

# Building Community Wealth



**2023**  
INTEGRATED ANNUAL REPORT



# Welcome to our 2023 Integrated Annual Report

We are pleased to present our Report for the year ended 28 February 2023. This report is intended for current and prospective investors and stakeholders with an interest in our business. The report is our primary report to stakeholders with a view to provide the most material matters to the operating context of the Company. The report has been prepared to provide balanced, reliable, transparent, and relevant information to our providers of financial capital and other interest stakeholders.

## About Mahube

“Mahube-a-naka-tsa-kgomo invokes the dawning of a new chapter, with the promise to contribute meaningfully to the creation of tangible wealth for the communities across the African continent.”

We are listed on the JSE.

Mahube is an infrastructure company that offers investors exposure to infrastructure assets in Southern Africa.

Our vision is to stimulate fast, inexpensive and sustainable delivery and upkeep of infrastructure on a significant scale.

## Reporting suite

Mahube's reporting suite information is set out below together with an indication of the compliance to relevant frameworks:

### Annual Financial Statements ("AFS")

Our AFS provides a comprehensive overview of our financial position and financial performance

### Annual General Meeting booklet ("AGM" booklet)

The AGM booklet includes the notice to the AGM which provides supporting information to our shareholders to participate in the AGM

### Integrated Annual Report ("IAR")

Our IAR is our primary report to stakeholders

### Remuneration policy

Reflects our remuneration philosophy and policy

### Annual and interim results booklet

This booklet provides a review of our financial performance

### King IV application

This register contains an explanation of the implementation by Mahube of the applicable practices

Mahube is committed to reporting openly and honestly to our range of stakeholders.

Our reporting suite is available on our website: [www.mahube.africa](http://www.mahube.africa).

Our reporting suite is in compliance with and has applied the following frameworks:



International Integrated Reporting Framework



The Companies Act, No 71 of 2008, as amended



JSE Limited ("JSE") Listings Requirements



King IV Report on Corporate Governance



International Financial Reporting Standards ("IFRS")

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# ABOUT THIS REPORT

## Scope and boundary

The report presents the performance of the Company for the financial year from 1 March 2022 to 28 February 2023. Any material events after this date and up to the Board approval date of 30 June 2023 have also been included.

The Company currently operates within the border of South Africa. The Company has three underlying companies over which it has control, however, the Company reports its financial results on a stand-alone basis and not on a consolidated basis. This basis is applied with reference to IFRS 10 where the Company reports on its investments on a fair value basis.

Some limited information of the underlying companies is presented in this report where relevant.

## Material issues

The report discloses the Company's approach to sustainability and identifies and explains the material issues facing the Company, their impact and the Company's response thereto. The Board has considered matters viewed as material to the functioning of Mahube and its stakeholders.

These are determined through Board and Board Committees' discussions, market research, engagement with our stakeholders, continuous risk assessments and the review of prevailing trends in our sector and the economy.

The issues we have identified as material in terms of the impact on Mahube's long-term sustainability include the capital structure and ability to raise future investment capital and the scale of the current asset portfolio.

These material issues are addressed throughout this Report. Sustainability issues that are not considered material to our operations are not discussed in this report. We believe that this approach should provide clarity for stakeholders to evaluate Mahube's ability to create and unlock sustainable value over the short, medium and long term.

## Basis of preparation

The content of the Integrated Annual Report is guided by the following:

- Companies Act of South Africa, No 71 of 2008, as amended ("Companies Act");
- JSE Listings Requirements;
- King Code of Governance of Corporate Principles for South Africa™ ("King IV™"); and
- Consideration of certain principles contained in the International Integrated Reporting Council's Integrated Reporting Framework.

The King IV™ Application Register detailing the application of the King IV™ principles is available on the Company's website [www.mahube.africa](http://www.mahube.africa).

## Integrated reporting

Mahube aims to adopt the guidelines outlined in the International Integrated Reporting Council's Framework as appropriate. In line with the framework, the Integrated Annual Report includes all such information about matters that materially affect the Company's

ability to create and sustain value over the short, medium and long term. Comparative historical information is presented, where relevant, as an insight into future plans.

## Assurance

This Integrated Annual Report has been reviewed and approved by the Board of Directors. The Integrated Annual Report has been signed on behalf of the Board by the Chairperson of the Board, Martin Kuscus, and the CEO, Gontse Moseneke.

The Financial Statements have been prepared by Petro Lewis CA(SA), the Financial Director.

Our combined assurance model relies on review by management, as well as internal and external assurance. The Audit and Risk Committee and the Board depend on combined assurance in assessing the adequacy of internal controls and risk management processes.

The Financial Statements have been audited by the independent auditors, BDO South Africa Incorporated, who issued an unqualified opinion.

## Forward-looking statements

This Integrated Annual Report includes forward-looking statements that involve inherent risks and uncertainties. If one or more of these risks materialise, or should the underlying assumptions prove incorrect, actual results may be different from those anticipated.

Forward-looking statements apply only as of the date on which they are made. Mahube does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

## Statement of responsibility

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. This report was approved by the Board on 30 June 2023. The Board applied its collective mind and believes that the Integrated Annual Report and Financial Statements fairly reflect, in its opinion, the true financial position of the Company as at 28 February 2023 and that of its operations during the past financial year. Further, the Board believes this report addresses all material issues and how they relate to the Company's ability to create and sustain value in the short and long term.



**Martin Kuscus**  
Chairperson



**Gontse Moseneke**  
CEO

## Connect with us

We encourage and welcome feedback on our reporting suite from our stakeholders.

Please send any comments or suggestions to:

Tel: +27 11 684 1230

Email: [info@mahube.africa](mailto:info@mahube.africa)





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# 1 ABOUT MAHUBE

# About Mahube

## Who we are



**Mahube is an infrastructure company that offers investors exposure to infrastructure assets in Southern Africa.**

The vision of Mahube is to stimulate fast, inexpensive and sustainable delivery and upkeep of infrastructure on a significant scale. Mahube aims to provide investment returns that are characterised by predictable and regular cash flows generated from infrastructure assets, long-term investment into ownership and operation of assets, and blue-sky upside from providing disruptive solutions to infrastructure-related market inefficiencies. Currently Mahube has invested in, and holds equity interests in two Wind Farms and three solar photovoltaic farms with a collective power generation capacity of approximately 400 MW. Four of the renewable energy assets were licensed during Bid Window Round 1 of the Renewable Energy Independent Power Procurement Programme in South Africa. The fifth was licensed during Bid Window Round 2. Each asset generates electricity that it sells to Eskom under a 20-year power purchase agreement.

## Our history



**Mahube was listed on the Main Board of the JSE Limited in Johannesburg in 2015, as a Special Purpose Acquisition Company.**

Trading as GAIA Infrastructure Capital Limited at the time, the Company raised R550 million upon listing and most of these funds were deployed in 2016 during the acquisition of its first viable asset, an interest in the Dorper Wind Farm.

The 100 MW plant in the Eastern Cape province, South Africa has been in operation since 2014 and has a 20-year Power Purchase Agreement with Eskom. The Company earned its first investment income from this asset in early 2017, which enabled it to declare and pay its maiden dividend distribution of 63.5 cents per share in the same year.

Since its founding, Mahube has invested in four more infrastructure assets in the renewable energy sector in South Africa – one Wind Farm and three solar PV farms – and, together, all the energy assets were licensed by South Africa's Department of Energy Renewable Energy Independent Power Producer Procurement Programme.

In November 2020 the Company transformed from GAIA Infrastructure Capital Limited to Mahube Infrastructure Limited. Mahube is a SeTswana word commonly derived from the phrase "Mahube a naka tsa kgomo", which refers to the dawn of a new day. This moment in history encapsulated our renewed focus towards maximising shareholder value from various emerging infrastructure investment opportunities.



### Why infrastructure



According to an article republished in 2018 by the World Economic Forum, Africa's urban population is expected to nearly triple by 2050 to 1.34 billion people.

This extreme rate of urbanisation is creating significant infrastructure deficits that impede the provision of basic services in these burgeoning urban centres. Private capital has historically played a marginal role in financing infrastructure, owing to political instability and lack of regulatory clarity. These conditions have been improving in recent years and are creating a climate where the private sector ought to be able to confidently make meaningful contribution towards closing the infrastructure deficits.

In addition, a natural solution to moderating the rate of urbanisation is to stimulate economic activities and opportunities in the rural areas. Investment in some of the infrastructure that is required to support urban living is typically located in rural areas, where it can and should have the positive impact of accelerating rural economic activity, development and prosperity.

Importantly, the scale of the infrastructure needs is such that there should be predictable inflation-linked attractive financial returns for private capital to earn without overburdening the economies and society with excessive charges.

### Investment objective



**The investment objective of the Company is to provide investment returns that are characterised by:**

- predictable and regular cash flows generated from infrastructure assets;
- investment in the long-term ownership and operation of assets; and
- capital growth from rendering disruptive solutions infrastructure-related market inefficiencies.

Infrastructure assets are physical structures, as well as digital and electronic networks that facilitate the delivery of public and economic services to society. These range from utility assets (e.g. power generation facilities, electricity transmission and distribution lines and reticulation facilities, gas transmission and distribution pipelines, potable water treatment and distribution facilities, waste water treatment facilities, communications networks and critical internet networks), to transportation and logistics assets (e.g. railway facilities, roads, bridges, tunnels, parking facilities, airports, seaports, lakeports, container terminals) as well as social assets (e.g. healthcare facilities, courts, schools, correctional facilities and social housing).

