2020

Unaudited Interim Condensed Consolidated Financial Statements

- For the six months ended 31 August 2020

ANIREP

ALPHA NAMIBIA INDUSTRIES RENEWABLE POWER LIMITED
(Registration Number 2018/0148)
(Date of Registration: 08/03/2018)
Share Code: ANE ISIN: NA000A2JQ364

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Notes	31 August 2020 Reviewed N$	Six months ended 31 August 2019 Reviewed N$	Year ended 29 February 2020 Audited N$
Revenue	2.2	19 966 000	-	-
Cost of sales		(7 232 728)	-	-
Gross profit		**12 733 272**	**-**	**-**
Other operating income		3 480	-	-
Other operating gains		174 736	-	-
Other operating expenses		(10 044 480)	-	(5 074 550)
EBITDA		**2 867 008**	**-**	**(5 074 550)**
Depreciation		(1 925 851)	-	-
EBIT		**941 157**	**-**	**(5 074 550)**
Interest received	2.3	2 713 219	3 337	4 280 372
Finance costs		(3 365 475)	-	(31 298)
Profit/ (loss) before taxation		**288 901**	**3 337**	**(825 476)**
Taxation	2.4	(2 754 223)	-	-
(Loss)/ profit for the period		**(2 465 322)**	**3 337**	**(825 476)**
Other comprehensive income		-	-	-
Total comprehensive (loss)/ income for the period	**2.1**	**(2 465 322)**	**3 337**	**(825 476)**
Attributable to parent		(1 912 729)	-	-
Attributable to non - controlling interest		(552 593)	-	-
Earnings per share (EPS)				
Basic earnings per share (cents)	2.1	(13)	0.02	(11)
Headline earnings per share (cents)	2.1	(13)	0.02	(11)
Dividends per share (cents)	2.1	-	-	-

