

**HULISANI LIMITED**  
**Registration number 2015/363903/06**  
**(Incorporated in the Republic of South Africa)**  
**("Hulisani" or "the Group" or "the Company")**  
**Share code: HUL**  
**ISIN: ZAE000212072**

**Condensed consolidated unaudited interim financial statements for the six months ended 31 August 2021**

# Hulisani Group

(Registration number 2015/363903/06)

Trading as Hulisani Limited

Financial Results for the six months ended 31 August 2021



## Results Overview

### 1. Group performance overview

Hulisani management is pleased to present the Group results for the six months ended 31 August 2021. In difficult trading circumstances, we are pleased to continue to report positive cashflow from our investments in line with our business strategy as our assets continue to demonstrate strong performance.

Key factors that have contributed to the overall improvement of the Group performance are highlighted below:

- An increase of R26m in the fair value of our investments as a result of increased 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 derivative assets.
- A R8,8m reduction in costs driven by the internal cost cutting measures.

Management considers the impact of COVID-19 to the Group to be immaterial as outlined in the recent year end results, due to the nature of the investment the Group holds.

Below is the summary of the performance by the Group:

	Unaudited August 2021	Unaudited August 2020	Variance	Variance (%)
Revenue (R'000)	32,142	31,248	894	3
Operating expenses (R'000)	(28,849)	(37,614)	8,765	23
Finance income (R'000)	513	698	(185)	(27)
Finance costs (R'000)	(5,327)	(6,990)	1,663	24
Share of the profit from equity accounted investments (R'000)	4,204	3,273	931	28
Fair value gains (R'000)	25,835	14,250	11,585	81
Earnings per share (cents)	49	4	45	>100
Net asset value (NAV) (R)	7,78	7,16	0,62	9
Cash balance (R'000)	23,961	28,074	(4,113)	(15)
Profit before tax (R'000)	28,772	4,865	23,907	>100

#### Revenue

Revenue for the period under review is reported at R32.1m (2020: R31.2m), a slight increase of 3% from the prior interim period. Revenue at Group level consists of sales of electricity at RustMo1 Solar Farm (Pty) Ltd ("RustMo1"), the subsidiary, and the profit share from the convertible loan from Legend Power Solutions (Pty) Ltd ("LPS").

#### Operating expenses

Operating expenses are reported at R28.8m (2020: R37.6m), a decrease of 23% compared to the prior interim unaudited results. During the period under review the Group focused on cost control, a process which ensured cost cutting initiatives were implemented.

#### Share of profit from equity accounted investments

Hulisani's share of profit from equity accounted investments for the six months period under review is R4.2m (2020: R3.3m). The 28% increase from the prior interim period is attributable to improved plant performance as significant plant maintenance work performed resulted in improvement in the availability of the plant.

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### Fair value gain

In the current half-year period, a fair value gain of R25.8m (2020: R14.3m) was recognised in the statement of profit or loss. This represents a year-on-year increase of 81%, and the increase was driven by increased energy production activities in our investments that are fair valued as well as favourable mark-to-market movement in the financial asset.

### Profit for before tax

The Company has shown pleasing growth over the comparative period, reporting a profit before tax of R28.8m (2020: R4.9m), a significant increase in profits. This is attributable to significant cost savings as well as fair value gains.

### Earnings per share

Earnings per share improved to 49 cents per share from 4 cents per share in the prior interim period, a significant increase when compared to the prior period.

### Cash balances

Cash balances decreased by 15% to R24m (2020: R28m). The contributing factor is the provisional tax payment of R3.3m made by RustMo1, the subsidiary, during the period.

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### 2. Strategic and operational highlights

- The strategy to cut costs is yielding results and contributing to the Company's improving performance, contributing towards the Company's ability to continue paying dividends going forward.
- Growth of the asset base remains a key objective for the Company. The recent lifting of the self-generation threshold creates further opportunities for the Company in addition to those from the gazetted Integrated Resource Plan 2019.
- The cost cutting initiatives, coupled with engagements with potential partners for growth of the business are expected to enhance the Company's ability to participate in the envisaged growth opportunities.
- We remain committed to our objective of simplifying the business, building up scale and growth over the long term and cost containment.

### 3. Outlook

Hulisani maintains a positive outlook on the South African energy sector, notwithstanding uncertainty in the economy. Energy remains a key growth sector in the South African economy on account of the significant demand for energy and current supply constraints. Current initiatives by the Company are designed to ensure that the Company is well positioned to participate in the anticipated growth.

### 4. Directors

The following changes to the board of directors took effect during the period under review.

