

Focus. Commitment. Purpose.



VUNANI

LIMITED

Provisional condensed  
consolidated results  
for the year ended 29 February 2024

## Salient features

### REVENUE AND INSURANCE PREMIUM REVENUE

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# R665.2 million

compared to R654.1 million at 28 February 2023

### OPERATING PROFIT OF

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# R55.2 million

compared to R124.6 million at 28 February 2023

### DIVIDEND DECLARED OF

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# 9.0c

compared to 11c at 28 February 2023

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

# Condensed consolidated statement of comprehensive income

for the year ended 29 February 2024

Figures in R'000	Notes	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
Revenue	1	428 703	448 764
Insurance service result		47 539	42 233
Insurance revenue*	2	236 460	205 354
Insurance service expenses*		(173 594)	(150 528)
Net expenses from reinsurance contracts held*		(15 327)	(12 593)
Investment revenue	5	736	10 945
Interest received from investments	6	72	26 351
Other income*	3	19 357	20 130
<b>Total income</b>		<b>496 407</b>	<b>548 423</b>
Operating expenses*	8	(441 225)	(423 806)
<b>Operating profit</b>		<b>55 182</b>	<b>124 617</b>
Impairments of financial assets*	7	(2 472)	(7 799)
Reversal of impairments of non financial assets	7	6 602	12 300
Fair value adjustments*	4	5 503	(29 875)
Equity-accounted loss (net of income tax)		(2 811)	(2 292)
<b>Results from operating activities</b>		<b>62 004</b>	<b>96 951</b>
Finance income*		13 156	8 363
Finance costs*		(15 478)	(8 667)
Net finance costs		(2 322)	(304)
<b>Profit before income tax</b>		<b>59 682</b>	<b>96 647</b>
Income tax expense*		(35 467)	(39 231)
<b>Profit for the year</b>		<b>24 215</b>	<b>57 416</b>
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss		(43)	531
Exchange differences on translating foreign operations		(43)	531
<b>Total comprehensive income for the year</b>		<b>24 172</b>	<b>57 947</b>
<b>Profit for the year attributable to:</b>			
Equity holders of Vunani Limited		14 355	52 404
Non-controlling interest		9 860	5 012
		24 215	57 416
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of Vunani Limited		14 329	52 723
Non-controlling interest		9 843	5 224
		24 172	57 947
<b>Basic and diluted earnings per share (cents)</b>		<b>9,0</b>	<b>33,0</b>
<b>Basic and diluted headline earnings per share (cents)</b>	9	<b>7,4</b>	<b>30,1</b>

\* Refer to note 13 for information on the restatement of the transactions relating to the implementation of IFRS 17.

# Condensed consolidated statement of financial position

at 29 February 2024

Figures in R'000	Notes	Reviewed 29 February 2024	Restated Reviewed 28 February 2023	Restated Reviewed 28 February 2022
<b>Assets</b>				
Property, plant and equipment*		36 690	40 294	23 508
Goodwill		139 766	139 766	139 766
Intangible assets		129 266	133 860	134 475
Investments in jointly controlled ventures		9 897	12 708	–
Investments in associates		–	–	1 300
Other investments	12	–	10 819	11 345
Insurance-related investments		606 872	507 030	453 357
Deferred tax asset <sup>#</sup>		59 609	57 935	54 838
<b>Total non-current assets</b>		<b>982 100</b>	<b>902 412</b>	<b>818 589</b>
Other investments	12	–	–	3 198
Taxation prepaid		18	21	1 059
Reinsurance assets <sup>#</sup>		27 970	7 659	12 053
Trade and other receivables <sup>#</sup>		72 024	88 578	88 107
Accounts receivable from trading activities		41 496	65 719	60 583
Trading securities		494	408	353
Cash and cash equivalents <sup>#</sup>		222 212	266 897	252 852
<b>Total current assets</b>		<b>364 214</b>	<b>429 282</b>	<b>418 205</b>
<b>Total assets</b>		<b>1 346 314</b>	<b>1 331 694</b>	<b>1 236 794</b>
<b>Equity</b>				
Stated capital		696 497	696 497	696 497
Treasury shares		(5 004)	(7 156)	(6 166)
Share-based payments reserve		5 474	4 104	3 660
Foreign currency translation reserve		(2 014)	(1 988)	(2 535)
Accumulated loss <sup>#</sup>		(375 605)	(363 072)	(375 770)
Equity attributable to equity holders of Vunani Limited		319 348	328 385	315 686
Non-controlling interest <sup>#</sup>		70 516	71 465	65 367
<b>Total equity</b>		<b>389 864</b>	<b>399 850</b>	<b>381 053</b>
<b>Liabilities</b>				
Other financial liabilities <sup>#</sup>	12	25 664	28 025	13 356
Lease liabilities		8 266	19 350	10 645
Investment contracts <sup>#</sup>		503 707	464 426	432 179
Insurance contract liabilities		50 251	57 182	79 300
Deferred tax liabilities		32 108	28 756	31 838
<b>Total non-current liabilities</b>		<b>619 996</b>	<b>597 739</b>	<b>567 318</b>
Other financial liabilities	12	20 025	24 988	20 902
Lease liabilities		6 374	2 019	7 060
Taxation payable		17 368	17 096	12 494
Insurance contract liabilities <sup>#</sup>		62 050	39 749	16 611
Trade and other payables <sup>#</sup>		165 149	162 344	142 128
Accounts payable from trading activities		41 168	65 150	60 853
Trading securities		4	4	3
Bank overdraft		24 316	22 755	28 372
<b>Current liabilities</b>		<b>336 454</b>	<b>334 105</b>	<b>288 423</b>
<b>Total liabilities</b>		<b>956 450</b>	<b>931 844</b>	<b>855 741</b>
<b>Total equity and liabilities</b>		<b>1 346 314</b>	<b>1 331 694</b>	<b>1 236 794</b>
Shares in issue (000s)	10	161 156	161 156	161 156
Net asset value per share (cents)		198,2	203,8	195,9
Net tangible asset value per share (cents)		31,2	34,0	25,7

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

# Refer to note 13 for information on the restatement of the transactions and balances relating to the implementation of IFRS 17.

