b>46.9</b>	<b>79.6</b>
Basic headline earnings per share (cents)	3	0.7	46.9	79.6

# Condensed consolidated statement of financial position

at 31 August 2023

Figures in R'000	Note	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Assets</b>				
Investments in and loans to associates		219 691	245 847	228 214
Other investments	5	28 673	35 319	28 673
Other financial assets	5	9 200	–	5 300
Deferred tax asset		–	258	–
<b>Total non-current assets</b>		<b>257 564</b>	<b>281 424</b>	<b>262 187</b>
Other investments		2 729	2 864	2 631
Loans to associates		–	1 669	–
Trade and other receivables		7 862	9 536	8 222
Non-current assets held for sale	6	29 804	–	–
Cash and cash equivalents		9 215	44 451	33 515
<b>Total current assets</b>		<b>49 610</b>	<b>58 520</b>	<b>44 368</b>
<b>Total assets</b>		<b>307 174</b>	<b>339 944</b>	<b>306 555</b>
<b>Equity</b>				
Stated capital		226 178	223 160	226 178
Treasury shares		(1 766)	(1 766)	(1 766)
Foreign currency translation reserve		(23)	(344)	(5)
Accumulated profit		54 760	82 651	53 567
Equity attributable to equity holders		279 149	303 701	277 974
Non-controlling interest		(32)	–	(32)
<b>Total equity</b>		<b>279 117</b>	<b>303 701</b>	<b>277 942</b>
<b>Liabilities</b>				
Other financial liabilities	5	–	7 937	–
<b>Deferred tax liability</b>		<b>1 496</b>	<b>–</b>	<b>1 475</b>
<b>Total non-current liabilities</b>		<b>1 496</b>	<b>7 937</b>	<b>1 475</b>
Trade and other payables		17 542	19 693	19 598
Bank overdraft		9 019	8 613	7 540
Preference share liability		*	*	*
<b>Current liabilities</b>		<b>26 561</b>	<b>28 306</b>	<b>27 138</b>
<b>Total liabilities</b>		<b>28 057</b>	<b>36 243</b>	<b>28 613</b>
<b>Total equity and liabilities</b>		<b>307 174</b>	<b>339 944</b>	<b>306 555</b>
Shares in issue (000s)	4	169 395	168 216	169 395
Net asset value per share (cents)		164.8	180.5	164.1

## 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.

\* less than R1 000.

# Condensed consolidated statement of changes in equity

for the period ended 31 August 2023

	Stated capital	Treasury shares	Foreign currency translation reserve	Accumulated profit	Total attributable to equity holders	Non-controlling interest	Total equity
<b>Figures in R'000</b>							
<b>Balance as at 28 February 2022 – Audited</b>	216 955	–	(344)	34 547	251 158	–	251 158
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	77 901	77 901	2 703	80 604
Other comprehensive income for the period	–	–	–	–	–	–	–
<b>Total comprehensive income for the period</b>	–	–	–	77 901	77 901	2 703	80 604
<b>Transactions with owners, recorded directly in equity</b>							
Dividend paid/payable*	–	–	–	(29 797)	(29 797)	(2 703)	(32 500)
Acquisition of treasury shares **	–	(1 766)	–	–	(1 766)	–	(1 766)
Issue of shares***	6 205	–	–	–	6 205	–	6 205
<b>Total transactions with owners, recorded directly in equity</b>	6 205	(1 766)	–	(29 797)	(25 358)	(2 703)	(28 061)
<b>Balance as at 31 August 2022 – Unaudited</b>	223 160	(1 766)	(344)	82 651	303 701	–	303 701
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	36 341	36 341	11 370	47 711
Other comprehensive income for the period	–	–	339	–	339	–	339
<b>Total comprehensive income for the period</b>	–	–	339	36 341	36 680	11 370	48 050
<b>Transactions with owners, recorded directly in equity</b>							
<b>Transactions with equity holders</b>							
Issue of shares****	3 018	–	–	–	3 018	–	3 018
Dividend paid/payable *****	–	–	–	(64 008)	(64 008)	(11 402)	(75 410)
Dividends paid - preference shares	–	–	–	(1 417)	(1 417)	–	(1 417)
<b>Total transactions with owners, recorded directly in equity</b>	3 018	–	–	(65 425)	(62 407)	(11 402)	(73 809)
<b>Balance as at 28 February 2023 – Audited</b>	226 178	(1 766)	(5)	53 567	277 974	(32)	277 942
<b>Total comprehensive income for the period</b>							
Profit for the period	–	–	–	1 193	1 193	–	1 193
Other comprehensive income for the period	–	–	(18)	–	(18)	–	(18)
<b>Total comprehensive income for the period</b>	–	–	(18)	1 193	1 175	–	1 175
<b>Balance as at 31 August 2023 – Unaudited</b>	226 178	(1 766)	(23)	54 760	279 149	(32)	279 117

\* Dividend number 2 of 18 cents per share to equity holders of VCP.

