

**HULISANI LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2015/363903/06)

Share code: HUL

ISIN: ZAE000212072

("Hulisani" or "the Group")



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**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020**

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**STRONG INVESTMENTS AND POLICY CERTAINTY POSITIONS HULISANI FOR GROWTH**

The period under review was characterised by our focus on strengthening the balance sheet and building capacity for growth. Overall, the underlying investments generated better than expected earnings. To this end, despite a challenging macro environment, we are pleased to report an inaugural profit after tax with strong cashflow generation. In addition, Hulisani is well-positioned to benefit from government's commitment to increase energy infrastructure, detailed in their Reconstruction and Recovery plan.

**1. SALIENT FEATURES**

- Revenue increased by 23% to R31.2 million, from R25.4 million in the prior corresponding period.
- Operating profit increased by more than 100% to R7.9 million, from a loss of R10.5 million in the prior corresponding period. This was largely due to a fair value gain of R14.2 million (2019: R8.6 million)
- Earnings and headline earnings per share increased in excess of 100% to 4 cents per share, from a 17 cents loss and headline loss per share in the prior corresponding period.

**2. FINANCIAL REVIEW**

Revenue grew by 23% in the current period, driven by stronger operational performances from our investments as utilisation rates improved in response to higher demand for electricity during the period. During the year, we reclassified income received from Legend Power Solutions ("LPS") to revenue from finance income to better reflect the nature of the income.

Operating expenses for the period under review declined to R37.6 million from R45.5 million. The decline was primarily as a result of a non-recurring credit loss of R17 million in the previous corresponding period.

The fair value gain previously referred to was driven by higher revenue projections following an increase in the current and projected utilisation of the power plants, as well as favourable mark-to-market movement in the investment in the derivatives.

Net cash from investing activities for the Group amounted to R24.4 million for the current period compared to R11.7 million last year, while net cash movement for the period amounted to a cash inflow of R5.5 million, (2019:-R5.4 million). This was facilitated by better-than-

expected dividends from our investments, as well as timing differences related to the receipt of dividends.

### 3. OUTLOOK

During the period under review, the Integrated Resource Plan 2019 was promulgated, and the Eskom Roadmap provides certainty with regards to the role of renewable energy. The IRP 2019 sets out a plan to build 25 000 to 30 000MW of new energy generation capacity power by 2030, mainly from renewable energy.

Post period-end, we noted with optimism government's comments regarding the energy sector in their Reconstruction and Recovery Plan, which aims to provide a substantial increase in the contribution of renewable energy sources by 2030. More specifically, it refers to rapidly expanding generation capacity through a diverse energy mix as follows:

- Additional 6,000 MW of solar photovoltaic power and 14,400 MW of wind-based generation capacity.
- In the immediate term, agreements will be finalised with Independent Power Producers (IPPs) to connect over 2,000 MW of additional capacity from existing projects as well as from projects concluded under bid window 4 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) by June 2021.

This is likely to position the independent power producer sector as a key driver of economic growth. As lower renewable energy tariffs are blended with Eskom tariffs this will, in our view, result in a lower cost of doing business, whilst achieving price certainty and scalability.

Our pipeline remains robust with prospects likely to materialise in the next financial year. With a team able to manage significantly more transactions, we expect to further reduce costs per asset under management and deliver the benefits of focus and simplicity to our stakeholders.

With frameworks and implementation mechanisms firmly in place, we are confident about the outlook for South Africa's energy sector.

### 4. SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("**Full Announcement**") and does not contain full or complete details. The Full Announcement can be found at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/HULE/1H21INT.pdf>

Copies of the Full Announcement are also available for viewing on the Company's website at <https://hulisani.co.za/investment-opportunities-hulisani> or may be requested in person, at the Company's registered office or the office of the sponsor, at no charge, during office hours.

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement, as a whole.

Johannesburg  
6 November 2020

Sponsor  
PSG Capital

