



**An African Power Development Company**

**General Update - July 2021**

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# INTRODUCTION



*Ncondezi is an emerging southern African power development company focused on providing competitive, reliable and accessible energy generation solutions*

- Focused on two core energy sectors:
  - Baseload power for the Mozambican grid
  - Distributed (or on site generation) power for Commercial & Industrial (“**C&I**”) companies across the southern African region
- **Ncondezi Project** – Advanced development stage 300MW integrated power plant and coal mine
  - 25 year offtake with Mozambique state power utility under negotiation
  - China Machinery Engineering Corporation (“**CMEC**”) JDA partner
  - US\$1.1bn capex project
- **Ncondezi Green Power** – provides solar PV & storage solutions for the African C&I sector
  - High growth sector
  - Maiden project to generate first power in July 2021
  - JV term sheet signed with leading South African (“**SA**”) player to form regional C&I renewable energy and battery storage champion
  - Right to fund US\$5.5m development pipeline secured with opportunity to increase by over 12x times through proposed JV
  - Exclusive opportunity to acquire operational solar PV and storage portfolio across 66 sites in SA
- Experienced management team & board with over 40 years experience of power project development in Africa

# CORPORATE OVERVIEW



## Corporate Information

**Listing:** AIM Market, London Stock Exchange (ticker NCCL)

**Sector:** Power development

**Shares in issue:** 370,714,119

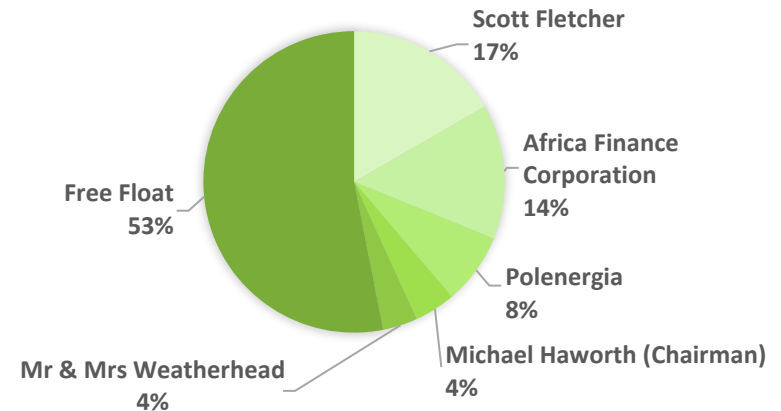
**Share price:** GBP 2.75 (as at 9 July, 2021)

**Market Cap:** GBP 10.2m as of 9 July 2021

**Nomad & Joint Broker:** Liberum Capital

**Joint Broker:** Novum Securities

## Shareholder Breakdown



## Board of Directors

### Michael Haworth

*Non Executive Chairman*

- Founding Ncondezi investor in 2008
- Senior Partner at Greenstone Resources, a private equity fund in the mining and metals sector
- Previously Head of Mining and Metals Corporate Finance in London for JPMorgan

### Hanno Pengilly

*Chief Executive Officer*

- Led power project and mine development programmes
- Joined March 2010

### Scott Fletcher

*Non Executive Director*

- One of the UK's leading entrepreneurs and received an MBE for services to business and community in the north of England as well as an honorary Doctorate in Business Administration
- Founded ANS Group in 1996, growing it to become a leading cloud services provider in the UK today
- Mr Fletcher is also an active investor in smaller companies both private and public.

### Aman Sachdeva

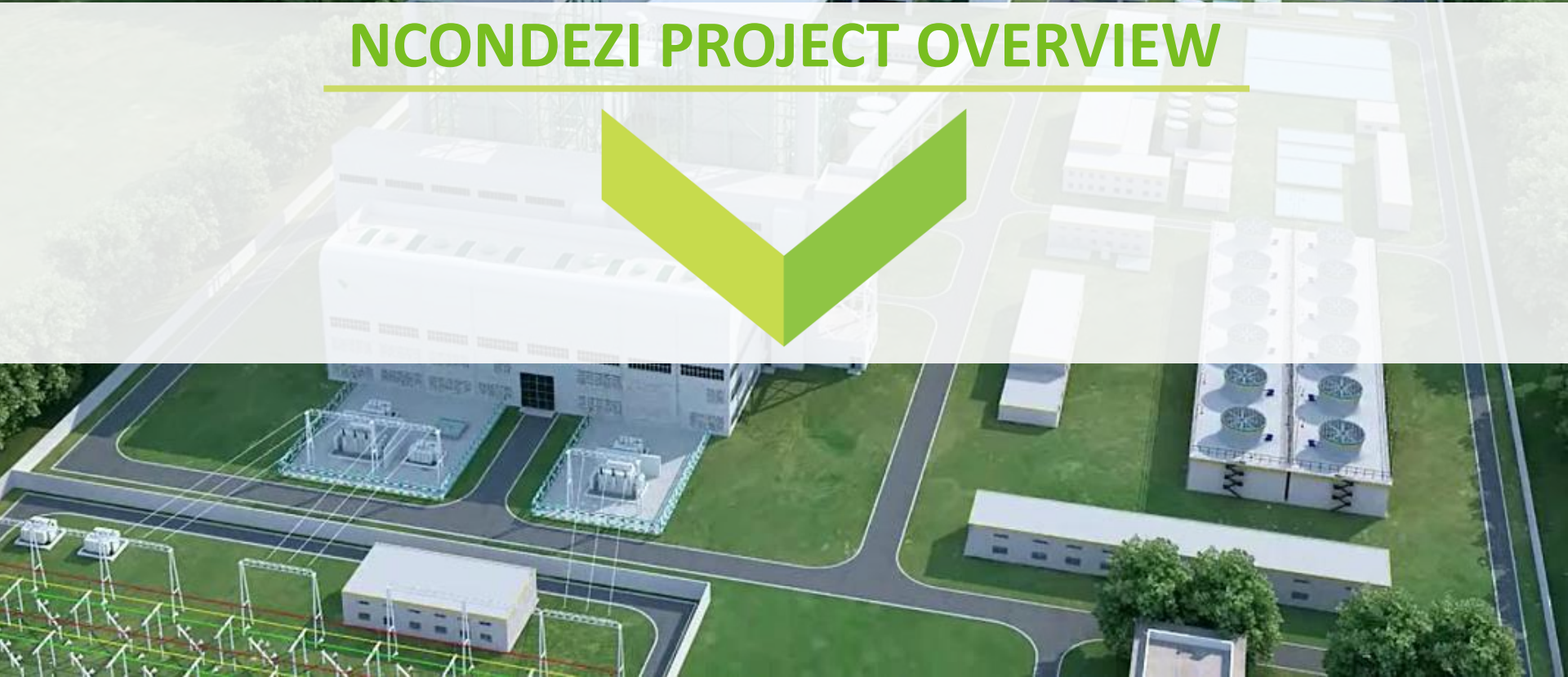
*Non Executive Director*

- President CEO of Synergy Consulting, a global infrastructure advisory and project finance company which has closed projects worth over US\$12bn
- Clients include the World Bank as well as a number of state owned power utilities
- 27 years' experience in infrastructure industry, specialising in the energy sector



