VUNANI

LIMITED

Provisional condensed consolidated results

for the year ended 28 February 2021

Focus. Commitment. Purpose

Condensed consolidated statement of comprehensive income

for the year ended 28 February 2021

SALIENT FEATURES

REVENUE FROM CONTINUING OPERATIONS OF

R558.7 million

compared to R344.8 million at 29 February 2020

PROFIT FROM CONTINUING OPERATIONS FOR THE YEAR OF

R20.1 million

compared to profit of R58.9 million at 29 February 2020

EARNINGS PER SHARE OF

12.9c

compared to 22.3c at 29 February 2020

HEADLINE EARNINGS PER SHARE OF

7.2c

compared to 0.6c at 29 February 2020

UNBUNDLED PRIVATE EQUITY ASSETS TO

Shareholders in February 2021

Figures in R'000	Note	Reviewed 28 February 2021	Re-presented Audited 29 February 2020
Continuing operations			
Revenue	1	**558 690**	344 757
Other income	2	**26 141**	9 837
Bargain purchase gain	3	**530**	34 889
Investment revenue		**4 458**	3 097
Interest received from investments	4	**18 342**	6 023
Impairment of intangible asset	5	**(41 502)**	–
Impairments	5	**(7 024)**	(2 438)
Fair value adjustments	6	**(44 050)**	(10 818)
Equity-accounted earnings (net of income tax)		**1 403**	175
Net profit on disposal of assets		**56**	–
Operating expenses	7	**(506 605)**	(312 033)
Results from operating activities		**10 439**	73 489
Finance income		**7 169**	4 782
Finance costs		**(7 620)**	(8 149)
Net finance costs		**(451)**	(3 367)
Profit before income tax		**9 988**	70 122
Income tax expense	8	**10 078**	(11 237)
Profit for the year from continuing operations		**20 066**	58 885
Loss from discontinued operations (net of taxation)	9	**(20 225)**	(19 417)
(Loss)/profit for the year		**(159)**	39 468
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss		**(5 114)**	(11 981)
Exchange differences on translating foreign continuing operations		**428**	373
Exchange differences on translating foreign discontinued operations		**(5 004)**	(9 297)
Hyperinflation adjustments on discontinued operations		**(538)**	(3 057)
Total comprehensive income for the year		**(5 273)**	27 487
Profit/(loss) for the year attributable to:			
Equity holders of Vunani Limited		**20 667**	35 893
Non-controlling interest		**(20 826)**	3 575
		(159)	39 468
Total comprehensive income for the year attributable to:			
Equity holders of Vunani Limited		**17 177**	28 126
Non-controlling interest		**(22 450)**	(639)
		(5 273)	27 487
Basic earnings per share (cents)		**12.9**	22.3
Basic and diluted earnings per share from continuing operations (cents)		**24.3**	33.9
Basic and diluted loss per share from discontinued operations (cents)		**(11.4)**	(11.6)
Basic headline earnings per share (cents)	10	**7.2**	0.6
Basic headline earnings per share from continuing operations (cents)		**33.6**	12.2
Basic headline loss per share from discontinued operations (cents)		**(26.4)**	(11.6)

The comparative figures have been re-presented to reflect the impact of the discontinued operation. Refer to note 9 for more details on the discontinued operations.

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

Condensed consolidated statement of financial position

at 28 February 2021

Figures in R'000	Note	Reviewed 28 February 2021	Audited 29 February 2020
Assets			
Property, plant and equipment*		**17 964**	27 903
Goodwill		**139 766**	139 766
Intangible assets	**16**	**136 315**	188 924
Investments in associates		**553**	59 787
Loans to associates		**–**	5 285
Other investments	**14**	**11 307**	107 020
Insurance related investments	**17**	**398 084**	286 589
Deferred tax asset		**56 485**	45 529
Other non-current assets	**14**	**–**	33 302
Total non-current assets		**760 474**	894 105
Other investments	**14**	**3 265**	4 432
Inventory		**–**	65 631
Taxation prepaid		**1 799**	3 150
Reinsurance assets		**24 689**	20 136
Loans to associates		**1 210**	1 460
Trade and other receivables		**80 754**	98 328
Accounts receivable from trading activities		**105 700**	286 531
Trading securities		**162**	143
Cash and cash equivalents		**213 235**	246 530
Total current assets		**430 814**	726 341
Total assets		**1 191 288**	1 620 446
Equity			
Stated capital		**696 497**	696 497
Treasury shares		**(675)**	(748)
Share-based payments reserve		**426**	5 624
Foreign currency translation reserve		**(2 366)**	(9 509)
Accumulated loss		**(413 830)**	(204 775)
Equity attributable to equity holders of Vunani Limited		**280 052**	487 089
Non-controlling interest		**53 452**	70 674
Total equity		**333 504**	557 763
Liabilities			
Other financial liabilities	**14**	**23 494**	46 408
Lease liabilities	**15**	**4 499**	12 339
Investment contracts		**367 380**	310 585
Insurance contract liabilities		**89 472**	78 348
Deferred tax liabilities		**34 841**	50 562
Total non-current liabilities		**519 686**	498 242
Other financial liabilities	**7**	**33 387**	42 145
Lease liabilities	**15**	**10 433**	7 336
Taxation payable		**9 959**	9 031
Insurance contract liabilities		**13 796**	11 600
Trade and other payables		**147 039**	198 506
Accounts payable from trading activities		**105 998**	285 956
Trading securities		**3**	15
Bank overdraft		**17 483**	9 852
Current liabilities		**338 098**	564 441
Total liabilities		**857 784**	1 062 683
Total equity and liabilities		**1 191 288**	1 620 446
Shares in issue (000s)	**11**	**161 156**	161 156
Net asset value per share (cents)		**173.8**	302.2
Net tangible asset value per share (cents)		**2.5**	98.3

* Included in property, plant and equipment is the right-of-use assets recognised in terms of IFRS 16. Refer to note 15.

Net asset value per share (cents)

Net asset value per share is the equity attributable to equity holders of Vunani Limited, utilising all shares in issue, including treasury shares.

