Focus. Commitment. Purpose.

VUNANI

LIMITED

Unaudited condensed consolidated interim results

for the six-month period ended 31 August 2024

The unaudited condensed consolidated interim results have been prepared under the supervision of Chief Financial Officer, Tafadzwa Mika CA(SA)

Salient features

REVENUE AND INSURANCE PREMIUM REVENUE

R327.8 million

compared to R336.7 million at 31 August 2023

OPERATING PROFIT OF

R38.4 million

compared to R67.9 million at 31 August 2023

Condensed consolidated statement of comprehensive income

for the six-month period ended 31 August 2024

Figures in R'000	Notes	Unaudited 31 August 2024	Unaudited 31 August 2023
Revenue	1	**204 377**	213 645
Insurance service result		**25 264**	23 603
Insurance revenue	2	**123 383**	123 008
Insurance service expenses*		**(96 202)**	(88 894)
Net expenses from reinsurance contracts held*		**(1 917)**	(10 511)
Investment revenue	5	**4 807**	6 212
Interest received from investments	6	**18 125**	16 657
Other income	3	**3 022**	10 082
Total income		**255 595**	270 199
Operating expenses*	8	**(217 208)**	(202 266)
Operating profit		**38 387**	67 933
Impairments of financial assets	7	**(466)**	(185)
Net change in investment contract and insurance liabilities*	4	**(42 794)**	(16 789)
Fair value adjustments*	4	**35 394**	(1 226)
Equity-accounted loss (net of income tax)		**(558)**	(689)
Results from operating activities		**29 963**	49 044
Finance income		**5 826**	4 944
Finance costs		**(4 204)**	(4 039)
Net finance income		**1 622**	905
Profit before income tax		**31 585**	49 949
Income tax expense		**(8 800)**	(13 822)
Profit for the year		**22 785**	36 127
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss		**(247)**	(218)
Exchange differences on translating foreign operations		**(247)**	(218)
Total comprehensive income for the year		**22 538**	35 909
Profit for the year attributable to:			
Equity holders of Vunani Limited		**10 764**	28 874
Non-controlling interest		**12 021**	7 253
		22 785	36 127
Total comprehensive income for the year attributable to:			
Equity holders of Vunani Limited		**10 604**	28 743
Non-controlling interest		**11 934**	7 166
		22 538	35 909
Basic and diluted earnings per share (cents)		**6,7**	18,2
Basic and diluted headline earnings per share (cents)	9	**6,7**	18,2

* *These amounts have been represented to improve disclosure in relation to the implementation of IFRS 17.*

Condensed consolidated statement of financial position

at 31 August 2024

Figures in R'000	Notes	Unaudited 31 August 2024	Audited 29 February 2024
Assets			
Property, plant and equipment*		**31 740**	36 690
Goodwill		**139 766**	139 766
Intangible assets		**121 838**	129 266
Investments in jointly controlled ventures		**9 340**	9 897
Loans to investments in jointly controlled ventures		**900**	–
Insurance-related investments		**675 514**	606 872
Deferred tax asset		**58 451**	59 609
Total non-current assets		**1 037 549**	982 100
Taxation prepaid		**1 085**	18
Reinsurance assets		**21 666**	27 970
Trade and other receivables		**66 644**	72 024
Accounts receivable from trading activities		**83 630**	41 496
Trading securities		**459**	494
Cash and cash equivalents		**179 119**	222 212
Total current assets		**352 603**	364 214
Total assets		**1 390 152**	1 346 314
Equity			
Stated capital		**696 497**	696 497
Treasury shares		**(3 865)**	(5 004)
Share-based payments reserve		**6 234**	5 474
Foreign currency translation reserve		**(2 174)**	(2 014)
Accumulated loss		**(379 172)**	(375 605)
Equity attributable to equity holders of Vunani Limited		**317 520**	319 348
Non-controlling interest		**78 070**	70 516
Total equity		**395 590**	389 864
Liabilities			
Other financial liabilities	12	**31 907**	25 664
Lease liabilities		**6 408**	8 266
Investment contracts		**512 447**	503 707
Insurance contract liabilities		**85 311**	50 251
Deferred tax liabilities		**24 876**	32 108
Total non-current liabilities		**660 949**	619 996
Other financial liabilities	12	**7 188**	20 025
Lease liabilities		**5 481**	6 374
Taxation payable		**14 472**	17 368
Insurance contract liabilities		**48 677**	62 050
Trade and other payables		**149 225**	165 149
Accounts payable from trading activities		**83 514**	41 168
Trading securities		**5**	4
Bank overdraft		**25 051**	24 316
Current liabilities		**333 613**	336 454
Total liabilities		**994 562**	956 450
Total equity and liabilities		**1 390 152**	1 346 314
Shares in issue (000s)	10	**161 156**	161 156
Net asset value per share (cents)		**197,0**	198,2
Net tangible asset value per share (cents)		**34,7**	31,2