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

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

\*\*\*\* Issue of 1.2 million shares at a price of R2.56 per share.

\*\*\*\*\* Dividend number 3 of 38 cents per share to equity holders of VCP (net of treasury shares).

# Condensed consolidated statement of cash flows

for the period ended 31 August 2023

Figures in R'000	Note	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Cash flows from operating activities</b>				
Net cash utilised by operating activities	7	(2 952)	(3 513)	(15 988)
Finance income received		933	357	2 254
Finance costs paid		(399)	(56)	(370)
Dividends paid to shareholders		–	(29 797)	(93 805)
Tax paid		(1 186)	(2 644)	(5 881)
Net cash utilised by operating activities		(3 604)	(35 653)	(113 790)
<b>Cash flows from investing activities</b>				
Acquisition of and advances of loans to other financial assets		(3 900)	–	(5 300)
Proceeds from disposal of associates		–	221	221
Preference dividends paid		–	–	(1 417)
Proceeds from repayment of loans to associates		32	1 317	2 455
Advances to investment and loans to associates		(23 448)	(14 175)	(21 807)
Dividends received from associates		5 034	70 900	151 760
Dividends received from other investments		107	428	515
Acquisition of other investments		–	(429)	(1 143)
Proceeds from disposal of other investments		–	1 108	1 108
Net cash (outflow)/inflow from investing activities		(22 175)	59 370	126 392
<b>Cash flows from financing activities</b>				
Issue of shares		–	6 205	9 223
Acquisition of treasury shares		–	–	(1 766)
Net cash inflow from financing activities		–	6 205	7 457
Net (decrease)/increase in cash and cash equivalents		(25 779)	29 922	20 059
Cash and cash equivalents at the beginning of the period		25 975	5 916	5 916
<b>Total cash and cash equivalents at end of the period*</b>		<b>196</b>	<b>35 838</b>	<b>25 975</b>

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

# Segmental reporting

for the period ended 31 August 2023

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 across Africa 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:

	Reportable segment		Total	Total
	Revenue	profit/(loss)	assets	liabilities
	Unaudited	Unaudited	Unaudited	Unaudited
	31 August	31 August	31 August	31 August
<b>Figures in R'000</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
Resources and energy	3 510	(356)	149 003	(14 265)
Gaming	–	1 949	40 202	(3 519)
Financial services	1 222	3 223	14 489	(861)
Fintech	1 000	(4 561)	18 157	(393)
BEE investments	–	419	39 620	–
Commodity trading	1 000	1 226	5 141	–
Property	–	(707)	40 562	(9 019)
<b>Total</b>	<b>6 732</b>	<b>1 193</b>	<b>307 174</b>	<b>(28 057)</b>

	Reportable segment		Total	Total
	Revenue	profit/(loss)	assets	liabilities
	Unaudited	Unaudited	Unaudited	Unaudited
	31 August	31 August	31 August	31 August
<b>Figures in R'000</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
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)
<b>Total</b>	<b>10 241</b>	<b>80 604</b>	<b>339 944</b>	<b>(36 243)</b>

	Reportable segment		Total	Total
	Revenue	profit/(loss)	assets	liabilities
	Audited	Audited	Audited	Audited
	28 February	28 February	28 February	28 February
<b>Figures in R'000</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
Resources and energy	9 097	146 681	167 991	(15 366)
Gaming	–	5 549	39 552	(5 364)
Financial services	–	3 446	11 534	–
Fintech	2 000	2 427	23 683	(343)
BEE investments	–	(32 499)	39 574	–
Commodity trading	4 600	5 012	3 783	–
Property	–	(2 301)	20 438	(7 540)
<b>Total</b>	<b>15 697</b>	<b>128 315</b>	<b>306 555</b>	<b>(28 613)</b>

# Notes to the condensed consolidated financial statements

(all figures in R'000)

## BASIS OF PREPARATION

The interim financial statements have been prepared on a going concern basis, in accordance with and containing information required by IAS 34 Interim Financial Reporting and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 of South Africa and the ESE 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 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 2023 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 2023.