Net tangible asset value per share (cents)

Net tangible asset value per share is the equity attributable to equity holders of Vunani Limited, (excluding goodwill and intangible assets) utilising all shares in issue, including treasury shares.

Condensed consolidated statement of changes in equity
for the year ended 28 February 2021

Figures in R'000	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	Total attributable to equity holders	Non-controlling interest	Total equity
Balance as at 28 February 2019 – Audited	696 497	(56)	5 506	(1 742)	(230 936)	469 269	8 380	477 649
Total comprehensive income for the year								
Profit for the year	–	–	–	–	35 893	35 893	3 575	39 468
Other comprehensive income for the year	–	–	–	(7 767)	–	(7 767)	(4 214)	(11 981)
Total comprehensive income for the period	–	–	–	(7 767)	35 893	28 126	(639)	27 487
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	–	(4 246)	–	–	–	(4 246)	–	(4 246)
Transfer of treasury shares	–	3 554	(3 554)	–	–	–	–	–
Share-based payments	–	–	5 009	–	–	5 009	–	5 009
Dividends paid	–	–	–	–	(11 912)	(11 912)	(1 244)	(13 156)
Transfer between reserves*	–		(1 337)	–	1 337	–	–	–
Acquisition of non-controlling interest	–	–	–	–	843	843	(843)	–
Business combination	–	–	–	–	–	–	65 020	65 020
Total transactions with owners, recorded directly in equity	–	(692)	118	–	(9 732)	(10 306)	62 933	52 627
Balance as at 29 February 2020 – Audited	696 497	(748)	5 624	(9 509)	(204 775)	487 089	70 674	557 763
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**20 667**	**20 667**	**(20 826)**	**(159)**
Other comprehensive income for the year	**–**	**–**	**–**	**(3 490)**	**–**	**(3 490)**	**(1 624)**	**(5 114)**
Total comprehensive income for the period	**–**	**–**	**–**	**(3 490)**	**20 667**	**17 177**	**(22 450)**	**(5 273)**
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	**–**	**(6 771)**	**–**	**–**	**–**	**(6 771)**	**–**	**(6 771)**
Transfer of treasury shares	**–**	**6 844**	**(6 844)**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**3 295**	**–**	**–**	**3 295**	**–**	**3 295**
Dividends paid	**–**	**–**	**–**	**–**	**(8 055)**	**(8 055)**	**(102)**	**(8 157)**
Transfer between reserves*	**–**	**–**	**(1 492)**	**–**	**1 492**	**–**	**–**	**–**
Dividends paid – *in specie*[&]	**–**	**–**	**–**	**–**	**(210 863)**	**(210 863)**	**–**	**(210 863)**
Acquisition of non-controlling interest[$]	**–**	**–**	**–**	**–**	**(1 820)**	**(1 820)**	**1 820**	**–**
Disposal of subsidiaries[@]	**–**	**–**	**(157)**	**10 633**	**(10 476)**	**–**	**3 510**	**3 510**
Total transactions with owners, recorded directly in equity	**–**	**73**	**(5 198)**	**10 633**	**(229 722)**	**(224 214)**	**5 228**	**(218 986)**
Balance as at 28 February 2021 – Reviewed	**696 497**	**(675)**	**426**	**(2 366)**	**(413 830)**	**280 052**	**53 452**	**333 504**

* Shares that were issued as part of the share-based payment scheme vested. The shares were transferred out of the share trust (held as treasury shares) to the qualifying employees. The cumulative share-based payment expense in the reserve has been transferred between the non-distributable reserve and retained income on vesting.

& The dividend *in specie* relates to the Vunani Capital Partners ("VCP") unbundling, refer to note 12.

$ The addition to non-controlling interest relates to the adjustment to the preliminary purchase price allocation, which has been finalised in the current year.

@ Relates to the discontinued operations. Refer to note 9.

DIVIDENDS

Figures in R'000	Reviewed 28 February 2021	Audited 29 February 2020
Ordinary dividend		
Ordinary dividend number 6 of 5.0 cents (4.00 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 21 December 2020 (net of treasury shares), (Ordinary dividend number 5 of 7.4 cents (5.92 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 30 July 2019 (net of treasury shares).	**8 055**	**11 912**

Condensed consolidated statement of cash flows

for the year ended 28 February 2021

Figures in R'000	Note	Reviewed 28 February 2021	Audited 29 February 2020
Cash flows from operating activities			
Net cash generated by operating activities	18	**95 688**	73 017
Investment revenue received		**157**	11 588
Finance income received		**7 190**	9 970
Finance costs paid		**(8 541)**	(9 720)
Dividends paid to shareholders		**(8 055)**	(11 912)
Dividends paid to non-controlling interest		**(102)**	(1 244)
Income tax paid		**(14 891)**	(19 247)
Net cash generated by operating activities		**71 446**	52 452
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**–**	82 473
Disposal of subsidiaries net of cash		**(8 126)**	–
Acquisition of property, plant and equipment		**(2 162)**	(1 180)
Proceeds from disposal of property, plant and equipment		**380**	1 322
Proceeds from repayment of loans to associates		**1 535**	6 167
Advances to investment and loans to associates		**–**	(2 494)
Dividends received from associates		**5 572**	3 571
Acquisition of intangible assets – computer software		**(5 209)**	(5 519)
Acquisition of other investments		**(1 955)**	–
Proceeds on disposal of other investments		**1 982**	13 685
Proceeds on disposal of insurance investments		**298 849**	213 680
Acquisition of insurance investments		**(367 651)**	(4 349)
Net cash (outflow)/inflow from investing activities		**(76 785)**	307 356
Cash flows from financing activities			
Acquisition of treasury shares		**(4 659)**	(4 246)
Advances of other financial liabilities		**608**	38 037
Repayments of other financial liabilities		**(25 063)**	(20 830)
Repayments of insurance liabilities		**–**	(175 158)
Increase in insurance liabilities		**–**	4 350
Repayment of lease liabilities – capital repayment		**(6 444)**	(7 402)
Net cash outflow from financing activities		**(35 558)**	(165 249)
Net (decrease)/increase in cash and cash equivalents		**(40 897)**	194 559
Effect of movement in exchange rates on cash held		**(29)**	(2 341)
Cash and cash equivalents at the beginning of the year		**236 678**	44 460
Total cash and cash equivalents at end of the year		**195 752**	236 678

Segmental reporting
for the year ended 28 February 2021

The fund management and other investments segments are geographically located in South Africa and, on a smaller scale, in Botswana, Malawi and Zimbabwe. The institutional securities broking, commodities trading, asset administration and advisory services segments are geographically located in South Africa. The insurance segment is located in Eswatini.