## Net asset value per share (cents)

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

## Net tangible asset value per share (cents)

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

# Condensed consolidated statement of changes in equity

for the year ended 29 February 2024

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 2022 – Audited	696 497	(6 166)	3 660	(2 535)	(375 445)	316 011	66 341	382 352
Adjustment on initial application of IFRS 17, net of tax	–	–	–	–	(325)	(325)	(974)	(1 299)
Balance as at 28 February 2022 – Restated Reviewed	696 497	(6 166)	3 660	(2 535)	(375 770)	315 686	65 367	381 053
Profit for the year	–	–	–	–	52 404	52 404	5 012	57 416
Other comprehensive income for the year	–	–	–	319	–	319	212	531
<b>Total comprehensive income for the year</b>	–	–	–	319	52 404	52 723	5 224	57 947
Share-based payments	–	–	5 061	–	–	5 061	–	5 061
Transfer of treasury shares	–	2 782	(2 782)	–	–	–	–	–
Acquisition of treasury shares	–	(3 772)	–	–	–	(3 772)	–	(3 772)
Transfer between reserves	–	–	(1 835)	228	1 607	–	–	–
Dividends paid	–	–	–	–	(36 411)	(36 411)	(5 786)	(42 197)
<b>Total transactions with owners, recorded directly in equity</b>	–	(990)	444	228	(34 804)	(35 122)	(5 786)	(40 908)
<b>Balance as at 28 February 2023 – Restated Reviewed</b>	696 497	(7 156)	4 104	(1 988)	(358 170)	333 287	64 805	398 092
Profit for the year	–	–	–	–	14 355	14 355	9 860	24 215
Other comprehensive income for the year	–	–	–	(26)	–	(26)	(17)	(43)
<b>Total comprehensive income for the year</b>	–	–	–	(26)	14 355	14 329	9 843	24 172
Share-based payments	–	–	4 666	–	–	4 666	–	4 666
Transfer of treasury shares	–	3 296	(3 296)	–	–	–	–	–
Transfer of treasury shares	–	(1 144)	–	–	–	(1 144)	–	(1 144)
Dividends paid	–	–	–	–	(31 790)	(31 790)	(4 132)	(35 922)
<b>Total transactions with owners, recorded directly in equity</b>	–	2 152	1 370	–	(31 790)	(28 268)	(4 132)	(32 400)
<b>Balance as at 29 February 2024 – Reviewed</b>	696 497	(5 004)	5 474	(2 014)	(375 605)	319 348	70 516	389 864

# Condensed consolidated statement of cash flows

for the year ended 29 February 2024

Figures in R'000	Note	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
<b>Cash flows from operating activities</b>			
Net cash generated by operating activities	11	91 763	150 214
Investment revenue received		736	814
Finance income received		13 156	8 192
Finance costs paid		(8 251)	(6 287)
Dividends paid to shareholders		(31 790)	(36 411)
Dividends paid to non-controlling interest		(4 132)	(5 786)
Income tax paid		(33 670)	(43 484)
Net cash generated by operating activities		27 812	67 252
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(7 851)	(16 111)
Acquisition of jointly controlled venture		(7 500)	(7 500)
Acquisition of intangible assets - computer software		(3 403)	(3 370)
Proceeds on disposals of other investments		8 716	3 217
Proceeds on disposals of insurance investments		46 374	90 589
Acquisition of insurance-related investments		(97 827)	(120 345)
Net cash outflow from investing activities		(61 491)	(53 520)
<b>Cash flows from financing activities</b>			
Acquisition of treasury shares		(1 144)	(3 772)
Advances of other financial liabilities		17 912	31 085
Repayments of other financial liabilities		(22 608)	(14 356)
Repayment of lease liabilities – capital repayment		(6 727)	(7 027)
Net cash (outflow)/inflow from financing activities		(12 567)	5 930
Net (decrease)/increase in cash and cash equivalents		(46 246)	19 662
Cash and cash equivalents at the beginning of the year		244 142	224 480
<b>Total cash and cash equivalents at end of the year</b>		<b>197 896</b>	<b>244 142</b>

## DIVIDENDS

Figures in R'000	Reviewed 29 February 2024	Audited 28 February 2023
<b>Ordinary dividend paid</b>		
Ordinary dividend number 11 and 12 of 11.0 cents and 9.0 cents, respectively (8.80 cents and 7.20 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 26 June 2023 and 27 November 2023 (net of treasury shares) (2023: Ordinary dividend number 9 and 10 of 14.0 cents and 9.0 cents, respectively (11.20 cents and 7.20 cents net of dividend withholding tax) per share was paid to ordinary shareholders on 27 June 2022 and 14 November 2022 (net of treasury shares)).	31 790	36 411
	<b>31 790</b>	<b>36 411</b>

# Segmental reporting

for the year ended 29 February 2024

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

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

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

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

Figures in R'000	Reportable segment			
	Revenue/ gross premium Reviewed 29 February 2024	profit/(loss) after tax Reviewed 29 February 2024	Total assets Reviewed 29 February 2024	Total liabilities Reviewed 29 February 2024
Fund management	165 413	9 521	150 087	(102 578)
Asset administration	205 512	34 604	226 036	(35 268)
Insurance	236 460	(7 603)	837 685	(712 587)
Investment banking	29 343	53	73 376	(52 389)
Advisory services				
Institutional securities broking	28 435	(12 360)	59 130	(53 628)
<b>Total</b>	<b>665 163</b>	<b>24 215</b>	<b>1 346 314</b>	<b>(956 450)</b>

Figures in R'000	Reportable segment			
	Revenue/ gross premium Reviewed Restated 28 February 2023	profit/(loss) after tax Reviewed Restated 28 February 2023	Total assets Reviewed Restated 28 February 2023	Total liabilities Reviewed Restated 28 February 2023
Fund management	188 502	21 190	154 230	(87 267)
Asset administration	191 712	33 700	224 777	(46 446)
Insurance	205 354	10 324	768 037	(659 075)
Investment banking	43 127	1 292	84 509	(57 519)
Advisory services				
Institutional securities broking	25 423	(9 090)	100 141	(81 537)
<b>Total</b>	<b>654 118</b>	<b>57 416</b>	<b>1 331 694</b>	<b>(931 844)</b>

\* Refer to note 13 for information on the restatement of the transactions relating to the implementation of IFRS 17.

