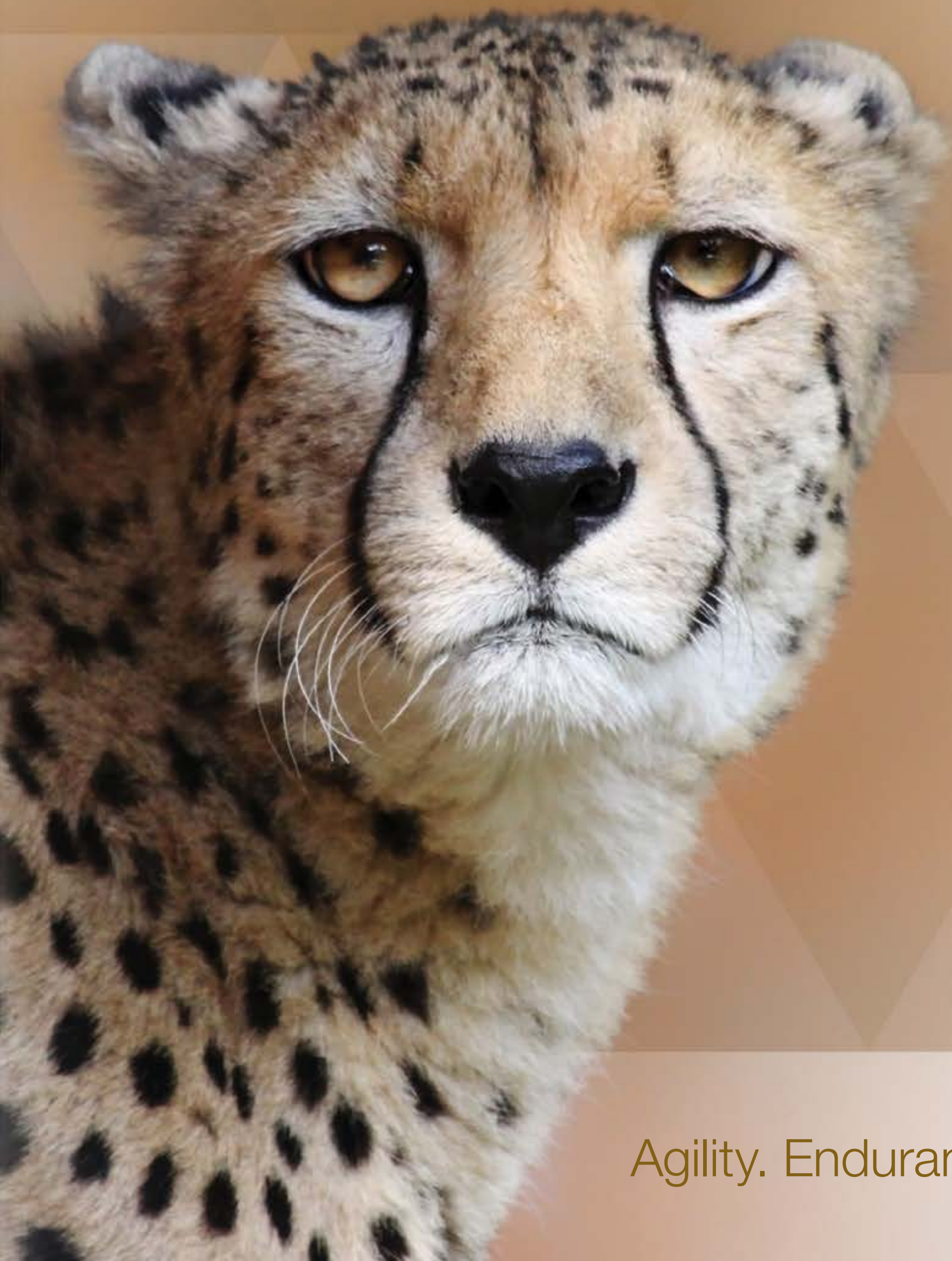
VUNANI

LIMITED

Provisional condensed consolidated results

for the year ended 28 February 2022



Agility. Endurance. Performance

Condensed consolidated statement of comprehensive income

for the year ended 28 February 2022

SALIENT FEATURES

REVENUE & PREMIUMS FROM CONTINUING OPERATIONS OF

R687.0 million

compared to R588.7 million at 28 February 2021

PROFIT FROM CONTINUING OPERATIONS FOR THE YEAR OF

R71.7 million

compared to profit of R20.1 million at 28 February 2021

EARNINGS PER SHARE OF

37.9c

compared to 12.9c at 28 February 2021

DIVIDEND DECLARED OF

14.0c

compared to 7.5c at 28 February 2021

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

Figures in R'000	Note	Reviewed 28 February 2022	Re-presented Audited 28 February 2021
Continuing operations			
Revenue	1	**415 104**	341 302
Net written premium	2	**215 373**	170 205
Gross written premium		**271 871**	217 388
Less: Reinsurance written premium		**(56 498)**	(47 183)
Investment revenue		**7 924**	4 458
Interest received from investments	5	**21 716**	18 342
Other income	3	**16 588**	10 621
Total income		**676 705**	544 928
Operating expenses	8	**(427 690)**	(354 271)
Net insurance benefits and claims		**(136 050)**	(89 575)
Insurance benefits and claims paid		**(149 511)**	(105 151)
Insurance benefits and claims recovered from reinsurers		**13 461**	15 576
Operating profit		**112 965**	101 082
Bargain purchase gain	4, 10	**1 362**	530
Impairments of non-financial assets	6	**10 283**	(41 502)
Impairments of financial assets	6	**328**	(7 024)
Fair value adjustments	7	**(18 432)**	(44 050)
Equity-accounted earnings (net of income tax)		**882**	1 403
Results from operating activities		**107 388**	10 439
Finance income		**7 787**	7 169
Finance costs		**(6 438)**	(7 620)
Net finance income/(costs)		**1 349**	(451)
Profit before income tax		**108 737**	9 988
Income tax (expense)/income	9	**(37 033)**	10 078
Profit for the year from continuing operations		**71 704**	20 066
Loss from discontinued operations (net of taxation)	11	**–**	(20 225)
Profit/(loss) for the year		**71 704**	(159)
Other comprehensive income			
Items that are or may be subsequently reclassified to profit or loss		**(281)**	(5 114)
Exchange differences on translating foreign continuing operations		**(281)**	428
Exchange differences on translating foreign discontinued operations		**–**	(5 004)
Hyperinflation adjustments on discontinued operations		**–**	(538)
Total comprehensive income for the year		**71 423**	(5 273)
Profit/(loss) for the year attributable to:			
Equity holders of Vunani Limited		**60 785**	20 667
Non-controlling interest		**10 919**	(20 826)
		71 704	(159)
Total comprehensive income for the year attributable to:			
Equity holders of Vunani Limited		**60 616**	17 177
Non-controlling interest		**10 807**	(22 450)
		71 423	(5 273)
Basic earnings per share (cents)		**37.9**	12.9