* *Included in property, plant and equipment is the right-of-use assets recognised in terms of IFRS 16.*

Net asset value per share (cents)

Equity attributable to equity holders of Vunani Limited, divided by the total shares in issue, including treasury shares.

Net tangible asset value per share (cents)

Equity attributable to equity holders of Vunani Limited, excluding goodwill and intangible assets divided by the total shares in issue, including treasury shares.

Condensed consolidated statement of changes in equity

for the six-month period ended 31 August 2024

Figures in R'000	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accum-ulated loss	Total attribu-table to equity holders	Non-controlling interest	Total equity
Balance as at 28 February 2023 – Audited	696 497	(7 156)	4 104	(1 988)	(358 170)	333 287	64 805	398 092
Profit for the year	–	–	–	–	28 874	28 874	7 253	36 127
Other comprehensive income for the year	–	–	–	(131)	–	(131)	(87)	(218)
Total comprehensive income for the year	–	–	–	(131)	28 874	28 743	7 166	35 909
Share-based payments	–	–	2 357	–	–	2 357	–	2 357
Transfer of treasury shares	–	387	(387)	–	–	–	–	–
Acquisition of treasury shares	–	(1 095)	–	–	–	(1 095)	–	(1 095)
Transfer between reserves	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	(17 514)	(17 514)	(2 431)	(19 945)
Total transactions with owners, recorded directly in equity	–	(708)	1 970	–	(17 514)	(16 252)	(2 431)	(18 683)
Balance as at 31 August 2023 – Unaudited	696 497	(7 864)	6 074	(2 119)	(346 810)	345 778	69 540	415 318
Profit for the year	–	–	–	–	(14 519)	(14 519)	2 607	(11 912)
Other comprehensive income for the year	–	–	–	105	–	105	70	175
Total comprehensive income for the year	–	–	–	105	(14 519)	(14 414)	2 677	(11 737)
Share-based payments	–	–	2 309	–	–	2 309	–	2 309
Transfer of treasury shares	–	2 909	(2 909)	–	–	–	–	–
Acquisition of treasury shares	–	(49)	–	–	–	(49)	–	(49)
Transfer between reserves	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	(14 276)	(14 276)	(1 701)	(15 977)
Total transactions with owners, recorded directly in equity	–	2 860	(600)	–	(14 276)	(12 016)	(1 701)	(13 717)
Balance as at 29 February 2024– Audited	696 497	(5 004)	5 474	(2 014)	(375 605)	319 348	70 516	389 864
Profit for the year	**–**	**–**	**–**	**–**	**10 764**	**10 764**	**12 021**	**22 785**
Other comprehensive income for the year	**–**	**–**	**–**	**(160)**	**–**	**(160)**	**(87)**	**(247)**
Total comprehensive income for the year	**–**	**–**	**–**	**(160)**	**10 764**	**10 604**	**11 934**	**22 538**
Share-based payments	**–**	**–**	**3 100**	**–**	**–**	**3 100**	**–**	**3 100**
Transfer of treasury shares	**–**	**2 340**	**(2 340)**	**–**	**–**	**–**	**–**	**–**
shares	**–**	**(1 201)**	**–**	**–**	**–**	**(1 201)**	**–**	**(1 201)**
Transfer between reserves	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(14 331)**	**(14 331)**	**(4 380)**	**(18 711)**
Total transactions with owners, recorded directly in equity	**–**	**1 139**	**760**	**–**	**(14 331)**	**(12 432)**	**(4 380)**	**(16 812)**
Balance as at 31 2024 – Unaudited	**696 497**	**(3 865)**	**6 234**	**(2 174)**	**(379 172)**	**317 520**	**78 070**	**395 590**