# Notes to the condensed consolidated financial

## BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board 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, except for the implementation of IFRS 17 in the current year. 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 insurance-related liabilities, which are fair valued. These condensed consolidated financial statements are presented in South African Rand, rounded to the nearest thousand, which is the currency.

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

## Estimates and judgements

In preparing these condensed consolidated 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 2023, except for the implementation of IFRS 17 *Insurance Contracts* in the current year. The areas of significant judgements are the determination of fair value of financial instruments, impairment testing of goodwill and intangibles, recognition of deferred tax assets, impairment losses on loans to associates, measurement of expected credit loss allowances for trade and other receivables, measurement of investment contract liabilities and third party insurance liabilities.

## NOTES

### 1. Revenue

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

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

	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
Figures in R'000		
Fund management	165 413	188 502
Asset administration	205 512	191 712
Advisory services	29 343	43 127
Institutional securities broking	28 435	25 423
	428 703	448 764
The group's revenue generated from the fund management, institutional securities broking, and advisory services has declined as a result of the tough economic environment.		
<b>2. Insurance revenue</b>		
Insurance revenue from contracts not measured under the PAA	31 748	27 880
Insurance revenue from contracts measured under the PAA	204 712	177 474
	236 460	205 354

## Notes to the condensed consolidated financial statements (continued)

Figures in R'000	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
<b>3. Other income</b>		
Sundry income	18 649	19 496
Directors' fees	708	634
	<b>19 357</b>	<b>20 130</b>
<b>4. Fair value adjustments</b>		
or loss	(2 103)	(526)
Fair value adjustments on insurance-related investments	48 318	(11 367)
Fair value adjustments to investment contract liabilities	(40 712)	(17 982)
	<b>5 503</b>	<b>(29 875)</b>
<b>5. Investment revenue</b>		
Dividend income from listed investments	736	–
Dividend income from insurance related investments	–	10 945
	<b>736</b>	<b>10 945</b>
<b>6. Interest received from investments</b>		
Interest received from insurance related investments	72	26 351
<b>7. Impairments</b>		
<b>Impairments of financial assets</b>		
Impairment loss on trade and other receivables	(2 472)	(7 421)
Impairment loss on loans to associates	–	(378)
	<b>(2 472)</b>	<b>(7 799)</b>
<b>Impairments of non-financial assets</b>		
Impairment reversal on value-in-force business ("VIF")	6 602	12 300
	<b>4 130</b>	<b>4 501</b>

The impairment reversal 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. Improved profit margins for both lines of business led to an increase in the recoverable amount of the VIF asset.

# Notes to the condensed consolidated financial statements

continued

Figures in R'000	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
<b>8. Operating expenses</b>		
The below expenses detail the significant operating expenses:		
Staff costs	283 282	265 091
Insurance service expenses	173 594	150 528
<b>9. Reconciliation of headline earnings for the year</b>		
Profit for the year attributable to equity holders of Vunani Limited	14 355	52 404
<b>Adjusted for</b>		
<b>Profit on disposal of assets</b>		
Profit on disposal of assets	(1 461)	–
Non-controlling interest	252	–
Deferred taxation	316	–
<b>Impairment of financial assets</b>		
Impairment reversal of VIF assets	(6 602)	(12 300)
Non-controlling interest	3 186	4 304
Deferred taxation	1 815	3 383
	<b>11 860</b>	<b>47 791</b>
<b>Basic and diluted headline earnings per share (cents)</b>	<b>7,4</b>	<b>30,1</b>

## 10. Authorised and issued stated capital

The authorised stated capital at 29 February 2024 was 500 million ordinary shares of no par value (2023: 500 million ordinary shares of no par value). 161 155 915 shares were in issue at 29 February 2024 (2023: 161 155 915).

	Reviewed 29 February 2024	Audited 28 February 2023
<b>Weighted average number of ordinary shares (000s)</b>		
Issued ordinary shares at the beginning of the year	161 156	161 156
Effect of treasury share	(1 883)	(2 486)
Weighted average number of shares in issue during the year	159 273	158 670
Number of shares in issue at the end of the period (000s)	161 156	161 156
<b>Dilutive weighted average number of ordinary shares (000s)</b>		
Issued ordinary shares at the beginning of the year	161 156	161 156
Effect of treasury shares	(1 883)	(2 486)
Effect of dilutive shares	–	–
Diluted weighted average number of shares in issue during the period	159 273	158 670
Number of shares in issue at the end of the year (000s)	161 156	161 156

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

## Notes to the condensed consolidated financial statements continued

### 11. Net cash generated by operating activities

Figures in R'000	Reviewed 29 February 2024	Restated Reviewed 28 February 2023
Profit before income tax expense	59 682	96 647
<b>Adjusted for:</b>		
Depreciation of property, plant and equipment	4 669	3 059
Depreciation of right-of-use assets	6 971	7 262
Equity-accounted loss (net of income tax)	2 811	2 292
Fair value adjustments	(46 215)	11 893
Fair value adjustments to third party insurance liabilities	32 582	15 685
Fair value adjustments to investment contract liabilities	8 130	2 297
Changes in insurance liabilities	10 661	9 163
Impairment loss on trade and other receivables	2 472	7 799
Impairment reversal on VIF assets	(6 602)	(12 300)
Amortisation of intangible assets	14 599	16 285
Share-based payments expense	4 666	5 061
Profit on disposal of assets	(1 461)	–
IAS 19 Employee benefit costs	517	556
Interest received from investments and finance income	(13 228)	(34 714)
Dividends received	(736)	(10 945)
Finance costs	15 478	8 667
<b>Changes in working capital:</b>		
Increase in trading securities	(86)	(20)
Decrease/(increase) in trade and other receivables	14 081	(471)
(Decrease)/increase in reinsurance assets	(20 312)	4 394
Increase in insurance liabilities	510	4 602
(Decrease)/increase in trade and other payables	(237)	16 498
Increase/(decrease) in accounts receivable and payable from trading activities	2 811	(3 496)
Cash generated by operating activities	91 763	150 214

## 12. Financial instruments carried at fair value

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

The existence of published price quotations in an active market is the best evidence of fair value and, where they exist, they are used to measure the financial asset or financial liability. A market is considered to be active if transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. Financial instruments fair valued using quoted prices would generally be classified as level 1 in terms of the fair value hierarchy and when fair valued indirectly (i.e. derived from prices) will be classified as level 2.