Directors	Designation	Nationality	Changes
MR Raphulu	Chief Executive Officer	South African	Resigned on 15 April 2021

11 November 2021

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## Condensed consolidated statements of financial position

	Note(s)	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Assets</b>				
<b>Non-current asset</b>				
Property, plant and equipment	4	106,753	116,434	111,695
Intangible assets		129,104	135,667	132,604
Investment in associate	2	100,609	95,392	104,759
Convertible loan at fair value through profit or loss	3	118,346	90,586	95,293
Other financial assets at fair value through profit or loss	3	78,269	75,567	75,487
		<b>533,081</b>	<b>513,646</b>	<b>519,838</b>
<b>Current assets</b>				
Trade and other receivables		11,834	12,658	10,916
Cash and cash equivalents		23,961	29,230	26,947
		<b>35,795</b>	<b>41,888</b>	<b>37,863</b>
<b>Total Assets</b>		<b>568,876</b>	<b>555,534</b>	<b>557,701</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Stated capital		500,000	500,000	500,000
Other reserves		7,471	7,819	8,049
Accumulated loss		(118,672)	(149,673)	(140,262)
Equity attributable to equity holders of parent		388,799	358,146	367,787
Non-controlling interest		19,854	26,188	21,714
		<b>408,653</b>	<b>384,334</b>	<b>389,501</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Long term borrowings	5	99,543	108,862	99,543
Lease liabilities	6	1,066	1,960	1,066
Deferred tax liability		45,550	45,073	46,298
		<b>146,159</b>	<b>155,895</b>	<b>146,907</b>
<b>Current liabilities</b>				
Trade and other payables		5,996	8,012	5,824
Borrowings	5	4,726	4,356	11,871
Lease liabilities	6	972	1,781	1,881
Current tax payable		2,370	-	1,717
Bank overdraft		-	1,156	-
		<b>14,064</b>	<b>15,305</b>	<b>21,293</b>
<b>Total liabilities</b>		<b>160,223</b>	<b>171,200</b>	<b>168,200</b>
<b>Total equity and liabilities</b>		<b>568,876</b>	<b>555,534</b>	<b>557,701</b>

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## Condensed consolidated statements of profit or loss and other comprehensive income

	Note(s)	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
Revenue	8	32,142	31,248	62,392
Other operating income		254	-	13
Other operating gains		25,835	14,250	18,889
Operating expenses		(28,849)	(37,614)	(71,480)
Impairment reversal		-	-	14,314
<b>Operating profit</b>		<b>29,382</b>	<b>7,884</b>	<b>24,128</b>
Finance income		513	698	1,222
Finance costs		(5,327)	(6,990)	(12,056)
Share of the profit from equity accounted investment	2	4,204	3,273	4,946
<b>Profit before taxation</b>		<b>28,772</b>	<b>4,865</b>	<b>18,240</b>
Taxation		(3,207)	(1,934)	(4,876)
<b>Profit for the period</b>		<b>25,565</b>	<b>2,931</b>	<b>13,364</b>
<b>Other comprehensive income</b>			-	-
<b>Total comprehensive income for the period</b>		<b>25,565</b>	<b>2,931</b>	<b>13,364</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent		24,590	1,846	11,257
Non-controlling interest		975	1,085	2,107
		<b>25,565</b>	<b>2,931</b>	<b>13,364</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		24,590	1,846	11,257
Non-controlling interest		975	1,085	2,107
		<b>25,565</b>	<b>2,931</b>	<b>13,364</b>
<b>Basic and diluted earnings per share (c)</b>	9	<b>49</b>	<b>4</b>	<b>23</b>

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## Condensed consolidated statements of changes in equity

	Stated capital	Reserves	Accumulated loss	Attributable to equity holders of the parent	Non-controlling interest	Total equity
31 August 2021	R '000	R '000	R '000	R '000	R '000	R '000
<b>Balance at 01 March 2020</b>	<b>500,000</b>	<b>6,562</b>	<b>(151,519)</b>	<b>355,043</b>	<b>25,103</b>	<b>380,146</b>
Profit for the year	-	-	11,257	11,257	2,107	13,364
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>11,257</b>	<b>11,257</b>	<b>2,107</b>	<b>13,364</b>
Employee share schemes – value of employee services <sup>1</sup>	-	1,487	-	1,487	-	1,487
Dividends	-	-	-	-	(5,496)	(5,496)
<b>Balance at 28 February 2021</b>	<b>500,000</b>	<b>8,049</b>	<b>(140,262)</b>	<b>367,787</b>	<b>21,714</b>	<b>389,501</b>
Profit for the period	-	-	24,590	24,590	975	25,565
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>24,590</b>	<b>24,590</b>	<b>975</b>	<b>25,565</b>
Employee share schemes – value of employee services <sup>1</sup>	-	(578)	-	(578)	-	(578)
Dividends paid	-	-	(3,000)	(3,000)	(2,835)	(5,835)
<b>Balance at 31 August 2021</b>	<b>500,000</b>	<b>7,471</b>	<b>(118,672)</b>	<b>388,799</b>	<b>19,854</b>	<b>408,653</b>

<sup>1</sup> The share-based payments reserve is used to recognise fair value of share appreciation rights awarded to employees.