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020	Notes	31 August 2020 Reviewed N$	Six months ended 31 August 2019 Reviewed N$	Year ended 29 February 2020 Audited N$
ASSETS				
Non - current assets				
Property, plant & equipment		176 827 930	-	-
Right of use asset		192 514	-	269 520
Goodwill	2.5	127 580 930	-	-
Deferred tax		48 215	-	-
Total non - current assets		**304 649 589**	**-**	**269 520**
Current assets				
Inventories		6 600 649	-	-
Prepaid expenses		4 591 893	1 033 531	24 005
Trade and other receivables		6 391 521	23 915	524 828
Cash and cash equivalents		39 169 331	397 573	163 638 604
Loans to group companies	2.6	214 347	-	-
Total current assets		**56 967 741**	**1 455 019**	**164 187 437**
TOTAL ASSETS		**361 617 330**	**1 455 019**	**164 456 957**
EQUITY AND LIABILITIES				
Share capital		168 818	2 878	168 818
Share premium		164 072 045	1 000 122	164 072 045
Retained earnings		(2 735 353)	6 189	(822 624)
Non - controlling interest		4 592 114	-	-
TOTAL EQUITY		**166 097 624**	**1 009 189**	**163 418 239**
Non - current liabilities				
Borrowings	2.7	82 852 164	-	-
Lease liability		46 682	-	122 314
Deferred tax		15 327 366	-	-
Total non - current liabilities		**98 226 212**	**-**	**122 314**
Current liabilities				
Loans from group companies	2.6	272 886	445 830	48 315
Trade and other payables		7 172 648	-	696 009
Borrowings	2.7	89 253 807	-	-
Current tax payable		421 284	-	-
Lease liability		172 869	-	172 080
Total current liabilities		**97 293 494**	**445 830**	**916 404**
TOTAL LIABILITIES		**195 519 706**	**445 830**	**1 038 718**
TOTAL EQUITY AND LIABILITIES		**361 617 330**	**1 455 019**	**164 456 957**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 31 August 2020	31 August 2020 Reviewed N$	Six months ended 31 August 2019 Reviewed N$	Year ended 29 February 2020 Audited N$
Cash generated from /(used in) operating activities			
Payments to suppliers	(1 104 934)	(195 826)	(3 911 743)
Interest income	2 713 219	3 337	4 280 372
Tax paid	(627 135)	-	-
Interest paid	(3 365 475)	-	(31 298)
Net cash generated from operating activities	**(2 384 325)**	**(192 489)**	**337 331**
Cash flows used in investing activities			
Purchase of property, plant and equipment	(247 321)	-	-
Acquisition of subsidiaries	(144 577 912)	-	-
Cash balances acquired on acquisition	20 573 795	-	-
Loans advanced to related parties	(37 546)	-	-
Net cash from investing activities	**(124 288 984)**	**-**	**-**
Cash flows used in financing activities			
Issue of share capital	-	81	166 021
Issue of share premium	-	80 819	165 855 349
Share issue cost	-	-	(2 702 607)
Movement in related party loans	47 018	197 316	(200 199)
Movement in shareholders loans	(82 819 964)	-	-
Movement in borrowings	84 877 089	-	-
Capital payment on lease liabilities	(74 843)	-	(129 137)
Net cash from financing activities	**2 029 300**	**278 216**	**162 989 427**
Net (decrease)/ increase in cash and cash equivalents	**(124 644 009)**	**85 727**	**163 326 758**
Profit on foreign exchange	174 736	-	-
Cash and cash equivalents at the beginning of the period	**163 638 604**	**311 846**	**311 846**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**39 169 331**	**397 573**	**163 638 604**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended 31 August 2020	Share capital N$	Share premium N$	Retained earnings N$	Non - controlling interest N$	Total N$
Balance at inception	-	-	-	-	-
Share capital raised	2 797	919 303	-	-	922 100
Share premium	-	-	2 852	-	2 852
Total comprehensive income	2 797	919 303	2 852	-	924 952
Total changes	**2 797**	**919 303**	**2 852**	**-**	**924 952**
Audited balance at 28 February 2019	**2 797**	**919 303**	**2 852**	**-**	**924 952**
Loss for the period	-	-	(825 476)	-	(825 476)
Total comprehensive loss for the period	**-**	**-**	**(825 476)**	**-**	**(825 476)**
Issue of shares	166 021	165 855 349	-	-	166 021 370
Share issue costs	-	(2 702 607)	-	-	(2 702 607)
Total changes	**166 021**	**163 152 742**	**(825 476)**	**-**	**162 493 287**
Audited balance at 28 February 2019	**168 818**	**164 072 045**	**(822 624)**		**163 418 239**
Loss for the period	-	-	(1 912 729)	(552 593)	(2 465 322)
Total comprehensive loss for the period	**-**	**-**	**(1 912 729)**	**(552 593)**	**(2 465 322)**
Business combinations	-	-	-	5 144 707	5 144 707
Total changes	**-**	**-**	**(1 912 729)**	**4 592 114**	**2 679 385**
Reviewed balance at 31 August 2020	**168 818**	**164 072 045**	**(2 735 353)**	**4 592 114**	**166 097 624**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANANCIAL STATEMENTS

Basis of preparation

The announcement has been prepared in accordance with the NSX Listing Requirements and the requirements of the Companies Act of Namibia. The accounting policies applied in the preparation of this announcement are in terms of IFRS (IAS 34) and are consistent with those applied in the previous annual financial statements.

"The interim condensed consolidated financial report for the half year reporting period ended 31 August 2020 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) disclosure as required by IAS 34 interim Financial Reporting Standards, as amended, the Companies Act of Namibia and Namibian Stock Exchange Listings Requirements. The interim condensed consolidated financial report does not include all the notes normally included in the annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 29 February 2020. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous period and with those applied in the annual financial statements for the year ended 29 February 2020."

	31 August 2020 Reviewed N$	Six months ended 31 August 2019 Reviewed N$	Year ended 29 February 2020 Audited N$
1. OTHER INFORMATION			
Number of shares in issue	16 881 847	287 800	16 881 847
Net asset value per share (cents per share)	984	351	968
Listed market price per share (cents per share)	1 000	-	1 000
Premium to net asset value	16	-	32
Capital commitments (including approved but not contracted)	N$ Nil	N$ Nil	N$ Nil
2. NOTES TO THE FINANCIAL RESULTS			
2.1 Basic and headline earnings per share			
Shares in issue			
Total number of shares in issue	16 881 847	287 800	16 881 847
Weighted number of shares in issue	16 881 847	213 396	7 797 235
Basic earnings per share (cents)	(13)	0.02	(11)
Headline earnings per share (cents)	(13)	0.02	(11)
Dividends per share (cents)	-	-	-
The weighted average number of issued shares as at 31 August 2020 is 16 881 847 (29 February 2020: 7 797 235).			
Due to the cautionary announcement on acquisition trading of shares were restricted.			
The weighted earnings and headline earnings per share for the period are calculated as follows:			
Basic earnings (loss/ profit for the year)	(2 465 322)	3 337	(825 476)
Headline earnings (no adjustments required)	(2 465 322)	3 337	(825 476)
Basic earnings per share (cents)	(13)	0.02	(11)
Headline earnings per share (cents)	(13)	0.02	(11)