### Investment policy



In order to accomplish its investment objective, the Company invests primarily in securities that are either equity or give the Company equity exposure to infrastructure-related businesses, these being businesses that satisfy at least one of the following criteria:

- the majority of whose assets (excluding cash) consist of infrastructure assets (and related natural resources); and
- the majority of whose gross income is derived from or attributable to development, construction, operation, ownership, management, use or financing of infrastructure assets.

The Company's investment decisions will be guided by the following policies (the "Investment Policy"):

The Company will invest (both directly and indirectly) in infrastructure-related businesses that operate in markets on the African continent, with a preference for businesses head quartered in South Africa and in other select countries across Africa, where the Company has access to capabilities to be able to adequately manage the attendant risks.

Whilst the Company is agnostic as to economic sector of exposure, the Company will emphasise investment in infrastructure-related businesses with activities predominantly in the following sectors: energy and power; transport and logistics; water and sanitation; digital media and communications.

The Company targets investments with initial commitment of not less than R50 000 000 (fifty million Rand), with the Company commanding at least joint control of the target business whilst the Company's investment exposure is less than the R50 000 000 (fifty million Rand) threshold.

The target return on investments is an annualised real return of 6% (six percent), having regard to the investment risk, with the Company able to invest in debt and preference shares to complement its primary investment in equity shares.

Under normal market conditions, the Company's exposure to infrastructure assets that are in operation or not more than 6 (six) months from commercial operation date, will be no less than 75% (seventy five percent) of its net asset value.

The Company may make temporary investments in cash and other short-dated securities (e.g. South African government bonds or other similar low risk instruments) for liquidity and cash management purposes, as appropriate.

### Approval of Investment Policy



The Investment Policy was approved by the Board, shareholders and the JSE as envisaged in section 15 of the JSE Listings Requirements. Any future material changes to the Investment Policy must be approved by shareholders by way of ordinary resolution.



### Shareholder approvals



- 1 All transactions concluded within the ambit of the Investment Policy will be regarded as being in the ordinary course of business, unless circumstances dictate otherwise.
- 2 Shareholder approval will not be required for transactions (including for the avoidance of doubt the enforcement of provisions in agreements relating to such transactions) of any size with non-related parties to the extent such transactions are concluded in the ordinary course of business of the Company.
- 3 Shareholder approval will be required for related-party transactions in accordance with the thresholds and requirements for such approvals contained in the JSE's Listings Requirements, irrespective of whether such transactions are in the ordinary course of business or not.
- 4 The JSE's Listings Requirements pertaining to shareholder approvals and communications will apply if any transaction is categorised as a reverse takeover in terms of the Listings Requirements.
- 5 All material changes to the Investment Policy, including the replacement of the current Investment Policy by a new one, must be approved by shareholders in accordance with the JSE Listings Requirements.
- 6 In the event of the Company wishing to conclude a transaction outside the scope of the Investment Policy, the Investment Policy must be amended pursuant to 5 in order to allow the transaction.

### Investment risk



**The risks of an investment in infrastructure may be generally divided into those specific to the infrastructure asset and those affecting the broader asset class.**

The asset specific risks encompass risks pertaining to the design, construction and operation of the infrastructure asset while the asset class risks include weather volatility, economic, regulatory and political risks.

Asset specific risks largely depend on the maturity of the particular asset. In the construction phase, there is considerable risk associated with the construction process, such as the construction period and budget overruns. Notably as an asset matures, its risk profile declines and its valuation increases.

## Our assets

### Investment portfolio

Currently Mahube has invested in and holds equity interests in two Wind Farms and three solar photovoltaic farms with a collective power generation capacity of approximately 400 MW.

Four of the renewable energy assets were licensed during Bid Window Round 1 of the Renewable Energy Independent Power Producer Procurement Programme in South Africa. The fifth was licensed during Bid Window Round 2.

Each asset generates electricity that it sells to Eskom under a 20-year power purchase agreement. They are also key ventures for the economic development of rural communities in the Eastern Cape, Northern Cape and Free State provinces, with the construction phases of the Solar Farms alone creating more than three million man hours of job opportunities.