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## Condensed consolidated statements of changes in equity

	Stated capital	Non-distributable reserves	Accumulated loss	Attributable to equity holders of the parent	Non-controlling interest	Total equity
31 August 2020	R '000	R '000	R '000	R '000	R '000	R '000
<b>Balance at 01 March 2020</b>	<b>500,000</b>	<b>6,562</b>	<b>(151,519)</b>	<b>355,043</b>	<b>25,103</b>	<b>380,146</b>
Profit for the year			1,846	1,846	1,085	2,931
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>			<b>1,846</b>	<b>1,846</b>	<b>1,085</b>	<b>2,931</b>
Employee share schemes – value of employee services <sup>1</sup>		1,257	-	1,257	-	1,257
Dividends paid	-	-	-	-	-	-
<b>Balance at 31 August 2020</b>	<b>500,000</b>	<b>7,819</b>	<b>(149,673)</b>	<b>358,146</b>	<b>26,188</b>	<b>384,334</b>



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## Condensed consolidated statements of cash flows

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Cash flows from operating activities</b>			
Cash generated from / (used in) operations	2,863	(7,215)	(3,996)
Tax paid	(3,302)	-	-
<b>Net cash utilised in operating activities</b>	<b>(439)</b>	<b>(7,215)</b>	<b>(3,996)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(490)	(350)	(1,670)
Disposal of property, plant and equipment	-	4	240
Receipts from loans receivable at amortised cost	-	7,522	7,522
Profit share <sup>1</sup>	5,710	5,324	11,452
Interest received	513	749	1,222
Dividends received	8,354	11,218	17,838
<b>Net cash from investing activities</b>	<b>14,087</b>	<b>24,467</b>	<b>36,604</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(4,542)	(4,056)	(8,339)
Payment on lease liabilities	(909)	(738)	(1,533)
Dividends paid	(5,835)	-	(5,496)
Interest paid	(5,348)	(6,999)	(12,908)
<b>Net cash utilised in financing activities</b>	<b>(16,634)</b>	<b>(11,793)</b>	<b>(28,276)</b>
<b>Total cash movement for the period</b>	<b>(2,986)</b>	<b>5,459</b>	<b>4,332</b>
Cash at the beginning of the period	26,947	22,615	<b>22,615</b>
<b>Total cash at end of the period</b>	<b>23,961</b>	<b>28,074</b>	<b>26,947</b>

<sup>1</sup> In the prior year the profit share was included as part of interest received. In the current period this has been split out for more transparent disclosure.

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## 1. Basis for presentation

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE listing requirements. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements.

The condensed consolidated interim financial statements for the six months ended 31 August 2021 have not been audited or reviewed. The condensed consolidated interim financial statements have been prepared under the supervision of MP Dem (CA)SA, in his capacity as Chief Financial Officer.

## 2. Investment in associate

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Summary - balance</b>			
Kouga	100,609	95,392	104,759
<b>Total investment in associate</b>	<b>100,609</b>	<b>95,392</b>	<b>104,759</b>
<b>Summary - movement</b>			
Beginning of the period	104,759	103,337	103,337
Share of profits	4,204	3,273	4,946
Impairment reversal	-	-	14,314
Dividends received	(8,354)	(11,218)	(17,838)
<b>End of the period</b>	<b>100,609</b>	<b>95,392</b>	<b>104,759</b>

## 3. Financial assets at fair value through profit or loss

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Financial assets at fair value through profit or loss:</b>			
Convertible loan	118,346	90,856	95,293
GRI financial asset	78,269	75,567	75,487
	<b>196,615</b>	<b>166,153</b>	<b>170,780</b>

### (i) Convertible loan to Legend Power Solution (Pty) Ltd

The loan to Legend Power Solution (Pty) Ltd ("LPS") participates in 9% of distributable profits available to LPS shareholders and will convert to a 9% equity stake when senior funding in LPS has been fully repaid to the lender. LPS is a company with an underlying investment in Avon and Dedisa Peaking Power plants.

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## Notes to the condensed consolidated interim financial statements

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### 3. Financial assets at fair value through profit and loss (continued)

#### (ii) GRI financial asset

On 27 July 2017 the Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd ("Pele SPV13") for a cash consideration of R41.25m and subscribed for preference shares of R41.25m issued by Pele SPV198 (Pty) Ltd ("Pele SPV198"). Pele SPV13 (Pty) Ltd ("Pele SPV13") entered into an agreement (the "Share Purchase Agreement") to acquire 25% shareholding in GRI Wind Steel South Africa (Pty) Ltd ("GRI") from GRI Renewables Industries, SL for an amount of R82,5 million (the "Purchase Price"). In legal form Pele SPV13 is owned in equal proportions by Hulisani and Pele198 (RF) (Pty) Ltd ("Pele SPV198") and as Hulisani carries all the equity investment risk and exercises all votes in Pele 13, in substance is owned 100% by Hulisani.

In terms of the Share Purchase Agreement, on the fifth anniversary of the acquisition of the investment, Pele SPV13 (by extension Hulisani) has an option in terms of which it may oblige GRI Renewable Industry, S.L., the co-shareholder and majority shareholder in GRI, to acquire all (and not a portion) of Hulisani's shares in GRI for an amount equal to the purchase price of R82,5m less any dividends paid to Pele SPV13 (the "Put Option"). The option provides downside protection of value of the investment as Hulisani is able to receive the invested amount in full at the end of the agreed period. Dividends received from GRI are applied against the purchase price if the put option is exercised, meaning that Hulisani will not benefit from returns on the investment, and as a result Hulisani does not have upside potential in the value of the investment if the put option is exercised.

