



SHUMBA
E N E R G Y
Powering the Future

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Republic of Mauritius

(A public company registered in the Republic of Mauritius - Company No. 111905 C1/GBL)

SHUMBA ENERGY GROUP RESULTS FOR YEAR ENDED 30 JUNE 2020

KEY GROUP PERFORMANCE HIGHLIGHTS

- The group saw its profits for the period rise to **P26.6 million** which is an improvement to the prior year where it made a loss of P82.6 million;
- In the year the group saw a **78%** increase in non-current assets when compared to prior year. This meant that the total assets increased from P123.8 million to **P223.2 million**;
- Equity attributable to the shareholders increased by 44.9% to P98.3 million in the year; and
- Operating costs were reduced by **14%** from the prior year.

EFFECTS OF COVID-19 ON BUSINESS

Energy Trading

Due to the outbreak of the COVID-19 pandemic and the subsequent lockdowns in both Botswana and South Africa, our coal trading business was only able to operate for 9 months out of the year. Prior to April 2020 the trading business was on track to grow by **15%** year on year, however due to the effects of the pandemic we have instead seen a 15.6% decline in income from the business.

Further to this, the current year gross profit margin improved to 19.25% from 8.5% in the previous year. This is due to the continuing operational improvements made as the company continues to build its competencies and skills in the trading business.

The Directors believe the business unit continues to show improvement in its revenue generating capabilities.

Operating Costs

As mentioned operating costs were reduced by 14% from the prior year. This is the result of the Board's decision to implement cost cutting measures as a response to the COVID-19 pandemic. The Directors continue to ensure that the impact of COVID on the group operations is minimized as much as possible whilst prioritizing the jobs of employees.

Joint Ventures

During the period the Group was contractually due to receive in excess of **P68 million** in cash from its partners however these payments were defaulted upon with the effects of COVID 19 being provided as a reason. The Group is currently carrying out processes that will lead to it recovering owed amounts.

COMMENTARY

"We as a Group are pleased to have posted a profit for the first time in our 10-year history of operations. This is an indication to our shareholders that our strategy of investing in, developing and monetizing energy assets in Botswana is beginning to bear fruit. Was it not for the effects of COVID-19 the results would have been significantly better as our liquidity position has been negatively impacted by the default of our partners and our inability to service our clients for 3 months due to the lock-down. We will continue to invest in sustainable energy assets with particular focus on growing the trading business, developing our fuels refinery and fast tracking our solar energy projects into operation. We will also continue to where possible support the communities where we operate in the fight against COVID-19."

- Mashale Phumaphi
Group CEO

By order of the Board

5th November 2020

Note

The Pula denominated figures disclosed in this announcement have been extracted from the audited financial statements and converted using a USD:BWP exchange rate of 1:11.79

This announcement is issued in compliance with the Botswana Stock Exchange Equity Listing Requirements and pursuant to Section 87 of the Securities Act 2005, Rule 5 of the Securities (Disclosure Obligation of Reporting Issuers) Rules 2007.

The Board of Directors of the Company accepts full responsibility for the accuracy of the information contained in this announcement.