



Independent Auditor's Report

To the shareholders of
Mahube Infrastructure Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Mahube Infrastructure Limited (the company) set out on pages 13 to 43, which comprise the separate statement of financial position as at 28 February 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Mahube Infrastructure Limited as at 28 February 2023, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the financial assets at fair value through profit or loss As disclosed in note 5, the company holds an investment in Mahube Capital Fund RF 1 (Pty) Ltd ("Capital Fund"). The valuation of Capital Fund results from the valuations of its underlying investments. Management uses discounted cash flow models in determining the fair value of the financial assets in the underlying entities to perform the valuation models for all the investments.	<p>In considering the appropriateness of management's judgement and estimates used in the determining the valuation of the financial assets, we performed the following audit procedures:</p> <ul style="list-style-type: none">• We held discussions with management to obtain an understanding of the process applied by them to determine the value of the financial asset and to and to assess such process against the requirements of IFRS;

The value of the investment in Capital Fund is directly impacted by the assumptions, estimates and judgements applied in the valuations of the investments held by Capital Fund.

The valuation of Capital Fund requires significant estimation and judgment to be applied by management in the key assumptions underlying the valuations such as - the forecasted cashflows, growth rates and the discount rates used.

The valuation of the investment is considered a matter of most significance to the current year audit due to the following:

The significant level of assumptions, estimates and judgment applied by management, in relation to

- forecasted revenue growth, forecasted utilisation rate, discount rate and dividend policy assumptions; and
- the significance of the amount to the financial statements.

Refer to Note 5 Financial Assets of the financial statements for the disclosure on the financial assets at fair value through profit or loss and the fair value information to the financial statements.

The value of the investment at year end is R528.7 million (2022: R561.7 million).

- We assessed the valuation model methodology, being a discounted cash flow model, against generally accepted valuations methodology, and assessed the consistency of the model used in the current year with the prior year;
- We tested the mathematical accuracy of the financial forecast model used by management to calculate the cash flows attributable to the holding of the financial asset;
- We assessed the discount rate used by management for reasonability by independently recalculating the range of acceptable discount rates using the latest available market data;
- We compared forecasted revenue growth during the remainder of the power purchase agreement (“PPA”) for each of the investments to assess whether it is in line with current market indicators, including the price index;
- We have assessed the key inputs from significant contracts such as the PPA’s, Operations and Maintenance agreements to assess the inputs in the model;
- We have performed sensitivity analysis to assess the impact on the valuation should the key assumptions change. Key assumptions include CPI, JIBAR and risk free rate;
- We evaluated the adequacy of disclosures in the financial statements against the requirements of International Financial Reporting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Mahube Infrastructure Limited Annual Financial Statements for the year ended 28 February 2023”, which includes the Directors’ Report, CEO and FD’s responsibility statement and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Mahube Infrastructure Limited for 3 years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

MZ Sadek
Director
Registered Auditor

31 May 2023

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