Based on the above the conclusion is that the risks and rewards associated with the current ownership interest in GRI have not transferred to Hulisani. The substance of the transaction is that Hulisani has two financial instruments, namely the right to receive cash being the strike price of the put option held as well as an option to acquire 25% ownership interest in GRI in the future for a fixed price. Therefore, both instruments are classified as a financial asset at fair value through profit or loss within the scope of IFRS 9, with the option which was determined to have an immaterial fair value.

Refer to Note 7 for further information on valuation inputs.

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## 4. Property, plant and equipment

	August 2021			August 2020			February 2021		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	1,226	-	1,226	1,226	-	1,226	1,226	-	1,226
Building	1,197	(389)	808	986	(335)	651	986	(355)	631
Right-of-use assets: Building	5,237	(3,588)	1,649	5,237	(2,081)	3,156	5,237	(2,835)	2,402
Plant and machinery	136,506	(35,828)	100,678	140,688	(31,508)	109,180	136,506	(31,582)	104,924
Furniture and fixtures	3,018	(1,926)	1,092	3,024	(1,497)	1,527	3,018	(1,709)	1,309
Motor vehicles	685	(152)	533	595	(219)	376	433	(88)	345
Office equipment	1,092	(382)	710	452	(223)	229	1,092	(279)	813
IT equipment and software	380	(323)	57	408	(319)	89	353	(308)	45
<b>Total</b>	<b>149,341</b>	<b>(42,588)</b>	<b>106,753</b>	<b>152,616</b>	<b>(36,182)</b>	<b>116,434</b>	<b>148,851</b>	<b>(37,156)</b>	<b>111,695</b>

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## 4. Property, plant and equipment (continued)

### Reconciliation of property, plant and equipment - 31 August 2021

	Opening balance	Additions/(Disposal)	Depreciation	Total
	R'000	R'000	R'000	R'000
Land	1,226	-	-	1,226
Building	631	211	(34)	808
Right-of-use assets: Building	2,402	-	(753)	1,649
Plant and machinery	104,924	-	(4,246)	100,678
Furniture and fixtures	1,309	-	(217)	1,092
Motor vehicles	345	252	(64)	533
Office equipment	813	-	(103)	710
IT equipment	45	27	(15)	57
	<b>111,695</b>	<b>490</b>	<b>(5,432)</b>	<b>106,753</b>

### Reconciliation of property, plant and equipment – 31 August 2020

	Opening balance	Additions	Disposals	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000
Land	1,226	-	-	-	1,226
Building	676	-	-	(25)	651
Right-of-use asset (property)	3,909	-	-	(753)	3,156
Plant and machinery	113,196	236	-	(4,252)	109,180
Furniture and fixtures	1,747	-	(4)	(216)	1,527
Motor vehicles	436	-	-	(60)	376
Office equipment	197	66	-	(34)	229
IT equipment and software	75	48	-	(34)	89
	<b>121,462</b>	<b>350</b>	<b>(4)</b>	<b>(5,374)</b>	<b>116,434</b>

### Reconciliation of property, plant and equipment – 28 February 2021

	Opening balance	Additions	Disposals	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000
Land	1,226	-	-	-	1,226
Buildings	676	-	-	(45)	631
Right-of-use asset: Building	3,909	-	-	(1,507)	2,402
Plant and machinery	113,195	236	-	(8,507)	104,924
Furniture and fixtures	1,747	-	(5)	(433)	1,309
Motor vehicles	436	251	(210)	(132)	345
Office equipment	197	732	(10)	(106)	813
IT equipment	76	46	(15)	(62)	45
	<b>121,462</b>	<b>1,265</b>	<b>(240)</b>	<b>(10,792)</b>	<b>111,695</b>

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## 5. Borrowings

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Held at amortised cost</b>			
<b>Secured</b>			
Nedbank loan	52,048	56,502	55,333
IDC loan	52,221	56,716	56,081
	<b>104,269</b>	<b>113,218</b>	<b>111,414</b>
<b>Split between non-current and current portions</b>			
Non-current liabilities	99,543	108,862	99,543
Current liabilities	4,726	4,356	11,871
	<b>104,269</b>	<b>113,218</b>	<b>111,414</b>

## 6. Lease liabilities

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Minimum lease payment due</b>			
- Within one year	1,055	1,993	2,100
- Later than one year but no later than 5 years	1,196	2,287	1,197
- Later than 5 years	-	-	-
	2,251	4,280	3,297
Less: Future finance charges	(213)	(539)	(350)
<b>Present value of minimum lease payments</b>	<b>2,038</b>	<b>3,741</b>	<b>2,947</b>
<b>Present value of minimum lease payments due:</b>			
- Within one year	972	1,781	1,881
- Later than one year but no later than 5 years	1,066	1,960	1,066
- Later than 5 years	-	-	-
	<b>2,038</b>	<b>3,741</b>	<b>2,947</b>
Non-current liabilities	1,066	1,960	1,066
Current liabilities	972	1,781	1,881
	<b>2,038</b>	<b>3,741</b>	<b>2,947</b>

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### 6. Lease liabilities (continued)

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
Balance at the beginning of the period	2,947	4,480	4,480
Addition	-	-	-
Interest	134	237	427
Repayments	(1,043)	(976)	(1,960)
Capital	(909)	(738)	(1,533)
Interest	(134)	(237)	(427)
	<b>2,038</b>	<b>3,741</b>	<b>2,947</b>

### 7. Financial assets and liabilities at fair value

#### Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

**Level 1:** Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

**Level 2:** Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** Unobservable inputs for the asset or liability. This is the case for unlisted equity securities.