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

In applying valuation techniques, the group uses estimates and assumptions that are consistent with available information about the estimates and assumptions that market participants would use in setting a price for the financial instrument.

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

Valuation methodologies and techniques applied for level 3 financial instruments include a combination of discounted cash flow analysis, application of earnings multiples on sustainable after-tax earnings and/or current and projected net asset values to determine overall reasonability. The valuation technique applied to specific financial instruments depends on the nature of the financial instrument and the most appropriate valuation technique is determined on that basis.

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

The valuation methodologies, techniques and inputs applied to the fair value measurement of the financial instruments have been applied in a manner consistent with that of the previous financial period.

## Notes to the condensed consolidated financial statements continued

### 12. Financial instruments carried at fair value (continued)

Figures in R'000	Reviewed 29 February 2024		Restated Reviewed 28 February 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets measured at fair value</b>				
Other investments	–	–	10 819	10 819
Insurance-related investments	606 872	606 872	507 030	507 030
Trading securities	494	494	408	408
	607 366	607 366	518 257	518 257
<b>Financial liabilities measured at fair value</b>				
Trading securities	(4)	(4)	(4)	(4)
Investment contracts	(503 707)	(503 707)	(464 426)	(464 426)
Insurance contract liabilities	(50 251)	(50 251)	(57 182)	(57 182)
	(553 962)	(553 962)	(521 612)	(521 612)
<b>Total</b>	<b>53 404</b>	<b>53 404</b>	<b>(3 355)</b>	<b>(3 355)</b>

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

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results

The Group has applied IFRS 17 Insurance Contracts, including any consequential amendments to other standards. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. IFRS 17 is required to be retrospectively applied for the first date of adoption, being 1 March 2023. As a result, the Group has restated comparative amounts and presented a third statement of financial position as at 28 February 2022.

The nature and effects of the key changes in the Group's accounting policies as a result of adopting IFRS 17 are summarised

#### Implementation of IFRS 17

IFRS 17 is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure. The objective of IFRS 17 is to increase the comparability of information reported by all entities issuing insurance contracts and increase the transparency of financial information which will give stakeholders more confidence in understanding the insurance industry.

#### Overview

The definition and scope of insurance contracts under IFRS 17 is aligned with that of IFRS 4 with only a few differences. The main revenue recognition principle under IFRS 17 is to recognise as revenue the amount charged for insurance coverage when it is earned rather than received, over the duration of the contracts in a manner that best reflects the provision of insurance contract services in the relevant reporting period. The total recognised profit/loss arising from insurance contracts over the duration of the contract remains largely unchanged compared to IFRS 4, however, the year-by-year profit/loss outcomes will change.

Some of the significant changes of the Standard are:

- The Standard does not allow for profits to arise on inception of a contract, i.e. day one, while the losses arising from onerous contracts are to be recognised immediately in profit/loss.
- IFRS 17 measurement principles depend heavily on the terms and conditions of underlying contracts, contract boundaries, coverage periods, etc as opposed to just the type of the insurance license (ie. Life or non-life).
- IFRS 17 requires the determination of portfolios for insurance contracts with similar risks and determination of onerous contracts.

The group uses the measurement models, detailed below:

- A liability for incurred claims (LIC) – the obligation to pay claims for insured events that have already occurred.

The general measurement model (GMM) is applicable to longer contract durations that are not substantially investment related service contracts.

The Standard requires the recognition of fulfilment cash flows and the contractual service margin (CSM) on the balance sheet, these fulfilment cash flows are to be updated at each reporting date. The fulfilment cash flows represent the present value of future cash flows and an adjustment for the risk and timing of those cash flows (risk adjustment). The CSM represents the unearned profit on the contract which is expected to be earned in the future. The CSM is released over the duration of the contract.

The Standard requires that the interest rate used to discount the cash flows and establish the CSM be determined at inception of the contract.

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)

IFRS 17 also allows the optional simplified premium allocation approach (PAA) for insurance contracts with a coverage period that is 12 months or less. Contracts measured under this approach do not have a CSM.

IFRS 17 requires the company to disclose the profits earned from Insurance Contracts, where the company will recognise the insurance service result which depicts profit earned from providing insurance service and the financial result which depicts investment income and insurance finance expenses.

#### Key revenue recognition changes between IFRS 17 and IFRS 4

Key changes are as follows:

- The establishment of the CSM which results in a different pattern of revenue recognition compared to the current accounting policies.
- The establishment of the non-financial risk adjustment resulting in a deferral of profit.
- Discount rates used are those applicable at inception of the contracts.
- The disallowance for recognition of day one profits on initial recognition.
- Changes in best estimate assumptions being absorbed into remaining margins as opposed to being recognised in full in profit/loss in the year of the change.

The CSM is likely to result in lower volatility in insurance results between the reporting periods over time. Under IFRS 4, changes to estimates of future contractual fulfilment cash flows would impact profit/loss in the year of change as opposed to impacting future margin releases under IFRS 17.

#### Contracts measured under GMM

The current estimate of future cash flows is based on the relevant cash flows which are directly related to the fulfilment of the contract within the contract boundary with inclusion of only portfolio incremental acquisition costs.

#### Contracts measured under PAA

A company may simplify the measurement of a group of insurance contracts using the premium allocation approach, if and only if, at inception of the group;

- a) the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model; or
- b) the coverage period of each contract in the group is one year or less.

