HULISANI EARNINGS ANNOUNCEMENT AND DIVIDEND DECLARATION FOR THE YEAR ENDED 28 FEBRUARY 2021

KEY FEATURES

Highlights

- Revenue of R62 million (2020: R69 million) declined 10% year-on-year. The decrease in revenue related mainly to the interruption of production at Rustmo, due to soiling and cleaning of solar panels.
- Operating expenses for the period under review decreased to R71 million from R75 million last year. This is in line with our strategy to contain costs. The full benefit of our cost-reduction initiatives will however be more apparent in the next financial year.
- Operating income increased more than 100% to R24 million, from a loss of R21 million in the prior year. This was largely due to the write-off of our investment in Ignite (Proprietary) Limited ("Ignite") amounting to R26 million in the prior year, as well as a fair value gain of R14 million relating to our LPS investment in the current year.
- Earnings per share increased by more than 100% to 23 cents per share, from a loss of 59 cents per share in the prior year.
- Headline loss per share improved by 90% to 6 cents per share from 59 cents reported in the prior year after adjusting for impairment reversals of associates.
- Net cash from investing activities for the group amounted to R37 million for the current period compared to R33 million last year, while net cash movement for the period amounted to a cash inflow of R4 million, compared to a similar cash outflow in the prior period.
- A maiden ordinary dividend of 6 cents per share has been declared. This is in line with our strategy to generate better shareholder returns.

EXECUTIVE REVIEW OF PERFORMANCE

The financial year under review was characterised by our focus on keeping costs under control and optimising the balance sheet. Our assets have continued to demonstrate strong performance and are cash generative. We are therefore pleased to report an improvement in our earnings for the year ended 28 February 2021.

Investments

Our diverse energy investments have delivered a solid financial performance during the year. Although we are pleased with the performance from all our investments, the strongest contributions came from our investments in Kouga Wind Farm and Avon & Dedisa Peaking Plants.

During the year, the performance ratio at Rustmo was negatively impacted by residue build-up and the cleaning of the solar panels. As a result, revenue from this investment declined year-on-year. This has subsequently been rectified and we are confident that we will see higher performance ratios over the course of the next few months. There was an impairment reversal at Company level which was driven by the decrease in interest rates, contributing to increased project cash flows.

The Eastern Cape area, where the Kouga Wind Farm is located, experienced a reduced wind resource during the course of the year, leading to lower levels of electricity generated and accordingly lower profitability. Kouga however declared higher dividends in spite of this, resulting in a higher return on investment. Although there was a lower profitability in the current year, the generation profile since inception of the project is cumulatively in line with the basis as applied in the financial forecast upon which the impairment assessment was performed. The reduction in interest rates improved projected cash flows enabling an increase in the recoverable value of the investment.

Avon & Dedisa Peaking Plants relieved pressure on the country's electricity grid as load shedding recommenced in September 2020. This was in line with investment projections and as a result, the investment declared dividends in line with expectations.

After a delay due to policy uncertainty, GRI South Africa is now operational and has commenced producing steel wind towers and components. In a promising development, the fifth round of the nationwide campaign for renewables deployment under the Renewable Independent Power Producer Procurement Programme (REIPPPP) has led to healthy prospects for orders and higher revenues. Although tenders will be awarded by August 2021, no commissioning date has been set for successful tenders.

Despite these promising signs, Hulisani has not received dividends from its GRI investment. We continue to monitor this investment closely, in line with our criteria of investing in low-risk businesses with contracted, long-term cashflows. A further mitigating strategy is the put option included in the investment contract to recoup Hulisani's purchase price should a higher return investment present itself.

Financial performance

Our assets continue to generate better than projected revenues and are cash generative. In difficult trading circumstances, we are pleased to report positive cashflow demonstrating the quality of our investments and execution of our strategy.

Our strong cash position places us in a good position to be able to declare a maiden dividend, demonstrating our commitment to generating returns for our shareholders. We are confident that this is the first step to becoming an even more attractive investment for existing and potential investors.

Update on key risks

We are pleased to report that the key risks identified during the prior year have significantly reduced over the last twelve months.

The emergence of a global pandemic has had far-reaching effects on the South African economy. However, Covid-19 has not posed a significant risk to Hulisani's operations. Power-generating plants were categorised as essential services, allowing them to continue running throughout the various levels of lockdown during the year. Covid-19 has therefore had a limited impact on our company.

The risk of policy uncertainty was significantly reduced this year with greater traction in terms of the need to accelerate renewable energy and lower South Africa's dependence on carbon energy. As a consequence, there was renewed interest in the energy sector as efforts to mitigate chronic power shortages gained momentum.

After the reporting period, announcements regarding emergency power procurement were made by Eskom. As a supporter of local procurement, we trust that decisions will be both prudent and holistic and boost local businesses in the rush to add energy to the grid.

Changes to management and the board

Subsequent to year-end, Mr Marubini Raphulu resigned as Chief Executive Officer and Executive Director of Hulisani. The Board has appointed Mr Masibulele Dem, Hulisani's Chief Financial Officer, as the interim Chief Executive Officer until such time as a suitable successor has been found. We have commenced the process of identifying a suitable candidate and will communicate this to the market as soon as an appointment has been made. The Board would like to thank Mr Raphulu for his valuable contribution to the Company and wishes him well in his future endeavours.

Strategic update and outlook

Over the last 12 months we have successfully executed our focus on stabilising our core business. We have contained our costs while ensuring that we have sufficient capacity to manage a larger portfolio of projects in the longer-term. This has enabled us to declare a maiden dividend, returning cash to shareholders.

We remain committed to revenue growth, cost containment and improving long-term shareholder returns and as such, we anticipate further cost savings and increased efficiencies in the next 12 months. This, together with our strong cash generating investments will better position us to benefit from governments increased focus on renewable energy generation in the long term, and the opportunities that are presented to Independent Power Producers (IPPs) through ageing infrastructure.

In our view, these initiatives will create a new and exciting growth trajectory for Hulisani, and we look forward to another successful year ahead.

By order of the Board

PC Mdoda
Chairman

M Dem
Interim Chief Executive Officer

Sandton
20 May 2021
Date of release: 21 May 2021

DECLARATION OF CASH DIVIDEND

Shareholders are hereby advised that the board of directors of the Company has approved and declared a final gross dividend of 6 cents per ordinary share, from income reserves, for the year ended 28 February 2021.

The dividend is subject to a local dividend tax rate of 20%, resulting in a net dividend of 4 cents per ordinary share, unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate of dividend tax in terms of an applicable double-taxation agreement.

As at the date of this announcement, the Company has 50 000 020 ordinary shares of no par value in issue.

The Group's income tax reference number is 9030/263/24/9.

SALIENT DATES AND TIMES

Shareholders are hereby advised of the following salient dates and times for the payment of the dividend:

Last day to trade cum dividend	Tuesday, 8 June 2021
Securities commence trading ex dividend	Wednesday, 9 June 2021
Record date for purposes of determining the registered holders of ordinary shares to participate in the dividend at close of business on	Friday, 11 June 2021
Payment date	Monday, 14 June 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 June 2021 and Friday, 11 June 2021, both dates inclusive.

By order of the Board
Resolve Secretarial Services (Pty) Ltd
Company Secretary

Goodwood
20 May 2021