Following the decision to restructure the group's assets, the fund management operations in Malawi, Zimbabwe and the private equity segments has been shown as a discontinued operation. Comparative segmental disclosures have been adjusted to reflect the impact of the discontinued operations.

Figures in R'000		Revenue Reviewed 28 February 2021	Reportable segment profit/(loss) after tax Reviewed 28 February 2021	Total assets Reviewed 28 February 2021	Total liabilities Reviewed 28 February 2021
Continuing operations					
Fund management		**133 553**	**17 996**	**93 024**	**(34 322)**
Asset administration		**144 579**	**19 600**	**217 589**	**(52 377)**
Insurance		**217 388**	**(37 270)**	**661 652**	**(588 708)**
Investment banking	Advisory services	**16 922**	**5 550**	**78 010**	**(61 539)**
	Institutional securities broking	**46 248**	**14 190**	**141 014**	**(120 834)**
Total		**558 690**	**20 066**	**1 191 289**	**(857 780)**
Discontinued operations					
Fund management		**4 239**	**3 194**	**–**	**–**
Private equity	Commodities trading	**18 014**	**(16 604)**	**–**	**–**
	Other investments	**6 890**	**(6 815)**	**–**	**–**
		29 143	**(20 225)**	**–**	**–**

Figures in R'000		Revenue Audited 29 February 2020	Reportable segment profit/(loss) after tax Audited 29 February 2020	Total assets Audited 29 February 2020	Total liabilities Audited 29 February 2020
Continuing operations					
Fund management		94 884	10 663	86 811	(36 702)
Asset administration		139 245	16 575	227 602	(71 209)
Insurance		59 723	35 589	628 099	(523 501)
Investment banking	Advisory services	13 969	(248)	7 373	(2 434)
	Institutional securities broking	36 936	(3 694)	297 365	(293 070)
Total		344 757	58 885	1 247 250	(926 916)
Discontinued operations					
Fund management		1 926	(125)	5 414	(332)
Private equity	Commodities trading	105 416	(9 425)	92 789	(91 675)
	Other investments	10 057	(9 867)	274 993	(43 760)
		117 399	(19 417)	373 196	(135 767)

Notes to the condensed consolidated financial statements

(all figures in R'000)

BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited and A2X Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The A2X Listings Requirements require issuers to prepare financial information in terms of an acceptable accounting framework, such as IFRS and in addition, disclose headline earnings per share, diluted headline earnings per share as well as a detailed reconciliation between headline earnings and earnings used in the calculation, in their interim and year-end results. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The reviewed condensed consolidated provisional financial statements have been presented on the historical cost basis, except for other investments, insurance-related investments, other non-current assets, certain inventories and certain other financial liabilities, which are fair valued. These condensed consolidated financial statements are presented in South African Rand, rounded to the nearest thousand, which is the group's presentation currency.

These reviewed condensed consolidated provisional financial statements incorporate the financial statements of the company, its subsidiaries and entities that, in substance, are controlled by the group and the group's interest in associates where significant influence is excercised. 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.

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 annual financial statements for the year ended 29 February 2020.

NOTES

1. Revenue

Revenue from continuing operations include trading revenue, fees earned from advisory services, brokerage, fund management fees, asset administration fees and insurance premiums. Due to the VCP unbundling certain revenue segments have been shown as part of discontinued operations, these are fund management, commodities trading and revenue from other investments.

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

Figures in R'000	Reviewed 28 February 2021	Re-presented Audited 29 February 2020
Continuing operations		
Fund management	**133 553**	94 884
Asset administration	**144 579**	139 245
Insurance premiums	**217 388**	59 723
Advisory services	**16 922**	13 969
Institutional securities broking	**46 248**	36 936
	558 690	344 757
The group's revenue has increased despite Covid-19. The insurance revenue has been accounted for the full 12 months compared to three months in the prior year. The revenue from Vunani Fund Managers Botswana was accounted for 12 months compared to two months in the prior year.		
Discontinued operations		
Fund management	**4 239**	1 926
Commodities trading	**18 014**	105 416
Other investments	**6 890**	10 057
	29 143	117 399

2. Other income

Sundry income	**9 978**	3 463
Directors' fees	**587**	484
Accounting fees	**–**	4
Reinsurance recoveries	**15 576**	5 886
	26 141	9 837

Other income has improved due to the insurance recoveries which have been accounted for the full year compared to three months in the prior year. The increase in sundry income is a result of non-routine income generated in the institutional stockbroking segment.

Figures in R'000	Reviewed 28 February 2021	Re-presented Audited 29 February 2020
3. Bargain purchase		
Bargain purchase	**530**	34 889

In the prior year the group acquired investments in Oracle Insure and Vunani Fund Managers Botswana ("VFMB"), which resulted in a bargain purchase gain of R34.9 million. In the current year the purchase price allocation for the VFMB was finalised, which resulted in an additional bargain purchase gain of R0.5 million. A contingent liability initially recognised on the preliminary purchase price allocation of VFMB did not materialise, which necessitated an adjustment to preliminary purchase price allocation. There were no changes to preliminary price allocation of Oracle Insure.

Figures in R'000	Reviewed 28 February 2021	Re-presented Audited 29 February 2020
4. Interest received from investments		
Interest received from insurance related investments	**18 322**	5 041
Interest from loans and other receivables	**20**	982
	18 342	6 023

Interest received from insurance related investments have increased due to the group accounting for 12 months of interest this year compared to three months as the effective date of Oracle acquisition was 1 December 2019.