#### Noblesfontein Wind Farm

Victoria West, Northern Cape



#### Dorper Wind Farm

Molteno, Eastern Cape



#### Jasper Solar PV Farm

Postmasburg, Northern Cape



#### Lesedi Solar PV Farm

Postmasburg, Northern Cape



#### Letsatsi Solar PV Farm

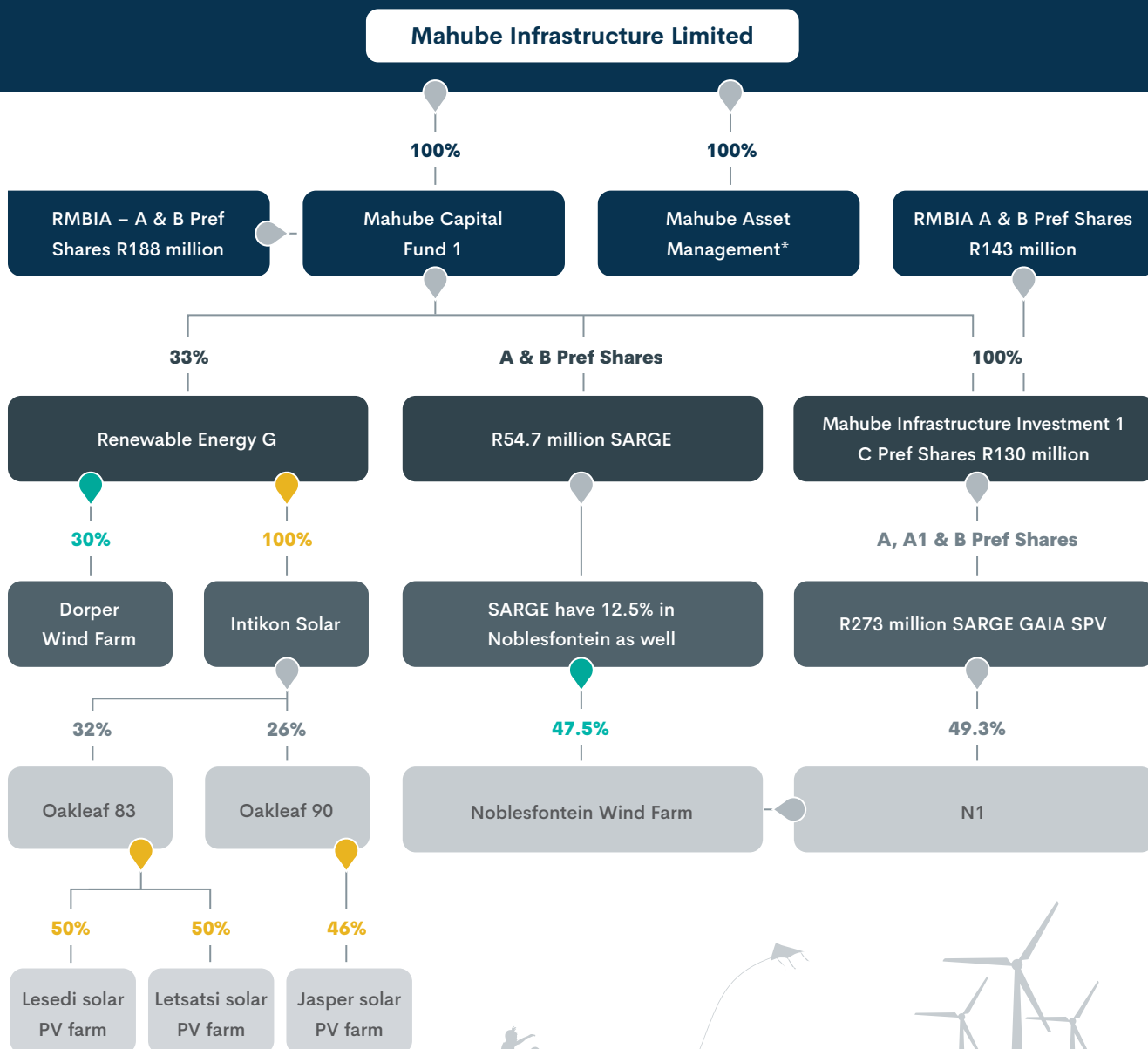
Mangaung, Free State

## Our assets (continued)

| Investment   | Effective economic interest   |
|--|---|
|  <div> <b>Mahube Infrastructure Investment; SARGE</b> </div> <div>15.4%</div> | <div> <b>Noblesfontein Wind Farm</b> <p>The Noblesfontein Wind Farm is located on Farm Noblesfontein, approximately 35 km south of the small Northern Cape town of Victoria West. The Wind Farm, which became operational in July 2014 following a construction period of 16 months, produces 73.8 MW of clean renewable energy through 41 Vestas V100 (80 m hub height) wind turbine generators that can each produce up to 1.8 MW. The total expected annual electricity generated is 221 GWh, and the government-guaranteed Power Purchase Agreement with Eskom for this asset runs until June 2034.</p> </div>  |
|  <div> <b>Renewable Energy G</b> </div> <div>9.9%</div>                      | <div> <b>Dorper Wind Farm</b> <p>Located between the Molteno and Sterkstroom communities in the Eastern Cape, the Dorper Wind Farm has been feeding 100 MW of clean, renewable energy into Eskom's electricity grid since August 2014. The government-guaranteed Power Purchase Agreement with Eskom for this asset runs until July 2034.</p> </div>  |
|  <div> <b>Renewable Energy G</b> </div> <div>4.0%</div>                     | <div> <b>Jasper Solar PV Farm</b> <p>Located near Postmasburg, Northern Cape, the Jasper Solar PV Farm is currently the largest photovoltaic power plant on the African continent. With more than 325 000 Solar PV modules installed over an area covering 150 hectares, the plant comprises 39 central inverter stations, each of which has capacity of 2 MW-AC. These are expected to generate 180 GWh of electricity annually. The facility, which is adjacent to the Lesedi Solar PV Farm, became operational in December 2014 and has a government-guaranteed Power Purchase Agreement with Eskom that runs until November 2034. Mahube holds a 4% stake in this asset.</p> </div> |
|  <div> <b>Renewable Energy G</b> </div> <div>5.3%</div>                     | <div> <b>Lesedi Solar PV Farm</b> <p>The Lesedi Solar PV Farm is located on Humansrus Farm approximately 30 km east of Postmasburg, Northern Cape. The area is sun-drenched and is characterised by minimal rainfall and vast open areas, placing it amongst the best locations in the world for high irradiance. Construction of the plant started in January 2013 and commercial operations began in May 2014. The power plant currently supplies approximately 140 GWh of power to Eskom annually in accordance with a government-guaranteed Power Purchase Agreement that runs until April 2034. Mahube holds a 5.3% stake in this asset.</p> </div>                                |
|  <div> <b>Renewable Energy G</b> </div> <div>5.3%</div>                     | <div> <b>Letsatsi Solar PV Farm</b> <p>The Letsatsi Solar PV Farm is located on Jedwater Farm, some 35 km northwest of Mangaung Metropolitan Municipality in the Free State province. The asset comprises HANWA SolarOne SF260 photovoltaic modules, plus Siemens PVS500 inverters. The asset became commercially operational in May 2014 and has been supplying approximately 140 GWh of power to Eskom annually in accordance with a government-guaranteed Power Purchase Agreement that runs until April 2034. Mahube holds a 5.3% stake in this asset.</p> </div>   |



# Investment structure



\* Company has been dormant to date.

## Corporate social responsibility



As a corporate citizen, we approach our responsibility to society with diligence and utmost good faith. We believe that through our corporate actions and decisions, we can impact society positively. The consequences of this positive impact on society is that it supports an atmosphere of social stability and prosperity, which results in sustained good performance of our businesses and Mahube's investments in these businesses.

Our efforts in community development are predominantly channelled through the investments that we own. The corporate and social responsibility activities of these businesses can be accessed through our website on: <https://mahube.africa/about/#csr>.



# Chairperson's letter to stakeholders



**Martin Kuscus**

Independent Non-Executive Chairperson

“

**We are proud to say that the project companies are doing great work in their respective communities. ”**



Overall in terms of financial results, this year was not the greatest for us due to the adverse change in macroeconomic variables such as future expectation of interest rates adversely impacting the fair value calculations of our investments. Additionally, our wind projects were affected by adverse wind conditions. However, we did manage to get a healthy dividend income from our solar photovoltaic assets, as a result of which we remain positive about the future.

From a macroeconomic standpoint, a large number of organisations and people around the world have been impacted by the extended military hostilities between Russia and Ukraine, and this trend is ongoing. The war, along with the effects of loadshedding in South Africa, does not directly affect our business operation but it does have an influence on the fair value of our assets.

## Strategy

During the year, Mahube had embarked on certain initiatives to restructure and recapitalise its business and had commenced the restructure of its investment and corporate management functions to better align the investment policy with the strategy that it is pursuing. However, the restructure presented to shareholders at the last General Meeting was not approved in full and we are currently in the process of deriving a revised strategy to be presented to shareholders.

## Our commitment to ESG

All our ESG initiatives are done through the project companies that operate the power plants in which we are invested and we continue to monitor these initiatives closely. We are proud to say that the project companies are doing great work in their respective communities.

## Governance

As a board, we are confident in the corporate governance advancements we have made and appreciate the benefits of a diversified board. Mahube continues to value diverse thinking and strives to create a culture that fosters constructive and robust debate.

There have been a few changes to the Board during the year. Eddie Mbalo resigned as Independent Non-Executive Director and chairperson of the Board effective 13 March 2023. Karén Breytenbach resigned as independent Non-Executive Director and member of the Audit and Risk Committee in September 2022, and Them bani Bukula did not stand for re-election as an Independent Non-Executive Director and member of the Audit and Risk Committee at the AGM. We thank them for their service and wish them well in their future endeavours.

## Chairperson's letter to stakeholders (continued)



I joined as chairperson of the Board and as chair of the Nomination Committee and member of the Social And Ethics And Remuneration Committees, effective 5 May 2023. We also welcomed Mamoso May as chair of the Nomination Committee and as a member of the Remuneration Committee. Marion Shikwinya was appointed as chair of the Social and Ethics Committee with Petro Lewis and I serving as members of the committee.

### Outlook and prospects

Looking ahead the biggest focus will be finalising the revised strategy to be presented to shareholders. While striving to increase the efficiency of the use of energy, water, and sanitation, Mahube will continue to position itself to offer the necessary investments in the industry. We will continue to share our rich experience acquired operating across varied markets over many years in the industry.

### Appreciation

I want to express my gratitude to the other members of the Board for their commitment and constant support this past year. To Eddie Mbalo, on behalf of the Board, we thank you for your committed service during your tenure and wish you well in your future endeavours. I also want to congratulate the management team for their leadership, as well as the staff on the ground and our partners who continued serving clients through extraordinary challenges in an exemplary manner.

A final thank you goes to Mahube's shareholders and other stakeholders for your continued support throughout this time as we continue to navigate the challenges we face.

A handwritten signature in black ink, appearing to read 'Martin Kuscus', with a stylized flourish at the end.

**Martin Kuscus**  
*Chairperson*

30 June 2023





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## 2 OUR STRATEGY

# Our business model

## Inputs

## Business activities

The capitals below are key to Mahube's creation of value for our stakeholders in terms of our group operating structures and strategic objectives:



### Financial Capital

- Debt and equity raised
- Borrowings



### Reputational Capital

- Strong presence in the SA infrastructure sector



### People Capital

- Stable and highly skilled management team with vast infrastructure expertise
- Diverse network and deep sector reach



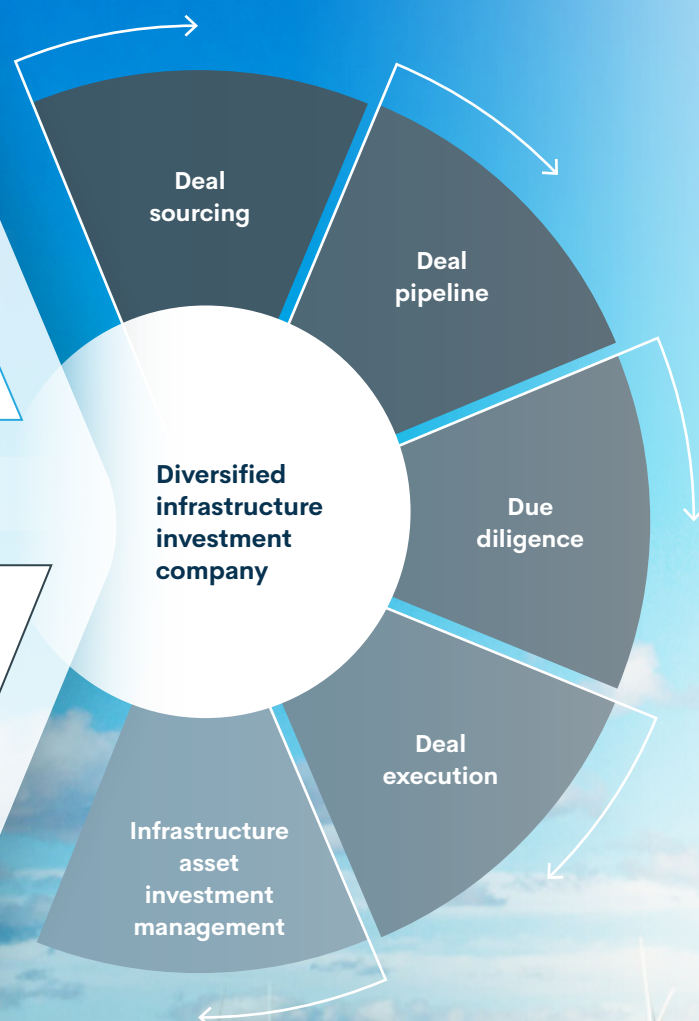
### Asset Capital

- REIPPPP asset base
- Extensive infrastructure pipeline



### Social Capital

- Projects with impactful ESG consideration
- Responsible investing (UN Codes)





## Value created

A diversified infrastructure investment company.

Investing in large-scale assets.

Investing in high quality assets that yield predictable and sustainable returns for shareholders.

Provide investors with low risk, predictable, inflation-linked, liquid and long-term yielding investment.

Return on initial investment of at least CPI +6% (before costs).

Target a consistent, stable and inflation-linked dividend.

Diversify the assets under management in the energy, transportation, water and sanitation sectors.

Manage cost and achieve financial excellence.

Responsible and transparent investments.

Visible ESG appreciation.

REIPPPP projects underway benefit local communities.

