

VUNANI

CAPITAL PARTNERS

Unaudited condensed
consolidated interim results
for the six months ended 31 August 2024



Commitment. Focus. Purpose.

Corporate information



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

Country of incorporation and domicile: South Africa

Registration number: 2019/431743/06

I-Ex code: EXVCP

ISIN: ZAE000000062

Listed on the Integrated Exchange ("I-Ex")

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

Nature of business and principal activities

Vunani Capital Partners Limited ("VCP") and its subsidiaries (the "Group") is a member of the broader Vunani group. VCP listed on the Integrated Exchange ("I-Ex") (previously Equity Express Securities Exchange) on 15 June 2021. VCP is an investment holding and management company comprising of a portfolio of private equity assets some of which were unbundled out of Vunani Limited on 12 February 2021. VCP holds investments in resources and energy, gaming, financial services, fintech, BEE investments, commodity trading, property and Ditikeni partnerships.

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

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 2024

PROFIT AFTER TAX

R34.3 million

2023: R1.2 million

BASIC EARNINGS PER SHARE

20.4c

2023: 0.7c

Figures in R'000	Note	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Revenue	1	5 972	6 732	16 763
Dividend income		1 540	107	1 139
Other income		427	288	638
Net (loss)/profit on disposal of assets		(135)	–	3 067
Equity-accounted earnings (net of tax)		39 674	2 917	14 268
Fair value adjustments		(613)	98	28 904
Impairments		–	–	(64 339)
Operating expenses	2	(10 261)	(8 276)	(16 652)
Results from operating activities		36 604	1 866	(16 212)
Finance income		459	933	1 311
Finance costs		(582)	(399)	(1 025)
Net finance (costs)/ income		(123)	534	286
Profit/(loss) before tax		36 481	2 400	(15 926)
Income tax expense		(2 145)	(1 207)	(10 849)
Profit/(loss) after tax		34 336	1 193	(26 775)
Other comprehensive income		–	(18)	(2 656)
Total comprehensive income for the period		34 336	1 175	(29 431)
Profit/(loss) for the period attributable to:				
Owners of the parent		34 341	1 193	(26 768)
Non-controlling interest		(5)	–	(7)
		34 336	1 193	(26 775)
Total comprehensive income for the period attributable to:				
Owners of the parent		34 341	1 175	(29 424)
Non-controlling interest		(5)	–	(7)
		34 336	1 175	(29 431)
Basic earnings/(loss) per share (cents)		20.4	0.7	(15.9)
Basic earnings/(loss) per share (cents)		20.4	0.7	(15.9)
Basic headline earnings per share (cents)		20.5	0.7	12.5
Basic headline earnings per share (cents)	3	20.5	0.7	12.5

Condensed consolidated statement of financial position

at 31 August 2024

Figures in R'000	Note	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Assets				
Investments in and loans to associates		189 649	219 691	164 917
Other investments		58 830	28 673	58 830
Other financial assets		4 575	9 200	4 575
Non-current receivable	6 & 7	13 957	–	13 957
Total non-current assets		267 011	257 564	242 279
Other investments		2 017	2 729	2 631
Loans to associates		738	–	957
Trade and other receivables		14 291	7 862	11 965
Non-current assets held for sale	6	–	29 804	–
Current receivable	6 & 7	5 276	–	10 131
Cash and cash equivalents		14 619	9 215	169
Total current assets		36 941	49 610	25 853
Total assets		303 952	307 174	268 132
Equity				
Stated capital		226 178	226 178	226 178
Treasury shares		(1 766)	(1 766)	(1 766)
Foreign currency translation reserve		(2 661)	(23)	(2 661)
Accumulated profit		61 140	54 760	26 799
Equity attributable to equity holders		282 891	279 149	248 550
Non-controlling interest		(44)	(32)	(39)
Total equity		282 847	279 117	248 511
Liabilities				
Deferred tax liability		4 891	1 496	5 024
Total non-current liabilities		4 891	1 496	5 024
Trade and other payables		6 953	17 542	5 885
Taxation payable		12	–	12
Bank overdraft		9 249	9 019	8 700
Preference share liability		*	*	*
Current liabilities		16 214	17 542	14 597
Total liabilities		21 105	28 057	19 621
Total equity and liabilities		303 952	307 174	268 132
Shares in issue (000s)	4	169 395	169 395	169 395
Net asset value per share (cents)		167.0	164.8	146.7

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.