The company applies the PAA to all groups of insurance and reinsurance contracts where the coverage period is one year or less.

#### Transition approaches

The Standard requires retrospective application prior to the transition date unless it is impractical to do so. If it is impractical to do so, an entity can choose either a modified retrospective or a fair value approach to measure the transitional balances as at 1 March 2022.

For the credit life insurance and annuities insurance contracts the group used the fair value approach. The transition had an immaterial impact on the other insurance products.

**13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)**

A summary of the main product lines and measurement models are as follows:

Product lines	Measurement model
Credit Life	GMM
Voluntary Group Funeral	PAA
Group Life Assurance	PAA
Permanent Health Insurance	PAA
Group Funeral	PAA
Annuities	GMM
Digital fully and simply underwritten	GMM
Digital Funeral	GMM
Sitanani Funeral	GMM
Lihawu Funeral	GMM
Oracle Health	PAA
STI Motor – Private	PAA
STI Motor – Commercial	PAA
STI Non-Motor – Private	PAA
STI Non-Motor – Commercial	PAA

Included below is the reconciliation of the consolidated statement of financial position and statement of comprehensive income from IFRS 4 to IFRS 17 at transition:

Figures in R'000	Notes	Audited	IFRS 17	Restated
		28 February 2022	Transitional Adjustments	28 February 2022
<b>Assets</b>				
Property, plant and equipment		23 508	–	23 508
Goodwill		139 766	–	139 766
Intangible assets		134 475	–	134 475
Investments in associates		1 300	–	1 300
Other investments		11 345	–	11 345
Insurance-related investments		453 357	–	453 357
Deferred tax asset	1	53 865	973	54 838
<b>Total non-current assets</b>		<b>817 616</b>	<b>973</b>	<b>818 589</b>
Other investments		3 198	–	3 198
Taxation prepaid		1 059	–	1 059
Reinsurance assets	2	21 357	(9 304)	12 053
Trade and other receivables	3	89 046	(939)	88 107
Accounts receivable from trading activities		60 583	–	60 583
Trading securities		353	–	353
Cash and cash equivalents		252 852	–	252 852
<b>Total current assets</b>		<b>428 448</b>	<b>(10 243)</b>	<b>418 205</b>
<b>Total assets</b>		<b>1 246 064</b>	<b>(9 270)</b>	<b>1 236 794</b>

## Notes to the condensed consolidated financial statements continued

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)

Figures in R'000	Notes	Audited 28 February 2022	IFRS 17 Transitional Adjustments	Restated Reviewed 28 February 2022
<b>Equity</b>				
Stated capital		696 497	–	696 497
Treasury shares		(6 166)	–	(6 166)
Share-based payments reserve		3 660	–	3 660
Foreign currency translation reserve		(2 535)	–	(2 535)
Accumulated loss	4	(375 445)	(325)	(375 770)
Equity attributable to equity holders of Vunani Limited		316 011	(325)	315 686
Non-controlling interest	5	66 341	(974)	65 367
<b>Total equity</b>		<b>382 352</b>	<b>(1 299)</b>	<b>381 053</b>
<b>Liabilities</b>				
Other financial liabilities		13 356	–	13 356
Lease liabilities		10 645	–	10 645
Investment contracts		432 179	–	432 179
Insurance contract liabilities	6	73 682	5 618	79 300
Deferred tax liabilities		31 838	–	31 838
<b>Total non-current liabilities</b>		<b>561 700</b>	<b>5 618</b>	<b>567 318</b>
Other financial liabilities		20 902	–	20 902
Lease liabilities		7 060	–	7 060
Taxation payable		12 494	–	12 494
Insurance contract liabilities	7	17 059	(448)	16 611
Trade and other payables	8	155 269	(13 141)	142 128
Accounts payable from trading activities		60 853	–	60 853
Trading securities		3	–	3
Bank overdraft		28 372	–	28 372
<b>Current liabilities</b>		<b>302 012</b>	<b>(13 589)</b>	<b>288 423</b>
<b>Total liabilities</b>		<b>863 712</b>	<b>(7 971)</b>	<b>855 741</b>
<b>Total equity and liabilities</b>		<b>1 246 064</b>	<b>(9 270)</b>	<b>1 236 794</b>

The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit.

## Notes to the condensed consolidated financial statements continued

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)

#### Notes

- 1 As a result of restating the 2022 profit, there was increase in the deferred tax asset
- 2 As a result of the implementation of IFRS 17, there has been a remeasurement of the reinsurance assets that resulted in a decrease of R9.3 million
- 3 As a result of the implementation of IFRS 17, there has been a remeasurement of the trade receivables that resulted in a decrease of R0.9 million
- 4 The cumulative impact of IFRS 17 implementation is a decrease in group equity of R0.3 million
- 5 The cumulative impact of IFRS 17 implementation is a decrease in non-controlling interests of R0.97 million
- 6 As a result of the implementation of IFRS 17, there has been a remeasurement of the non-current insurance contract liabilities that resulted in an increase of R5.6 million
- 7 As a result of the implementation of IFRS 17, there has been a remeasurement of the current insurance contract liabilities that resulted in an increase of R0.4 million
- 8 As a result of the implementation of IFRS 17, there has been a remeasurement of the insurance related trade payables that resulted in a decrease of R13.1 million