Figures in R'000	Reviewed 28 February 2021	Re-presented Audited 29 February 2020
5. Impairments		
Impairment loss on trade and other receivables	**(7 024)**	(2 738)
Impairment reversal/(loss) on loans to associates	**–**	300
Impairment of value of in-force business ("VIF")	**(41 502)**	–
	(48 526)	(2 438)

Impairments have increased in the current year due to increase in the expected credit losses raised on trade and other receivables and the impairment on the VIF intangible asset that arose on the acquisition of Oracle. Due to the impairment of the VIF asset, deferred tax liability previously recognised on the recognition of the asset had to be reversed, resulting in the R11.4 million positive tax adjustment.

The VIF asset acquired is reviewed for impairment through a discounted cash flow (DCF) valuation. This valuation method references the results of the EV calculations for the relevant products. This embedded value methodology uses a number of assumptions relating to future cash flows.

The underlying assumptions of the VIF asset were reviewed by the statutory actuary using historical GLA (group life assurance) and PHI (permanent health insurance) data. This resulted in reduced profit margins for both lines of business which led to a significant reduction in the VIF asset.

Figures in R'000	Reviewed 28 February 2021	Re-presented Audited 29 February 2020

6. Fair value adjustments

Continuing operations		
Fair value adjustments on financial assets and liabilities	**23 869**	(6 570)
Fair value adjustments to third party insurance liabilities	**(11 124)**	3 184
Fair value adjustments to insurance investment contract liabilities	**(56 795)**	(7 432)
	(44 050)	(10 818)

The increase in insurance contract liabilities is due to changes in assumptions and valuation methodology applied which were adversely impacted by the high mortality claims experience as a result of Covid-19 pandemic. The movement in third party insurance liabilities relates to transfers to/(from) the policyholder liabilities under the insurance contracts.

The liabilities relating to insurance contracts and investment contracts with DPF (Discretionary participation features) are measured in accordance with the financial soundness valuation ("FSV") basis as set out in professional guidance note SAP 104: Calculation of the value assets, liabilities and Capital Adequacy Requirement ("CAR") of long-term insurers. The FSV basis uses best estimate assumptions regarding future experience together with compulsory and discretionary margins for prudence and deferral of profit emergence. The increase in investment contract liabilities is due to significantly improved investment returns which resulted in higher returns allocated to policyholder liabilities.

7. Operating expenses

Operating expenses increased by 62% in the reporting period. This increase was due to the consolidation of Oracle and VFMB's results for the full year compared to three months in the prior period. Staff costs, including remuneration and costs for short- and long-term incentives, accounted for 49% of expenditure, remaining the group's single largest line item. Insurance benefits and claims accounted for 30% of the operating expenses.

The below expenses have contributed to the increase in operating expenses when compared to prior year:

Staff costs	**246 845**	208 638
Claims incurred	**105 151**	29 468
Reinsurance premium	**47 183**	13 989

8. Income tax expense

Current tax expense	**(16 638)**	(18 613)
Deferred tax expense	**26 716**	7 376
	10 078	(11 237)

The current tax expense has declined compared to the prior year as result of the group receiving tax refunds for prior years. The increase in deferred tax credit is as a result of the impact of the impairment of intangible assets of R11.4 million.

9. Discontinued operations

A strategic decision was made in October 2020 to dispose of the group's private equity segment and a smaller portion of the fund management business. This culminated in the group unbundling its private equity business to Vunani Capital Partners, through an internal restructuring process. As this unbundling related to a major line of the group's business, the related activities have been presented as a discontinued operation.

The comparative information for the year ended 29 February 2020 consolidated statement of comprehensive income and related notes have been presented to disclose the discontinued operations separately from continuing operations.

Figures in R'000	Reviewed 28 February 2021	Audited 29 February 2020
Revenue	29 143	117 399
Other income	10 059	3 113
Investment revenue	–	9 289
Profit on disposal of unbundled assets	17 775	–
Impairments	(5 199)	(1 826)
Fair value adjustments	(24 752)	(19 552)
Equity-accounted earnings (net of income tax)	16 275	9 793
Commodities trading related costs	(17 229)	(83 374)
Operating expenses	(43 817)	(51 955)
Results from operating activities	(17 745)	(17 113)
Finance income	1	31
Finance costs	(947)	(1 652)
Net finance costs	(946)	(1 621)
Loss before income tax	(18 691)	(18 734)
Income tax expense	(1 534)	(683)
Loss for the year	(20 225)	(19 417)
Other comprehensive income		
Items that are or may be subsequently reclassified to profit or loss	(5 542)	(12 354)
Exchange differences on translating foreign operations	(5 004)	(9 297)
Hyperinflation adjustments*	(538)	(3 057)
Total comprehensive income for the year	(25 767)	(31 771)
Discontinued operations loss for the year attributable to:		
Equity holders of Vunani Limited	(18 226)	(18 680)
Non-controlling interest	(1 999)	(737)
	(20 225)	(19 417)
Discontinued operations total comprehensive income for the period attributable to:		
Equity holders of Vunani Limited	(21 828)	(26 710)
Non-controlling interest	(3 939)	(5 061)
	(25 767)	(31 771)
Basic loss per share (cents) from discontinued operations		
Basic loss per share from discontinued operations (cents)	(11.4)	(11.6)
Basic headline loss per share (cents) from discontinued operations		
Basic headline loss per share from discontinued operations (cents)	(26.4)	(11.6)
Cash flows from discontinued operations		
Net cash (utilised)/generated by operating activities	(9 823)	7 169
Net cash outflow from investing activities	(5 756)	(214)
Net cash inflow from financing activities	7 519	2 425
Net cash (outflow)/inflow for the period	(8 060)	9 380

* The hyperinflation adjustments related to the fund management business in Zimbabwe.