* less than R1 000.

Condensed consolidated statement of changes in equity

for the period ended 31 August 2024

	Stated capital	Treasury shares	Foreign currency translation reserve	Accumulated profit	Total attributable to equity holders	Non-controlling interest	Total equity
Figures in R'000							
Balance as at 28 February 2023 – Audited	226 178	(1 766)	(5)	53 567	277 974	(32)	277 942
Total comprehensive income for the period							
Profit for the period	–	–	–	1 193	1 193	–	1 193
Other comprehensive income for the period	–	–	(18)	–	(18)	–	(18)
Total comprehensive income for the period	–	–	(18)	1 193	1 175	–	1 175
Balance as at 31 August 2023 – Unaudited	226 178	(1 766)	(23)	54 760	279 149	(32)	279 117
Total comprehensive income for the period							
Profit for the period	–	–	–	(27 961)	(27 961)	(7)	(27 968)
Other comprehensive income for the period	–	–	(2 638)	–	(2 638)	–	(2 638)
Total comprehensive income for the period	–	–	(2 638)	(27 961)	(30 599)	(7)	(30 606)
Balance as at 29 February 2024 – Audited	226 178	(1 766)	(2 661)	26 799	248 550	(39)	248 511
Total comprehensive income for the period							
Profit for the period	–	–	–	34 341	34 341	(5)	34 336
Other comprehensive income for the period	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	34 341	34 341	(5)	34 336
Balance as at 31 August 2024 – Unaudited	226 178	(1 766)	(2 661)	61 140	282 891	(44)	282 847

Condensed consolidated statement of cash flows

for the period ended 31 August 2024

Figures in R'000	Note	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Cash flows from operating activities				
Net cash utilised by operating activities	8	(5 120)	(2 952)	(17 062)
Finance income received		249	933	1 264
Finance costs paid		(582)	(399)	(1 025)
Tax paid		(2 278)	(1 186)	(7 288)
Net cash utilised by operating activities		(7 731)	(3 604)	(24 111)
Cash flows from investing activities				
Acquisition of and advances of loans to other financial assets		–	(3 900)	–
Acquisition of investments in associates		–	–	(298)
Proceeds from disposal of associates		5 065	–	8 377
Proceeds from repayment of loans to associates		3 845	32	78
Advances of loans to associates		(389)	(23 448)	(27 757)
Dividends received from associates		11 571	5 034	7 889
Dividends received from other investments		1 540	107	1 139
Acquisition of other investments		–	–	(913)
Acquisition of other financial assets		–	–	(4 047)
Proceeds from disposal of other financial assets		–	–	5 137
Net cash inflow/(outflow) from investing activities		21 632	(22 175)	(10 395)
Net increase/(decrease) in cash and cash equivalents		13 901	(25 779)	(34 506)
Cash and cash equivalents at the beginning of the period		(8 531)	25 975	25 975
Total cash and cash equivalents at end of the period*		5 370	196	(8 531)

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

Segmental reporting

for the period ended 31 August 2024

The group has investments in resources and energy, gaming, financial services, fintech, BEE investments, commodity trading, property and Ditikeni partnerships. 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, while the resources and energy, BEE investments, commodity trading, fintech, property and the Ditikeni partnerships are geographically located in South Africa.

The condensed interim financial results from the eight segments are shown below:

	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Unaudited	Unaudited
2024	31 August	31 August	31 August	
2024	2024	2024	2024	
Figures in R'000				
Resources and energy	3 514	37 039	128 197	(4 975)
Gaming	–	5 369	50 604	(6 018)
Financial services	400	1 830	16 185	–
Fintech	750	(7 100)	17 168	(851)
BEE investments	–	(456)	41 730	–
Commodity trading	–	(892)	3 327	–
Property	–	(1 910)	42 166	(9 249)
Ditikeni partnerships	1 308	456	4 575	(12)
Total	5 972	34 336	303 952	(21 105)

	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Unaudited	after tax	assets	liabilities
	31 August	Unaudited	Unaudited	Unaudited
2023	31 August	31 August	31 August	
2023	2023	2023	2023	
Figures in R'000				
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)
Total	6 732	1 193	307 174	(28 057)