Basic and diluted earnings per share from continuing operations (cents)		**37.9**	24.3
Basic and diluted loss per share from discontinued operations (cents)		**–**	(11.4)
Basic headline earnings per share (cents)	12	**34.7**	7.2
Basic headline earnings per share from continuing operations (cents)		**34.7**	33.6
Basic headline loss per share from discontinued operations (cents)		**–**	(26.4)

The comparative figures have been re-presented to reflect the impact of the insurance on the remaining continuing operations. Refer to note 11 for more details on the discontinued operations.

Condensed consolidated statement of financial position

at 28 February 2022

Figures in R'000	Note	Reviewed 28 February 2022	Audited 28 February 2021
Assets			
Property, plant and equipment*		**23 508**	17 964
Goodwill		**139 766**	139 766
Intangible assets	18	**134 475**	136 315
Investments in associates		**1 300**	553
Other investments	16	**11 345**	11 307
Insurance related investments	19	**453 357**	398 084
Deferred tax asset		**53 865**	56 485
Total non-current assets		**817 616**	760 474
Other investments	16	**3 198**	3 265
Taxation prepaid		**1 059**	1 799
Reinsurance assets		**21 357**	24 689
Loans to associates		**–**	1 210
Trade and other receivables		**89 046**	80 754
Accounts receivable from trading activities		**60 583**	105 700
Trading securities		**353**	162
Cash and cash equivalents		**252 852**	213 235
Total current assets		**428 448**	430 814
Total assets		**1 246 064**	1 191 288
Equity			
Stated capital	13	**696 497**	696 497
Treasury shares		**(6 166)**	(675)
Share-based payments reserve		**3 660**	426
Foreign currency translation reserve		**(2 535)**	(2 366)
Accumulated loss		**(375 445)**	(413 830)
Equity attributable to equity holders of Vunani Limited		**316 011**	280 052
Non-controlling interest		**66 341**	53 452
Total equity		**382 352**	333 504
Liabilities			
Other financial liabilities	16	**13 356**	23 494
Lease liabilities	17	**10 645**	4 499
Investment contracts		**432 179**	367 380
Insurance contract liabilities		**73 682**	89 472
Deferred tax liabilities		**31 838**	34 841
Total non-current liabilities		**561 700**	519 686
Other financial liabilities	16	**20 902**	33 387
Lease liabilities	17	**7 060**	10 433
Taxation payable		**12 494**	9 959
Insurance contract liabilities		**17 059**	13 796
Trade and other payables		**155 269**	147 039
Accounts payable from trading activities		**60 853**	105 998
Trading securities		**3**	3
Bank overdraft		**28 372**	17 483
Current liabilities		**302 012**	338 098
Total liabilities		**863 712**	857 784
Total equity and liabilities		**1 246 064**	1 191 288
Shares in issue (000s)	13	**161 156**	161 156
Net asset value per share (cents)		**196.1**	173.8
Net tangible asset value per share (cents)		**25.9**	2.5

* Included in property, plant and equipment is the right-of-use assets recognised in terms of IFRS 16. Refer to note 17.