#### Statement of comprehensive income impact

		Audited 28 February 2023	IFRS 17 Adjustments	Restated Reviewed 28 February 2023
Revenue		448 764	–	448 764
Net written revenue		237 660	(32 306)	205 354
<i>Gross written premium</i>	1	303 618	(98 264)	205 354
<i>Less: Reinsurance written premium</i>	2	(65 958)	65 958	–
Investment revenue		10 945	–	10 945
Interest from investments		26 351	–	26 351
Other income	3	16 649	3 481	20 130
<b>Total income</b>		740 369	(28 825)	711 544
Operating expenses	4	(474 655)	50 849	(423 806)
Net insurance benefits and claims		(115 567)	(47 554)	(163 121)
Insurance service expenses	5	(131 074)	(19 454)	(150 528)
Insurance benefits and claims recovered from reinsurers	6	15 507	(28 100)	(12 593)
<b>Operating profit</b>		150 147	(25 530)	124 617
Reversal of impairments of non-financial assets		12 300	–	12 300
Impairment of assets	7	(7 236)	(563)	(7 799)
Fair value adjustments	8	(53 660)	23 785	(29 875)
Equity-accounted loss (net of income tax)		(2 292)	–	(2 292)
<b>Results from operating activities</b>		99 259	(2 308)	96 951
Finance income	9	7 903	460	8 363
Finance costs	10	(6 413)	(2 254)	(8 667)
Net finance income		1 490	(1 794)	(304)
<b>Profit before tax</b>		100 749	(4 102)	96 647
Income tax		(39 031)	(200)	(39 231)
<b>Profit for the year</b>		61 718	(4 302)	57 416

## Notes to the condensed consolidated financial statements continued

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)

#### Notes

- 1 As a result of implementing IFRS 17 the insurance revenue is measured using the PAA approach, which resulted in a decrease of revenue of R32.3 million.
- 2 As a result of the implementation of IFRS 17, reinsurance written premium is no longer disclosed on the face of the SOCI, resulting in a decrease of R65.9 million.
- 3 As a result of the implementation of IFRS 17, additional non-core insurance revenue has been recognised resulting in a increase of R3.5 million
- 4 As a result of the implementation of IFRS 17, certain non-core insurance expenses have been remeasured resulting in a decrease of R50.8 million
- 5 As a result of the implementation of IFRS 17, insurance service expenses have been remeasured resulting in an increase of R19.4 million.
- 6 As a result of the implementation of IFRS 17, reinsurance recoveries have been remeasured resulting in an increase of R28.1 million.
- 7 As a result of the implementation of IFRS 17, certain financial assets have been remeasured resulting in an increase of R0.6 million in impairments.
- 8 As a result of the implementation of IFRS 17, certain insurance contract liabilities have been remeasured resulting in a decrease of R23.8 million in negative fair value adjustments.
- 9 As a result of the implementation of IFRS 17, insurance finance income is now disclosed as part of finance income resulting in an increase of R0.5 million.
- 10 As a result of the implementation of IFRS 17, insurance finance costs are now disclosed as part of finance costs resulting in an increase of R2.3 million.

	Audited		Restated
	28 February 2023	IFRS 17 Adjustments	28 February 2023
Figures in R'000			
<b>Assets</b>			
Property, plant and equipment	40 294	–	40 294
Goodwill	139 766	–	139 766
Intangible assets	133 860	–	133 860
Investments in jointly controlled ventures	12 708	–	12 708
Other investments	10 819	–	10 819
Insurance-related investments	507 030	–	507 030
Deferred tax asset	1 56 389	1 546	57 935
<b>Total non-current assets</b>	<b>900 866</b>	<b>1 546</b>	<b>902 412</b>
Other investments	–	–	–
Taxation prepaid	21	–	21
Reinsurance assets	2 25 531	(17 872)	7 659
Trade and other receivables	3 100 564	(11 986)	88 578
Accounts receivable from trading activities	65 719	–	65 719
Trading securities	408	–	408
Cash and cash equivalents	266 897	–	266 897
<b>Total current assets</b>	<b>459 140</b>	<b>(29 858)</b>	<b>429 282</b>
<b>Total assets</b>	<b>1 360 006</b>	<b>(28 312)</b>	<b>1 331 694</b>

#### Notes

- 1 As a result of implementing IFRS 17 the cumulative impact was an increase in the deferred tax asset of R1.5 million
- 2 As a result of the implementation of IFRS 17, there has been a remeasurement of the reinsurance assets that resulted in a cumulative decrease of R17.9 million
- 3 As a result of the implementation of IFRS 17, there has been a remeasurement of the trade receivables that resulted in a cumulative decrease of R12.0 million

## Notes to the condensed consolidated financial statements continued

### 13. Standards, amendments to standards and interpretations adopted in the 2024 provisional condensed consolidated results (continued)

		Audited 28 February 2023	IFRS 17 Adjustments	Restated Reviewed 28 February 2023
<b>Equity</b>				
Stated capital		696 497	–	696 497
Treasury shares		(7 156)	–	(7 156)
Share-based payments reserve		4 104	–	4 104
Foreign currency translation reserve		(1 988)	–	(1 988)
Accumulated loss	4	(358 231)	(4 841)	(363 072)
Equity attributable to equity holders of Vunani Limited		333 226	(4 841)	328 385
Non-controlling interest	5	70 467	998	71 465
<b>Total equity</b>		<b>403 693</b>	<b>(3 843)</b>	<b>399 850</b>
<b>Liabilities</b>				
Other financial liabilities		28 025	–	28 025
Lease liabilities		19 350	–	19 350
Investment contracts		464 426	–	464 426
Insurance contract liabilities	6	83 200	(26 018)	57 182
Deferred tax liabilities		28 756	–	28 756
<b>Total non-current liabilities</b>		<b>623 757</b>	<b>(26 018)</b>	<b>597 739</b>
Other financial liabilities		24 988	–	24 988
Lease liabilities		2 019	–	2 019
Taxation payable		17 096	–	17 096
Insurance contract liabilities	7	21 376	18 373	39 749
Trade and other payables	8	179 168	(16 824)	162 344
Accounts payable from trading activities		65 150	–	65 150
Trading securities		4	–	4
Bank overdraft		22 755	–	22 755
<b>Current liabilities</b>		<b>332 556</b>	<b>1 549</b>	<b>334 105</b>
<b>Total liabilities</b>		<b>956 313</b>	<b>(24 469)</b>	<b>931 844</b>
<b>Total equity and liabilities</b>		<b>1 360 006</b>	<b>(28 312)</b>	<b>1 331 694</b>

#### Notes

- 4 The cumulative impact of IFRS 17 implementation is a decrease in group equity of R4.8 million
- 5 The cumulative impact of IFRS 17 implementation is an increase in non-controlling interests of R1.0 million
- 6 As a result of the implementation of IFRS 17, there has been a remeasurement of the insurance contract liabilities that resulted in a decrease of R26.0 million
- 7 As a result of the implementation of IFRS 17, there has been a remeasurement of the insurance contract liabilities that resulted in an increase of R18.4 million
- 8 As a result of the implementation of IFRS 17, there has been a remeasurement of the insurance related trade payables that resulted in an increase of R16.8 million

#### 14. Related-party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2023 took place during the period under review.