Condensed consolidated statement of cash flows

for the six-month period ended 31 August 2024

Figures in R'000	Note	Unaudited 31 August 2024	Unaudited 31 August 2023
Cash flows from operating activities			
Net cash generated by operating activities	11	**32 762**	35 628
Investment revenue received		**1**	736
Finance income received		**5 826**	4 805
Finance costs paid		**(4 204)**	(3 913)
Dividends paid to shareholders		**(14 331)**	(17 514)
Dividends paid to non-controlling interest		**(4 380)**	(2 431)
Income tax paid		**(7 639)**	(13 466)
Net cash generated by operating activities		**8 035**	3 845
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(162)**	(4 817)
Acquisition of jointly controlled venture		**–**	(5 000)
Loan to jointly controlled venture		**(900)**	–
Proceeds on disposals of insurance investments		**13 022**	–
Acquisition of insurance-related investments		**(23 346)**	(71 367)
Net cash outflow from investing activities		**(11 386)**	(81 184)
Cash flows from financing activities			
Acquisition of treasury shares		**(1 201)**	(1 095)
Advances of other financial liabilities		**–**	2 850
Repayments of other financial liabilities		**(3 347)**	(13 370)
Increase in insurance liabilities		**(32 613)**	–
Repayment of lease liabilities – capital repayment		**(3 316)**	(1 920)
Net cash outflow from financing activities		**(40 477)**	(13 535)
Net decrease in cash and cash equivalents		**(43 828)**	(90 874)
Cash and cash equivalents at the beginning of the year		**197 896**	244 142
Total cash and cash equivalents at end of the period		**154 068**	153 268

DIVIDENDS

Figures in R'000	Unaudited 31 August 2024	Unaudited 31 August 2023
Ordinary dividend paid		
Ordinary dividend number 13 of 9.0 cents, respectively (7.20 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 15 July 2024 (net of treasury shares) (2023: Ordinary dividend number 11 of 11.0 cents (8.80 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 26 June 2023 (net of treasury shares)).	**14 331**	17 514
	14 331	17 514

Segmental reporting

for the period ended 31 August 2024

The group has five reportable segments being fund management, asset administration, advisory services, institutional securities broking and insurance. The fund management segment is geographically located in South Africa and Botswana. The institutional securities broking, asset administration and advisory services segments are geographically located in South Africa. The insurance segment is located in Eswatini.

All segment profits or losses and the group's profits or losses are measured in the same manner, in line with the group's accounting policies.

All segment assets and liabilities and the group's assets and liabilities are measured in the same manner, in line with the group's accounting policies.

There have been no changes from the prior periods in the measurement methods used to determine reported segment profit or loss, except for the impact of new standards.

Figures in R'000	Revenue/ gross premium Unaudited 31 August 2024	Reportable segment profit/(loss) after tax Unaudited 31 August 2024	Total assets Unaudited 31 August 2024	Total liabilities Unaudited 31 August 2024
Fund management	**69 165**	**(4 991)**	**113 602**	**(73 546)**
Asset administration	**104 938**	**21 002**	**220 223**	**(29 564)**
Insurance	**123 383**	**11 409**	**888 710**	**(752 259)**
Investment banking – Advisory services	**11 191**	**(4 087)**	**68 451**	**(38 827)**
Investment banking – Institutional securities broking	**19 083**	**(548)**	**99 166**	**(100 366)**
Total	**327 760**	**22 785**	**1 390 152**	**(994 562)**