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 2022

Figures in R'000	Stated capital	Treasury shares	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	Total attribu-table to equity holders	Non-controlling interest	Total equity
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 year	–	–	–	(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 – Audited	696 497	(675)	426	(2 366)	(413 830)	280 052	53 452	333 504
Total comprehensive income for the year								
Profit for the year	**–**	**–**	**–**	**–**	**60 785**	**60 785**	**10 919**	**71 704**
Other comprehensive income for the year	**–**	**–**	**–**	**(169)**	**–**	**(169)**	**(112)**	**(281)**
Total comprehensive income for the year	**–**	**–**	**–**	**(169)**	**60 785**	**60 616**	**10 807**	**71 423**
Transactions with owners, recorded directly in equity								
Acquisition of treasury shares	**–**	**(5 727)**	**–**	**–**	**–**	**(5 727)**	**–**	**(5 727)**
Transfer of treasury shares	**–**	**236**	**(236)**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**3 470**	**–**	**–**	**3 470**	**–**	**3 470**
Dividends paid	**–**	**–**	**–**	**–**	**(22 400)**	**(22 400)**	**(66)**	**(22 466)**
Business combination *	**–**	**–**	**–**	**–**	**–**	**–**	**2 148**	**2 148**
Total transactions with owners, recorded directly in equity	**–**	**(5 491)**	**3 234**	**–**	**(22 400)**	**(24 657)**	**2 082**	**(22 575)**
Balance as at 28 February 2022 – Reviewed	**696 497**	**(6 166)**	**3 660**	**(2 535)**	**(375 445)**	**316 011**	**66 341**	**382 352**

* The business acquired an effective 39% interest in Medscheme Holdings Proprietary Limited, refer to note 10.

& The dividend *in specie* relates to the Vunani Capital Partners ("VCP") unbundling, refer to note 14.

@ Relates to the discontinued operations. Refer to note 11.

DIVIDENDS

Figures in R'000	Reviewed 28 February 2022	Audited 28 February 2021
Ordinary dividend		
Ordinary dividend number 7 and 8 of 7.5 cents and 6.5 cents respectively (6.00 cents and 5.2 cents) net of dividend withholding tax) per share were paid to ordinary shareholders on 28 June 2021 and 15 November 2021 respectively (net of treasury shares), (Ordinary dividend number 6 of 5.0 cents (5.92 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 21 December 2020 (net of treasury shares).	**22 400**	**8 055**

Condensed consolidated statement of cash flows

for the year ended 28 February 2022

Figures in R'000	Note	Reviewed 28 February 2022	Audited 28 February 2021
Cash flows from operating activities			
Net cash generated by operating activities	20	**121 201**	95 688
Investment revenue received		**–**	157
Finance income received		**7 471**	7 190
Finance costs paid		**(6 244)**	(8 541)
Dividends paid to shareholders		**(22 400)**	(8 055)
Dividends paid to non-controlling interest		**(66)**	(102)
Income tax paid		**(31 139)**	(14 891)
Net cash generated by operating activities		**68 823**	71 446
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired		**611**	–
Disposal of subsidiaries net of cash		**–**	(8 126)
Acquisition of property, plant and equipment		**(5 708)**	(2 162)
Proceeds from disposal of property, plant and equipment		**–**	380
Proceeds from repayment of loans to associates		**319**	1 535
Dividends received from associates		**–**	5 572
Acquisition of intangible assets – computer software		**(3 791)**	(5 209)
Acquisition of other investments		**–**	(1 955)
Proceeds on disposal of other investments		**–**	1 982
Proceeds on disposal of insurance investments		**4 964**	298 849
Acquisition of insurance investments		**–**	(367 651)
Net cash outflow from investing activities		**(3 605)**	(76 785)
Cash flows from financing activities			
Acquisition of treasury shares		**(5 727)**	(4 659)
Advances of other financial liabilities		**2 500**	608
Repayments of other financial liabilities		**(27 673)**	(25 063)
Repayment of lease liabilities – capital repayment		**(5 590)**	(6 444)
Net cash outflow from financing activities		**(36 490)**	(35 558)
Net increase/(decrease) in cash and cash equivalents		**28 728**	(40 897)
Effect of movement in exchange rates on cash held		**–**	(29)
Cash and cash equivalents at the beginning of the year		**195 752**	236 678
Total cash and cash equivalents at end of the year		**224 480**	195 752

Segmental reporting
for the year ended 28 February 2022

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 in the prior year 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.

CONTINUING OPERATIONS

Figures in R'000		Revenue/gross premium Reviewed 28 February 2022	Reportable segment profit after tax Reviewed 28 February 2022	Total assets Reviewed 28 February 2022	Total liabilities Reviewed 28 February 2022
Continuing operations					
Fund management		**180 684**	**37 412**	**124 117**	**(48 373)**
Asset administration		**172 730**	**19 840**	**216 745**	**(42 367)**
Insurance		**271 871**	**11 750**	**729 715**	**(638 835)**
Investment banking	Advisory services	**30 754**	**1 262**	**77 168**	**(61 624)**
	Institutional securities broking	**30 936**	**1 440**	**98 319**	**(72 513)**
Total		**686 975**	**71 704**	**1 246 064**	**(863 712)**

Figures in R'000		Revenue/gross premium Audited 28 February 2021	Reportable segment profit/(loss) after tax Audited 28 February 2021	Total assets Audited 28 February 2021	Total liabilities Audited 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	78 009	(61 543)
	Institutional securities broking	46 248	14 190	141 014	(120 834)
Total		558 690	20 066	1 191 288	(857 784)

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)	–	–

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 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 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, 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 28 February 2021.