#### 15. Events after reporting date

The company declared a dividend of 9 cents per share, refer to note 17 for more details.

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

#### 16. Dividends

##### Dividend declared

Notice is hereby given that a gross ordinary dividend of 9 cents per share has been declared out of income reserves on 21 June 2024 and are payable to ordinary shareholders in accordance with the following timetable.

In terms of dividend tax effective since 1 April 2012, the following additional information is disclosed:

- The local Dividends Tax rate is 20%
- 161 155 915 shares are in issue
- The gross ordinary dividend is 9.00000 cents per share for shareholders exempt from paying Dividends Tax
- The net ordinary dividend is 7.20000 cents per share for ordinary shareholders who are not exempt from Dividends Tax
- Vunani Limited's tax reference number is 9841003032

Timetable	2024
Declaration and finalisation date announcement	Friday, 21 June
Last day to trade <i>cum</i> dividend	Tuesday, 9 July
Shares commence trading ex-dividend	Wednesday, 10 July
Record date	Friday, 12 July
Dividend payment date	Monday, 15 July

No dematerialisation or rematerialisation of shares will be allowed for the period from Wednesday, 10 July 2024 to Friday, 12 July 2024, both dates inclusive.

Dividends are declared in the currency of the Republic of South Africa. The directors have confirmed that the company will satisfy the liquidity and solvency requirements immediately after the payment of the dividend.

### 17. 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 R24.2 million (2023: R57,4 million) for the year ended 29 February 2024, and as at that date current assets exceed current liabilities by R27.8 million (2023: R76.9 million).

The board undertook processes to ensure that the going-concern principle applies, which include:

- the group's financial budgets and a 12-month rolling cash flow forecast;
- the performance of underlying business operations and their ability to make a positive contribution to the group's objectives;
- the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and
- the banking facilities and the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the group's working capital requirements.

The board is of the view that, based on its knowledge of the group, assumptions regarding the outcome of the key processes underway and specific inquiries it has made, the group has adequate resources at their disposal to settle obligations as they fall due and the group will continue as going concern for the foreseeable future.

### REVIEW CONCLUSION

The condensed consolidated financial statements for the year ended 29 February 2024 have been reviewed by BDO South Africa 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

Vunani Limited's 2024 financial year commenced amidst a post-Covid global economy still struggling to return to par, while having to face the additional challenge of surging energy prices on the back of Russia's invasion of Ukraine. The Brent oil price continued to rise during the first part of the financial year from about \$84/barrel to peak 14.5% higher at \$96.5/barrel by late September, before subsiding to about the same levels as at the beginning of the year. Nevertheless, despite depressed general economic conditions, central banks continued to battle the combined price-escalation effects of surging energy prices and the lagged impact of aggressive Covid-related demand stimulus, which culminated in inflation being pushed beyond levels of comfort. US inflation at circa 6% at the beginning of the period, was still well above the targeted 2% level and the Federal Reserve remained in rate-hiking mode at that point. It subsequently, added an aggregate further 75 basis points that took the Fed Funds rate to 5.5% by June 2023, before pausing.

While South Africa's inflation remained comparatively well contained albeit at levels around the upper limit of the inflation target band, significant escalation in inflation risk left the South African Reserve Bank with little choice but to also continue its rate-hiking cycle early into the new financial year. The Monetary Policy Committee added an aggregate 100 basis points to the benchmark interest rate, before pausing at 11.75% by June 2023. Besides being susceptible to a higher oil price, a resilient US Dollar added to the risk of Rand-weakening, which further increased the risk of domestic price pressure over and above the direct impact of higher global oil prices on fuel prices. Pre-emptive interest rate tightening assisted in limiting the eventual weakening of the Rand exchange rate to about 4.4% (about 3% on a trade-weighted basis) as it ended the financial year at about R19/\$, from an interim peak just below R20/\$ registered by late May 2023.

Domestic business conditions remained challenging throughout the reporting period and in fact, deteriorated further as the cumulative dampening impact of rising interest rates further suppressed already weak domestic demand and economic activity, hampering efforts to pull out of the post-Covid slump. In addition, sluggish economic activity in some of South Africa's key trading partners such as China, detrimentally affected South Africa's export performance. While export proceeds were somewhat buffered by a weakish Rand, it could not fully compensate for the slump in demand and in prices, as illustrated by the fact that the Dollar price of coal exported from Richards Bay plummeted by more than 30% over the financial year. Moreover, homegrown challenges like persistent electricity load shedding, aggravated the already challenging economic environment.

Business conditions are expected to improve over the course of the next financial year, though. The US benchmark interest rate is expected to commence a declining cycle soon, which should also allow for other central banks including the domestic central bank, to commence a rate cutting cycle. Whilst the benefit of such policy alleviation will probably only be reaped in the ensuing periods, we do expect progressive demand-support from lower interest rates over the latter half of the year. Still, expected real economic growth of circa 3% globally and about 1% domestically, by no means imply a booming business environment. Nevertheless, Vunani remains well positioned to grow its underlying businesses as conditions improve and to also take advantage of new business opportunities. Business conditions are expected to improve over the course of the next financial year, though.

Vunani's performance for the year ended 29 February 2024 was down in comparison to the prior year. The group generated total comprehensive income for the period of R24.2 million (2023: R57.9 million), while total profit attributable to equity holders of the company amounted to R14.4 million (2023: R52.4 million).