	Reportable segment			
	Revenue	profit/(loss)	Total	Total
	Audited	after tax	assets	liabilities
	29 February	Audited	Audited	Audited
2024	29 February	29 February	29 February	
2024	2024	2024	2024	
Figures in R'000				
Resources and energy	7 764	(57 054)	77 342	(3 420)
Gaming	–	10 631	52 206	(5 814)
Financial services	3 200	7 017	13 520	(824)
Fintech	1 000	2 210	25 677	(851)
BEE investments	–	12 373	46 722	–
Commodity trading	3 323	788	3 327	–
Property	–	(2 984)	44 763	(8 700)
Ditikeni partnerships	1 476	244	4 575	(12)
Total	16 763	(26 775)	268 132	(19 621)

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 Integrated Exchange 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 2024 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 29 February 2024.

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 2024	Unaudited 31 August 2023	Audited 29 February 2024
Figures in R'000			
Resources and energy	3 514	3 510	7 764
Financial services	400	1 222	3 200
Fintech	750	1 000	1 000
Commodity trading	–	1 000	3 323
Ditikeneni partnerships	1 308	–	1 476
Total revenue	5 972	6 732	16 763
2. Operating expenses			
The expenses are broken down as follows:			
Non-executive directors' fees	697	590	1 181
Fees for professional services (including management fees)	7 307	4 857	10 421
Commission paid	1 139	1 420	2 642
Other expenses	1 118	1 409	2 408
Total expenses	10 261	8 276	16 652
The increase in expenses relates to the increase in the management fees payable on cash generated.			
3. Reconciliation of headline earnings per share			
Profit/(loss) attributable to equity holders	34 341	1 193	(26 768)
Adjusted for:			
Impairment of investment and loans in associates	–	–	64 024
Taxation	–	–	(13 829)
Loss/(profit) on disposal of assets	135	–	(3 067)
Taxation	(29)	–	662
	34 447	1 193	21 022
Headline earnings per share (cents)	20.5	0.7	12.5
Basic headline earnings per share from operations	20.5	0.7	12.5

4. Authorised and issued stated capital

The authorised stated capital at 31 August 2024 was 500 million ordinary shares of no par value (2023: 500 million). 169 394 818 shares were in issue at 31 August 2024 (2023: 169 394 818).

	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Weighted average number of ordinary shares (000s)			
Issued ordinary shares at the beginning of the period	169 395	168 216	169 395
Treasury shares	(954)	(954)	(954)
Weighted average number of shares in issue	168 441	167 262	168 441
Number of shares in issue at the end of the period	169 395	169 395	169 395

5. Other investments and other financial assets

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 and other financial assets, please refer to note 9 of these financial results.

6. Non-current assets held for sale

In the prior year, 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. All the conditions precedent to the sale of shares were fulfilled and the transaction was finalised on 3 October 2023.

The non-current assets held for sale were detailed as follows:

	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Assets classified as held for sale			
Investment in associate			
Verbicept Proprietary Limited*	–	29 804	–

* the investment is shown net of loan claims.

7. Non-current receivable

The investment in Verbicept was sold via a structured deal such that the purchase consideration of R35.4 million would be payable in 36 equal monthly instalments. In accordance with IFRS 9, the long term receivable was recognised at fair value measured as the present value of all future cash receipts discounted at 7.03% over the 36 months period. Refer to note 6 for additional details.

	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Opening balance	24 088	–	32 418
Interest	210	–	47
Proceeds	(5 065)	–	(8 377)
Balance at end of period	19 233	–	24 088
Split between non-current and current			
Non-current	13 957	–	13 957
Current	5 276	–	10 131
	19 233	–	24 088

Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

8. Net cash utilised by operating activities

	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024
Figures in R'000			
Profit/(loss) before income tax	36 481	2 400	(15 926)
Adjusted for:			
Dividend income	(1 540)	(107)	(1 139)
Equity-accounted earnings (net of income tax)	(39 674)	(2 917)	(14 268)
Fair value adjustments	613	(98)	(28 904)
Impairment of associates	–	–	60 588
Expected credit losses	–	–	3 751
Net profit on disposal of assets	–	–	(513)
Net loss/(profit) on disposal of associates	135	–	(2 554)
Interest received from investments and finance income	(459)	(933)	(1 311)
Finance costs	582	399	1 025
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(2 326)	360	(4 025)
Increase/(decrease) in trade and other payables	1 068	(2 056)	(13 786)
Cash utilised by operating activities	(5 120)	(2 952)	(17 062)

9. 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 2024	Unaudited 31 August 2023	Audited 29 February 2024
Figures in R'000			
Financial assets measured at fair value through profit or loss			
Other investments	58 830	28 673	58 830
Other financial assets	4 575	9 200	4 575
Financial assets at amortised cost			
Loans to associates	37 337	38 154	38 802
	100 742	76 027	102 207

The carrying amounts of cash and cash equivalents, current other investments, 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.