2.2 Accounting Policies

For general applicable accounting policies, the reader is advised to refer to our accounting policies as per the 29th February 2020 audited financial statements, available from our website. (https://www.anirep.com)

2.2 Revenue

Revenue consist of sales of goods and rendering of services

Sale of goods	10 105 694
Rendering of services	9 860 306
	19 966 000

Revenue after consolidation adjustments generated from HopSol Africa (Pty) Ltd totals N$ 12 635 700 and Hopsol Power Generation (Pty) Ltd totals N$ 7 330 300

2.3 Interest received

Interest income comprises of interest received on funds with financial institutions.

2.4 Taxation

The tax balance relates to a current tax amount of N$ 744 967 and a deferred tax balance from originating and reversing temporary differences of N$ 2 009 256.

2.5 Goodwill and Business Combinations.

The interim condensed consolidated financial statements incorporate the interim financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. IFRS 3 was applied in the current year, however there is no financial effect on the change since no previous consolidations were done.

Goodwill relates to the acquisition done during the current financial year between the equity in the business and the cash paid for the relative portion. Goodwill for HopSol Africa (Pty) Ltd totalled N$ 44 024 540. Goodwill for Hopsol Power Generation (Pty) Ltd totalled N$ 83 556 390.

During the current financial year ANIREP finalised the acquisitions of its two viable assets as disclosed on Page 6 and 7 of the Annual Financial Statements for the year ended 29th February 2020, as well as the circular released on the 8th of January 2020, available from our website. (https://www.anirep.com/)

HopSol Africa (Pty) Ltd

HopSol Africa (Pty) Ltd, represents a key two fold offering as both a leading EPC (Engineering, Procurement and Construction Contract) and leading O&M (Operation and Maintenance) contractor in Solar PV in Namibia, as stated in paragraph 2.3 and sub paragraph 2.4.1.1 of the Pre-Listing Statement and in conformity to ANIREP set Viable Asset criteria. This asset constitutes an investment into an operating Company in the renewable energy sector in sub-Saharan Africa with promising upside in the growing Solar PV market in Namibia and in Sub Saharan Africa. The acquisition will therefore equip ANIREP with capacity to undertake projects availed by the necessity to effectively unlock the abundance and strategic solar resources.

HopSol Africa (Pty) Ltd's know - how is thus indispensable in an internationally competitive industry; with evolving quality, time, efficiency, and cost critical mission deliveries. As the market leader in Namibia within the solar industry, with market size of more than 60% of installed Solar PV projects to date; HopSol Africa (Pty) Ltd's ethos of services focused to its committed clients, should gain ANIREP shareholders long term gains as the industry grows to levels found in Middle East where similar conditions and abundance of solar resources exist.

The investment of HopSol Africa (Pty) Ltd was concluded on the 1st of April 2020, which is the date that the shares transferred to ANIREP. An equity stake consideration of 80% for N$ 56 million was acquired and deemed by directors to be the fair value of the business.

"Important element of the acquired business includes:
Approximately 60 O&M contracts with 27 clients. This attributes to a significant revenue base which is one of the most critical elements of the business."

The assets and liabilities of the company as at acquisition date:	**As at 01 April 2020**
Cash balances	10,883,021
Trade receivables	46 653
Trade payables	(4 449 561)

Revenue for the financial year ended 31 March 2020 totalled N$ 38 323 387 and net profit was N$ 3 580 223