#### Levels of fair value measurements

The following presents the Group's financial instruments measured and recognised at fair value at 31 August 2021. The Group has classified its financial instruments into the three levels prescribed under the accounting standards.

#### Level 3

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Financial assets</b>			
<b>Recurring fair value measurements</b>			
<b>Financial assets at fair value through profit (loss)</b>			
Convertible loan	118,346	90,586	95,293
<b>GRI financial asset</b>	78,269	75,567	75,487
	<b>196,615</b>	<b>166,153</b>	<b>170,780</b>

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## 7. Financial assets and liabilities at fair value (continued)

### Transfers of assets and liabilities within levels of the fair value hierarchy

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period.

### Reconciliation of assets and liabilities measured at level 3

	Opening balance	Fair value adjustment in profit	Closing balance
	R'000	R'000	R'000
<b>31 August 2021</b>			
<b>Financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Convertible loan	95,293	23,053	118,346
GRI financial asset	75,487	2,782	78,269
	<b>170,780</b>	<b>25,925</b>	<b>196,615</b>

	Opening balance	Fair value adjustment in profit	Closing balance
	R'000	R'000	R'000
<b>31 August 2020</b>			
<b>Financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Convertible loan	81,809	8,977	90,586
GRI financial asset	70,347	5,220	75,567
	<b>151,956</b>	<b>14,197</b>	<b>166,153</b>

	Opening balance	Fair value adjustment in profit	Closing balance
	R'000	R'000	R'000
<b>28 February 2021</b>			
<b>Financial assets</b>			
<b>Financial assets at fair value through profit and loss</b>			
Convertible loan	81,809	13,484	95,293
GRI financial asset	70,347	5,140	75,487
	<b>151,956</b>	<b>18,624</b>	<b>170,780</b>



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### 7. Financial assets and liabilities at fair value (continued)

#### Information about valuation techniques and inputs used to derive level 3 fair values Convertible loan

The key unobservable inputs, together with the weighted average range of probabilities are as follows:

Description	Fair value at 31 August 2021	Fair value at August 2020	Unobservable inputs	Actual input 2021	Actual inputs 2020	Relationship of unobservable inputs to fair value
Convertible loan	118,346	90,586	Discount rate	14.1%	15.17%	An increase in discount rates results in a reduction in fair value.
			Base revenue from plant operation	R5.3 billion	R4.2 billion	A decrease in base revenue results in a reduction in fair value.
			Remaining period of operation	23.5 years	24.5 years	A reduction in the period of operation results in a reduction in fair value.
			Average plant utilisation rate	1.38%	1.28%	A decrease in utilisation rate results in a reduction in fair value
GRI financial asset	78,269	75,567	Interest rate	5.9%	4.59%	An increase in interest rate will result in a reduction in fair value of the option.
			Time to maturity	1 year	2 years	Shorter time to maturity increases the value of the option.

#### (a) Convertible loan

The fair value is determined by discounting dividend income using the dividend discount method. LPS has underlying investments in the Avon and Dedisa open cycle gas/diesel turbine (OCGT) plants. The dividend income is based on the operational results of the Avon and Dedisa power plants.

The key inputs to the discounted cash flow model of the underlying operational plants are as follows:

1. Discount rate – 14.1% (2020: 15.17%)
2. Base revenue from plant operation – Base revenue (year 1 revenue cash flow forecast in the model) is determined using the Power Purchase Agreement capacity rate for Dedisa and for Avon. The base revenue in the cash flow projections of Dedisa and Avon is R5.2 billion (2020: R4.2 billion).
3. Remaining period of operation – 23.5 years (2020: 24.5 years)
4. Average plant utilisation rate – The average utilisation rate is determined over the projected utilisation period of the plant of 23.5 years at 1.38% (2020: 1.28%). Utilisation rate period is over the duration of the plant life, as opposed to base revenue which refers to the next 12 months from the reporting date. Utilisation rate fluctuates throughout the plant life, with overall projected revenue fluctuating in line with the rate. Had the utilisation rate been determined over a period of 1 year similarly to base revenue, it would be 7.39% (2020: 5.28%).

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## 7. Financial assets and liabilities at fair value (continued)

The model is most sensitive to changes in base revenue from operations, discount rate and period of operation.

- If all assumptions remained unchanged, a 5% decrease in base revenue and subsequent revenue projections results in a reduction in fair value of R25m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a reduction in fair value of R8m.
- If all assumptions remained unchanged, a 5 year reduction in the period of operation results in a reduction in fair value of R8m.