## 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 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Figures in R'000</b>			
Resources and energy	3 510	6 546	9 097
Financial services	1 222	–	–
Fintech	1 000	1 000	2 000
Commodity trading	1 000	2 695	4 600
<b>Total revenue</b>	<b>6 732</b>	<b>10 241</b>	<b>15 697</b>

### 2. Operating expenses

The expenses are broken down as follows:

Non executive directors' fees	590	438	524
Fees for professional services (including management fees)*	4 857	13 152	22 392
Commission paid*	1 420	2 627	3 260
Other expenses	1 409	987	5 200
<b>Total expenses</b>	<b>8 276</b>	<b>17 204</b>	<b>31 376</b>

\* Commission paid was reclassified from professional fees.

The decrease in expenses relates to the reduction in the management fees payable on cash generated.

### 3. Reconciliation of headline earnings per share

Profit attributable to equity holders	1 175	77 901	114 242
<b>Adjusted for:</b>			
Impairment of investment and loans in associates	–	–	26 632
Taxation	–	–	(5 966)
Profit on disposal of assets	–	(221)	(2 372)
Taxation	–	48	531
	<b>1 175</b>	<b>77 728</b>	<b>133 068</b>
<b>Headline earnings per share (cents)</b>	<b>0.7</b>	<b>46.9</b>	<b>79.6</b>
Basic headline earnings per share from operations	<b>0.7</b>	<b>46.9</b>	<b>79.6</b>



#### 4. Authorised and issued stated capital

The authorised stated capital at 31 August 2023 was 500 million ordinary shares of no par value (2022: 500 million). 169 394 818 shares were in issue at 31 August 2023 (2022: 168 215 818).

	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Weighted average number of ordinary shares (000s)</b>			
Issued ordinary shares at the beginning of the period	168 216	165 541	165 541
Issue of shares	–	242	2 137
Treasury shares	(954)	(10)	(479)
Weighted average number of shares in issue	167 262	165 773	167 199
Number of shares in issue at the end of the period	169 395	168 216	169 395

#### 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 8 of these financial results.

#### 6. Non-current assets held for sale

During the period, the group made a decision to dispose of 100% of its shares held in Verbicept Proprietary Limited ("Verbicept"). Verbicept holds the group's investment in Workforce Holdings Limited. The assets and liabilities relating to the sale of Verbicept have been presented as non-current assets held for sale. It is expected that the sale of these assets will be concluded within the next 12-month period. At 31 August 2023, the non-current assets held for sale were stated at fair value and consisted of net assets of R29.8 million.

As at 31 August 2023, the non-current assets held for sale were detailed as follows:

	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Assets classified as held for sale</b>			
<b>Investment in associate</b>			
Verbicept Proprietary Limited*	29 804	–	–

\* the investment is shown net of loan claims.

#### 7. Net cash utilised by operating activities

	Unaudited 31 August 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Figures in R'000</b>			
Profit before income tax	2 400	83 248	135 929
<b>Adjusted for:</b>			
Dividend income	(107)	(428)	(515)
Equity-accounted earnings (net of income tax)	(2 917)	(89 036)	(170 857)
Fair value adjustments	(98)	–	(1 324)
Impairment of associates	–	–	26 632
Net profit on disposal of assets	–	(221)	(2 372)
Foreign currency translation gain	–	–	266
Interest received from investments and finance income	(933)	(357)	(2 254)
Finance costs	399	56	370
<b>Changes in working capital:</b>			
Decrease in trade and other receivables	360	1 765	2 514
(Decrease)/increase in trade and other payables	(2 056)	1 460	(4 377)
Cash utilised by operating activities	(2 952)	(3 513)	(15 988)

# Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

## 8. 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 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Figures in R'000</b>			
<b>Financial assets measured at fair value through profit or loss</b>			
Other investments	28 673	35 319	28 673
Other financial assets	9 200	–	5 300
<b>Financial assets at amortised cost</b>			
Loans to associates	38 154	16 952	9 943
	<b>76 027</b>	52 271	43 916
<b>Financial liabilities measured at fair value through profit or loss</b>			
Other financial liabilities	–	(7 937)	–
<b>Total</b>	<b>76 027</b>	44 334	43 916

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 2023**

Figures in R'000	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 729	–	28 673	31 402
Other financial assets at fair value through profit or loss	–	–	9 200	9 200
Total at fair value through profit or loss	2 729	–	37 873	40 602
Loans to associates at amortised cost	–	–	38 154	38 154
Total	2 729	–	76 027	78 756