Figures in R'000	Reviewed 28 February 2021	Audited 29 February 2020

10. Reconciliation of headline earnings for the year

Profit for the year attributable to equity holders of Vunani	**20 667**	35 893
Adjusted for:		
IFRS 16 *leases*		
Lease modification gain	**–**	(120)
Other comprehensive income recycled through profit or loss		
Foreign currency translation reserve	**(7 263)**	–
Profit on disposal of unbundled assets		
Profit on disposal of unbundled assets	**(17 775)**	–
Non-controlling interest	**932**	–
Business combination		
Bargain purchase gain	**(530)**	(34 889)
Impairment of intangible assets		
Impairment of VIF asset	**41 502**	–
Non-controlling interest	**(14 523)**	–
Deferred taxation	**(11 413)**	–
	11 597	884
Headline and diluted headline earnings per share (cents)	**7.2**	0.6
Basic headline and diluted earnings per share from operations	**33.6**	12.2
Basic headline and diluted loss per share from discontinued operations	**(26.4)**	(11.6)

11. Authorised and issued stated capital

The authorised stated capital at 28 February 2021 was 500 million ordinary shares of no par value (2020: 500 million ordinary shares of no par value). 161 155 915 shares were in issue at 28 February 2021 (2020: 161 155 915).

Weighted average number of ordinary shares (000s)		
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of own shares held	**(941)**	(540)
Weighted average number of shares in issue during the year	**160 215**	160 616
Number of shares in issue at the end of the year	**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 own shares held	**(941)**	(540)
Diluted weighted average number of shares in issue during the year	**160 215**	160 616
Number of shares in issue at the end of the year	**161 156**	161 156

12. VCP unbundling

In order to improve transparency in the financial reporting of the Financial Services Assets and Private Equity Assets of Vunani, a decision was made by the board to separate these assets through the VCP unbundling whereby the VCP Shares held by Vunani would be unbundled by way of a distribution *in specie* to shareholders *pro rata* to their respective shareholdings in Vunani. In addition to improved financial reporting transparency, the board also believes that the VCP unbundling, will over time, eliminate the discount between the TNAV of Vunani and the price at which Vunani shares trade on the JSE.

The Conditions Precedent in respect of the VCP unbundling were fulfilled as announced on 1 February 2021 and accordingly the VCP unbundling was effected 11 February 2021.

The impact of the unbundling on the statement of financial position is summarised below:

Figures in R'000	Reviewed 28 February 2021
Property, plant and equipment	(3 884)
Investments in associates and loans to associates	(72 041)
Other investments	(79 953)
Other non-current assets	(28 119)
Inventory	(2 017)
Cash and cash equivalents	(77)
Trade and other receivables	(11 862)
Other financial liabilities	(9 789)
Deferred tax asset and liabilities	(342)
Trade and other payables	3 041
Net assets and liabilities	(205 043)

13. Disposal of a portion of the commodities trading business

On 1 March 2020 the group disposed a portion of the commodities trading business held within Vunani Resources Proprietary Limited. The disposal resulted in a decrease in the group's property, plant and equipment, inventory, trade and other receivables, other financial liabilities and trade and other payables. The impact is detailed below:

Property, plant and equipment	(52)
Inventory	(63 614)
Cash and cash equivalents	(8 056)
Trade and other receivables	(16 222)
Other financial liabilities	2 804
Trade and other payables	85 838
Net assets and liabilities	698

14. Other investments, other non-current 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 non-current 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, insurance related investments, other non-current assets and other financial liabilities, please refer to note 19 of these financial results.

15. Right-of-use asset and lease liability

Figures in R'000	Right-of-use asset	lease liability
Balance as at 1 March 2020	18 170	(19 675)
Foreign exchange movements	14	(121)
Payments	–	8 094
Depreciation expense	(7 719)	–
Interest expense	–	(1 650)
Additions	2 573	(1 580)
	13 038	(14 932)

16. Intangible assets

The intangible assets arose on the acquisition of Mandlalux Proprietary Limited, Oracle Insurance Eswatini Limited and the group's has internally generated computer software intangible assets. Intangibles assets are tested for impairment when there is an indicator the asset is impaired. The VIF asset acquired is reviewed for impairment losses through the liability adequacy test and written down for impairment if necessary.

As at 28 February 2021, the intangible assets comprised:	2021	2020
Opening balance	188 924	76 164
Additions – internally generated software	5 209	5 519
Amortisation	(16 316)	(12 402)
Value of VIF asset acquired	–	119 643
Impairment of VIF asset*	(41 502)	–
	136 315	188 924

* The VIF asset in the previous year has been impaired by R41.5 million. The impairment is due to the impact of Covid-19 on the profitability of certain revenue lines in the insurance business.

17. Insurance related investments

A break down of the movement in insurance related investments is detailed below:

Figures in R'000	2021	2020
Opening balance	286 589	–
Additions through business combinations	–	490 616
Fair value adjustments	22 001	(1 080)
Interest and investment income	20 692	6 384
Additions	367 651	4 349
Disposals	(298 849)	(213 680)
Closing balance	398 084	286 589

The additions and disposals of the insurance related investments were done in the normal course of business, in terms of maintaining the required portfolio in terms of their investment policies.