Figures in R'000	Revenue/ gross premium Unaudited 31 August 2023	Reportable segment profit/(loss) after tax Unaudited 31 August 2023	Total assets Audited 29 February 2024	Total liabilities Audited 29 February 2024
Fund management	83 304	9 692	150 087	(102 578)
Asset administration	101 909	19 973	226 036	(35 268)
Insurance	123 008	8 149	837 685	(712 587)
Investment banking – Advisory services	14 869	1 743	73 376	(52 389)
Investment banking – Institutional securities broking	13 563	(3 430)	59 130	(53 628)
Total	336 653	36 127	1 346 314	(956 450)

BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting and Financial Pronouncements as issued by Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. 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 insurance-related investments and certain other financial liabilities, which are fair valued. 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.

These unaudited condensed consolidated interim financial statements incorporate the financial statements of the company, its subsidiaries, the group's interest in jointly controlled entities and the group's interest in associates.

Estimates and judgements

In preparing these condensed consolidated interim 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 annual financial statements for the year ended 29 February 2024. The areas of significant judgements are the determination of fair value of financial instruments, impairment testing of goodwill and intangibles, recognition of deferred tax assets, impairment losses on loans to associates, measurement of expected credit loss allowances for trade and other receivables, measurement of investment contract liabilities and third party insurance liabilities.

NOTES

1. Revenue

Revenue from operations include trading revenue, fees earned from advisory services, brokerage fees, fund management fees, asset administration fees and insurance premiums.

The revenue relating to the core business operations of the group has been disaggregated as follows:

Figures in R'000	Unaudited 31 August 2024	Unaudited 31 August 2023
Fund management	**69 165**	83 304
Asset administration	**104 938**	101 909
Advisory services	**11 191**	14 869
Institutional securities broking	**19 083**	13 563
	204 377	213 645

The group's revenue generated from the fund management and advisory services has declined as a result of the tough economic environment.

2. Insurance revenue

Insurance revenue from contracts not measured under the PAA	**12 370**	14 085
Insurance revenue from contracts measured under the PAA	**111 013**	108 923
	123 383	123 008

Figures in R'000	Unaudited 31 August 2024	Unaudited 31 August 2023
3. Other income		
Sundry income	**2 845**	9 881
Directors' fees	**177**	201
	3 022	10 082
4. Fair value adjustments		
or loss	**–**	(1 680)
Fair value adjustments on insurance-related investments	**35 394**	454
Net change in investment contract and insurance liabilities liabilities	**(42 794)**	(16 789)
	(7 400)	(18 015)
5. Investment revenue		
Dividend income from listed investments	**–**	735
Dividend income from insurance related investments	**4 807**	5 477
	4 807	6 212
6. Interest received from investments		
Interest received from insurance related investments	**18 125**	16 657
7. Impairments		
Impairment of financial assets		
Impairment loss on trade and other receivables	**(466)**	(185)
	(466)	(185)

Figures in R'000	Unaudited 31 August 2024	Unaudited 31 August 2023
8. Operating expenses		
The below expenses detail the significant operating expenses:		
Staff costs	**129 068**	122 812
Insurance service expenses	**96 202**	88 894
9. Reconciliation of headline earnings for the year		
Profit for the year attributable to equity holders of Vunani Limited	**10 764**	28 874
	10 764	28 874
Basic and diluted headline earnings per share (cents)	**6,7**	18,2

10. 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 ordinary shares of no par value). 161 155 915 shares were in issue at 31 August 2024 (2023: 161 155 915).

Weighted average number of ordinary shares (000s)	Unaudited 31 August 2024	Unaudited 31 August 2023
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of treasury share	**(1 397)**	(2 486)
Weighted average number of shares in issue during the year	**159 759**	158 670
Number of shares in issue at the end of the period (000s)	**161 156**	161 156
Dilutive weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of treasury shares	**(1 397)**	(2 486)
Effect of dilutive shares	**–**	–
Diluted weighted average number of shares in issue during the period	**159 759**	158 670
Number of shares in issue at the end of the year (000s)	**161 156**	161 156

The shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. In the current period, the employee shares have an anti-dilutive effect.