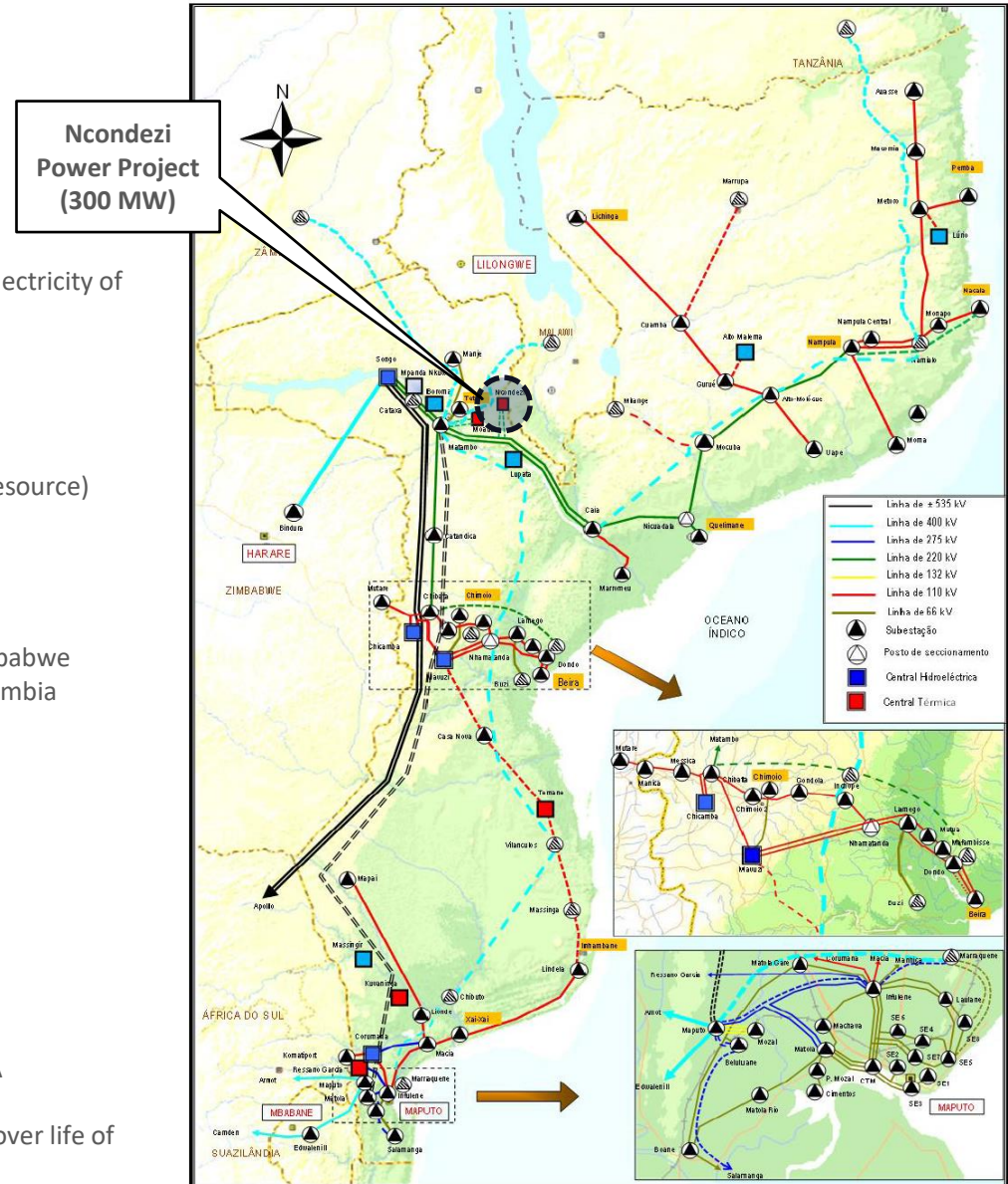
# NCONDEZI PROJECT OVERVIEW

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# PROJECT SUMMARY

- 1 300MW coal-fired power project**
  - ✓ 2x 150W units
  - ✓ CFB technology
- 2 25 year offtake contract**
  - ✓ Negotiations ongoing to exclusively supply Electricity of Mozambique (“EDM”)
- 3 Integrated coal mine**
  - ✓ 1.5Mtpa open pit mine
  - ✓ 4.0Bt of coal (JORC<sup>2</sup> indicated and inferred resource)
- 4 Region energy transmission hub**
  - ✓ Northern Grid Mozambique
  - ✓ Direct connections into South Africa and Zimbabwe
  - ✓ Potential expansion plans into Malawi and Zambia
  - ✓ Line route optimization underway
- 5 CoD target H2 2025**
  - ✓ Financial Close targeted for H1 2022
  - ✓ 36 month target construction
- 6 Projected Project Economics**
  - ✓ US\$1.1bn total capital cost
  - ✓ US\$175m million average annualized EBIDTA
  - ✓ US\$1.9bn net equity cash over life of Project
  - ✓ US\$799m net equity cashflows to Ncondezi over life of Project



Note: <sup>1</sup> Australasian Joint Ore Reserves Committee Code, <sup>2</sup>Air dried basis

Source: EDM

# PROJECT HIGHLIGHTS



## Project is in line with stated energy policy of Mozambique

- Universal energy access by 2030 through new generation projects
- Diversification of energy mix for greater energy security
- Coal generation a key potential baseload power supply option for Mozambique, particularly for the energy transition period