18. Net cash utilised by operating activities

Figures in R'000	Reviewed 28 February 2021	Audited 29 February 2020
Profit before income tax expense from continuing operations	9 988	70 122
Loss before income tax expense from discontinued operations	(18 691)	(18 734)
Adjusted for:		
Depreciation of property, plant and equipment	2 822	3 197
Depreciation of right-of-use assets	7 719	7 787
Equity-accounted earnings (net of income tax)	(17 678)	(9 968)
Fair value adjustments	883	26 387
Fair value adjustments to third party insurance liabilities	11 124	(3 184)
Fair value adjustments to investment contract liabilities	56 795	7 432
Change in reinsurance assets movement	2 580	(265)
Short-term insurance: Incurred but not reported (IBNR)	(997)	1 891
Short-term insurance: Unearned premiums	4 400	872
Short term Insurance: DAC	(1 206)	–
Bargain purchase gain	(530)	(34 889)
Impairment of investments in associates	2 811	–
Impairment reversal on loans to associates	–	(300)
Impairment loss on trade and other receivables	9 412	4 564
Impairment on VIF asset	41 502	–
Inventory write off	1 517	–
Profit on disposal of subsidiaries	(17 831)	–
Amortisation of intangible assets	16 316	12 402
Share-based payments expense	3 295	5 009
Recycling of foreign currency translation reserve through profit or loss	(7 263)	–
Foreign currency translation loss	29	1 885
IAS 19 – employee benefit costs	4 551	–
Interest received from investments and finance income	(25 511)	(10 836)
Investment revenue	(4 458)	(12 386)
Finance costs	8 567	9 801
Changes in working capital:		
Increase in trading securities	(31)	(78)
Decrease in inventory	–	(36 647)
(Decrease)/increase in trade and other receivables	(19 922)	22 836
Increase in trade and other payables	32 777	33 071
Increase in reinsurance assets	(7 134)	(3 074)
Increase/(decrease) in insurance liabilities	–	(2 763)
Increase/(decrease) in accounts receivable and payable from trading activities	(148)	(1 115)
Cash generated by operating activities	95 688	73 017

19. Financial instruments carried at fair value

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

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.

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 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.

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.

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.

The following table sets out the group's principal valuation techniques used in determining the fair value of financial assets and financial liabilities classified as level 2 and 3 in the fair value hierarchy:

Assets	Valuation technique	Key inputs
Loans and advances	Discounted cash flows	Discount rates
Other investments	Discounted cash flows, adjusted net asset value, earnings multiples, third-party valuations, dividend yields	Discount rates, valuation multiples, dividend growth, foreign exchange rates
Investments in associates	Discounted cash flows, earnings multiples, dividend yields	Discount rates, valuation multiples, dividend growth
Insurance related investments	Discounted cash flows, adjusted quoted prices	Market related yields, nominal discount rate, quoted prices
Liabilities		
Other financial liabilities	Earnings multiples, dividend yields	Earnings, dividend growth

Fair values Figures in R'000	Reviewed 28 February 2021 Carrying amount	Reviewed 28 February 2021 Fair value	Audited 29 February 2020 Carrying amount	Audited 29 February 2020 Fair value
Financial assets measured at fair value				
Other investments	**14 572**	**14 572**	111 452	111 452
Insurance related investments	**398 084**	**398 084**	286 589	286 589
Other non-current assets	**–**	**–**	33 302	33 302
Trading securities	**162**	**162**	143	143
Financial assets not measured at fair value				
Loans to associates	**1 210**	**1 110**	6 745	4 986
	414 028	**413 928**	438 231	436 472
Financial liabilities measured at fair value				
Other financial liabilities at fair value through profit or loss	**–**	**–**	(6 499)	(6 499)
Trading securities	**(3)**	**(3)**	(15)	(15)
Investment contracts	**(367 380)**	**(367 380)**	(310 585)	(310 585)
Insurance contract liabilities	**(89 472)**	**(89 472)**	(78 348)	(78 348)
Financial liabilities not measured at fair value				
Other financial liabilities at amortised cost	**(56 881)**	**(53 845)**	(82 054)	(79 256)
Insurance contract liabilities	**(13 796)**	**(13 796)**	(11 600)	(11 600)
	(527 532)	**(524 496)**	(489 101)	(486 303)
Total	**(113 504)**	**(110 568)**	(50 870)	(49 831)

19. Financial instruments carried at fair value (continued)

The carrying amounts of cash and cash equivalents, accounts receivable from trading activities, trade and other receivables, insurance assets, reinsurance assets, bank overdraft, accounts payable from trading activities 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 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 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Reviewed 28 February 2021

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	**268 699**	**143 956**	**–**	**412 655**
Financial assets measured at fair value	**162**	**–**	**–**	**162**
Financial assets at amortised cost	**–**	**–**	**1 110**	**1 110**
Financial liabilities designated at fair value through profit or loss	**(3)**	**(367 380)**	**–**	**(367 383)**
Financial liabilities at amortised cost	**–**	**–**	**(157 113)**	**(157 113)**
	268 858	**(223 424)**	**(156 003)**	**(110 569)**

Audited 29 February 2020	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	182 738	117 782	130 823	431 343
Financial assets measured at fair value	143	–	–	143
Financial assets at amortised cost	–	–	4 986	4 986
Financial liabilities designated at fair value through profit or loss	(15)	(310 585)	(6 499)	(317 099)
Financial liabilities at amortised cost	–	–	(169 204)	(169 204)
	182 866	(192 803)	(39 894)	(49 831)

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 9.04%. A significant increase in the rate would result in a decrease in the fair value of these assets or liabilities.

Figures in R'000	Reviewed 28 February 2021	Audited 28 February 2020
Level 3 financial instruments at fair value comprise:		
Balance at beginning of year	**124 324**	143 440
Total gains or losses in profit or loss	**(25 859)**	(19 066)
Sales	**(98 465)**	–
Transfer to trade and other receivables	**–**	(50)
Balance at end of the year	**–**	124 324

A change of 10% in the unobservable inputs of the investment and liability 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.

19. Financial instruments carried at fair value (continued)

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation	Reviewed 28 February 2021	Audited 29 February 2020
Equity		
10% increase	–	2 392
10% decrease	–	(2 392)
Cash flow		
10% increase	(5 274)	2 613
10% decrease	5 274	(18 050)
Foreign exchange movement		
10% increase	69	1 250
10% decrease	(69)	1 038

20. Related party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2020 took place during the period under review. There has been no other related party transactions in the current year.

21. Events after reporting date

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

22. Dividends

Dividends paid

An interim dividend of 5 cents per share per share was paid to ordinary shareholders in December 2020, (2020: 7.4 cents (5.92 cents net of dividend withholding tax). Total cash of R8.1 million (2020: R11.4 million) (net of treasury shares held) was paid to ordinary shareholders.

