



# 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"> <li>Oversight and governance</li> <li>Approve investments over R30 million</li> </ul>	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"> <li>Approve investments over R3 million to R30 million and recommend investments to the board over R30 million</li> </ul>	John Macey (Chairman); Lionel Jacobs; Marcel Golding, Andre Pieterse*; Ethan Dube; Mark Anderson
Executive team	<ul style="list-style-type: none"> <li>Approve investments up to R3m</li> </ul>	Executive team
Day-to-day management	<ul style="list-style-type: none"> <li>Responsibility for day-to-day management, board and shareholder reporting</li> </ul>	Mark Anderson (CEO); Pride Gwaze (CFO)
Investment services	<ul style="list-style-type: none"> <li>Responsibility for sourcing, closing and monitoring/growing investments</li> </ul>	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.

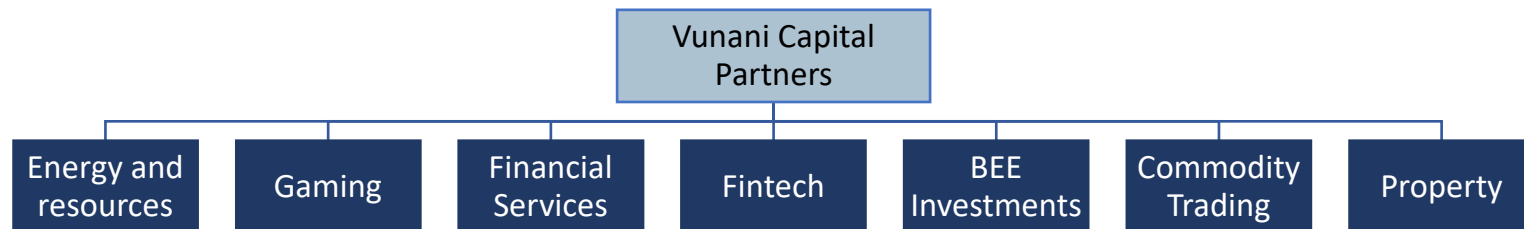
## Fintech

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%
<b>Results from operating activities</b>	<b>22 090</b>	<b>16 571</b>	<b>5 519</b>	<b>33%</b>
Finance income	21	-	21	
Finance costs	(0)	-	(0)	
<b>Net finance income</b>	<b>21</b>	<b>-</b>	<b>21</b>	
<b>Profit before income tax</b>	<b>22 111</b>	<b>16 571</b>	<b>5 540</b>	<b>33%</b>
Income tax expense	(512)	(1 218)	706	-58%
<b>Profit from operations</b>	<b>21 599</b>	<b>15 352</b>	<b>6 246</b>	<b>41%</b>

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	*
<b>TOTAL</b>			<b>203 462</b>

# PROFIT FORECASTS

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

<b>Year ended (1 March to 28 February)</b>	<b>Feb-22</b>	<b>Feb-23</b>	<b>Feb-24</b>
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)
<b>Results from operating activities</b>	<b>34 123</b>	<b>45 279</b>	<b>52 275</b>
Taxation	(51)	-	-
<b>Net profit</b>	<b>34 072</b>	<b>45 279</b>	<b>52 275</b>



## 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
<b>Energy and resources</b>	<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>
<b>Gaming</b>	<p>No significant exchange rate effects and Covid19 impact on sporting events.</p>
<b>Commodity trading</b>	<p>Continued supply of boron in terms of the ETI Maden contract.</p>

# INVESTMENT PROSPECTS

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