## One of the most advanced baseload power projects in Mozambique

- Permitting and approvals in place - Mining Concession, land use rights, ESIA's
- Formal tariff offer submitted to Electricity of Mozambique ("EDM") – Mar 2020
- Submitted updated Project Feasibility Study and Electricity Market Study to EDM – Dec 2020

## Significant support from China at all levels – Government & Financial Institutions

- Ncondezi Project identified as a key infrastructure project at the 2nd China-Mozambique International Cooperation Summit – May 2019
- Joint Development Agreement ("JDA") with CMEC (EPC and O&M Contractor) and GE (Main Technology Provider) for co-development, construction and operation the Project – Jul 2019
- Indicative debt terms from Industrial and Commercial Bank of China ("ICBC") – Dec 2019
- Letter of Interest from China Export & Credit Insurance Corporation ("Sinasure") – Jan 2020
- Shareholders Agreement Term sheet confirming CMEC's intention as lead investor for 60% of the equity investment at financial close – Aug 2020

## Meeting the strictest emission requirements

- Plans to equip with state-of-the-art emissions controls technologies that will comply with the most stringent emission standards from the IFC and World Bank

### KEY PARTNERS

JDA Partner &  
intended 60% lead  
investor



Credit Support



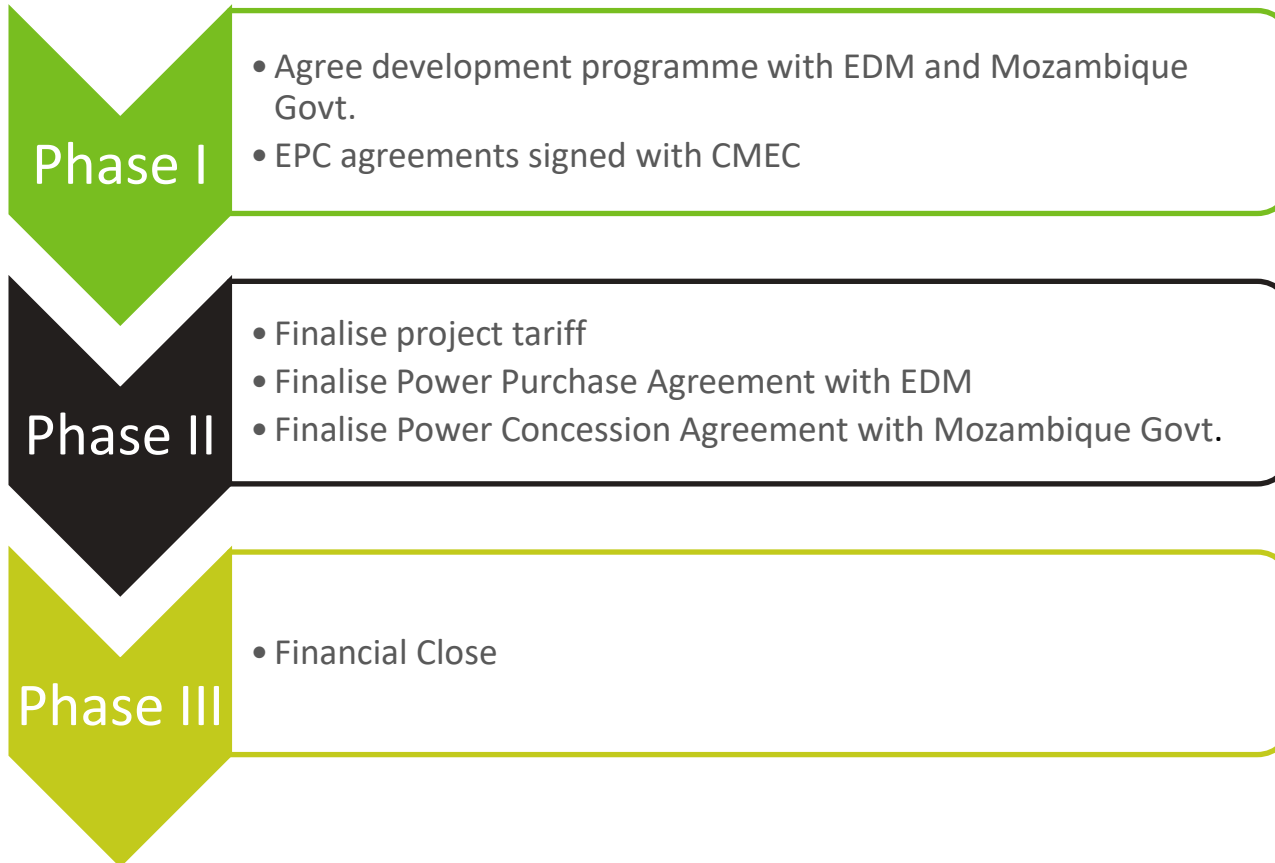
CHINA EXPORT & CREDIT INSURANCE  
CORPORATION

Main Power Offtaker



ELECTRICIDADE  
DE MOÇAMBIQUE, E.R

# KEY NCONDEZI PROJECT MILESTONES







# COMPELLING MARKET DYNAMICS



## Macro

### Robust investor appetite for renewables

- 7% growth in 2020 despite COVID and 5% global energy demand decline<sup>1</sup>
- US\$2 trillion invested in the last 5 years<sup>2</sup>
- US\$5 trillion to US\$10 trillion projected expenditure over the next decade<sup>2</sup>

### Driven by Global commitment to combat climate change

- Ambitious 30 year renewable energy & carbon emissions targets

### Now the lowest cost energy supply option

- Driven by significant progress in technology & production economies
- Storage systems becoming increasingly important for deeper renewables penetration



## Sub Saharan Africa

### Lowest energy access rates in the world – 45%<sup>3</sup>

- 80% of companies suffered frequent electricity disruptions leading to economic losses in 2018<sup>3</sup>
- 595m people without access to electricity in 2018<sup>3</sup>

### Perfect conditions for renewables – one of the richest solar resources in the world plus land availability

### South Africa a unique opportunity

- Continent's largest power producer & consumer – 30% of total energy demand<sup>3</sup>
- Heavily reliance on outdated coal plants – 90% of generation capacity<sup>3</sup>
- Declining energy availability factor & crippling tariff increases - 460% real price increases since 2007<sup>4</sup>