Dividend declared

Notice is hereby given that a gross ordinary dividend of 7.5 cents per share (2020: 5.0 cents per share) has been declared out of income reserves on 4 June 2021 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%
- 161 155 915 shares are in issue
- The gross ordinary dividend is 7.50000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 6.00000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax

Timetable	2021
Declaration and finalisation date announcement	Monday, 7 June
Last day to trade *cum* dividend	Tuesday, 22 June
Shares commence trading *ex*-dividend	Wednesday, 23 June
Record date	Friday, 25 June
Dividend payment date	Monday, 28 June

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 23 June 2021 to Friday, 25 June 2021, 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.

23. Going concern

The condensed consolidated financial statements have been prepared on a going-concern basis. The group has recognised a net loss after tax of R0.2 million for the year ended 28 February 2021, and as at that date current assets exceed current liabilities by R92.7 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.

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 financial statements.

The board is of the view that, based on its knowledge of the group, assumptions regarding the outcome of the key processes under way 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.

COVID-19 IMPLICATIONS

The group has been successfully operating with no restrictions and has been able to adjust to the "new normal" of working-from home. The board and management continue to actively engage, communicate and monitor the impact of Covid-19 on the group's businesses to ensure the sustainability of the group given the conceivable adverse consequence on the economy. The group continues to carefully monitor the impact of Covid-19 on its businesses and has put strategic plans in place to ensure minimum disruptions.

Management continue to stringently monitor debtors to ensure the appropriate credit lines are expanded and are focused on cost containment. Given the abovementioned, management believes the company is a going concern and will continue to operate into the foreseeable future.

REVIEW CONCLUSION

The condensed consolidated financial statements for the year ended 28 February 2021 have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review report together with the accompanying financial information from the issuer's registered office.

Overview and prospects

What started off as an extraordinary year amidst a rapidly spreading global pandemic that forced economies into lock-down on an unprecedented scale, became a real challenging year as trading conditions remained tight as the year progressed amidst various cycles of easing and reintroduction of stringent containment measures amongst South Africa's major trading partners. Besides the trade-related indirect detrimental impact on "open" economies like South Africa's, the domestic economy did not escape the direct impact of the crises either as it was forced into an initial hard lock-down phase barely a month into Vunani's 2020/21 financial year. Since the South African economy already found itself firmly in recession at that point, it was always going to be a very challenging year for the generation of earnings which would be exacerbated by the COVID-19 pandemic impact.

Nevertheless, as could be expected, South African authorities responded by introducing various support measures including the aggressive reduction of domestic interest rates by an aggregate 300 basis points over the course of the first half of calendar year 2020. Business conditions improved along with the subsequent gradual easing of the lockdown but remained challenging. Precious metal and some commodity prices surged following an initial slump, while oil prices plummeted. This was a very favourable combination from a South African perspective. Moreover, despite South Africa's structural challenges, the improvement in global trade conditions as vaccination programs allowed for the further easing of restrictions and for the recovery of trading partner countries to gain traction, rendered further assistance to South Africa's export related economic recovery. Financial markets have been buoyed by stimulus measures and the promise of an eventual improvement in earnings recovery, which is in-line with our expectation of prospective further economic recovery, even though we do anticipate business conditions to remain challenging over the foreseeable future.

Vunani's performance for the year ended 28 February 2021, has shown a decline of 100% compared to the prior period to 29 February 2020, as a result of the impact of Covid-19 on the insurance business and losses from discontinued operations.

Vunani generated total comprehensive income for the year of negative R5.3 million (2020: R27.5 million), while total comprehensive income attributable to equity holders of the company amounted to R17.2 million (2020: R28.1 million).

The group's reportable segments are as follows:

Continuing operations

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

Discontinued operations

- Private equity
  - Other investments
  - Commodities trading

CONTINUING OPERATIONS

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"). As part of the restructure the investment in Purpose Vunani Asset Management Private) Limited was unbundled. The segment reported revenue of R133.6 million for the year ended 28 February 2021 (2020: R94.9 million). The reportable segment profit amounted to R18.0 million for the year compared to R10.7 million at 29 February 2020.

VFM's performance improved during the year as result of increase in assets under management and higher performance fees being earned. VFM's assets under management increased from R39.7 billion at 29 February 2020 to R51.5 billion at 28 February 2021. The continued increase in assets under management is key to improving the profitability of VFM.

VFMB's assets under management was R4.6 billion at 28 February 2021 compared to R5.9 billion at 29 February 2020. The decrease in AUM is due to the impact of the pandemic which resulted in clients withdrawing funds.

Asset administration

The asset administration segment includes the group's investment in Fairheads Benefit Services Proprietary Limited ("Fairheads") which is held through Mandlalux Proprietary Limited ("Mandlalux"). The segment contributed revenue of R144.6 million to February 2021, compared to R139.2 million to February 2020. The segment reported a profit of R19.6 million compared to R16.6 million in 2020. Fairheads' assets under administration amounted to R7.3 billion at 28 February 2021 (2020: R6.7 billion).

Insurance

Oracle Insurance was consolidated for the full year in 2021 compared to three months to February 2020. The business was negatively affected by the impact of the second wave is Eswatini, as it incurred significantly higher death claims during the period. As a result of this significant actuarial reserving was required to take into account the impact of the claims experience of the year. The value in-force intangible asset was impaired during the year by R41.1 million as result of a decrease in profitability of certain income streams as a result of the pandemic. As a result of this, the segment had negative fair value adjustments of R48.5 million (2020: R5.1 million). The segment generated revenue of R217.4 million for the year (2020: R59.7 million) and made a loss of R37.3 million (2020: Profit R35.6 million).

Advisory services

The segment generated revenue of R16.9 million compared to R14.0 million for the year ended 29 February 2020. The improved performance is due to the successful conclusion of several mandates during the year. The segment reported a profit of R5.6 million (2020: loss R0.2 million) during the year.

Institutional securities broking

This segment includes equity, derivative and capital market trading services to institutional clients. The segment generated revenue of R46.2 million to February 2021 compared to R36.9 million in 2020. The increase in revenue is due to an increase in trading volumes in the market as well as the introduction of new revenue streams in business. The segment reported a profit for the year of R14.2 million (2020: loss of R3.7 million), which is a significant improvement from prior year's performance.