# Risk management

Mahube's Board oversees risk management through the Integrated Risk and Compliance Framework with the responsibility for implementation delegated to the Audit and Risk Committee. The framework ensures that Mahube achieves the level of strategic and operational efficiency and compliance as required by the Board. The Audit and Risk Committee is also responsible for assessing the effectiveness of the Risk Management Policy and processes. The Audit and Risk Committee reports to the Board on the overall risk management process.

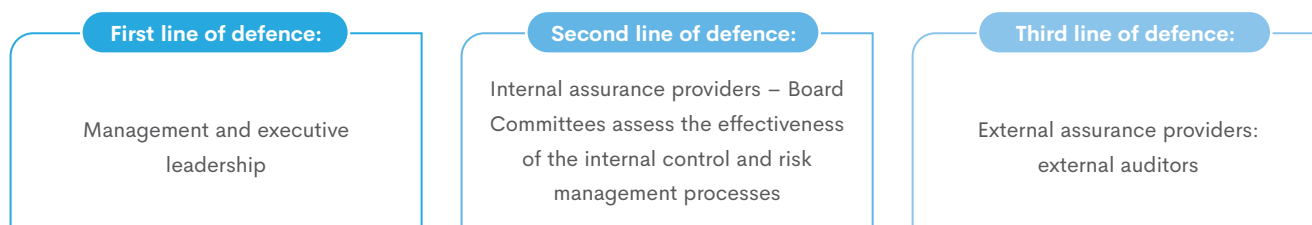
Mahube's key risk management objective is to embed an effective risk management culture. The Company's strategic objectives are managed continually to identify, analyse, prioritise and treat relevant risks appropriately to ensure an optimal risk-reward profile for all stakeholders with ongoing liquidity through the life of the investment by way of consistent and periodic interest and/or dividend payments.

## Risk Management Framework

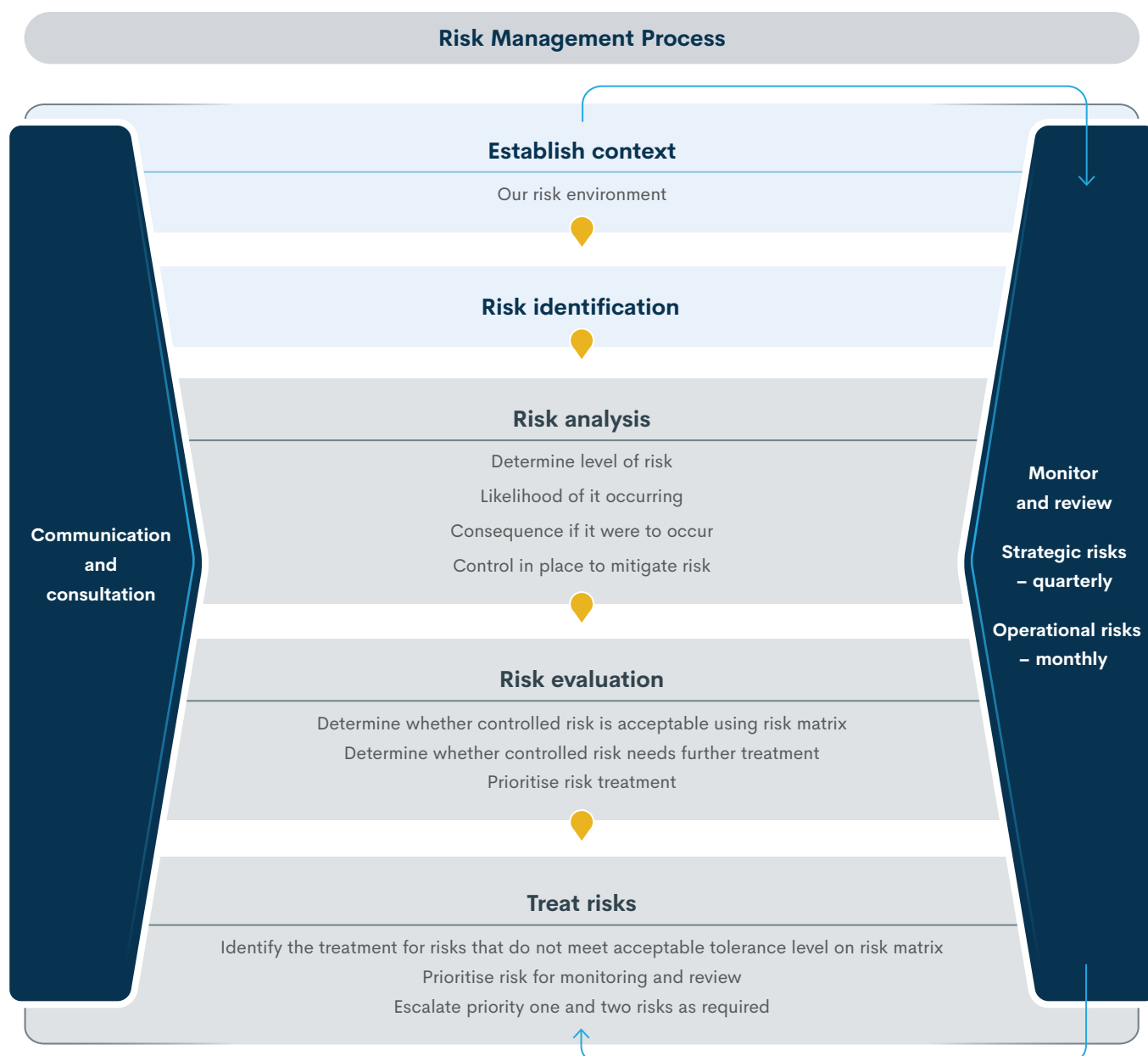


## Risk management (continued)

The Board, with the support of the Audit and Risk Committee, ensures the ongoing development and improvement of our combined assurance model to provide effective and efficient assurance services and functions. Using a combined assurance model ensures an effective control environment, supports the integrity of information used for internal decision-making by management, the Board and its committees and supports the integrity of the integrated report. It is designed with the goal to effectively cover all our significant risks and material matters through three lines of defence, as shown below:



External assurance providers have unrestricted access to the Audit and Risk Committee, which ensures that their independence is in no way impaired.



## Risk management (continued)

The Company's five key risks are set out below:

| Risk   | Risk description  | Mitigation approach  |
|--|---|--|
| <b>1 Large shareholders</b>  | <ul style="list-style-type: none"> <li>The large shareholders could impede major decisions of the Company that require shareholder approvals, particularly those relating to restructuring and capital raising initiatives</li> <li>This could limit the Company's ability to pursue investment opportunities which could impact negatively on the Company's image/reputation and growth prospects to the detriment of the rest of the shareholders</li> </ul>  | <ul style="list-style-type: none"> <li>Consensus with major shareholders concerning the future for the current asset base</li> <li>Procure the support of the major shareholder for a review of the strategy</li> <li>Seek to introduce new institutional investors as we grow our capital base</li> </ul>   |
| <b>2 Capital raising</b>   | <ul style="list-style-type: none"> <li>Efforts to raise capital could be unsuccessful if:                             <ul style="list-style-type: none"> <li>Major shareholders block efforts to raise new equity capital</li> <li>Investment appetite in the capital markets is low and leads to scarcity of financial capital</li> </ul> </li> <li>New share issue priced at a significant discount to NAV or (adjusted) listing price of R10</li> <li>The inability to raise capital may result in:                             <ul style="list-style-type: none"> <li>Loss of potential deals</li> <li>Reputational damage if the Company fails to raise the capital and has to withdraw from deals where it has secured exclusivity</li> <li>Transaction costs are sunk</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Consensus with major shareholders of the need to expand the Company's equity capital base</li> <li>Agree a strategy that sets out the Company's target equity capitalisation to be achieved over a medium term, with agreed milestones at the end of each financial year in the intervening period</li> <li>Seek consensus with major shareholders of the need to expand the Company equity capital base</li> </ul> |
| <b>3 Share spot price significantly below net asset value and thin liquidity</b> | <ul style="list-style-type: none"> <li>The share price trades at significant discount to the reported NAV</li> <li>MHB shares are tightly held with the three largest shareholders holding over 80% of the shares in issue, which leads to thin liquidity</li> <li>This makes for difficulties in using the spot price as a price discovery mechanism</li> </ul>  | <ul style="list-style-type: none"> <li>Finalise review of strategic direction for the Company</li> </ul>   |
| <b>4 Investor returns</b>  | <ul style="list-style-type: none"> <li>Assets may not yield the expected return within the expected timeframe, i.e. assets IRR are measured over a 20-year period, however investors are promised bi-annual predictable, inflationary linked returns – as a result, Mahube may not be able to meet market expectations in the short term</li> <li>Similarly assets may not provide the expected return over the life of the asset – as a result, Mahube may not be able to meet market expectations in the longer term</li> </ul>   | <ul style="list-style-type: none"> <li>Equity capital can be raised to fund new acquisitions in order to diversify</li> <li>Performance reports of underlying assets reviewed on a quarterly basis</li> <li>Mahube should aim to have board seats in every investee company</li> </ul>   |
| <b>5 Key person risk</b>   | <ul style="list-style-type: none"> <li>Small management team with key dependency on CEO and FD</li> </ul>   | <ul style="list-style-type: none"> <li>Regular review of succession planning</li> <li>Grow employee count of the Company as the business grows</li> </ul>  |






# Our stakeholder relationships

Mahube is committed to improving and maintaining honest and mutually beneficial relationships and partnerships with all its stakeholders as integral to our sustainability and a critical part of our communication strategy. Effective and meaningful stakeholder engagement provides the Company with information that leads to improved decision-making processes and assists the Company and the Board to shape its long-term direction. The Board monitors relations with stakeholders while the CEO is responsible for stakeholder engagement. The stakeholders of our investee





companies, providers of capital, Government, and employees are equally fundamental to Mahube's success and the Company is committed to ongoing engagement with all its stakeholders.