## C&I Sector

### Corporates taking a growing interest in generating own renewable power

- 23.7GW clean energy purchased in 2020 – 3.8x growth in last 3 years<sup>6</sup>
- US\$20-30bn estimated investment expenditure in 2019<sup>5</sup>

### Increasingly making sense

- Security of supply
- Lower energy costs
- Directly delivers on corporate ESG goals

### Sub Saharan Africa poised for significant growth

- 3x over next 5 years<sup>1</sup>
- Currently using 40GW<sup>3</sup> of back up generation (diesel/HFO) – potential US\$96bn market

### South Africa cap on C&I increased from 1MW to 100MW in June 2021

- 15 000 MW expected over next 5-7 years<sup>7</sup>
- R100bn in new investment<sup>7</sup>

# WHY THE C&I SECTOR?



## African power market primed for change

- High energy costs and low access rates prolific across the region
- Dominated by state power monopolies characterised with declining supply and limited balance sheets to expand generation or adopt new technologies

## Disruptive technology has arrived at the opportune time

- Falling costs of renewables and energy storage systems
- Growing demand from corporates & households to generate own renewable power

## Significant advantages over traditional power generation

- Multiple offtakers – not reliant on state power offtakes
- Easier to finance – average project size US\$0.5m to US\$2.0m (vs +US\$20m)
- Quick turnaround – projects cash generative within as little as 12 months (vs 2-5 yrs)

## Exponential growth potential

- Ability to scale quickly
- Access to capital the main limitation to a larger pipeline

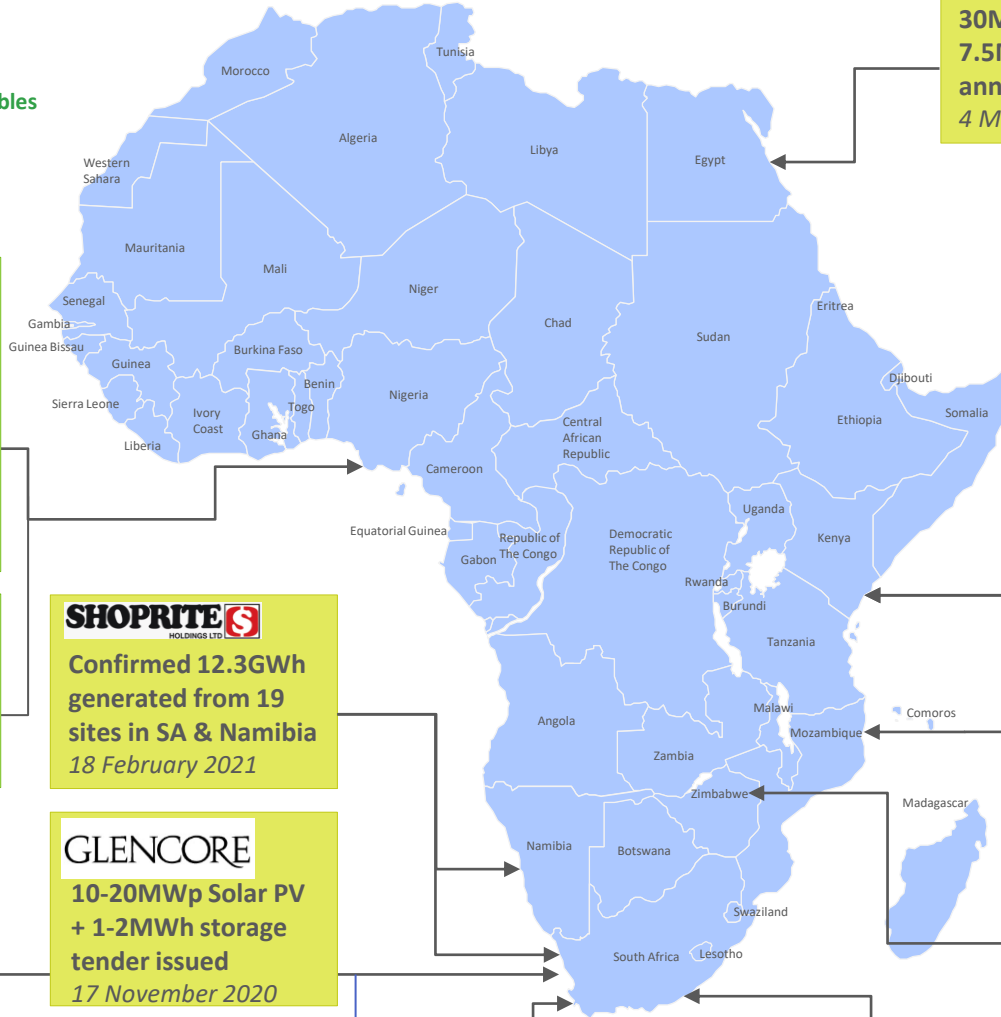
## Need to move fast

- Corporate transition to self generation solutions accelerating
- New entrants moving into the market