DISCONTINUED OPERATIONS

Other investments

The other investments segment holds the group's listed and unlisted investments in the mining and property sectors and investments in Africa and certain equity accounted investments. The other investments segment generated revenue of R6.9 million (2020: R10.1 million) during the year. The segment reported a loss of R6.8 million for the year (2020: R9.9 million). The loss is attributable to negative fair value adjustments on the groups' unlisted and listed investments.

Commodities trading

The commodities trading segment is focused primarily on coal processing activities. In March 2020 the commodities trading division was sold. The segment includes the group's investment in Vunani Resources Proprietary Limited ("VR"). The segment generated revenue of R18.0 million (2020: R105.4 million) and made a loss of R16.6 million (2020: R9.4 million). The decreased performance is attributable to a decrease in coal prices which resulted in a drop in demand for the coal processed at the site.

Overview and prospects
(continued)

Fund management

As part of the unbundling of the private equity assets, the investment in Purpose Vunani Asset Management and Alliance Capital Limited was disposed of. The businesses contributed revenue of R4.2 million (2020: R1.9 million) and a profit of R3.2 million (2020: loss R0.1 million).

Financial performance

Revenue from continuing operations for the group increased by 62% to R558.7 million (2020: R344.8 million) for the year ended 28 February 2021. The increase is due to the improved revenue generated from the fund management, institutional stockbroking segments and the inclusion of the insurance segment revenue for the full year compared to three months in the prior year.

Other income relates to mainly to reinsurance recoveries from the insurance segment and non-core income generated from the group's other segments. The significant increase is as a result of consolidating a full year of reinsurance recoveries compared to three months in the prior year.

The **bargain purchase** of R34.9 million in the prior year arose from the purchase price allocation of the acquisition of Vunani Fund Managers Botswana and Oracle Insurance.

Investment income is income received in the form of dividends. Total investment income for the year amounted to R4.5 million compared to R3.1 million for the year ended 29 February 2020. The improvement is as result of an increase in dividends from the insurance related investments.

Negative **fair value adjustments** of R44.1 million (2020: R10.8 million) relate to an increase in insurance related liabilities which had a negative fair value adjustments of R67.9 million (2020: R4.2 million). An increase in the value of the groups' listed investment portfolio that is carried at fair value through profit or loss, resulted in positive fair value adjustments of R23.9 million (2020: negative R6.6 million).

Impairments of R48.5 million (2020: R2.4 million) relate to the impairment of the value in force intangible asset of R41.5 million (2020: R nil) and the balance is a result of the expected credit losses on the group's financial assets of R7.0 million (2020: R2.7 million).

Equity-accounted earnings for the year amounted to R1.4 million (2020: R0.2 million).

Operating expenses increased by 62% from R312.0 to R506.6 million. The increase is due to the consolidation of Oracle Insure and VFMB for a full year compared to a partial period in the last year. The group remains focused on cost containment and monitors spending on an ongoing basis.

Insurance related expenses of R105.5 million (2020: R29.5 million) and R10.6 million (2020: R1.8 million), incurred for insurance claims and commissions respectively, have been included in operating expenses. Due to the impact of the pandemic, there was an increase in insurance claims incurred.

Finance income increased to R7.2 million for the year compared to R4.8 million to 29 February 2020, as result of the interest earned on cash and cash equivalents.

Finance costs decreased from R7.6 million for the year ended 28 February 2020 to R8.1 million for the current year, as result of an decrease in the interest rates on the group's debt.

Discontinued operations contributed a loss of R20.2 million (2020: R19.4 million) for the year. The discontinued operations are as a result of unbundling the private equity assets.

Right-of-use assets of R13.0 (2020: R18.2 million) and a corresponding **lease liability** of R14.7 (2020: R19.7 million) have been included in property, plant and equipment in terms of the leasing standard IFRS 16. The standard requires a lessee to recognise assets and liabilities for all leases.

Intangible assets decreased to R136.3 million from R188.9 million, as a result of an impairment of the value in-force of the insurance assets of R41.5 million and amortisation of R16.3 million (2020: R12.4 million).

The decrease in **other investments and other non-current assets** was due to the group's unbundling of the private equity assets in February 2021.

Insurance assets of R398.0 million (2020: R286.6 million) have increased as a result of additional investments made in the year. **Insurance liabilities** have increased as a result of fair value actuarial adjustments.

The **foreign currency translation reserve** decreased significantly as a result of the disposal of the Zimbabwean subsidiary PVAM, which was part of the private equity assets unbundled during the year. The **share-based payments reserve** decrease is due to certain shares vesting to staff during the year. An increase of R3.3 million (2020: R5.0 million) is attributable to the current year IFRS 2 charge. The loss for the year attributed to **non-controlling interest** amounted to R20.8 million (R2020: profit R3.6 million). The unbundling of the private equity assets and losses resulted in a decrease in the **non-controlling interest** at year end.

Prospects

After the completion of the unbundling of the private equity assets in February 2021, the group's focus is now growing the financial services businesses that remain in the group. Despite the impact of COVID-19 on the economy the group continues to see numerous opportunities in the market. Each emerging opportunity will be evaluated on its merits to ensure that it augments the Vunani platform and is accretive to the group. COVID-19 continues to be a reality in our day to day lives and it is critical that the health of all Vunani's staff remains of paramount importance. Vunani will continue to follow all government related protocols and work from home strategies to keep its staff safe. Vunani is cautiously optimistic that the performance of the last year can be turned around and that it can fuel growth in the immediate and long-term future.

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 financial statements.

Signed on behalf of the board of directors by BM Khoza and T Mika 4 June 2021.

CORPORATE INFORMATION

Executive directors

E Dube (Executive Deputy Chairman)
T Mika (Chief Financial Officer)
BM Khoza (Chief Executive Officer)
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

JSE Sponsor

Grindrod Bank Limited

Financial communications adviser

Singular Systems Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

(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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