The group's reportable segments are as follows:

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

## Overview and prospects continued

### 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 R165.4 million for the year (2023: R188.5 million), which is a decrease of 12%. The reportable segment profit amounted to R9.5 million for the year compared to a profit of R21.2 million at 28 February 2023.

VFM's performance and profitability decreased during the year due to a decrease in assets under management compared to the prior year. The assets under management were R42.8 billion (2023: R45.6 billion).

VFMB's assets under management was R10.9 billion (2023: R11.3 billion).

### Asset administration

The asset administration segment includes the group's investment in Fairheads Beneficiary Services Proprietary Limited ("Fairheads"), Fairheads Financial Services Proprietary Limited ("FFS") and Verso Group Proprietary Limited. Fairheads' assets under administration amounted to R10.6 billion from R9.9 billion in the prior year. The segment contributed revenue of R205.5 million (2023: R191.7 million) for the year. The segment contributed a profit of R34.6 million to the group's results for the year compared to R33.7 million in the prior year.

### Insurance

The insurance segment includes the group's investment in Oracle Insurance and Oracle Life. After the effect of the restatement arising from IFRS 17, the segment contributed the segment contributed revenue of R236.5 million (2023: R205.4 million) and loss of R7.6 million in the year compared to a profit of R10.3 million in the prior year. During the year Oracle implemented the new accounting standard, IFRS 17, refer to note 13 for more detail.

### Advisory services

The segment includes Vunani Corporate Finance which offers a full range of advisory services and JSE and A2X sponsor services. The segment also includes the group's management services to underlying subsidiaries and associates, including the private equity company, Vunani Capital Partners. Performance of the segment includes fees earned, operating costs and expenses incurred for managing Vunani Capital Partners. Revenue has decreased from R43.1 million in 2023 to R29.3 million. The segment reported a profit for the year of R0.1 million (2023: profit of R1.3 million).

### Institutional securities broking

The segment includes equity, derivative and capital market trading services to institutional clients. As a result of the tough markets the segment had a decline in performance, despite revenue increasing from R25.4 million in the prior year to R28.4 million for the year. The segment contributed a loss of R12.4 million compared to a loss of R9.1 million in the prior year.

### Financial performance

**Revenue** from operations decreased by 5% to R428.7 million (2023: R448.8 million) for the year ended 29 February 2024. Revenue has decreased compared to the prior year due to the decrease in AUM for the fund management segment, as well as decreased revenue from the advisory segment. Insurance revenue increased by 15% to R236.5 million compared to R205.4 million in the prior year.

**Other income** decreased to R19.4 million (2023: R20.1 million) for the year. Other income comprises once-off income, sundry income and directors' fees.

**Investment revenue** is received in the form of dividends. Total investment revenue for the year amounted to R0.7 million compared to R10.9 million for the prior year. This is due to the decrease in dividends from the insurance-related investments.

**Fair value adjustments** totalled R5.5 million (2023: Negative R29.9 million). The improvement relates mainly to the positive fair value adjustments on the insurance investment assets, which amounted to R48.3 million (2023: negative R11.4 million) as a result of the impact of IFRS 17.

**Operating expenses** increased by 4% from R423.8 million to R441.2 million. The increase relates to the impact of inflation on other operating costs. **Insurance benefits and claims** of R173.6 million (2023: R150.5 million), have increased in the current year, due to the impact of IFRS 17 on how the expenses are accounted for.

**Finance income** has increased from R8.4 million to R13.2 million as a result of an increase in returns from the group's cash investment positions compared to the prior year. **Interest from investments** has decreased to R0.1 million compared to R26.4 million mainly due to the decrease in returns on the insurance segment's insurance-related investments. **Finance costs** have increased from R8.7 million in 2023 to R15.5 million as a result of an increase in the interest rates and group's external financial liabilities.

The **intangible assets** decreased by R4.6 million as a result of the amortisation, which is included in operating expenses. The net decrease in **other investments** was due to negative fair value adjustments and the disposal of the listed investments.

## Overview and prospects continued

**Insurance-related investments** increased from R507.5 million to R606.8 million as a result of the acquisitions and returns generated from the investments by Oracle Insurance. **Investment contracts and third-party liabilities** were fair valued at 29 February 2024 which has resulted in an increase from R565.7 million to R617.0 million with corresponding negative fair value adjustments.

The **treasury shares** have decreased due to the vesting of shares for staff in terms of the staff share scheme. **The share-based payments reserve** movement of R4.7 million is attributable to the current year IFRS 2 charge (2023: R5.1 million). The **foreign currency translation reserve** is attributable to the group's investments outside of South Africa. Profit attributed to **non-controlling interest** amounted to R9.8 million compared to R5.2 million in the prior year.

### Prospects

With the end of interest rate hiking cycle in sight, the group believes that it is in a position to benefit from the improved growth prospects of the local economy driven by improved performance and profitability in the operating businesses. The group will continue its focus on improving the synergies of its operating businesses as a key growth strategy. Vunani will continue to look at acquisitions that are in line with creating a diversified financial services business.

### FORWARD-LOOKING STATEMENTS AND DIRECTORS' RESPONSIBILITY

Statements made throughout this announcement regarding the future financial performance of Vunani have not been reviewed or audited by the company's external auditors. The company cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on any forward-looking statements. The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, other than as required by the JSE Listings Requirements.

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

Signed on behalf of the board of directors by E Dube (CEO) and T Mika (CFO) on 21 June 2024.

## CORPORATE INFORMATION

### Executive Directors

E Dube (Chief Executive Officer)

T Mika (Chief Financial Officer)

BM Khoza

NM Anderson

### Non-Executive Directors

LI Jacobs – Independent Chairman

NS Mazwi – Independent

G Nzalo – Independent

JR Macey – Independent

S Mthethwa

M Golding

### Company Secretary

CIS Company Secretaries Proprietary Limited

### Sponsor

Vunani Sponsors Proprietary Limited

### Financial communications adviser

Singular Systems Proprietary Limited

### Transfer secretaries

Singular Systems Proprietary Limited

("Vunani" or "the company" or "the group")



(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"**)

[vunanilimited.co.za](http://vunanilimited.co.za)