# AFRICAN C&I MARKET HEATING UP



- C&I player activity
- Corporate renewables activity



**DAYSTAR POWER ENERGY SOLUTIONS**

**US\$20m debt facility from IFC**  
9 July 2021

**US\$38m series B investment**  
12 January 2021

**Starsight**

**US\$20m debt facility from Finnfund & Norfund**  
14 January 2021

**AngloAmerican**

**75MWp Solar PV + carbon neutral by 2040**  
22 February 2021

**amazon**

**New solar PV plus net zero by 2040**  
10 December 2020

**SHOPRITE HOLDINGS LTD.**

**Confirmed 12.3GWp generated from 19 sites in SA & Namibia**  
18 February 2021

**GLENCORE**

**10-20MWp Solar PV + 1-2MWh storage tender issued**  
17 November 2020

**GOLD FIELDS** Global gold producer

**40MWp solar PV approved**  
5 May 2021

**SOLA**

**African Rainbow and Power acquires 40% stake in Sola**  
29 January 2021

**MTN** Africa's largest telecoms company

**Pledges net zero emissions by 2040**  
21 February 2021

**CROSSBOUNDARY ENERGY**

**US\$40m raised to scale C&I solar expansion**  
17 November 2020

**SUNFUNDER**

**US\$70m Solar Energy Transformation Fund closed**  
8 March 2021

**SYRAH RESOURCES** Graphite miner

**11.2MWp solar PV plus 8.5MWh battery announced**  
22 December 2020

**Caledonia Mining Corporation Plc**

**12MWp solar PV announced**  
7 October 2020

**Ford** Go Further

**US\$9m 13.5MWp solar PV**  
13 November 2020

**CENTAMIN**

**30MWp solar + 7.5MWh storage announced**  
4 May 2021

# NCONDEZI GREEN POWER OVERVIEW



## *Path to future growth with entry into C&I renewable energy sector*

- Wholly owned subsidiary formed following entry into C&I sector in 2019
- Focused on the fast growing African Commercial & Industrial solar PV and battery storage sector
- Provide full turnkey solutions to corporate power offtakers
  - Design, construction and operation
  - Fully funded, no upfront capital commitment for offtaker
  - Lower energy bills over 15 to 20 years
- Maiden project due to generate first power in July 2021
  - Believed to be the first of its type in Mozambique
- Right to fund US\$5.5m pipeline of development projects in Mozambique through Relationship Agreement with Captive Power
- Proposed JV with Nesa Group to form regional champion in the sector

### Maiden C&I Project Overview



**Location:** Inhambane Province, Mozambique

**Type:** Fully offgrid system

**Capacity:** 400kWp Solar PV + 912kWh battery storage

**Term:** 15 years, US\$ denominated

**Investment:** US\$1.1m (fully funded)

**Contracted income:** US\$3.1m

#### HIGHLIGHTS:

- 1st project of its type in Mozambique
- 1st Tesla storage project in Mozambique
- Over 25% energy cost saving



**600 MWh**  
forecast annual  
renewable energy  
generation



**517t**  
CO2 avoided per year

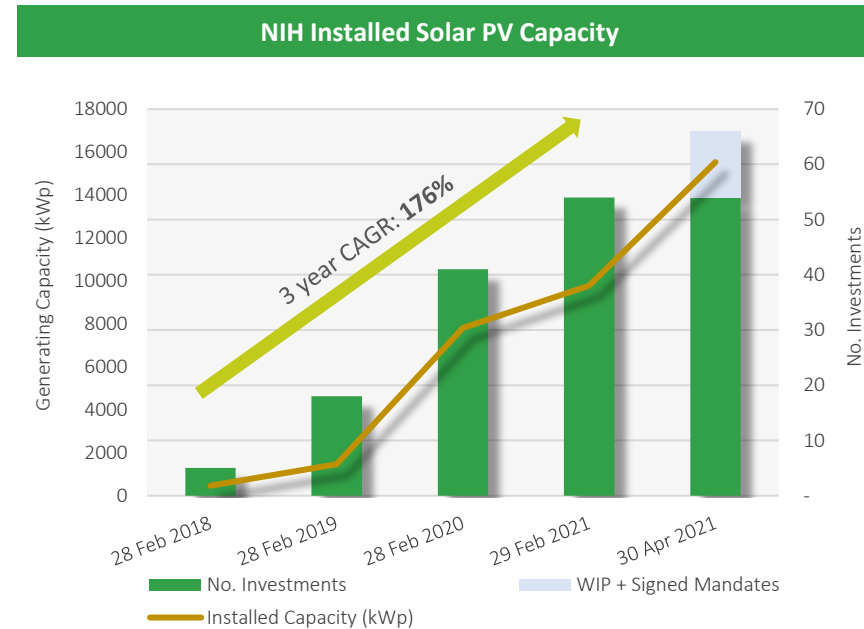
## *Creating a Southern African champion in the C&I solar PV and battery storage sector*

- On 14 June 2021, Ncondezi Green Power (“**NGP**”) and Nesa Capital and Nesa Engineering (collectively “**NESA**”) announced the signing of a JV Term sheet
- JV to be a newly incorporated company with assets from NGP and NESA, including:
  - NGP’s 400kWp solar PV and 0.9MWh battery storage project currently under construction
  - NGP’s project pipeline in Mozambique
  - NESA’s C&I renewable energy management team and EPC business
  - NESA’s pipeline in South Africa
- NGP to acquire a minimum 40% equity stake in JV
- Key advantages of the JV:
  - Proven Management Team:** NESA team has processed over 30MWp of C&I solar PV projects in South Africa since 2017
  - Established Operations Platform:** allows additional value capture at all stages of project investment cycle
    - In house EPC for design and construction services
    - In house O&M for operations and management services
    - In house monitoring and asset management team
  - Existing Operational Base:** opportunity to acquire a cash generative business with over 67 operational sites in South Africa and Mozambique (subject to funding)
    - Exclusivity to acquire 51% in operational portfolio in South Africa
  - Pathway for growth:** Combined pipeline represents potential generating capacity growth of 6.9x
- Capital raising process already underway to fund JV with non binding offers received from multiple parties

# ABOUT NESAs



- NESAs comprises:
  - Nesa Capital (Pty) Ltd (“**Nesa Capital**”), an independent impact investment manager; and
  - Nesa Engineering (Pty) Ltd (“**Nesa Engineering**”), an EPC engineering firm (formerly Creovision (Pty) Ltd).
- Provides turnkey renewable energy solutions and services in SA:
  - **Development stage:** project procurement, design, engineering
  - **Investment stage:** due diligence, financing
  - **Operational stage:** O&M, monitoring services
- Nesa Capital and Nesa Engineering have jointly provided management services to Nesa Investment Holdings (“**NIH**”) and its portfolio of C&I investments since its inception in 2017
- To date, the NESAs team has, for NIH, processed over 30MWp of solar PV projects, of which 9.8MWp has been commissioned across 55 separate sites and 5.8MWp is currently under construction across 11 separate sites.
- US\$2.4m (R32.4m) – NESAs unaudited proforma consolidated revenues in the financial year ending February 28, 2021
- Existing C&I project pipeline with an estimated generating capacity of 91.6MWp solar PV and 7.3MWh battery storage
- 14 professional staff and is currently 100% owned by management.