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:

Continuing operations

Figures in R'000	Reviewed 28 February 2022	Re-presented Audited 28 February 2021
Continuing operations		
Fund management	**180 684**	133 553
Asset administration	**172 730**	144 579
Advisory services	**30 754**	16 922
Institutional securities broking	**30 936**	46 248
	415 104	341 302
The group's revenue has increased despite Covid-19. The increase in revenue is due to the increase in assets under administration and funds under management during the year.		
Discontinued operations		
Fund management	**–**	4 239
Commodities trading	**–**	18 014
Other investments	**–**	6 890
	–	29 143

2. Insurance premium revenue

Gross written premium	**271 871**	217 388
Less: Reinsurance written premium	**(56 498)**	(47 183)
Net written premium	**215 373**	170 205

3. Other income

Sundry income	**15 827**	10 034
Directors' fees	**761**	587
	16 588	10 621

The increase in sundry income is a result of non-routine income generated in the fund management segment.

4. Bargain purchase

Bargain purchase	**1 362**	530

Vunani acquired an effective 39% of Medscheme Holdings Proprietary Limited ("Medscheme") through Oracle Insure on 31 May 2021. The consideration for the investment amounted to R1, resulting in a bargain purchase of R1.4 million. Refer to note 10 for additional information.

Notes to the condensed consolidated financial statements

(all figures in R'000) (continued)

Figures in R'000	Reviewed 28 February 2022	Re-presented Audited 28 February 2021
5. Interest received from investments		
Interest received from insurance related investments	**21 639**	18 322
Interest from loans and other receivables	**77**	20
	21 716	18 342

Interest received from insurance related investments have increased due to improved returns from the underlying investments.

6. Impairments		
Impairments of financial assets		
Impairment reversal/(loss) on trade and other receivables	**1 219**	(7 024)
Impairment loss on loans to associates	**(891)**	–
	328	(7 024)
Impairments of non-financial assets		
Impairment reversal/(loss) of value of in-force business ("VIF")	**10 283**	(41 502)
	10 611	(48 526)

In the current year the group has impairment reversal of R11.5 million due to the reversal of expected credit losses raised on trade and other receivables and the impairment on the VIF intangible asset that arose on the acquisition of Oracle.

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 improved profit margins for both lines of business which led to an increase in the VIF asset.

7. Fair value adjustments		
Continuing operations		
Fair value adjustments on financial assets and liabilities	**30 577**	23 869
Fair value adjustments to third party insurance liabilities	**15 790**	(11 124)
Fair value adjustments to insurance investment contract liabilities	**(64 799)**	(56 795)
	(18 432)	(44 050)

The increase in insurance contract liabilities is due to the acturial adjustments made in the ordinary course of business. The movement in third party insurance liabilities relates to the release of Covid 19 provisions and permanent health insurance provisions.

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.

8. Operating expenses

Operating expenses increased by 21% in the reporting period. This increase was due to the increase in insurance related activities.

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

Staff costs	**257 203**	246 845
Claims incurred	**149 511**	105 151
Reinsurance premium	**56 498**	47 183

Figures in R'000	Reviewed 28 February 2022	Re-presented Audited 28 February 2021
9. Income tax expense		
Current tax expense	**(36 514)**	(16 638)
Deferred tax expense	**(519)**	26 716
	(37 033)	10 078

The current tax expense has increased compared to the prior year as result of the improved performance of the underlying businesses. In the prior year the deferred tax credit is as a result of the impact of the impairment of intangible assets of R11.4 million. In the announcement on 23 February 2022 the Minister of Finance announced that the corporate tax rate would be reduced to 27% for years of assessment beginning on or after 1 April 2022. This rate change has been considered and incorporated into the measurement of the tax expense and related balances above.

10. Business combination

Acquisition of Medscheme Holdings Proprietary Limited

Vunani acquired 75% of Medscheme Holdings Proprietary Limited ("Medscheme") through Oracle Insure on 31 May 2021, giving the group an effective 39% shareholding. The acquisition is in line with the group's strategy to expand its footprint in the health insurance services business in Eswatini. The consideration for the investment amounted to R1.

An after tax loss of R3.8 million has been included in Vunani's profit or loss for the period ended 28 February 2022. R2.3 million of this loss is attributable to non-controlling interests. R6.6 million has been included in Vunani's revenue since the acquisition of Medscheme for the period 1 June 2021 to 28 February 2022.

The acquisition resulted in the recognition of a bargain purchase gain of R1.4 million at acquisition date which has been presented separately in the statement of comprehensive income.

Trade receivables acquired are at fair value of R0.6 million are expected to be collected in their entirety. The gross contractual amounts of the receivables amounted to R0.9 million, with an expected impairment allowance of R0.3 million recognised at acquisition date. No contingent liabilities arose as a result of the business combination. The valuation of the non-controlling interest was based on the fair value of the net asset value of Medscheme at acquisition date and amounted to R2.1 million. There were no significant inputs used in measuring the fair value of the net asset value of Medscheme.