Hopsol Power Generation (Pty) Ltd

HopSol Power Generation (Pty) Ltd owns and operates two Solar utility PV (Photovoltaic) plants (each with 5MW capacity), which yield high quality assets over the PPA (Power Purchase Agreement) lifetime. Both plants are post COD (Commercial Operation Date) and are already in the cash generation stage. The investment forms part of the ANIREP's mandate and is in line with the Pre – Listing Statement, to acquire viable assets in the renewable energy sector. HopSol Power Generation's plants at Otjiwarongo and Grootfontein, are part of ANIREP strategic first round acquisition towards being an integrated renewable energy value chain player. In addition, ANIREP's Board believes the Proposed Transaction of HopSol Power Generation provides strategic alignment of interest between HopSol Power Generation and ANIREP. HopSol Power Generation with its two plants at Grootfontein and Otjiwarongo, will place ANIREP in a vantage position to take an early mover advantage to unlock opportunities in scaling up and installing new capacity in Namibia to supply to contested customers under MSBM (Modified Single Buyer's Market), further cementing ANIREP as first mover in the recently deregulated market.

Hopsol Power Generation (Pty) Ltd was acquired on the 19th of June 2020, which is the date that control of the entity has passed to ANIREP, on which 70% of the entity was purchased for N$ 88 million.

The assets and liabilities of the company as at acquisition date:	**As at 19 June 2020**
Cash balances	9 690 772
Property plant and equipment	177 431 363
Loan balances	(87 228 883)
Shareholders loans	(82 987 960)
Retained earnings	7 136 381

Revenue for the 31 December year totalled N$ 38 091 947 and a net profit of N$ 8 894 314 was realised as per the prior year reported Hopsol Power Generation (Pty) Ltd annual financial statements.

The group is applying the exemption in aligning reporting periods as the subsidiaries year ends are within 3 months of the parent's year end.

2.6. Loans from (to) related parties

The loans from related party loans from Alternative Energy Consultants (AEC, shareholder of ANIREP and RE Manager) of N$ 900 and ANISOL (Entity established for purpose of tendering of which ANIREP owns 51% of shares, to date entity is not yet operational) of N$ 203 318 and Sinco Investment of N$ 10 130. Sinco Investments is related party to Hopsol Power Generation (30% shareholder) .

The loans to related party loans are N$ 272 889 due to Tulive Private Equity.

2.7 Borrowings

Borrowings are held at amortised cost

	31 August 2020 Reviewed N$
Standard Bank Term 1	42 828 853
Standard Bank Term 2	41 834 146
GIPF Tulive Infrastructure Debt Fund	87 442 972
	172 105 971

Standard Bank Term 1

Repayable in 5 years in equal monthly instalments of N$ 1 007 763 (2018: N$ 1 145 081.95) with a bullet payment of N$ 37 450 000 at the end of the 5 year period. The loan bears interest at prime rate, currently 7.5% (2019: 10.25%). The loan is secured by a general notarial bond of N$ 102 000 000 over the plant in Otjiwarongo as well as a cession of the lease over the land in Otjiwarongo. The loan is further secured by suretyships given by the shareholders and cessions of the offtake agreement, shareholders loans, VAT claims and letter of credit issued by Cenored in favour of the company.

Standard Bank Term 2

Repayable in 5 years in equal monthly instalments of N$ 1 050 265 (2018 - 1 146 610.76) with a bullet payment of N$ 37 500 000 at the end of the 5 year period. The loan bears interest at prime rate, currently 7.5% (2019 - 10.25%). The loan is secured by a first bond of N$ 107 000 000 over the land as well as a general notarial bond of N$ 107 000 000 over the plant. The loan is further secured by suretyships given by the shareholders and cessions of the offtake agreement, shareholders loans, VAT claims and debtors.

GIPF Tulive Infrastructure Debt Fund

The total principal debt to be repaid over 5 years with 60 monthly payment instalments over a 144 monthly payments schedule with 59 equal monthly instalments of approximately N$ 1 008 108 each as at the Effective Date. Thereafter a balloon repayment of outstanding amount of approximately N$ 62 166 561 in month 60. Interest is charged at an interest rate between the greater of Government long term bond with 5 years term (currently GC 25) plus 150 basis points and prime plus 50 basis points per annum. With effect from the advance date, the borrower cedes in securitatem debiti all of the ceded rights, to the lender, as security for the due, proper and timeous payment and performance in full of the guaranteed obligations.

2.8 Subsequent events

Subsequent to the interim results the following is to be taking to note:

ANIREP listed on the main board on the 1st October 2020 and moved from the Development board as a CPC to a full listed company

The Chairperson of the Board of Directors of ANIREP retired at the AGM held on the 22nd September 2020. Mr M. Hengari took on the role of interim Chairperson.