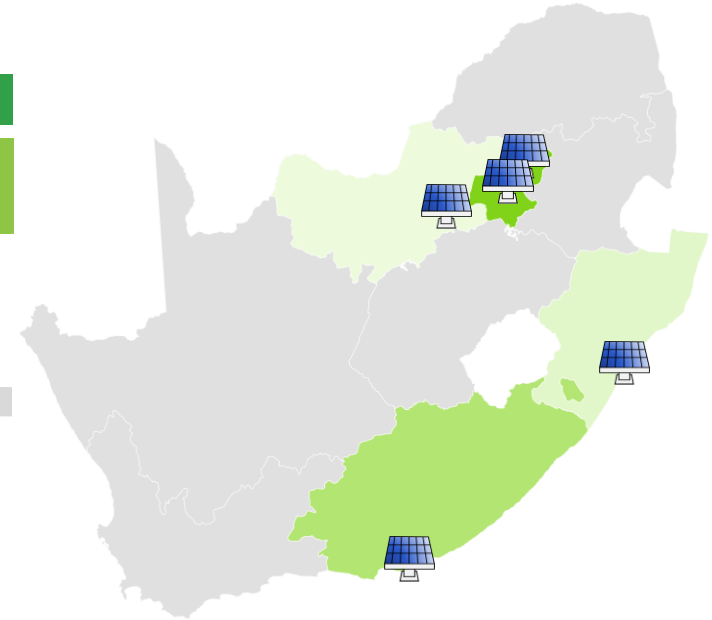


# NESA INVESTMENT HOLDINGS SA SOLAR PV & BATTERY STORAGE PORTFOLIO

## Portfolio Overview

Location in South Africa	Live sites		WIP <sup>1</sup> + Mandates won		TOTAL	
	Size (kWp)	No. Sites	Size (kWp)	No. Sites	Size (kWp)	No. Sites
North West	67	2	-	-	67	2
Gauteng	5,379	26	3,667	5	7,456	31
Kwa-Zulu Natal	2,511	5	-	-	2,511	5
Eastern Cape	2,917	23	1,043	5	3,913	28
<b>TOTAL</b>	<b>10,874</b>	<b>56</b>	<b>4,710</b>	<b>10</b>	<b>15,583</b>	<b>66</b>

<sup>1</sup> Work in Progress



### Key project highlights:



**iDube Cold Storage**

Location: Durban, KZN  
System Size: 285 kWp



**Sumitomo Rubber**

Location: Ladysmith, KZN  
System Size: 1,245 kWp



**Flora Farm, M&F Giuricich**

Location: Johannesburg, GP  
System Size: 400 kWp



**Makro SA**

Location: National  
System Size: 3,571 kWp



**Daniel Pienaar School**

Location: Port Elizabeth, EC  
System Size: 624 kWp

**NESA & NGP have binding agreement granting exclusive rights to agree terms to acquire minimum 51% interest in the NIH Portfolio by 30 November 2021 with a subsequent option to acquire up to 100% within a 5 year period<sup>2</sup>**



# ESG & SUSTAINABILITY AT THE CORE OF THE JV



## Environmental

- Focus on clean & green investments** – Renewable energy & energy storage
- Reduce CO<sup>2</sup> emissions** by replacing dirtier sources of energy – fossil fuel power and diesel generation
- Accelerate adoption of renewables**
- Provide investors **access to combatting climate change**



## Social

- Affordable electricity** – Reduce businesses’ operating costs by offering clean reliable electricity cheaper than the grid or backup generators
- Energy security** – take advantage of Africa’s high solar irradiation with proven technologies to replace ageing grid infrastructure
- Create jobs** – hire locally & partner with local solar development companies and installers and accelerate the local green economies to promote job creation
- Local community consultation & engagement**
- Prioritise health & safety**



## Corporate Governance

- Enhance diversity** – Board and management team hiring programmes focused on women and previously disadvantaged people
- Code of ethics**
- Adhere to best governance practices**

## Contributing directly to 4 of the United Nations Sustainability Development Goals:



**Goal 7**  
Ensure access to affordable, reliable, sustainable & modern energy for all



**Goal 9**  
Build resilient infrastructure, promote inclusive & sustainable industrialization & foster innovation



**Goal 13**  
Take urgent action to combat climate change and its impacts



**Goal 17**  
Strengthen the means of implementation & revitalize the global partnership for sustainable development

### KEY ESG Indicators

Indicators	NESA Performance to Date <sup>1</sup>	2026 Target <sup>2</sup>
CO <sup>2</sup> greenhouse gas emissions saved to date	5,222t	152,000t
Renewable Energy Generated for Sale	13.3GWh	166GWh
Energy Savings from Services Sold	US\$ 1.1m <sup>3</sup>	US\$10m

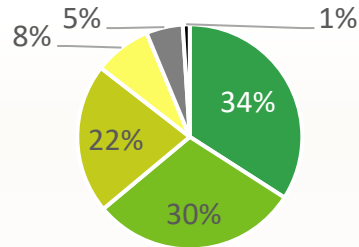
Note: <sup>1</sup> As at 28 February 2021, <sup>2</sup> Annual performance targets, <sup>3</sup> ZAR to US\$ FX rate of 14.46:1.

# PROPOSED JV OPERATIONAL ASSETS OVERVIEW<sup>1</sup>



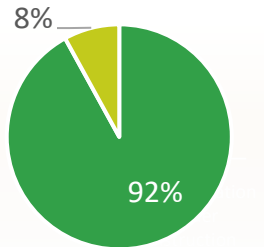
## Portfolio Breakdown<sup>2</sup>

By Sector:



- Retail
- Commercial
- Industrial
- Distributed
- Hotels
- Residential

By Country:



- South Africa
- Mozambique

**15.9 MWp**  
Solar PV installed & under construction

**1.1 MWh**  
Storage installed & under construction

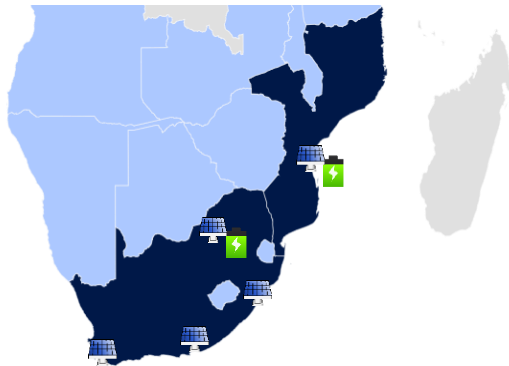
**17 years**  
Average portfolio PPA duration