We communicate with various stakeholders through our website, stakeholder presentations, the Annual General Meeting, interaction with the media, one-on-one meetings, community forums and ongoing informal and formal discussions.

Our key stakeholders and the issues that concern them are outlined below:

| Key interests   | Our commitment   | Engagement   |
|---|--|--|
|  <b>Providers of capital</b> <ul style="list-style-type: none"> <li>Financial performance</li> <li>Investment returns</li> <li>Share price performance</li> <li>Solvency and liquidity</li> <li>Strength of the Management and Board</li> <li>Quality of underlying assets</li> <li>Sustainability of the Company</li> <li>Strategy and ESG responsible investing</li> <li>Growth in investment</li> </ul> | <ul style="list-style-type: none"> <li>Keeping providers of capital informed of new project developments</li> <li>Effective management of finance facilities</li> <li>Increase asset base</li> <li>Diversified investee company mix</li> <li>Strong business strategy that is ESG-linked</li> <li>Delivery of strategic objectives</li> <li>Experienced Board and Management team</li> <li>Communication in line with JSE Listings Requirements</li> </ul> | <ul style="list-style-type: none"> <li>Interim and annual results announcements</li> <li>Website updates on new developments</li> <li>SENS announcements</li> <li>Ad hoc meetings</li> </ul> |
|  <b>Suppliers and partners</b> <ul style="list-style-type: none"> <li>Continuity of business relationships on commercially optimal terms</li> <li>Service delivery and quality</li> <li>Fair and ethical treatment</li> <li>Preferential procurement</li> <li>Fair payment terms</li> <li>Financial sustainability</li> </ul>  | <ul style="list-style-type: none"> <li>Conducting business in an ethical, responsible and transparent manner</li> <li>Regular engagements with suppliers</li> </ul>  | <ul style="list-style-type: none"> <li>Board representation</li> <li>Management meetings</li> <li>One-on-one engagement</li> </ul>   |
|  <b>Potential investee companies</b> <ul style="list-style-type: none"> <li>Value adding relationships</li> <li>Purchase consideration (attractive assets)</li> <li>Integrity of the Company</li> <li>Relationship building</li> <li>Asset optimisation initiatives</li> </ul>   | <ul style="list-style-type: none"> <li>Mutually beneficial relationships</li> <li>Conscious effort to meet expectations where applicable</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing regular meetings</li> <li>Presentations and correspondence</li> </ul>   |

## Our stakeholder relationships (continued)

|   | Key interests   | Our commitment  | Engagement   |
|---|---|---|--|
|    | <b>Employees</b> <ul style="list-style-type: none"> <li>• Staff development and career planning</li> <li>• Market-related and fair rewards and benefits</li> <li>• Employment equity</li> <li>• Company sustainability and growth</li> </ul>  | <ul style="list-style-type: none"> <li>• Focus on employee wellness to achieve strategic objectives</li> <li>• Annual Department of Labour submissions on employment equity</li> <li>• Reports and workplace skills plans in investee companies</li> </ul>  | <ul style="list-style-type: none"> <li>• Formal performance review process</li> <li>• Regular engagements and check-ins</li> <li>• Staff training and development initiatives</li> <li>• Benchmarking remuneration against industry companies</li> </ul> |
|    | <b>Communities</b> <ul style="list-style-type: none"> <li>• Sustainability of long-term economic empowerment and sustainability initiatives</li> <li>• Company's ESG initiatives</li> <li>• Job creation (enterprise and local economy development)</li> <li>• Local infrastructure development</li> </ul>  | <ul style="list-style-type: none"> <li>• Relationship management initiatives</li> <li>• Complete agreement for waste management with EnviroServ Waste Management</li> <li>• Focus on social licence to operate</li> <li>• Forming long-term mutually beneficial relationships for communities, investee companies and Mahube</li> </ul> | <ul style="list-style-type: none"> <li>• Engagement forums with local communities through investee companies</li> </ul>  |
|  | <b>Government and regulators</b> <ul style="list-style-type: none"> <li>• Regulatory and legislative compliance of investee companies</li> <li>• Compliance with JSE requirements</li> <li>• Legislative compliance</li> <li>• B-BBEE codes compliance</li> <li>• Timely payment of taxes</li> <li>• Private-public partnerships</li> <li>• Eskom Holdings SOC Ltd's ability to honour the Power Purchase Agreements</li> </ul> | <ul style="list-style-type: none"> <li>• Management of REIPPPP uncertainty through positive relations</li> <li>• Formalised B-BBEE Policy</li> <li>• Partnership with Government</li> </ul>   | <ul style="list-style-type: none"> <li>• Regular formal meetings with relevant authorities</li> <li>• Monitoring regulatory changes</li> </ul>   |
|  | <b>Media</b> <ul style="list-style-type: none"> <li>• Understanding of our business (operationally and financially)</li> <li>• Reliability of information and company correspondence</li> <li>• Effective stakeholder communication</li> </ul>  | <ul style="list-style-type: none"> <li>• Retrospective and proactive one-on-one engagement with financial and trade editors and journalists</li> <li>• Media alerts through SENS announcements</li> </ul>   | <ul style="list-style-type: none"> <li>• Interim and final results presentations</li> <li>• Specific direct engagements</li> <li>• Company website</li> </ul>  |





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# 3 OUR PERFORMANCE



## CEO's report



Gontse Moseneke

Chief Executive Officer

“ We remain positive that we can position ourselves to capitalise on current and future opportunities. ”



While it has been a challenging year in terms of macroeconomic factors and technical performance of the power plants in which we are invested, we remain positive that we can position ourselves to capitalise on current and future opportunities.

### Our results

Although profitability was lower than expected, operating profit was satisfactory. The profitability was adversely impacted by the decrease in the non-cash fair value of our invested assets, factors beyond our control.

It has been 10 years since the REIPPPP was launched and we are fast approaching the ninth anniversary of the commercial operation date of many of the assets from Bid Window 1 and Bid Window 2. We now have the benefit of being able to assess the actual performance of the power plants (“IPPs”) against the theoretical assumptions made at financial close of these assets. The solar photovoltaic IPPs have broadly performed slightly better than expected. In contrast, the performance of the wind IPPs has lagged expectations. This is particularly evident over the past three years. Fortunately, this phenomenon is not specific to our business and the assets we are invested in but is a broader trend in the market.

### Operating environment

A notable development in the past year has been the conclusion of Bid Window 6 of the REIPPPP. Notwithstanding that the procurement capacity was doubled from 2.6GW to 5.2GW, what was delivered in the end was significantly less as only solar projects were shortlisted as successful bidders. The submitted wind projects were mainly located in the Cape provinces, none of which could be awarded due to the grid capacity constraints. This has brought the urgency to invest in unlocking the grid capacity particularly in the Eastern Cape, Northern Cape and Western Cape into sharp focus. It also highlights the need to intensify the possibility of wind IPPs in provinces other than coastal Cape provinces.

We eagerly await the release of Bid Window 7 and whether it will include IPP programmes for any other technology such as gas. The wheeling activities are picking up particularly on the private IPP market. We are increasingly seeing not only large corporates and industrial users opting to take up electricity supply using private

## CEO's report (continued)

PPAs but also that the length of the commitment on such PPAs is reducing which changes how these programmes are funded. We believe that Mahube can position itself amongst the leaders in responding positively to these emerging market possibilities.

### Water

There are possibilities in the water space both for potable water and wastewater infrastructure. We await with anticipation the development of a legal and regulatory framework that will unlock massive amounts of capital investment into that space. The challenges experienced in the water sector are being exacerbated by the loadshedding crisis in the country. Some of the critical equipment that operates in this space, such as water pumps, are adversely affected by the instances of loadshedding. We are assessing some opportunities in this sphere.

### Transport and logistics

The positive development at SANRAL and their progress in issuing certain tenders that enable investment into the upgrading and maintenance of the national road network has been most noteworthy within the road sector. Additionally, the efforts of Transnet to attract investment into the rail network in order to de-bottle the logistics activities and boost greater economic activity particularly export-oriented economic activity are also heartening.

### Airports

The return of domestic and global travel creates an opportunity to capitalise on the increased investment into airports and related infrastructure at the low end of the cycle and we are working to find appropriate opportunities in this space.

### Rewarding our people

Mahube recognises the need to find stable and predictable mechanisms of encouraging and rewarding high performance. The management, with the guidance of the Board, is in the process of conceptualising these into a sound remuneration policy and versatile incentive scheme.

### Outlook and prospects

We have a business invested in five IPPs and we expect that the portfolio will perform in line with the expectations we had at the

point we invested in them. While there is slight underperformance in some of the assets this is balanced out by overperformance in others. The diversification is well spread out and is assisting us in maintaining performance on par with expectations for the portfolio.

In some assets the funds that invested in the earlier bid windows of the REIPPPP have reached their end of investment life and are looking to exit. Many of them are auctioning their interests and our ability to compete for these is largely based on our ability to offer attractive price to sellers while being able to deliver enhanced return for our financial backers. We are looking to do so without taking on excessive third-party debt.