### (b) GRI financial asset

The valuation technique used to value the option is the Binomial option pricing model.

The key inputs for the option to acquire GRI shares are as follows:

1. Interest rate – 5.9% (2020: 4.59%)
2. Time to maturity – 1 year (2 years)
3. Volatility – 41.55% (20: 40.69%)
4. Spot price – R25m
5. Strike price – R82.5m

The key inputs for the right to receive cash are as follows:

1. Interest rate – 5.9% (2020: 4.59%)
2. Time to maturity – 1 years (2020: (2 years)

The model is most sensitive to changes in interest rate.

- If all assumptions remained unchanged, a 1% increase in interest rates results in a reduction in fair value of R0.7m.

### Valuation processes applied by the Group

The Group finance department obtains input from independent valuation experts in performing valuations of financial assets required for financial reporting purposes, including level 3 fair values. The valuations expert communicates directly with the chief financial officer (CFO). The valuation of the convertible loan was conducted in-house by the Finance team

Specific valuation techniques used to value financial instruments include:

- The convertible loan is valued by using the Dividend Discount Model. The discount rates used for the valuations are the prevailing market rates at the time of the valuations.
- The options use the Binomial option pricing models.

The Group conducts valuations twice a year, at the interim financial reporting period and also at the year-end reporting period.

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## 8. Revenue

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Revenue from contracts with customers</b>			
Sales	26,433	25,924	50,940
<b>Revenue other than from contracts with customers</b>			
Interest income	5,710	5,324	11,452
	<b>32,142</b>	<b>31,248</b>	<b>62,392</b>

- (a) Disaggregation of revenue from contracts with customers  
 - The Group derives revenue from the sale of electricity over time, to a single external customer, Eskom.  
 (b) The interest income is earned from the convertible loan to LPS. Refer to note 3 for details of the loan.

## 9. Earnings per share

Reconciliation between earnings and headline earnings is as follows:

	Unaudited August 2021 ZAC	Unaudited August 2020 ZAC	Audited February 2021 ZAC
Basic and diluted earnings per share (cents)	49	4	23
Basic and diluted headline earnings/(loss) per share (cents)	49	4	(6)

The calculation of earnings per share for the year ended 31 August 2021 was based on the earnings attributable to ordinary shareholders of Hulisani Limited, and a weighted average number of ordinary shares.

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Reconciliation of profit or loss for the period to headline earnings/(loss)</b>			
Profit or loss for the period attributable to equity holders of the parent	24,590	1,846	11,257
<b>Adjustments:</b>			
Add: IAS 16 loss on the disposal of plant and equipment	-	-	26
Deduct: IAS 36 impairment reversal of associate	-	-	(14,314)
Tax effect of adjustments	-	-	(7)
<b>Headline earnings/(loss)</b>	<b>24,590</b>	<b>1,846</b>	<b>(3,038)</b>
<b>Weighted average number of ordinary shares ('000)</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>

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## 10. Segmental information

The group's executive committee, consisting of the chief executive officer, the chief financial officer and the head of legal and compliance, examines the group's performance both from the nature of investment perspective and has identified the following reportable segments of its business:

- **RustMo1:** This is a material subsidiary of Hulisani. RustMo1 is a solar farm and generates and sells electricity.
- **Kouga:** This is an investment Hulisani has significant influence over. Kouga is a wind farm and generates and sells electricity.
- **GRI:** GRI is a manufacturing plant of towers used in energy production. The investment consisting of two instruments is accounted for by the group as a financial asset at fair value through profit or loss.
- **LPS:** Hulisani participates in the distributable profits of the investee. LPS has invested in Avon and Dedisa Open Cycle Gas Turbine (OCGT) Peaking Power plants.
- **Other:** The segment represents activities within the holding company. This includes investment holding entities in the Group.

The executive committee uses dividends received/receivable to assess the performance of the operating segments. Information about the segments' revenue and assets is received by the executive committee on a monthly basis.

### 31 August 2021

Revenue	Separately disclosable items							
	Revenue	Net profit	Non-cash items in comprehensive income	Depreciation and amortisation	Income tax expense	Interest income	Finance cost	Dividends received
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	26,433	4,932	-	(8,045)	(3,207)	380	(5,255)	5,503
Kouga	-	4,204	-	-	-	-	-	8,355
GRI	-	2,782	2,782	-	-	-	-	-
LPS	5,710	28,763	23,053	-	-	5,710	-	-
Other/Eliminations	-	(15,116) <sup>1</sup>	-	(888)	-	133	(72)	-
	<b>32,143</b>	<b>25,565</b>	<b>25,835</b>	<b>(8,933)</b>	<b>(3,207)</b>	<b>6,223</b>	<b>(5,327)</b>	<b>13,858</b>

<sup>1</sup> Included in the balance are the Company and subsidiary net profits as well as elimination transactions.