**US\$40m**  
Contracted EBITDA

**67**  
Number of sites

**13.3 GWh**  
Green energy produced

## Target Territories



- Countries included on immediate pipeline
- Countries identified for future pipeline

**15**  
Full time staff

**8**  
EPC / development partners

**5,222t<sup>3</sup>**  
CO<sup>2</sup> greenhouse gas emissions saved to date from NESA Portfolio

Note: <sup>1</sup> Proforma numbers assume 100% acquisition of NIH Operational Portfolio. <sup>2</sup> Breakdown based on project capital committed. <sup>3</sup> As at February 28, 2021

# PROPOSED JV PROJECT PIPELINE OVERVIEW



## Capital Commitment Breakdown<sup>1</sup>

Opportunities identified through partner network

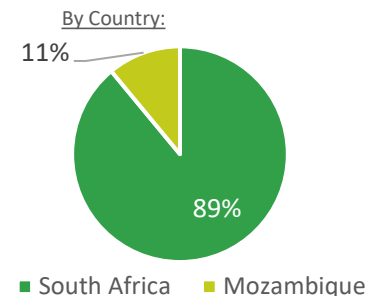
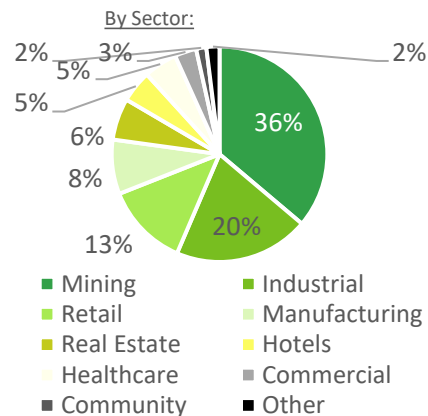
**OPPORTUNITIES**  
± US\$55.0 million

Potential clients already engaged with positive traction. Indicative proposals submitted for consideration

**QUALIFIED**  
± US\$12.8 million

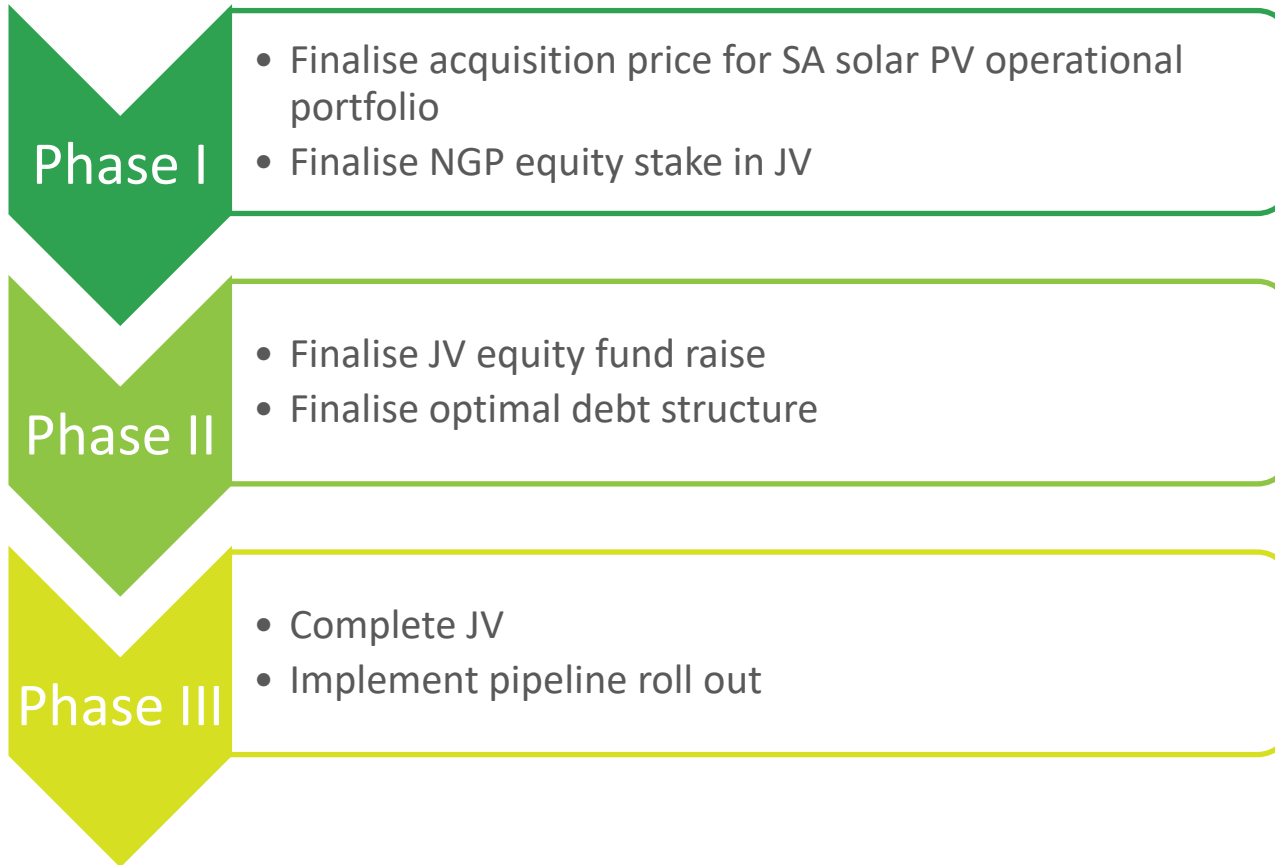
**Total ± US\$ 67.7m**

## Pipeline Breakdown



Note: <sup>1</sup> Subject to funding <sup>2</sup> Potential full year EBITDA of pipeline in 2021 prices. ZAR to US\$ FX rate of 14.46:1

# KEY NESAJV MILESTONES



# CONCLUSION



# APPENDIX

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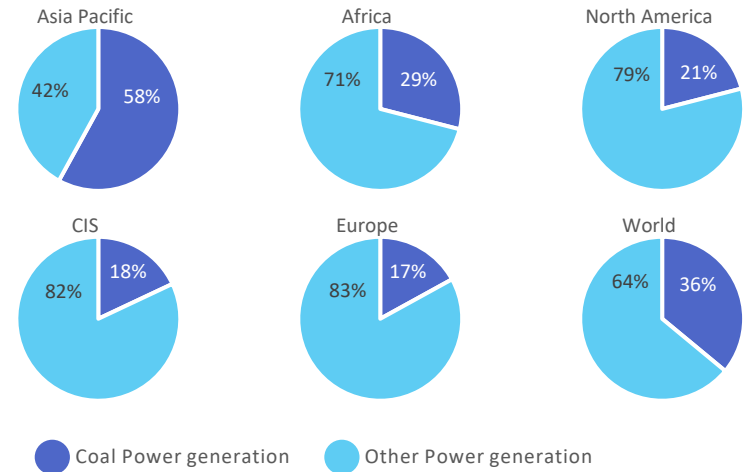
A large, stylized downward-pointing arrow composed of two green shapes meeting at a point, positioned centrally below a horizontal line.