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 2024

Figures in R'000	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 017	–	58 830	60 847
Other financial assets at fair value through profit or loss	–	–	4 575	4 575
Total at fair value through profit or loss	2 017	–	63 405	65 422
Loans to associates at amortised cost	–	–	37 337	37 337
Total	2 017	–	100 742	102 759

Unaudited 31 August 2023

	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

Audited 29 February 2024

	Level 1	Level 2	Level 3	Total
Other investments at fair value through profit or loss	2 631	–	58 830	61 461
Other financial assets at fair value through profit or loss	–	–	4 575	4 575
Total at fair value through profit or loss	2 631	–	63 405	66 036
Loans to associates at amortised cost	–	–	38 802	38 802
Total	2 631	–	102 207	104 838

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 14.26% (2023: 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 2024	Unaudited 31 August 2023	Audited 29 February 2024
Level 3 financial instruments at fair value comprise:			
Opening balance	63 405	33 973	33 973
Fair value adjustments included in profit or loss	–	–	28 904
Disposals	–	–	(5 137)
Additions	–	3 900	5 665
Closing balance	63 405	37 873	63 405
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	2 790	1 363	2 790
10% decrease	(2 790)	(1 363)	(2 790)
Cash flow			
10% increase	3 752	2 424	3 814
10% decrease	(3 752)	(2 424)	(3 814)
Foreign exchange movement			
10% increase	1 817	695	1 817
10% decrease	(1 817)	(695)	(1 817)

Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

10. Related party transactions

Related party transactions similar to those disclosed in the Group's financial statements for the year ended 29 February 2024 took place during the period under review. There have been no other related party transactions in the current period.

11. Events after reporting date

The company declared a dividend of 3 cents per share, refer to note 12 for more details.

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.

12. Dividends

Dividend declared

Notice is hereby given that a gross ordinary dividend of 3.0 cents per share (2023: nil) has been declared out of income reserves on 23 October 2024 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 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

2024

Declaration and finalisation date announcement	Wednesday, 23 October
Last day to trade cum dividend	Monday, 28 October
Shares commence trading ex-dividend	Tuesday, 29 October
Record date	Friday, 1 November
Dividend payment date	Monday, 4 November

No dematerialisation or rematerialisation of shares will be allowed for the period from Tuesday, 29 October 2024 to Friday, 1 November 2024 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.

13. 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 R34.3 million for the period ended 31 August 2024 (2023: R1.2 million), and as at that date current assets exceed current liabilities by R20.7 million (2023: R32.1 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

Introduction

VCP's 2024/2025 financial year commenced with loadshedding ceasing by the end of March. This was a significant positive step in reviving business confidence, while continued moderation in inflation amidst declining global oil prices, bolstered the hope for interest rate relief. Towards the end of the reporting period the US Federal Reserve signalled that it was about to commence its rate cutting cycle, which buoyed market sentiment as the US Dollar started to weaken. Consequently, emerging market currencies like the Rand found some traction in strengthening against the Dollar. The Rand was further bolstered by improved confidence following the establishment of the Government of National Unity post the national elections as well as by an initial more "business-friendly" policy stance, gaining about 7% against the US Dollar over the course of the reporting period. That facilitated further moderation in domestic inflation, easing to 4.4%, marginally below the mid-point of the target band.

Domestic financial markets recovered well off oversold levels, rendering handsome double-digit annualised returns by the major domestic asset classes over the reporting period. However, private equity investments lagged. Commodity price movement – coal prices in particular, are important to VCP as a key underlying investment interest. Commodity prices were volatile and generally trended lower. However, coal prices posted significant gains. Despite exchange rate-related price erosion due to Rand-strengthening, the Rand-price of coal exported from Richards Bay improved by circa 15% over the reporting period. Rail transport-related difficulties remained a hampering factor, but the improvement in coal export prices contributed positively to the results.