Unaudited 31 August 2022	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 864	–	35 319	38 183
Other financial assets at fair value through profit or loss	–	–	–	–
Other financial 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

Audited 28 February 2023	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 631	–	28 673	31 304
Other financial assets at fair value through profit or loss	–	–	5 300	5 300
Total at fair value through profit or loss	2 631	–	33 973	36 604
Loans to associates at amortised cost	–	–	9 943	9 943
Total	2 631	–	43 916	46 547

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 14.26% (2022: 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 2023	Unaudited 31 August 2022	Audited 28 February 2023
<b>Level 3 financial instruments at fair value comprise:</b>			
Opening balance	33 973	26 954	27 349
Fair value adjustments included in profit or loss	–	–	1 324
Foreign exchange movements	–	–	–
Additions	3 900	428	5 300
<b>Closing balance</b>	<b>37 873</b>	<b>27 382</b>	<b>33 973</b>
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			
<b>Net asset value</b>			
10% increase	1 363	1 445	2 298
10% decrease	(1 363)	(1 445)	(2 298)
<b>Cash flow</b>			
10% increase	2 424	980	1 363
10% decrease	(2 424)	(980)	(1 363)
<b>Foreign exchange movement</b>			
10% increase	695	104	2 848
10% decrease	(695)	(104)	(2 848)

# Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

## 9. Related party transactions

Related party transactions similar to those disclosed in the Group's financial statements for the year ended 28 February 2023 took place during the period under review. There have been no other related party transactions in the current period.

## 10. Events after reporting date

On 26 September 2023, the company entered into a Sale of Shares agreement which resulted in the disposal of the group's investment in Verbicept Proprietary Limited ("Verbicept"). Verbicept is special purpose vehicle ("SPV") housing VCP's investment in Workforce Holdings Limited shares (details in note 6).

The directors are not aware of any other matters or circumstances, arising since the end of the financial period, not otherwise dealt with in the interim financial statements that significantly affect the financial position of the Group or the results of its operations.

## 11. Dividends

### Dividend declared

Due to the challenging economic conditions over the six months to 31 August 2023, the board of directors of VCP decided not to declare an interim dividend; however, the Group is committed to rewarding its shareholders by distributing free cash flow when it is generated.

### 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 R29.8 million was paid to ordinary shareholders.

## 12. 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 R1.2 million for the period ended 31 August 2023 (2022: R80.6 million), and as at that date current assets exceed current liabilities by R23.0 million (2022: R30.2 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 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 Partners Limited's 2023/24 financial year commenced as the effects of rising global interest rates, spearheaded by a particularly aggressive rate hiking cycle by the US Federal Reserve Bank, culminated in a pronounced moderation in global economic growth. Central banks were left with little choice but to tighten policy in the battle to curb surging inflation brought about by price escalation due to supply chain disruption and spiralling global energy prices following Russia's invasion of Ukraine. Given South Africa's exchange rate vulnerability, the South African Reserve Bank could not afford to fall behind on the hiking cycle, either. The inevitable dampening impact on demand of the cumulative effects of rising interest rates further suppressed already weak domestic economic activity, from an already weak post-Covid base while being further hamstrung by persistent electricity load shedding.

As could be expected, Vunani's private equity-focused business did not emerge totally unscathed from prevailing challenging business conditions. Some windfall benefits and opportunities did materialise in some of the business' seven focuses areas though, like for instance, opportunities in renewable energy which we hope to exploit further.

Nevertheless, despite fairly stable global oil prices albeit at elevated levels during the reporting period, slowing global economic activity resulted in most commodity prices coming under severe pressure. In the case of coal, which is of particular importance to Vunani, the average price plummeted by more than 61 percent over the reporting period. Moreover, a significant slump in demand and activity was seen in some of South Africa's key trading partners, such as China. This slow down, detrimentally affected export prospects over and above persistent infrastructure-related disruption pertaining to rail transport. Despite a slightly weaker Rand-exchange rate enhancing export proceeds, coal-related challenges did have a material detrimental impact on Vunani's performance over the reporting period.

Moreover, the aggregate 100 basis points additional domestic interest rate tightening over the course of the six months to bring the domestic prime interest rate to 11.75% by the end of August, further suppressed activity in the property sector. Vunani remains committed to its longer-term strategy in the property sector, and is utilising the prevailing environment to position for the inevitable future recovery of this sector.