A preliminary purchase price allocation in terms of IFRS 3 is presented below:

Figures in R'000	Reviewed 28 February 2022
Net assets acquired	
Trade and other receivables	**612**
Other investments	**2 034**
Deferred tax	**920**
Cash and cash equivalents	**611**
Other financial liabilities	**(225)**
Income tax liability	**–**
Trade and other payables	**(442)**
Non-controlling interest	**(2 148)**
Net assets acquired	**1 362**
Purchase price	*****
Bargain purchase	**1 362**

* Less than R1 000.

11. Discontinued operations

A strategic decision was made in prior year 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 28 February 2021 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 2022	Audited 28 February 2021
Revenue	–	29 143
Other income	–	10 059
Investment revenue	–	–
Profit on disposal of unbundled assets	–	17 775
Impairments	–	(5 199)
Fair value adjustments	–	(24 752)
Equity-accounted earnings (net of income tax)	–	16 275
Commodities trading related costs	–	(17 229)
Operating expenses	–	(43 817)
Results from operating activities	–	(17 745)
Finance income	–	1
Finance costs	–	(947)
Net finance costs	–	(946)
Loss before income tax	–	(18 691)
Income tax expense	–	(1 534)
Loss for the year	–	(20 225)
Other comprehensive income		
Items that are or may be subsequently reclassified to profit or loss	–	(5 542)
Exchange differences on translating foreign operations	–	(5 004)
Hyperinflation adjustments*	–	(538)
Total comprehensive income for the year	–	(25 767)
Discontinued operations loss for the year attributable to:		
Equity holders of Vunani Limited	–	(18 226)
Non-controlling interest	–	(1 999)
	–	(20 225)
Discontinued operations total comprehensive income for the period attributable to:		
Equity holders of Vunani Limited	–	(21 828)
Non-controlling interest	–	(3 939)
	–	(25 767)
Basic loss per share (cents) from discontinued operations		
Basic loss per share from discontinued operations (cents)	–	(11.4)
Basic headline loss per share (cents) from discontinued operations		
Basic headline loss per share from discontinued operations (cents)	–	(26.4)
Cash flows from discontinued operations		
Net cash utilised by operating activities	–	(9 823)
Net cash outflow from investing activities	–	(5 756)
Net cash inflow from financing activities	–	7 519
Net cash outflow for the period	–	(8 060)

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

Figures in R'000	Reviewed 28 February 2022	Audited 28 February 2021

12. Reconciliation of headline earnings for the year

Profit for the year attributable to equity holders of Vunani	**60 785**	20 667
Adjusted for:		
Profit on disposal of unbundled assets		
Profit on disposal of unbundled assets	**–**	(25 038)
Non-controlling interest	**–**	932
Business combination		
Bargain purchase gain	**(1 362)**	(530)
Impairment of intangible assets		
Impairment (reversal)/loss of VIF asset	**(10 283)**	41 502
Non-controlling interest	**3 598**	(14 523)
Deferred taxation	**2 828**	(11 413)
	55 566	11 597
Headline and diluted headline earnings per share (cents)	**34.7**	7.2
Basic headline and diluted earnings per share from operations	**34.7**	33.6
Basic headline and diluted loss per share from discontinued operations	**–**	(26.4)

13. Authorised and issued stated capital

The authorised stated capital at 28 February 2022 was 500 million ordinary shares of no par value (2021: 500 million ordinary shares of no par value). 161 155 915 shares were in issue at 28 February 2022 (2021: 161 155 915).

Weighted average number of ordinary shares (000s)	Reviewed 28 February 2022	Audited 28 February 2021
Issued ordinary shares at the beginning of the year	**161 156**	161 156
Effect of own shares held	**(952)**	(941)
Weighted average number of shares in issue during the year	**160 204**	160 215
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	**(952)**	(540)
Diluted weighted average number of shares in issue during the year	**160 204**	160 616
Number of shares in issue at the end of the year	**161 156**	161 156

The shares issued as part of the employee share incentive scheme could potentially dilute basic earnings in the future. The employee shares do not have a dilutive effect in the current year.

14. 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	Audited 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	(70)
Trade and other receivables	(11 869)
Other financial liabilities	(9 789)
Deferred tax asset and liabilities	(342)
Trade and other payables	3 041
Net assets and liabilities	**(205 043)**

15. Disposal of a portion of the commodities trading business

In the prior year, 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 disposal was for no consideration.

The impact is detailed below:

	Audited 28 February 2021
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**

16. Other investments 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.

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 and other financial liabilities, please refer to note 21 of these financial results.

17. Right-of-use asset and Lease liability

Figures in R'000	Right-of-use asset	Lease liability
Balance as at 1 March 2021	13 038	(14 932)
Foreign exchange movements	(996)	(18)
Payments	–	6 975
Depreciation expense	(7 647)	–
Interest expense	–	(1 386)
Additions	11 215	(8 344)
	15 610	(17 705)

18. 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 2022, the intangible assets comprised:	2022	2021
Opening balance	**136 315**	188 924
Additions – internally generated software	**3 791**	5 209
Amortisation	**(15 914)**	(16 316)
Impairment reversal/(loss) of VIF asset*	**10 283**	(41 502)
	134 475	136 315
Deferred tax impact on impairment	**(2 828)**	11 413

* In the current year the VIF asset impairment was reversed by R10.3 million, due to the improved profitability of certain revenue lines in the insurance business. The VIF asset in the previous year has been impaired by R41.5 million. The impairment reversal/(loss) is due to the impact of Covid-19 on the profitability of certain revenue lines in the insurance business.