11. Net cash generated by operating activities

Figures in R'000	Unaudited 31 August 2023	Unaudited 31 August 2023
Profit before income tax expense	**31 585**	49 949
Adjusted for:		
Depreciation of property, plant and equipment	**2 479**	2 137
Depreciation of right-of-use assets	**2 633**	2 731
Equity-accounted loss (net of income tax)	**558**	689
Fair value adjustments	**(35 394)**	1 226
Net changes in third party insurance liabilities	**8 559**	2 875
Net changes in investment contract liabilities	**34 235**	13 914
Changes in reinsurance assets	**–**	(2 001)
Short-term insurance: Unearned premiums	**–**	1 246
Short-term insurance: DAC	**–**	137
Impairment loss on trade and other receivables	**466**	185
Amortisation of intangible assets	**7 428**	7 300
Share-based payments expense	**3 100**	2 357
Interest received from investments and finance income	**(23 951)**	(21 601)
Dividends received	**(4 807)**	(6 212)
Finance costs	**4 204**	4 039
Changes in working capital:		
Decrease/(increase) in trading securities	**35**	(20)
Decrease/(increase) in trade and other receivables	**4 843**	(3 922)
Increase in reinsurance assets	**6 304**	24 023
(Decrease)/increase in insurance liabilities	**(8 652)**	31 037
Decrease in trade and other payables	**(1 144)**	(70 965)
Increase/(decrease) in accounts receivable and payable from trading activities	**281**	(3 496)
Cash generated by operating activities	**32 762**	35 628

12. Financial instruments carried at fair value

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The appropriate quoted market price for an asset held or a liability to be issued is usually the current bid price and, for an asset to be acquired or a liability held, the asking price.

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. 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.

Inputs typically used in valuation techniques for loans and advances, other investments, investments in associates and other financial liabilities include discount rates, expected future cash flows, dividend yields, earnings multiples, volatility, equity prices and commodity prices.

information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

Valuation techniques applied by the group would result in financial instruments being classified as level 2 or level 3 in terms of the fair value hierarchy. The determination of whether a financial instrument is classified as level 2 or level 3 is dependent on the significance of observable inputs versus unobservable inputs in relation to the fair value of the financial instrument.

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/or 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.

After the valuations of the unlisted financial assets and liabilities are performed, these are presented to the group's investment committee for independent review. All significant valuations are approved by the 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.

12. Financial instruments carried at fair value (continued)

Figures in R'000	Unaudited 31 August 2024	Unaudited 31 August 2023	Audited 29 February 2024 Carrying amount	Fair value
Financial assets measured at fair value				
Insurance-related investments	**675 514**	675 514	606 872	606 872
Trading securities	**459**	459	494	494
	675 973	675 973	607 366	607 366
Financial liabilities measured at fair value				
Trading securities	**(5)**	(5)	(4)	(4)
Investment contracts	**(512 447)**	(512 447)	(503 707)	503 707
	(512 452)	(512 452)	(503 711)	503 703
Total	**163 521**	163 521	103 655	1 111 069

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, insurance assets, certain insurance liabilities, reinsurance assets, other financial liabilities, bank overdraft, accounts payable from trading activities and trade and other payables are carried at amortised cost and reasonably approximate their fair values and are therefore not included in the table above, due to their short-term nature.

13. 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.

14. Events after reporting date

There have been no other material events between the period end and the date of the signing of the financial results.

15. Going concern

The condensed consolidated financial statements have been prepared on a going concern basis. The group has recognised a net profit after tax of R22.8 million (2023: R36.1 million) for the period ended 31 August 2024, and as at that date current assets exceed current liabilities by R19.0 million (2023: R27.8 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 banking facilities and the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's working capital requirements.