### Assets and liabilities

	Equity accounted investments	Property, plant and equipment	Financial assets at fair value	Intangible assets	Current assets	Total assets	Total liabilities
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	-	105,002	-	128,801	29,150	262,953	156,695
Kouga	100,609	-	-	-	-	100,609	-
GRI	-	-	78,269	-	-	78,269	-
LPS	-	-	118,346	-	-	118,346	-
Other/Eliminations	-	1,751	-	303	6,645	8,699	3,529
<b>Total</b>	<b>100,609</b>	<b>106,753</b>	<b>196,615</b>	<b>129,104</b>	<b>35,795</b>	<b>568,876</b>	<b>160,224</b>

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### 10. Segmental information (continued)

31 August 2020

Revenue	Separately disclosable items							
	Revenue	Net profit	Non-cash items in comprehensive income	Depreciation and amortisation	Income tax expense	Interest income	Finance cost	Dividends received
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	25,924	5,251	-	(7,969)	(1,935)	516	(6,734)	-
Kouga	-	3,273	-	-	-	-	-	11,218
GRI	-	5,220	5,220	-	-	-	-	-
LPS	5,324	14,300	8,977	-	-	-	-	-
Other/Eliminations <sup>1</sup>	-	(25,113) <sup>1</sup>	-	(839)	-	182	(256)	-
<b>Total</b>	<b>31,248</b>	<b>2,931</b>	<b>14,197</b>	<b>(8,808)</b>	<b>(1,935)</b>	<b>698</b>	<b>(6,990)</b>	<b>11,218</b>

### Assets and liabilities

	Equity accounted investments	Property, plant and equipment	Financial assets at fair value	Intangible assets	Current assets	Total assets	Total liabilities
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	-	133,122	-	115,579	39,901	288,602	160,781
Kouga	95,392	-	-	-	-	95,392	-
GRI	-	-	75,567	-	-	75,567	-
LPS	-	-	90,586	-	-	90,586	-
Other/Eliminations	-	3,400	-	-	1,987	5,387	10,419
<b>Total</b>	<b>95,392</b>	<b>136,522</b>	<b>166,153</b>	<b>115,579</b>	<b>41,888</b>	<b>555,984</b>	<b>171,200</b>

[www.hulisani.co.za](http://www.hulisani.co.za)

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## 10. Segmental information (continued)

28 February 2021

Revenue	Separately disclosable items							
	Revenue	Net profit	Non-cash items in comprehensive income	Depreciation and amortisation	Income tax expense	Interest income	Finance cost	Dividends received
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	50,940	10,313	-	(15,988)	(4,876)	950	(11,522)	5,855
Kouga	-	19,260	14,314	-	-	-	-	17,838
GRI	-	5,140	5,140	-	-	-	-	-
LPS	11,452	25,136	13,684	-	-	-	-	-
Other/eliminations <sup>1</sup>	-	(46,485) <sup>1</sup>	-	(1,704)	-	272	(534)	-
<b>Total</b>	<b>62,392</b>	<b>13,364</b>	<b>33,138</b>	<b>(17,692)</b>	<b>(4,876)</b>	<b>1,222</b>	<b>(12,056)</b>	<b>23,693</b>

## Assets and liabilities

	Equity accounted investments	Property, plant and equipment	Financial assets at fair value	Intangible assets	Current assets	Total assets	Total liabilities
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
RustMo1	-	109,126	-	132,233	31,791	273,150	142,482
Kouga	104,759	-	-	-	-	104,759	-
GRI	-	-	75,487	-	-	75,487	-
LPS	-	-	95,293	-	-	95,293	-
Other/Eliminations	-	2,569	-	371	6,072	9,011	25,718
<b>Total</b>	<b>104,759</b>	<b>111,695</b>	<b>170,780</b>	<b>132,604</b>	<b>37,863</b>	<b>557,701</b>	<b>168,200</b>

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## 11. Share-based payments

### (a) Employee share appreciation rights

On 4 June 2021 Hulisani made a second award of share appreciation rights ("SARs") to senior management. The rights entitle the employees to receive a variable number of shares (shares will be sourced in the market so as to not dilute the interests of other shareholders) which vest over a period of 5 years after 2 years of service, as well as meeting certain performance conditions. The SARs are equity-settled.

The amount payable will be determined based on the increase of Hulisani share price between the grant date and the vesting date. The rights must be exercised on vesting date and will expire if not exercised on that date.

The scheme is designed to provide long-term incentives for senior management to deliver long-term shareholder returns.

Under the plan, participants are granted share appreciation rights which only vest if certain performance standards are met. Participation in the plan is at the board's discretion, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of share appreciation rights granted under the plan:

	Number of Share appreciation rights '000
As at 1 March 2020	-
Granted during the year	6,905
Exercised during the year	-
Forfeited during the year	(829)
<b>As at 28 February 2021</b>	<b>6,076</b>
Granted during the year	7,859
Exercised during the year	-
Forfeited during the year	(3,001)
<b>As at 31 August 2021</b>	<b>10,934</b>

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes-Merton model.