19. Insurance related investments

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

Figures in R'000	2022	2021
Opening balance	**398 084**	286 589
Additions through business combinations	**2 110**	–
Fair value adjustments	**30 488**	22 001
Interest and investment income	**27 639**	20 692
Additions	**–**	367 651
Disposals	**(4 964)**	(298 849)
Closing balance	**453 357**	398 084

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.

20. Net cash generated by operating activities

Figures in R'000	Reviewed 28 February 2022	Audited 28 February 2021
Profit before income tax expense from continuing operations	**108 737**	9 988
Loss before income tax expense from discontinued operations	**–**	(18 691)
Adjusted for:		
Depreciation of property, plant and equipment	**2 736**	2 822
Depreciation of right-of-use assets	**7 647**	7 719
Equity-accounted earnings (net of income tax)	**(882)**	(17 678)
Fair value adjustments	**(30 577)**	883
Fair value adjustments to third party insurance liabilities	**(15 790)**	11 124
Fair value adjustments to investment contract liabilities	**64 799**	56 795
Change in reinsurance assets movement	**2 088**	2 580
Short-term insurance: Incurred but not reported (IBNR)	**172**	(997)
Short-term insurance: Unearned premiums	**3 681**	4 400
Short term Insurance: DAC	**(694)**	(1 206)
Bargain purchase gain	**(1 362)**	(530)
Impairment of investments in associates	**–**	2 811
Impairment on loans to associates	**891**	–
Impairment (reversal)/loss on trade and other receivables	**(1 219)**	9 412
Impairment (reversal)/loss on VIF asset	**(10 283)**	41 502
Inventory write off	**–**	1 517
Profit on disposal of subsidiaries	**–**	(17 831)
Amortisation of intangible assets	**15 914**	16 316
Share-based payments expense	**3 470**	3 295
Recycling of foreign currency translation reserve through profit or loss	**–**	(7 263)
Foreign currency translation loss	**150**	29
IAS 19 – employee benefit costs	**(2 029)**	4 551
Interest received from investments and finance income	**(29 503)**	(25 511)
Investment revenue	**(7 924)**	(4 458)
Finance costs	**6 438**	8 567
Changes in working capital:		
Increase in trading securities	**(191)**	(31)
Decrease in trade and other receivables	**(6 603)**	(19 922)
Increase in trade and other payables	**9 816**	32 777
Decrease/(increase) in reinsurance assets	**3 332**	(7 134)
Increase in insurance liabilities	**105**	–
Decrease in accounts receivable and payable from trading activities	**(1 718)**	(148)
Cash generated by operating activities	**121 201**	95 688

21. 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.

21. Financial instruments carried at fair value (continued)

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 2022 Carrying amount	Fair value	Audited 28 February 2021 Carrying amount	Fair value
Financial assets measured at fair value				
Other investments	**14 543**	**14 543**	14 572	14 572
Insurance related investments	**453 357**	**453 357**	398 084	398 084
Trading securities	**353**	**353**	162	162
Financial assets not measured at fair value				
Loans to associates	**–**	**–**	1 210	1 110
	468 253	**468 253**	414 028	413 928
Financial liabilities measured at fair value				
Trading securities	**(3)**	**(3)**	(3)	(3)
Investment contracts	**(432 179)**	**(432 179)**	(367 380)	(367 380)
Insurance contract liabilities	**(73 682)**	**(73 682)**	(89 472)	(89 472)
Financial liabilities not measured at fair value				
Other financial liabilities at amortised cost	**(34 258)**	**(36 395)**	(56 881)	(53 845)
Insurance contract liabilities	**(17 059)**	**(17 059)**	(13 796)	(13 796)
	(557 181)	**(559 318)**	(527 532)	(524 496)
Total	**(88 928)**	**(91 065)**	(113 504)	(110 568)

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).

21. Financial instruments carried at fair value (continued)

Reviewed 28 February 2022

Figures in R'000	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	**247 642**	**220 258**	**–**	**467 900**
Financial assets measured at fair value	**353**	**–**	**–**	**353**
Financial liabilities designated at fair value through profit or loss	**(3)**	**(432 179)**	**–**	**(432 182)**
Financial liabilities at amortised cost	**–**	**–**	**(127 136)**	**(127 136)**
	247 992	**(211 921)**	**(127 136)**	**(91 065)**

Audited 28 February 2021	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)

The level 3 unobservable inputs for the assets and liabilities at amortised cost instruments is an after-tax discount rate of 9.40%. 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 2022	Audited 28 February 2021
Level 3 financial instruments at fair value comprise:		
Balance at beginning of year	**–**	124 324
Total gains or losses in profit or loss	**–**	(25 859)
Sales	**–**	(98 465)
Balance at end of the year	**–**	–

A change of 10% in the unobservable inputs (expected future cash flows) of the loans to associates and financial liabilities at amortised cost at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.

Effect on statement of comprehensive income (profit/(loss)) and equity before taxation	Reviewed 28 February 2022	Audited 28 February 2021
Cash flow		
10% increase	**(451)**	(5 274)
10% decrease	**451**	5 274
Foreign exchange movement		
10% increase	**5 123**	69
10% decrease	**(2 163)**	(69)

22. Related party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2021 took place during the period under review. The changes relate to the business combination that occured during the year as disclosed in note 10.