A key part of what we need to do is ensure that we have access to equity capital that allows us to invest and be patient investors while ensuring that we earn attractive returns for our investors. This ensures that we are able to compete in the open market for acquiring good quality assets, have the tools to attract and retain great management and operating teams, as well as making our participation in these assets worthwhile for third party investors and incumbent co-investors. In order for us to get there we need to be able to ensure that we can safeguard value for our pre-existing investors while using some of the assets that we have to be able to increase our capacity to raise capital. These are the key elements that will position us for solid growth.

### Appreciation

I would like to thank all our employees and our management and operational teams for their dedication, hard work and commitment during a challenging year. My appreciation also to the Board for their wise counsel and support. I also thank all our stakeholders, including, partners, suppliers, shareholders and advisors, for their ongoing support.



**Gontse Moseneke**  
Chief Executive Officer

30 June 2023



# Finance report

## Salient features

Dividends received down **67.7%** to **R18.0 million** from R55.8 million in the comparative period last year;

Total revenue down to a negative **R14.1 million** in comparison to R78.9 million for the comparative period last year;

Basic loss and headline loss of **53.7 cents per share** compared to earnings and headline earnings of 118.9 cents per share in comparative period last year; and

Tangible NAV per share of **R9.9** compared to R11.2 in the comparative period last year.

## Financial commentary

### Overall comments

In terms of financial performance the 2023 financial year was certainly not the best for Mahube. Some factors that contributed to the downward performance was expected, however the most significant factors were not expected and very unfortunate although totally outside of Mahube's control.

With reference to the SENS announcement dated 19 September 2017, the contractual obligations for preference share repayments over a period of time, as expected, contributed to the lower dividend income received and paid by Mahube Capital Fund 1. In addition, the adverse changes in macroeconomic factors, as well as the industry-wide adverse wind conditions had a significant effect on the unfavourable fair value adjustment of our financial assets.

Mahube's current portfolio of operational assets continue to perform well despite the adverse resource conditions and healthy dividends were paid by the underlying projects.

Mahube continued to focus on cost containment measures despite the increase in operating expenses. The increase is directly linked to the expenses incurred towards the proposal of a revised strategy presented to the shareholders on the Special General Meeting. We will continue to control our cost carefully.

The Company remains confident on the outlook for infrastructure investment in South Africa. Considering the vast infrastructure opportunities available, we will continue to assess quality investment opportunities and hope to finalise a new strategy that will enable us to capitalise on these and deliver good financial results.

### Revenue

The total revenue earned by the Company during the year was a negative amount of R14.1 million, as compared to a positive amount of R78.9 million in the previous year.



## Finance report (continued)

The dividend income portion of this total revenue was R18.0 million decreasing from R55.8 million in the comparative period in the prior year. This decrease in dividend income is primarily attributable to comparatively lower dividend declared by Mahube Capital Fund 1, the subsidiary company resulting from:

- dividend income of R51.9 million earned by Mahube Capital Fund 1 during the year being less than the R89.2 million earned in the comparative prior period;
- a decrease in cash available for distribution to equity holders in Mahube Capital Fund 1, resulting from the payment of R17.8 million towards redeeming some of the A class preference shares pursuant to contractual obligations (R7.5 million during comparative prior year); and
- a decrease in dividends received from its subsidiary company Mahube Infrastructure Investments, resulting from the payment of R11.3 million towards redeeming some of the A class preference shares pursuant to contractual obligations (no redemptions in the comparative prior year).

The negative change in fair value of the financial assets, which has decreased the total revenue by R33.1 million during the year (compared to increase of R22.2 million in comparative period of the prior year) resulted from two factors:

- the adverse change in the forecasted macroeconomic variables that make up the valuation basis; and
- the prudent but adverse revision of long-term assumptions of the amount of electricity generated by one of the wind power plant investments. The trend of wind resources that are below P50 expectation is being experienced across the wind IPP industry in the country.

### Expenses

Operating expenses for the period increased to R15.4 million compared to R12.9 million in the comparative period last year. The increase in expenses is largely attributable to the impact of price inflation, whilst R1.6 million of the expenses is attributable to costs relating to the attempted restructure of the business of the Company.

### Net asset value

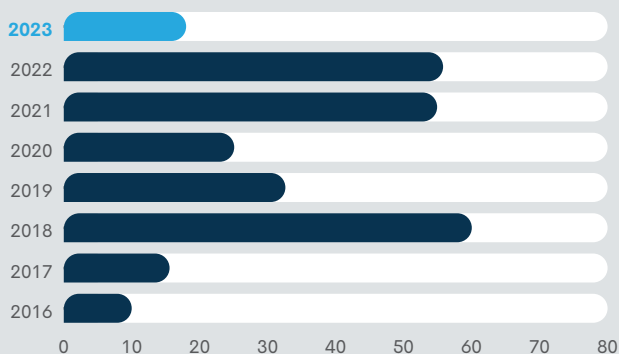
The tangible net asset value per share of the Company decreased from R11.21 in the comparative period last year to R9.91 in the current period. The decrease is mainly the result of the impact of the dividend declared and paid by the Company after the 2022 year end, as well as the decrease in the fair value of the investments held by the Company.

The Company's shares are still trading at a significant discount compared to the net asset value per share. The Company's shares are tightly held by a few investors, with a very small free float. These shares are therefore illiquid which have a significant impact on the share price. We recognise this as a major concern to shareholders, however, the Company does not have the authority to manage the share price and create liquidity.

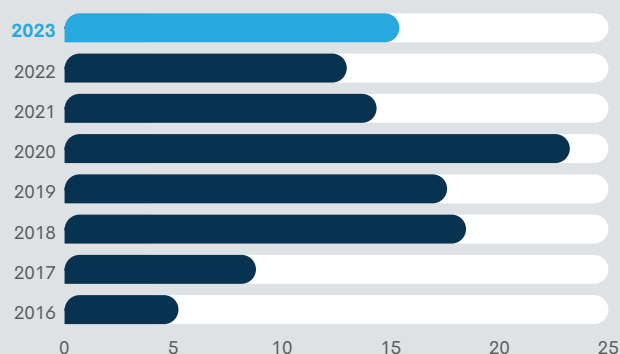
### Dividend payment

The Board has resolved not to declare a further final dividend in addition to the 45 cents per share interim dividend.

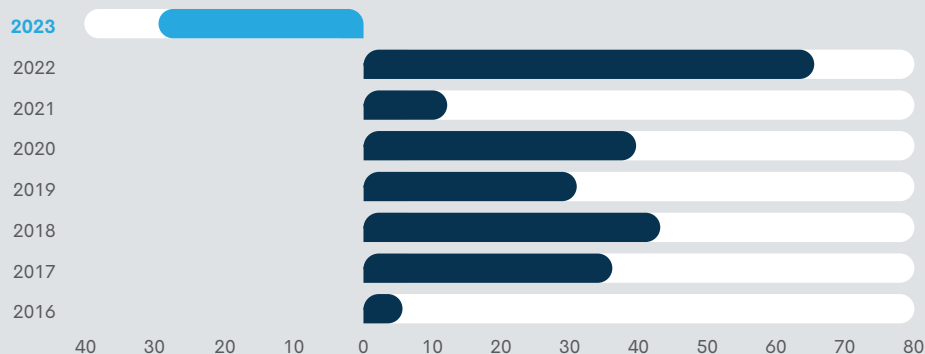
Dividend income (R million)



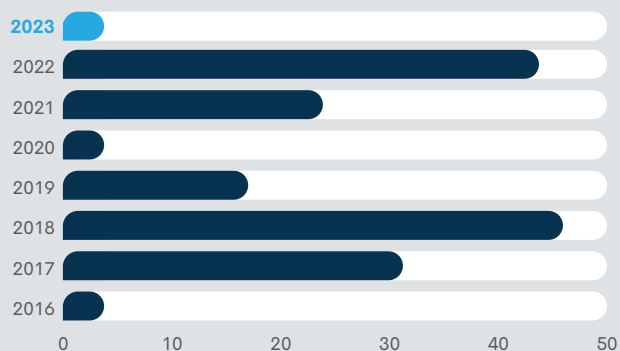
Operating expenses (R million)



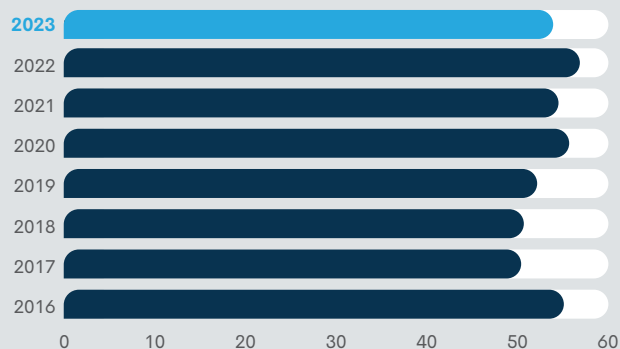
## Profit for the year (R million)