The model inputs for share appreciation rights granted during the period ended 31 August 2021 included

First award of share appreciation rights:

- (a) Share price at grant date: R6.99
- (b) Grant date: 17 March 2020
- (c) Expected volatility: 71.84%
- (d) Dividend yield: 0%
- (e) Risk-free interest rate: 6% and 9.48%

Risk-free rates have been determined with relation to the expected life of the SARs and a risk-free rate utilising government bonds with the closest maturities to the vesting dates of the various tranches. The R2023 was used for SARs vesting in 2022, 2023 and 2024, and as at close of 17 March 2020 the risk-free rate was 6.61%. The R186 was used for SARs vesting in 2025 and as at 17 March 2020 the risk-free rate was 9.48%.

Second award of share appreciation rights:

- (f) Share price at grant date: R1.78
- (g) Grant date: 4 June 2021
- (h) Expected volatility: 61.72%
- (i) Dividend yield: 1.44%
- (j) Risk-free interest rate: 5% and 7.26%



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### 11. Share-based payments (continued)

Risk free rates have been determined with relation to the expected life of the SARs and a risk-free rate utilising government bonds with the closest maturities to the vesting dates of the various tranches. The R2023 was used for SARs vesting in 2023, 2024 and at the close of 4 June 2021 the risk-free rate was 5.00%. The R186 was used for SARs vesting in 2025 and 2026 and at 4 June 2021 the risk free rate was 7.26%.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
Share-based payment expense	(577) <sup>1</sup>	1,257	1,487

<sup>1</sup> During the interim period a reversal of R577k was recognised, and this includes the forfeited share appreciation rights.

### 12. Related parties

Entity	Relationship
Pele Green Energy (Pty) Ltd and Pele Green SPV 198 (Pty) Ltd	Joint investment in GRI Towers (ref to (a))
Momentous Operation Services (Pty) Ltd Momentous Solar Farm (RF) (Pty) Ltd Placeweath (Pty) Ltd	Shareholders of these entities are directors of RustMo1 Solar Farm (RF) (Pty) Ltd (ref to (b))
DP Hlatshwayo HH Schaaf KN Kekana PD Birkett PC Mdoda ME Raphulu (resigned) MP Dem LSM Mpumlwana	Members of key management
Kouga Wind Farm (Pty) Ltd (refer to note 2)	Associate (ref to (c))

Related party balances	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
Trade receivables (a)	-	650	-
Lease liability (b)	1,233	1,534	1,387
Right-of-use assets: Building (b)	1,074	1,432	1,254

- (a) A subsidiary of Pele Green (Pty) Ltd, Pele SPV198 (Pty) Ltd entered into an agreement with Hulisani Limited to jointly subscribe for ordinary shares in Pele SPV13 (Pty) Ltd. Hulisani Limited subscribed for cumulative preference shares in Pele SPV198 (Pty) Ltd for the entity's funding of the ordinary shares subscription in Pele SPV13 (Pty) Ltd. Trade receivables and loans receivables were due from Pele Green Energy (Pty) Ltd, a parent company to Pele SPV198 (Pty) Ltd and have since been settled
- (b) RustMo1 currently leases office space from Placeweath (Pty) Ltd, a company owned by RustMo1's CEO.



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### 12. Related parties (continued)

	Unaudited August 2021 R '000	Unaudited August 2020 R '000	Audited February 2021 R '000
<b>Related party transactions</b>			
Finance cost (b)	(62)	(66)	(145)
Payment on lease liability (b)	(154)	(144)	(279)
Depreciation: right-of-use asset (b)	(179)	(179)	(358)
Dividends paid (b)	(2,835)	-	(2,748)
Dividends received (c)	8,354	11,218	17,838

- b) Depreciation of the right-of-use asset, finance costs and minimum lease payments made by RustMo1 to Placeweath (Pty) Ltd, a company owned by RustMo1's CEO.
- b) Dividends were paid to Momentous Solar Farm (Pty) Ltd by RustMo1.
- c) Dividends received from Kouga, the associate.

### 13. Events after the reporting period

On 15 October 2021 MP Dem appointment as interim Chief Executive Officer was extended for a further four months to 28 February 2022.

### 14. Going concern

The unaudited condensed consolidated interim statements for the period ended 31 August 2021, have been prepared on a going concern basis.

### 15. Dividends

There will be no dividends declared for the interim period (2020: Rnil).

## Corporate information

Registered Office:  
4th Floor, North Tower, 90 Rivonia Road, Sandton, Gauteng.

Auditors  
BDO South Africa Inc.

Sponsor  
Questco Corporate Advisory Proprietary Limited, Ground Floor, Block C, Investment Place, 10th Road, Hyde Park, 2196

Transfer secretaries:  
Computershare Investor Services Proprietary Limited, 70 Marshall Street Johannesburg, 2001

Company secretary  
William Radcliffe, 2nd Floor Block C, Edenburg Terraces, 348 Rivonia Blvd, Edenburg, 2196

Directors:  
MP Dem (Interim Chief Executive Officer and Chief Financial Officer), PC Mdoda\* (Chairman), DR Hlatshwayo\*, HH Schaaf\*#, KN Kekana\*, PD Birkett\*.

\* Independent Non-executive # German.