23. Events after reporting date

The invasion of Ukraine by Russian forces will likely result in lower global growth if the war continues for a significant period or if no negotiated settlement is reached in the immediate future. It is too early to tell with any certainty what impact this will have on Vunani. The war has contributed to an increase in fuel prices which will result in higher inflation, which would result in subdued economic growth and potentially the performance of the local markets. The performance of local and foreign markets could affect the performance of the fund and asset administration businesses.

The floods in KwaZulu-Natal region are not expected to impact the group.

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

24. Dividends

Dividends paid

An interim dividend of 6.5 cents per share per share was paid to ordinary shareholders in November 2021, (2021: 5.0 cents (4.00 cents net of dividend withholding tax). Total cash of R10.5 million (2021: R8.1 million) (net of treasury shares held) was paid to ordinary shareholders.

Dividend declared

Notice is hereby given that a gross ordinary dividend of 14.0 cents per share (2021: 7.5 cents per share) has been declared out of income reserves on 25 May 2022 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 14.00000 cents per share for shareholders exempt from paying Dividend Withholding Tax
- The net ordinary dividend is 11.20000 cents per share for ordinary shareholders who are not exempt from Dividend Withholding Tax
- Vunani Limited's tax reference number is 9841003032

Timetable	2022
Declaration and finalisation date announcement	Wednesday, 25 May
Last day to trade *cum* dividend	Tuesday, 21 June
Shares commence trading *ex*-dividend	Wednesday, 22 June
Record date	Friday, 24 June
Dividend payment date	Monday, 27 June

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 22 June 2022 to Friday, 24 June 2022, 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.

25. 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 R71.7 million for the year ended 28 February 2022, and as at that date current assets exceed current liabilities by R126.4 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 2022 have been reviewed by BDO 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 and on the company's website.

Overview and prospects

The financial year commenced as the World struggled to get to grips with a so-called "new normal" of learning to live with the Covid-19 pandemic. Cycles of flare-ups in infections triggered periodic tightening of lockdown – and other measures to contain the spread of the disease and ultimately, the economic damage caused by it. Whilst South Africa struggled through a third and fourth Covid wave, the economy did start to recover and business conditions gradually improved.

As could be expected in the aftermath of unprecedented fiscal and monetary stimulus as counteracting measures to the pandemic, prices started to rise as demand improved amidst erratic output and global supply chain disruption. South Africa did not escape that either; domestic headline inflation spiked from below 3% to end the financial year just below the 6% upper limit of the inflation target band as the global oil price surged, partly fuelled by rumblings of war between Russia and Ukraine towards the end of the period.

The risk of inflation becoming more entrenched in core inflation and increased pressure on the Rand exchange rate eventually forced the hand of the Monetary Policy Committee to commence the interest rate hiking cycle by November '21. This was not ideal from an economic recovery perspective since the underlying recovery cycle was still rather tentative and remained relatively weak throughout the remainder of the financial year.

Nevertheless, financial markets continued to enjoy the lagged thrust of the liquidity-driven tailwind, and further bolstered by the additional prospect of resources price-related earnings growth, pushed the domestic equity market to surge to record levels by the end of the financial year.

While the South African economy continues to suffer from, and the scope for economic recovery will continue to be hamstrung by severe structural challenges like the inability to supply electricity without interruption, the fiscus did benefit from the fillip of unexpected resource-related company tax income. That helped to allay the fears pertaining to the risk fiscal deterioration spiralling out of control.

Economic conditions are expected to remain challenging over the next financial year. Policy tightening amidst surging global inflation will inevitably result in slower economic growth in trading partner countries, as well as domestically. Real domestic economic growth is expected to slow to around 2% in calendar '22 as interest rates continue to rise. Nevertheless, Vunani's positioning in the financial sector should continue to offer ample opportunity to the business to continue growing.

Vunani's profit from continuing operations for the year ended 28 February 2022, has shown an improvement of 257% compared to the prior period to 28 February 2021. This was due to improved performance of the insurance business which was negatively impacted by Covid-19 in the prior year and improved performance of the fund management businesses.

Vunani generated total comprehensive income for the year of R71.4 million (2021: negative R5.3 million), while total comprehensive income attributable to equity holders of the company amounted to R60.6 million (2021: R17.2 million).

In the prior year the group successfully unbundled its private equity assets through an in-specie dividend. As a result of this the other investments and commodities trading businesses have been disclosed as discontinued operations following the unbundling of this segment and its separate listing on Equity Express Securities Exchange.

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"). The segment reported revenue of R180.7 million for the year ended 28 February 2022 (2021: R133.6 million). The reportable segment profit amounted to R37.4 million for the year compared to R18.0 million at 28 February 2021.

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 R51.5 billion at 28 February 2021 to R61.9 billion at 28 February 2022.

VFMB's assets under management was R9.2 billion at 28 February 2022 compared to R4.6 billion at 28 February 2021. During the year the business won a significant mandate that increased the AUM.