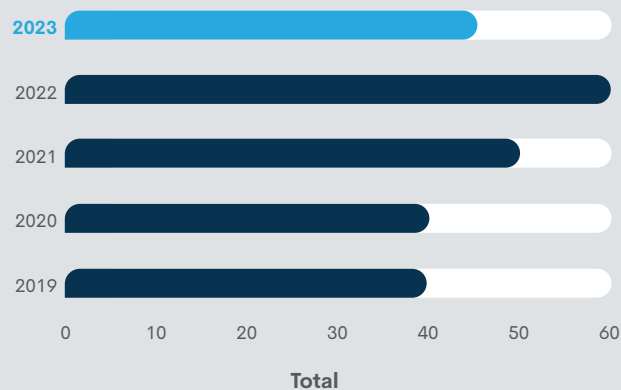
## Profit for the year excluding fair value adjustments (R million)






## Financial assets (R million)






## Dividends declared (cents per share)



## Investment portfolio

| Entity  | Investee company                 | Investment  | Fair value          | Dividend income    |
|---|----------------------------------|---|---------------------|--------------------|
| <br>Mahube Infrastructure Limited      | Mahube Capital Fund 1            | 100% ordinary shares                                  | R528 666 488        | R18 000 000        |
|   | Noblesfontein Education Trust    | Loan to Noblesfontein                                 | R6 019 299          | R1 014 301         |
|   | Mahube Asset Management          | 100% ordinary shares                                  | R105 000            | –                  |
|   |                                  |   | <b>R534 790 787</b> | <b>R19 014 301</b> |
| <br>Mahube Capital Fund 1              | Renewable Energy G               | 33% ordinary shareholding                             | R516 793 209        | R48 568 800        |
|   | SARGE                            | A&B preference shares subscribed for at R54.7 million | R87 995 421         | R1 214 354         |
|   | Mahube Infrastructure Investment | 100% ordinary shares                                  | R8 171 052          | –                  |
|   | Mahube Infrastructure Investment | C preference shares subscribed for at R130 million    | R126 417 945        | R2 147 455         |
|   |                                  |   | <b>R739 377 627</b> | <b>R89 238 115</b> |
| <br>Mahube Infrastructure Investment | SARGE GAIA SPV                   | A&B preference shares subscribed for at R273 million  | R286 329 641        | R23 989 505        |
|   |                                  |   | <b>R286 329 641</b> | <b>R23 989 505</b> |

## Dividend income

| Entity  | Investee company                 | FY2023             | FY2022             | FY2021             | FY2020             |
|---|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| <br>Mahube Infrastructure Limited    | Mahube Capital Fund 1            | R18 000 000        | R55 800 719        | R54 923 679        | R25 072 710        |
|   | Total                            | <b>R18 000 000</b> | <b>R55 800 719</b> | <b>R54 923 679</b> | <b>R25 072 710</b> |
| <br>Mahube Capital Fund 1            | Renewable Energy G               | R48 568 800        | R63 651 560        | R61 583 600        | R54 963 543        |
|   | Mahube Infrastructure Investment | R2 147 455         | R21 108 372        | R21 110 184        | R10 655 845        |
|   | SARGE                            | R1 214 354         | R4 478 183         | R3 901 806         | R3 759 939         |
|   | Total                            | <b>R51 930 609</b> | <b>R89 238 115</b> | <b>R86 595 591</b> | <b>R69 379 326</b> |
| <br>Mahube Infrastructure Investment | SARGE GAIA SPV                   | R23 989 505        | R35 262 307        | R36 494 010        | R26 946 143        |
|   | Total                            | <b>R23 989 505</b> | <b>R35 262 307</b> | <b>R36 494 010</b> | <b>R26 946 143</b> |



## Finance report (continued)

### Statement of financial position

|                                     | F2023              | F2022       | F2021       | Commentary   |
|-------------------------------------|--------------------|-------------|-------------|--|
| <b>ASSETS</b>                       |                    |             |             |  |
| <b>Non-current assets</b>           | <b>534 859 262</b> | 567 726 817 | 546 395 008 |  |
| Property, plant and equipment       | <b>23 410</b>      | 90 438      | 204 406     | Consist of computer and office equipment.  |
| Right to use assets                 | –                  | 422 934     | 986 846     | Lease agreement ended.   |
| Financial assets                    | <b>534 790 787</b> | 567 095 341 | 545 089 756 | Investment in MCF, Mahube Asset Management and Noblesfontein loan.                                   |
| Deferred tax                        | <b>45 065</b>      | 118 105     | 114 001     | Deferred tax on accruals.  |
| <b>Current assets</b>               | <b>12 514 185</b>  | 52 477 520  | 41 862 577  |  |
| Trade and other receivables         | <b>10 435 752</b>  | 26 316 111  | 35 521 805  | Dividend receivable from MCF.  |
| Cash and cash equivalents           | <b>2 043 878</b>   | 26 161 408  | 6 340 772   | Decrease in cash balance due to less income and interim dividend payment.                            |
| Tax receivable                      | <b>34 555</b>      | –           | –           |  |
| <b>Total assets</b>                 | <b>547 373 447</b> | 620 204 337 | 588 257 586 |  |
| <b>EQUITY AND LIABILITIES</b>       | <b>546 415 903</b> | 618 489 151 | 585 987 649 |  |
| Stated capital                      | <b>545 851 762</b> | 545 851 762 | 545 851 762 | No change in capital structure.  |
| Retained income                     | <b>564 141</b>     | 72 637 388  | 40 135 886  |  |
| <b>Liabilities</b>                  |                    |             |             |  |
| Non-current liabilities             | –                  | –           | 561 081     |  |
| Lease liabilities                   | –                  | –           | 561 081     | No lease liabilities due to lease agreement that ended. Currently leasing on a month-to-month basis. |
| <b>Current liabilities</b>          | <b>957 544</b>     | 1 715 186   | 1 708 855   |  |
| Trade and other payables            | <b>957 544</b>     | 978 991     | 953 440     | Normal trade payables and accruals.  |
| Tax payable                         | –                  | 175 114     | 122 270     |  |
| Lease liabilities                   | –                  | 561 081     | 633 146     | No lease liabilities due to lease agreement that ended. Currently leasing on a month-to-month basis. |
| <b>Total liabilities</b>            | <b>957 544</b>     | 1 715 186   | 2 269 937   |  |
| <b>Total equity and liabilities</b> | <b>547 373 447</b> | 620 204 337 | 588 257 586 |  |



## Finance report (continued)

### Statement of comprehensive income

|  | F2023               | F2022        | F2021        | Commentary   |
|--|---------------------|--------------|--------------|--|
| Dividends received   | 18 000 000          | 55 800 719   | 54 923 679   | Lower dividend income from Mahube Capital Fund 1.  |
| Net (loss)/gain from financial assets at fair value through profit or loss | (33 110 621)        | 22 161 727   | (11 759 129) | Result of the unfavourable change in the fair value of the financial assets, mainly due: <ul style="list-style-type: none"> <li>• The adverse change in forecasted macroeconomic variables that make up the valuation basis; and</li> <li>• the prudent but adverse revision of long-term assumptions of the amount of electricity generated by one of the wind power plant investments.</li> </ul> The trend of wind resources that are below P50 expectation is being experienced across the wind IPP industry in the country. |
| Interest income  | 1 052 580           | 918 913      | 1 492 163    | Higher interest as result of higher interest rate.   |
| Other income   | –                   | –            | 6 384        | No other income for the year.  |
| <b>(Loss)/revenue from investments</b>                                     | <b>(14 058 041)</b> | 78 881 359   | 44 663 097   |  |
| Operating expenses   | (15 390 558)        | (12 972 858) | (14 344 289) | The increase in expenses is largely attributable to the impact of price inflation, whilst R1.6 million of the expenses is attributable to costs relating to the attempted restructure of the business of the Company.  |
| Termination fee  | –                   | –            | (18 000 000) | A once-off expense of R18.0 million was incurred and paid in the F2021 for the termination of the management services agreement that the Company had in place with Gaia Infrastructure Partners (Pty) Ltd.   |
| Finance costs  | (30 175)            | (116 525)    | (188 581)    |  |
| Taxation   | (128 203)           | (199 875)    | (154 692)    |  |
| <b>(Loss)/profit for the year</b>  | <b>(29 606 977)</b> | 65 592 101   | 11 975 536   |  |
| Basic and diluted (loss)/earnings per share (cents)                        | <b>(53.68)</b>      | 118.93       | 21.71        |  |



Dorper Wind Farm

# Sustainability

Mahube is committed to making a difference in the communities it is invested in. We believe that committed application of ESG policies will precipitate sustainably improving prosperity for all stakeholders, particularly our investors and providers of financial capital.

Therefore, we work hard to understand how the ESG risk developments may impact the business models of the companies in which we invest and the Mahube business model itself.

Our management team is represented on the board directorships of some of the companies that own and operate the infrastructure assets in which Mahube is invested. This enables us to monitor and contribute meaningfully to activities and decisions that may impact sustainability considerations.

On a quarterly basis, management reviews the reports on social development activities of each asset-operating company. We keep track of compliance by these companies with social development contractual obligations that were agreed with the IPP office. Where necessary we seek clarity and resolution from the management team of any asset-operating company that has incurred penalties from the IPP office for non-compliance on social development contractual obligations.

Through participation in governance oversight of the operating companies, we contribute towards upholding the requisite level of ESG standards in the conduct of the business operations of our companies.

On a regular basis, we report to the SEC on the risk management of ESG matters relating to the companies that operate our infrastructure assets.





### ENVIRONMENTAL

We consider environmental risks especially, climate-related risks and their impacts on cash flow and the valuation of our investments.