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 inquiries 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

Sluggish and below par domestic and global economic growth implied generally challenging business conditions over the course of the reporting period. Business confidence was further eroded by perceived risk escalation as geopolitical tension increased amidst the wars in Ukraine and the Middle East. In addition, increased policy uncertainty because of national elections in many countries including South Africa, added to the risk of business decisions. Moreover, prevailing interest rates near or at a cyclical peak-levels further dampened demand, as monetary authorities maintained a tight policy stance in the battle against a resurgence in inflation in the aftermath of post-Covid stimulation.

Despite domestic inflation dipping marginally below the upper limit of target band at the beginning of the reporting period, the continued vulnerability of the Rand and the de facto targeting of the middle of the target band at 4.5% (rather than the 3-6% band) resulted in the South African Reserve Bank maintaining a very "tight" monetary stance throughout. The restrictive effects of maintaining the domestic prime interest rate at its recent peak of 11.75% and at the highest real- level in more than fifteen years, inevitably further inhibited the tentative cyclical economic recovery.

Some green shoots pointing at improved conditions became evident, though. Most notably, the ending of loadshedding by the end of March 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. As the US Federal Reserve signaled towards the end of the reporting period that it was about to commence its rate cutting cycle, market sentiment was buoyed 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 and 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 annualized returns by the major domestic asset classes over the reporting period. While business conditions concomitantly improved for Vunani Limited's underlying businesses being predominantly in the financial sector, more tangible favourable results of a recovery in underlying business conditions should only be evident over the course of the next few quarters as the interest rate cutting cycle progresses

Vunani's performance for the period ended 31 August 2024 was down in comparison to the prior year. The group generated total comprehensive income for the period of R22.5 million (2023: R35.9 million), while total profit attributable to equity holders of the company amounted to R10.8 million (2023: R28.9 million).

The group's reportable segments are as follows:

- Fund management
- Asset administration
- Insurance
- Investment banking
  - Advisory services
  - Institutional securities broking

Fund management

The fund management segment includes the group's investments in Vunani Fund Managers Proprietary Limited ("VFM") and Vunani Fund Managers Botswana Proprietary Limited ("VFMB"). The segment reported revenue of R69.2 million for the period (2023: R83.3 million), which is a decrease of 20%. The reportable segment loss amounted to R5.0 million for the period compared to a profit of R9.7 million at 31 August 2023.

VFM's performance and profitability declined during the period due to a decrease in assets under management compared to the prior period. The assets under management were R38.3 billion (2023: R42.8 billion).

VFMB's assets under management was R8.5 billion (2023: R10.9 billion).

Asset administration

The asset administration segment includes the group's investment in Fairheads Beneficiary Services Proprietary Limited ("Fairheads"), Fairheads Financial Services Proprietary Limited ("FFS") and Verso Group Proprietary Limited. Fairheads' assets under administration amounted to R10.8 billion from R10.5 billion at 29 February 2024. The segment contributed revenue of R104.9 million (2023: R101.9 million) for the period. The segment contributed a profit of R21.0 million to the group's results for the period compared to R20.0 million in the prior period.

Insurance

The insurance segment includes the group's investment in Oracle Insurance and Oracle Life. The segment contributed revenue of R123.4 million (2023: R123.0 million) and a profit of R11.4 million in the period compared to a profit of R8.1 million in the prior period.

Advisory services

The segment includes Vunani Corporate Finance which offers a full range of advisory services and JSE and A2X sponsor services. The segment also includes the group's management services to underlying subsidiaries and associates, including the private equity company, Vunani Capital Partners. Performance of the segment includes fees earned, operating costs and expenses incurred for managing Vunani Capital Partners. Revenue has decreased from R14.9 million in 2023 to R11.2 million. The segment reported a loss for the period of R4.1 million (2023: profit of R1.7 million).

Institutional securities broking

The segment includes equity, derivative and capital market trading services to institutional clients. The segment had an improvement in performance, due to revenue increasing from R13.6 million in the prior period to R19.1 million. The segment contributed a loss of R0.5 million compared to a loss of R3.4 million in the prior period.