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 R172.7 million to February 2022, compared to R144.6 million to February 2021. The segment reported a profit of R19.8 million compared to R19.6 million in 2021. Fairheads' assets under administration amounted to R9.2 billion at 28 February 2022 (2021: R7.3 billion). During the year the business acquired new assets under administration, which resulted in the increase in AUM.

Insurance

In the prior year Oracle Insurance was negatively affected by the impact of the second wave is Eswatini, as it incurred significantly higher death claims during the period. The impact of Covid-19 has been significantly less as the population got vaccinated, which has improved profitability of the business. The segment generated revenue of R271.9 million for the year (2021: R217.4 million) and made a profit of R11.8 million (2021: loss of R37.3 million). In the current year there was an impairment reversal of the value in-force intangible asset of R10.3 million compared to impairment loss of R41.5 million in 2021. The reversal was a result of improved profitability of certain income streams.

Advisory services

The segment generated revenue of R30.8 million compared to R16.9 million for the year ended 28 February 2021. This segment includes fees earned and expenses incurred from the management services provided to Vunani Capital Partners Limited, which was unbundled out the group in the prior year. The segment reported a profit of R1.2 million (2021: R5.6 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 R30.9 million to February 2022 compared to R46.2 million in 2021. The decrease in revenue is due to a decrease in trading volumes in the markets. As a result of this the segment reported a profit for the year of R1.4 million (2021: R14.2 million).

DISCONTINUED OPERATIONS

In the prior year the group unbundled its private equity assets. This has been disclosed as a discontinued operation in the prior. The discontinued operations made a loss of R20.2 million in 2021, nil in the current year.

Financial performance

Revenue from continuing operations for the group increased by 22% to R415.4 million (2021: R341.3 million) for the year ended 28 February 2021. The increase is due to the improved revenue generated from the fund management, and asset administration segments. Net insurance premium increased by 27% to R215.3 million (2021: R170.1 million) as the business increased its client base.

Other income relates to non-core income generated from the group's other segments. The significant increase is as a result of a once off recovery from the VFMB business.

The **bargain purchase** of R1.4 million in the current year arose from the purchase price allocation of the acquisition of Medscheme Holdings Proprietary Limited by Oracle Insurance.

Investment income is income received in the form of dividends. Total investment income for the year amounted to R7.9 million compared to R4.5 million for the year ended 28 February 2021. The improvement is as result of an increase in dividends from the insurance related investments.

Negative **fair value adjustments** of R18.4 million (2021: R44.1 million) relate to an increase in insurance related liabilities which had a negative fair value adjustments of R49.0 million (2021: R67.9 million). An increase in the value of the group's listed investment portfolio that is carried at fair value through profit or loss, resulted in positive fair value adjustments of R30.6 million (2021: R23.9 million).

Impairments reversal of R10.6 million (2021: impairment loss R48.5 million) relate to the impairment reversal of the value in force intangible asset of R10.3 million (2021: loss R 41.5 million) and the balance is a result of the reversal of expected credit losses on the group's financial assets of R0.3 million (2021: loss R7.0 million).

Equity-accounted earnings for the year amounted to R0.9 million (2021: R1.4 million).

Operating expenses increased by 21% from R354.3 million to R427.7 million. The increase is due to the increased operating costs of Oracle Insure due to the increase in premiums earned during the year. The group remains focused on cost containment and monitors spending on an ongoing basis.

Insurance related expenses of R149.5 million (2021: R105.5 million) and R18.1 million (2021: R10.6 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 R7.8 million for the year compared to R7.2 million to 28 February 2021, as result of an increase in cash and cash equivalents.

Finance costs decreased from R7.6 million for the year ended 28 February 2021 to R6.4 million for the current year, as result of a decrease in the group's debt.

Discontinued operations contributed R nil (2021: loss R20.2 million) for the year. The discontinued operations are as a result of unbundling the private equity assets in the prior year.

Right-of-use assets of R15.6 million (2021: R13.0 million) and a corresponding **lease liability** of R17.7 million (2021: R14.9 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.

In the current year there was an impairment reversal of the value in-force **intangible assets** of R10.3 million compared to an impairment R41.5 million in 2021. As result intangible assets decreased to R134.5 million from R136.3 million after amortisation and impairment reversals.

Other investments increased as a result of the acquisition of Medscheme during the year.

Insurance assets of R453.4 million (2021: R398.0 million) have increased as a result of increase in returns from the assets an additional investments made in the year. **Insurance liabilities** have increased as a result of fair value actuarial adjustments.

The **share-based payments reserve** increase is due to the current year IFRS 2 charge of R3.5 million (2021: R3.3 million). The profit for the year attributed to **non-controlling interest** amounted to R10.9 million (2021: loss R20.8 million). The increase in **treasury shares** during the year is due to shares acquired for the staff share scheme.

Prospects

The completion of the unbundling of the private equity assets in the prior year has enabled the group to focus on growing the financial services businesses. This has resulted in growth of the underlying businesses. This strategy will continue in the future with a focus on maximising synergies in the various opportunities. 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. As a greater part of the population gets vaccinated for COVID-19 there is continued hope that life will get back to normal. Vunani will continue to follow all government related protocols and a mixture of working from the office and work from home strategies to keep its staff safe. Vunani is cautiously optimistic that the performance of the last year can be built upon 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
25 May 2022.

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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