# COAL REMAINS A LEADER IN GLOBAL POWER GENERATION

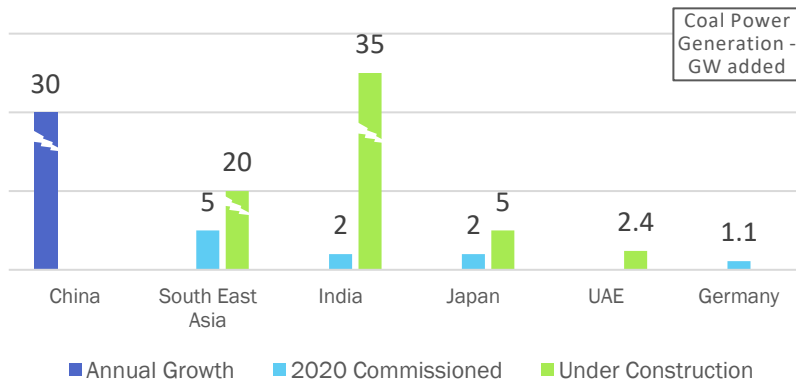
*Global coal generation capacity remained robust despite growing difficulties in financing & international pressure*

- Grown every year between 2000 and 2019, nearly doubling from 1,066GW to 2,045GW<sup>1</sup>
- Remained flat in 2020 at 2,125GW despite accelerated decommissioning of plants in Europe (20GW) and North America (10GW)<sup>2</sup>
- Expected to reach as much as 2,140GW in 2021<sup>2</sup>

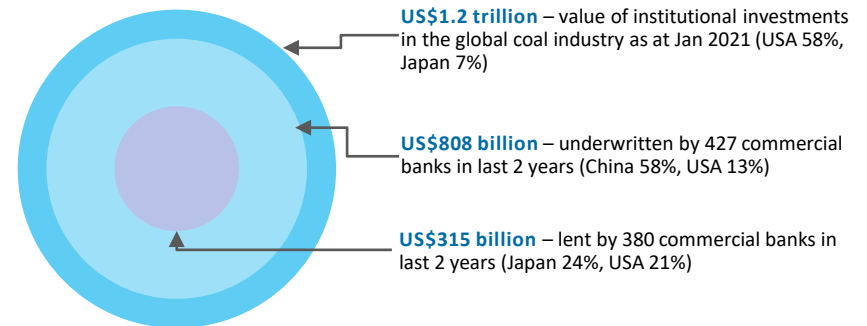
## Coal remains the largest generation fuel source<sup>3</sup>



## Key coal capacity growth markets<sup>2</sup>



## Significant financing across the coal value chain is still in place<sup>4</sup>

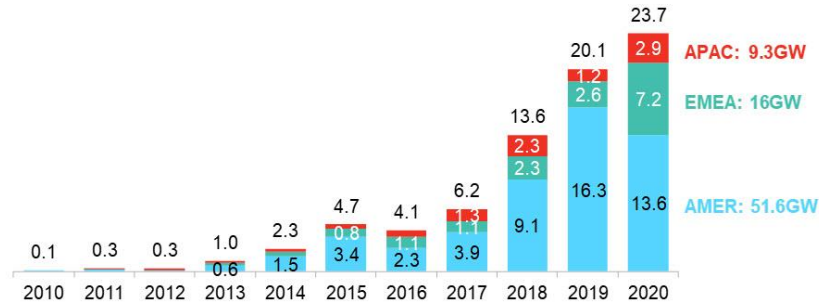


Note: <sup>1</sup>Carbon Brief "Mapped: The world's coal power plants", 26 March 2020. <sup>2</sup> IEA "Electricity Market Report", December 2020. <sup>3</sup> BP "Statistical Review of World Energy", June 2020. <sup>4</sup> CNN "Asian Banks are failing on climate by channelling billions into coal", 28 February, 2021

# GLOBAL C&I MARKET INDICATORS

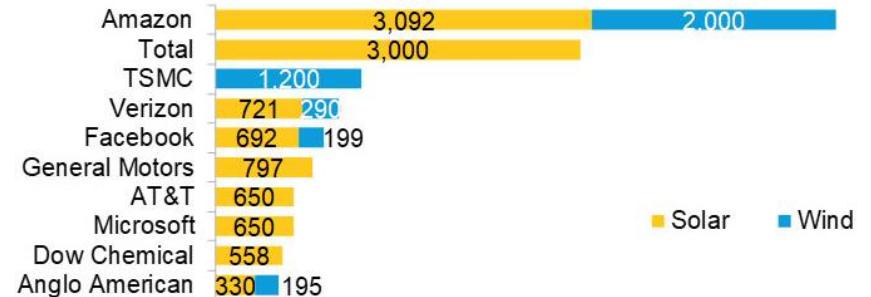


## Global Corporate PPA Volumes (GW)<sup>1</sup>



Source: BloombergNEF. Note: Data is through 2020, reported in MW DC capacity. Onsite PPAs not included. Australia sleeved PPAs are not included. Pre-market reform Mexico PPAs are not included. APAC number is an estimate. These figures are subject to change and may be updated as more information is made available.

## Top Corporate Clean Energy Buyers 2020 (MW)<sup>1</sup>



## Announced US C&I and Community Solar Investments since 2H 2019 (US\$m)<sup>2</sup>



Source: <sup>1</sup>BloombergNEF, "Corporate Clean Energy Buying Grew 18% in 2020, Despite Mountain of Adversity". <sup>2</sup>BloombergNEF, "How Big Investors Make Money in U.S. C&I Solar"



# NESA JV INDICATIVE STRUCTURE