The group generated profit after tax of R1.2 million to 31 August 2023 compared to R80.6 million to August 2022. Profit for the six month period ending 31 August 2023, was impacted by the decrease in equity accounted earnings particularly from the resources and energy sector which was driven by decline in coal prices and logistics issues affecting rilling of coal. 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"). The segment contributed negative losses of R0.4 million for the period compared to a profit of R72.6 million in 2022 on the backdrop of the increased export coal prices. With the decrease in coal prices, coupled with the rilling issues, this resulted in constrained margins from these investments for the six months period ending 31 August 2023.

The Group's focus is to extract value from these existing investments and expand into renewable energy. This has seen the Group making its second investment in the renewable energy sector of 13% amounting to R3.9 million in Specialized Solar Systems Proprietary Limited ("SSS"). SSS is a developer of affordable, renewable, and alternative energy sources for residential and commercial users.

## Gaming

The gaming sector has shown significant growth potential and the Group intends to secure further licences across the continent. The segment contributed R1.9 million (2022: R1.4 million) in profit to the Group. The increase is as a result of improved revenues within the sector.

## Financial services

The Group holds a 65% stake in Purpose Asset Management (Private) Limited ("Purpose"), which operates in Zimbabwe and 51% shareholding in Phakamani Impact Capital Proprietary Limited ("Phakamani"), a South African enterprise development and training services business. The segment contributed R3.2 million in profit compared to R0.7 million to 31 August 2022. The improved performance is as a result of the inclusion of earnings generated from Maccaulei Learning Academy ("MLA") which was acquired by Phakamani in the second half of last year.

## Fintech

The Group has invested in fintech funds through its interest in Vunani Fintech Fund Proprietary Limited ("Fintech Fund"), which has a portfolio of eleven businesses that provides digital and tech-based solutions in the financial sector. The portfolio is fair valued bi-annually and the Group equity accounts 20% of the earnings from the Fintech Fund. The global fintech industry's valuations have come down which has resulted in the segment contributing losses of R4.6m for the six months period compared to R2.2 million equity accounted earnings from the previous period.

## BEE investments

This segment includes the Group's investments in Workforce Holdings Limited ("Workforce"), held via a special purpose vehicle, Verbicept Proprietary Limited ("Verbicept") and 2.34% shareholding 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 over time to ensure an optimal use of capital. This has resulted in the Group disposing of its investment in Verbicept subsequent to 31 August 2023 and the investment has been classified as a non-current asset held for sale.

## Commodity trading

The commodity trading operations are housed in two entities, being Anatrice SA Proprietary Limited ("Anatrice SA"), registered in South Africa and Anatrice TR (the Turkish registered company), in which the Group owns 29.25% in both. The segment contributed R1.2 million in earnings to the Group compared to R4.4 million to 31 August 2022. The decrease in earnings is due to reduced sales which has impacted gross profit margins within the segment.

## 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. Construction is about to commence in Plettenburg residential project and sales of units is progressing well.

## Financial performance

Vunani Capital Partners' performance for the six-month period to 31 August 2023 has declined compared to the previous period due to difficult market conditions. **Revenue** for the period to 31 August 2023 decreased by 34% from R10.2 million in August 2022 to R6.7 million for the current period. **Equity-accounted earnings** for the period were also impacted and decreased from R89.0 million to R2.9 million as the resources and energy sector has been negatively impacted by challenging operating conditions. Despite these challenges, the Group's investments made a positive contribution to earnings, however lower than the prior period.

# Overview and prospects

(continued)

**Operating expenses** have come down from R17.2 million for the period 31 August 2022 to R8.3 million for the six month period as a result of the decline in performance. Professional fees which included management fees which are linked to the performance of the Group's investments have decreased by 63% from R13.2 million to R8.3 million.

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 72% of the Group's total assets. The net movement relates to advances of loans and the transfer of the investment in Verbicept from investment in associates to **non-current asset held for sale**.

The Group successfully concluded its second investment in the renewable energy sector which has resulted in an increase in **other financial assets**. The acquisition is in line with the Group's strategy to expand its footprint within this sector. The Group's executives are exploring more opportunities which will allow the Group to transition into renewable energy 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 decreased as a result of the decrease in dividends received from investments in associates and the outflows relating to new investments undertaken during the year.

## Prospects

The Group is exploring a number of interesting opportunities to further grow the business and enhance shareholder value. Subsequent to period end, the Group concluded an en commandite partnership Fund II with Ditikeni Trust. The partnership will be managed by Vunani through a wholly-owned subsidiary. We will continue to look for opportunities through partnerships and acquisitions within the seven sectors as well as through our investment partnership with the Ditikeni Trust. The Group 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 19 October 2023.

## 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 Wednesday 25 October 2023, at 12:30 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.

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