Tighter business conditions, coupled with valuation concerns of fintech companies in general and the sustainability of underlying earnings growth momentum in the fintech businesses, culminated in more subdued investor interest and performance by underlying fintech investments.

Even though listed property prices improved significantly over the latter part of the reporting period in particular, the favourable effects of a declining interest rate cycle on VCP's property interests should only be realised over the medium-to-long term. Gaming interests in Africa contributed positively to earnings for the Group as gaming activity continued to post steady growth.

The Group generated profit after tax of R34.3 million to 31 August 2024 compared to R1.2 million to August 2023. The increase in profit for the period was largely due to improved earnings generated by investee companies. The performance from each of the sectors is detailed below.

Resources and energy

This segment comprises of investments in Butsanani Energy Investment Holdings Proprietary Limited ("Butsanani") and Black Wattle Colliery Proprietary Limited ("Black Wattle"). The segment contributed profit of R37.0 million compared to losses of R0.4 million in the comparative period. The improved raiiling resulted in increased earnings from the sector.

The resources and energy segment continues to be the highest contributor to the Group's earnings and revenue.

Gaming

The gaming sector has shown significant growth potential and the Group intends to secure further licences across the continent. The segment contributed R5.4 million in profit for the six months period compared to R1.9 million in the comparative period. The increase in earnings 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 a 51% shareholding in Phakamani Impact Capital Proprietary Limited ("Phakamani"), a South African enterprise development and training services business. The segment contributed R1.8 million in profit compared to R3.2 million to 31 August 2023.

Fintech

The Group has invested in fintech funds through its interest in Vunani Fintech Fund Proprietary Limited ("Fintech Fund"), which has a portfolio of 11 businesses that provide 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 R7.1 million compared to losses of R4.6 million in the previous period.

BEE investments

This segment includes the 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. As a result, the Group disposed of its investment in Verbicept via a structured deal as disclosed in note 6 and 7.

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 (a Turkish registered company), in which the Group owns 29.25% in both. The segment contributed losses of R0.9 million compared to a profit of R1.2 million to 31 August 2023. 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 medium to long term. Construction commenced in Plettenberg for the 25-unit residential project and the 40-unit residential and retail project. The retail project is expected to launch in November 2024.

Ditikeni partnerships

The segment has investments made with Ditikeni via en commandite partnerships in which VCP generates management fees. At 31 August 2024, the segment held the Group's investments in the renewable sector.

Overview and prospects

(continued)

Financial performance

Vunani Capital Partners' performance for the six-month period to 31 August 2024 has improved compared to the previous period.

Revenue for the period to 31 August 2024 decreased by 11% from R6.7 million in August 2023 to R6.0 million for the current period. **Equity-accounted earnings** for the period have shown an improvement from R2.9 million to R39.7 million in the period to 31 August 2024. The improved performance was largely driven by the resources and energy and gaming segments.

Operating expenses have increased by 24% from R8.3 million for the period 31 August 2023 to R10.3 million as a result of the improvement in performance. Professional fees which included management fees which are linked to the performance of the Group's investments have increased from R4.9 million to R7.3 million due to the inclusion of the performance fee payable to Vunani Capital.

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 63% of the Group's total assets and have increased from R165.9 million at 29 February 2024 to R190.4 million at 31 August 2024. The net movement relates to positive equity earnings of R39.7 million. R11.8 million has been received as dividends from associate companies.

Other financial assets includes the Group's investments which are held via the Ditikeni partnerships. The investments currently include two companies in the renewable energy sector. The assets are fair valued at year-end.

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 improved since year-end as a result of the dividends received from investments and loan repayments by associates as well as receipts from the disposal of investments.

Prospects

The Group's main goals are to maximize the value of the current assets while expanding its sectors in collaboration with our strategic and managerial partners. VCP has formed partnerships with knowledgeable operators with whom it has a long history of tight ties in order to align its objectives and create value that benefits all parties, most notably the company's shareholders. Vunani anticipates the momentum it built in the first half of the year to carry over into the second half, and is pleased with the progress that it has seen in the current fiscal year.

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 I-Ex 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 23 October 2024.

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<https://vunanicapitalpartners.co.za>