An ongoing transaction on the remaining 30% shareholding held within Hopsol Power Generation (Pty) Ltd is taking place.

3.DIRECTORS' COMMENTARY

3.1 Financial results

The financial results to date represent a lot of movement on the companies part. From last years interim to the final, the representation of the listing on the development board is visible in the increases of assets and equity. When evaluating the current interim results, the effect of the acquisition is clear given the fact that the capital raised at the listing has been deployed in acquiring the two viable assets, being HopSol Africa (Pty) Ltd and Hopsol Power Generation (Pty) Ltd.

The interim condensed consolidated financial statements consolidated both entities as from the date of acquisition. The full value created is not reflected due to the acquisition in the current year and we expect it to prove profitable in the next full 12 months.

The current pandemic is affecting business worldwide and as power remains a basic need, the sales have not been affected by the pandemic. An indirect result however was the delay in concluding on processes due to the lock down that increased some of the cost linked to the acquisition. Hence the loss experienced in the group related to additional acquisition cost and the holding company that is still establishing itself. Both subsidiaries in their complete interim reports have reported a profit.

As a group we look forward to creating further value for our stakeholders and working towards providing returns to our shareholders.

3.2 The market and prospects

A series of progressive reforms in the power sector in Namibia created an enabling environment that ANIREP believe is possibly the most conducive in the SADC region, for mobilizing private sector investment into power projects. These reforms in Namibia are well ahead of its peers in the SADC region and include the introduction of cost reflective tariffs, an independent and functional regulator, and significant steps towards a competitive market structure, including the ability to purchase power from any producer, other than NamPower under approved Modified Single Buyer Market (MSBM).

As green and clean energy considerations are a crucial component of responsible investment towards optimization of environmental, social and governance (ESG) factors. Institutional and retail investors allocation to clean energy projects remain inadequate, particularly when it comes to the types of direct investment which can help close the financing gap. This as investors require suitable investment vehicles providing the risk/return profile these investors with need to weigh the risks specific to clean energy projects.

Today renewables have become a compelling investment proposition globally with investments in new renewable power have grown from less than USD 50 billion per year in 2004 to around USD 300 billion per year in recent years (Frankfurt School-UNEP Centre/BNEF, 2019), eclipsing investments in new fossil fuel power by a factor of three in 2018 (REN21, 2019). More remain to be done with significantly short of the overall financing of US$ 1.3 to 1.4 trillion per year until 2030 required to meet UN adopted Sustainable Development Goal Number 7 (SDG 7)— renewable, clean efficiency and universal access energy (IEA et al, 2019). ANIREP prospects are therefore as abundant as the universe of transiting capital of local and regional retail and institutional investors, from fossil fuel to a sustainable low-carbon economy. Yet this can only happen through appropriate investment vehicles that do not increase volatility, or lower expected returns, to help channel capital into renewable assets.

Within nine months of listing, ANIREP has concluded transactions that provide a sustainable platform from which to pursue an expansion of the acquired grid connected 10 MW solar PV capacity. As a bridge for Capital Markets into the Infrastructural Renewable Energy Projects, ANIREP is well placed to raise and further deploy the additional capital and raise project finance required for solar PV capacity expansion. This is underpinned by its sustainable long-term cash flows unlocking a higher allocation to infrastructure investments by investors. These acquisitions undoubtedly differentiate and distinguish ANIREP on its journey to becoming a significant utility with solid sustainable cash flows. Thereby meeting institutional and retail investors quest for real asset classes for delivery of steady, preferably inflation-linked, income streams with low correlations to the returns of other investments. We believe clean energy infrastructural projects do hold prospects of combining these sought-after characteristics. Often resulting in a reduced lower equity beta than some other forms of economic infrastructure.

3.3 Changes to the Board

There were no changes to the board of directors during the period under review.

3.4 Contingent liabilities

The Board is not aware of any contingent liabilities.

3.5 Property, plant and equipment

There were no significant additions or disposals in the period under review.

Property in the Hopsol Power Generation (Pty) Ltd entity is encumbered as security against borrowings.

Refer to note 2.7 for more information.

3.6 Dividends

No dividends have been declared or paid during the period under review (31 August 2020: N$ Nil).

3.7 Appreciation

The Board would like to thank the management team and service providers for their continued support and dedication.

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