Financial performance

Revenue and insurance premium revenue from operations decreased by 3% to R327.8 million (2023: R336.7 million) for the period ended 31 August 2024. Revenue has decreased compared to the prior year due to the decrease in AUM for the fund management segment, as well as decreased revenue from the advisory segment. Insurance revenue was flat when compared to the prior period.

Other income decreased to R3.0 million (2023: R10.1 million) for the period. Other income comprises once-off income, sundry income and directors' fees.

Investment revenue is received in the form of dividends. Total investment revenue for the period amounted to R4.8 million compared to R6.2 million for the prior period. This is due to the decrease in dividends from the insurance-related investments.

Fair value adjustments totalled R35.4 million (2023: negative R1.2 million) relates to the positive fair value adjustments on the insurance investment assets. The **net change in investment contracts and insurance liabilities**, amounted to negative R42.8 million (2023: negative R16.8 million) due to the increase in the insurance liabilities.

Operating expenses increased by 7% from R202.3 million to R217.2 million. The increase relates to the impact of inflation on other operating costs. **Insurance service expenses** increased to R96.2 million (2023: R88.9 million), due to an increase in claims during the period.

Finance income has increased from R4.9 million to R5.8 million as a result of an increase in returns from the group's cash investment positions compared to the prior period. **Interest from investments** has increased to R18.1 million compared to R16.7 million mainly due to the increase in returns on the insurance segment's insurance-related investments. **Finance costs** have increased from R4.0 million in 2023 to R4.2 million as a result of an increase in the group's external financial liabilities.

The **intangible assets** decreased by R7.4 million as a result of the amortisation, which is included in operating expenses.

Insurance-related investments increased from R606.9 million to R675.5 million as a result of the acquisitions and returns generated from the investments by Oracle Insurance. **Investment contracts and third-party liabilities** were fair valued at 31 August 2024 which has resulted in an increase from R616.0 million to R646.4 million with corresponding negative fair value adjustments.

The **treasury shares** have decreased due to the vesting of shares for staff in terms of the staff share scheme. **The share-based payments reserve** movement of is attributable to the current year IFRS 2 charge of R3.1 million (2023: R2.4 million) and vested shares transferred to employees. The **foreign currency translation reserve** is attributable to the group's investments outside of South Africa. Profit attributed to **non-controlling interest** amounted to R12.0 million compared to R7.3 million in the prior year.

Prospects

Despite the tough start to the first half of the year, the group believes that it is in a position to benefit from the improved growth prospects of the local economy driven by lower interest rates, and expected economic growth. This should result in improved performance and profitability in the operating businesses. The group will continue its focus on improving the synergies of its operating businesses as a key growth strategy. Vunani will continue to look at acquisitions that are in line with creating a diversified financial services business.

FORWARD-LOOKING STATEMENTS AND DIRECTORS' RESPONSIBILITY

Statements made throughout this announcement regarding the future financial performance of Vunani have not been reviewed or audited by the company's external auditors. The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company 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 JSE Listings Requirements.

The directors take full responsibility for the preparation of the condensed consolidated provisional results.

Signed on behalf of the board of directors by E Dube (CEO) and T Mika (CFO) on 29 October 2024.

CORPORATE INFORMATION

Executive Directors

E Dube (Chief Executive Officer)

T Mika (Chief Financial Officer)

BM Khoza

NM Anderson

Non-Executive Directors

LI Jacobs – Independent Chairman

NS Mazwi – Independent

G Nzalo – Independent

JR Macey – Independent

S Mthethwa

M Golding

Company Secretary

CIS Company Secretaries Proprietary Limited

Sponsor

Vunani Sponsors Proprietary Limited

Financial communications adviser

Singular Systems Proprietary Limited

Transfer secretaries

Singular Systems Proprietary Limited

(Incorporated in the Republic of South Africa)
(Registration number: 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
Listed on the JSE Limited ("JSE") and secondary listing on A2X
("Vunani" or "the company" or "the group")

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