#### Dorper Wind Farm



One of our assets we invested in, Dorper Wind Farm, recognises the importance of reducing carbon footprint and are proud to report that during the reporting period, their renewable wind energy generation resulted in a reduction of CO<sub>2</sub> emissions. Their efforts align with the objectives of the Environmental Impact Assessment, and they achieved an overall environmental compliance rate of 99% during the reporting period.

Dorper Wind Farm takes a multi-pronged approach to local economic development commitments. Their theory of change is rooted in the realisation that in order to catalyse an economically sustainable environment, you need to build a strong foundation for the future while also attempting to address the immediate needs of today. While they place emphasis on building for the future – they will continue to make efforts to contribute to the betterment of today for the communities within which they operate.

#### Noblesfontein Wind farm



We understand that energy efficiency plays a significant role in the battle against climate change. One of our assets we invested in, Noblesfontein Wind Farm, mitigates the effects of climate change through the reduction of its carbon footprint. CO<sub>2</sub> emissions CO<sub>2</sub> are monitored based on actual production and converted to CO<sub>2</sub> using

a grid emissions factor of 0.975 which is based on a validation done by the Japan Consulting Institute on the basis of the United Nations Framework Convention on Climate Change criteria for the Clean Development Mechanism.

### SOCIAL

We recognise the numerous and growing ESG risks challenges faced by Africa, challenges including poor access to energy, water scarcity, unemployment and inequalities resulting in financial toughness and its ability to fund the sustainability development. With the rising challenges, we continue to integrate societal impact to positively influence wherever possible.

Dorper Wind Farm has prioritised their community engagement efforts to align with key focus areas, including health, education, skills development, and economic development. In addition, the safety and well-being of their employees remain paramount to their operations and are pleased to report zero lost-time injuries ("LTIs") in the current year and none since operations began in 2014.

#### Building Socio-Economic Foundations through Education

To lay strong Socio-Economic Foundations by investing in all stages of the educational development of children – building a foundation of individuals that are eager, willing and motivated to be economically active and productive citizens. These initiatives include:

- Early childhood development;
- Academic support;

- Strategy and entrepreneurial mindset; and
- Arts and culture.

#### Economic Stimulus through Skills Development and Entrepreneurial Support

To create short, medium and long-term economic stimulus by investing in skills development and entrepreneurial support – thereby catalysing the local economy, and catapulting youth from poverty into opportunity. These initiatives include:

- Bursary programme;
- Learnership; and
- Internship and enterprise development.

#### Legacy Preservation – Elderly and Community Welfare

To respect the legacy of the communities, by contributing to the overall welfare of the community, and particularly the well-being of the elderly. These initiatives include:

- The elderly; and
- Community welfare.

The biggest challenge that confronts the Company is the poor quality of projects that the ED/SED team have been receiving from the beneficiary communities. The Company is taking corrective action in the form of mentorship and capacity development programmes.

### Jasper Solar Farm



Jasper continues trying to make a difference where they can and to live up to their motto: "Committed in supporting Socio-Enterprise Development for the benefit of the community at large".

#### Infrastructure Development

Upgrading community facilities through construction and development.

#### Education

Empowering the youth to make better decisions in their daily lives in order to create a better future for themselves and their families.

#### Community Development

Making contributions in the local communities that lead to a more socially stable environment for families.

#### Sports Development Projects

Contributing towards the support of grassroots interventions for sporting achievement and personal development.

#### Health Projects

Making a positive impact through primary healthcare education, family planning, preventative programmes relating to HIV/AIDS and assistance to drug and alcohol centres.

#### Phuthanang Care Centre

The Jasper Power Company, together with the Peace Humansrus Trust, have completed the build of the Phuthanang Care Centre, located in Thlakalatlou, Daniëlskuil. Phuthanang, operating with the assistance of the Custoda Trust, was finally completed at the end of March 2021. The centre currently boasts a complement of 48 children, ranging from four months to four years old.

The goal of this centre is to provide the foundation phase in the education value chain, which begins from birth to the age of eight. Early Childhood Development Centres take children on the first steps in a lifelong learning journey, by designing, studying, supporting, and scaling up programmes that enhance school readiness and long-lasting success.

The Phuthanang Care Centre is fully equipped with qualified teachers who are trained in ECD teaching, is well stocked with age-appropriate toys and learning materials. All children receive nutritious meals on a daily basis, are nurtured in quality Early Childhood Development, and it is hoped that the care they receive will have a profound effect on the development of these young children, along with life-changing benefits for the Daniëlskuil community.

Phuthanang's aim is to further bridge the gap as an integrated training centre, servicing the community through various outreach programmes. Therefore Phuthanang Care Centre will not only serve the community as an Early Childhood Development ("ECD") Centre, but also as a training centre in future for the community itself.

#### Postmasburg District Hospital

Jasper Power consider the health and well-being of the communities to be very important, as they continue providing support and

assistance to Postmasburg Hospital. This 45-bed hospital remains severely understaffed. It is being manned by a small complement of 24 nurses, as well as seven doctors, only one of whom fills a permanent position. The facility is therefore severely short-staffed, and would greatly benefit from having double the current number of personnel.

Through Jasper Power's intervention, the stipends of two Postmasburg Hospital administrators have been paid since the start of their employment in 2016. They are much needed, in addition to their administration work, they assist with the admission of patients. In 2017 repairs in and around the paediatric ward were completed with the installation of 18 air-conditioning units in the paediatric ward, treatment room, medicine room, male ward, female ward, casualty, and the hospital's boardroom.

In 2019 Jasper Power refurbished the hospital's hot water system, installing new geysers and also purchasing much needed hospital linen and equipment.

#### Tsantsabane Drug and Alcohol Rehab Centre

Jasper Power pledged their support, through 2019 to 2020, to the work of the Tsantsabane Drug and Alcohol Rehab Centre – an outpatient rehabilitation facility operating within the Tsantsabane community. The centre was initiated by the Kolomela Iron Ore mine, and at times experiences severe funding shortages, which hampers the work it needs to perform.

This centre is an identified NGO, which fits in with Jasper Power's Socio-Economic Development strategy of helping to build and support communities. Jasper continues to assist the centre with various intervention programmes.

Jasper Power's ongoing assistance to the Tsantsabane Drug and Alcohol Rehab Centre enables us to support the community in terms of the local population's mental psyche, high levels of unemployment are adding to the high rate of drug and alcohol abuse in the area. This initiative affords the centre the help it needs to continue its valuable work, and the long-term drug rehabilitation programme is thereby available to those patients in dire need of the full period of six months.

#### Soup Kitchens: Groenwater and Skeyfontein

The Groenwater and Skeyfontein soup kitchens are located within a 50 km radius of the Jasper Power Project, in Postmasburg. The local area has a large population which is dependent on the government grant, due to high levels of unemployment. The soup kitchens cater for ±100 beneficiaries in each community, which include children, as well as men, women and youth who are unemployed. The beneficiaries receive at least one nutritional meal per day, in an effort to restore their dignity.

The Department of Social Development is the only funder of the soup kitchens, but its funding can only stretch to operational needs such as stipends for employees and purchasing monthly groceries. Jasper Power has come to the assistance of the soup kitchens, by purchasing much needed Jojo tanks, chairs, freezers and cupboards for groceries purchased by the Department of Social Development.

### Lesedi Solar Farm



Lesedi has committed to broad-based community benefit in its Socio-Economic Development ("SED") programme over its 20-year project lifespan. The Project is committed to uplifting lives of impoverished communities by addressing their priority needs; such as education, health care, caring for the aged, youth development, infrastructure and other social welfare initiatives.

#### Sanitary Pad Drive

In South Africa young girls often miss school and are forced to stay at home due to not being able to afford the monthly cost of purchasing sanitary pads. According to UNICEF one in 10 girls in school in Africa miss school or drop out due to their period. Often girls who cannot afford to purchase sanitary pads have to resort to using unsafe absorbent materials such as rags, newspaper or toilet paper.

Lesedi has funded an ongoing project to reduce school absenteeism of young girls enrolled from grade 7 to 12, and to improve the safe and hygienic disposal of sanitary waste.

In addition to providing a monthly supply of sanitary pads, Lesedi also provided female learners with a carry bag, a diary containing an instruction sheet and a cycle tracker. Nurses were also present at the initial distributions to create awareness on female hygiene.

Lesedi also equipped all female toilets at the beneficiary schools with sanitary bins to ensure learners have access to hygienic disposal facilities thereby reducing the improper disposal of sanitary waste.

#### Groenwater community water security project

The Groenwater community in the Northern Cape relies on boreholes as their main source of water. In the absence of functioning boreholes to supply clean water, the community can often go without water for a period of up to four days. This results in community members not having access to water for consumption, cooking, cleaning or washing. To ensure that the community has access to a sustainable supply of clean water, Lesedi undertook to install solar borehole pumping systems at three borehole sites in the Groenwater community. The design of the installation addresses various security measures to reduce the risk of theft and ensure the continued functioning of the boreholes to supply clean water to the community.

The project was a community-based project where only local labour were used, i.e. four skilled workers and seven unskilled workers. Lesedi expects that the community's involvement in this project would create a sense of ownership and accountability amongst community members.



### Letsatsi Solar Farm



Letsatsi has committed to broad-based community benefit in its Socio-Economic Development programme over its 20-year project lifespan. Letsatsi was amongst others involved in the following projects:

#### Early childhood development implements and compliance project

Due to the significant lack of investment in ECD centres across South Africa, ECD centres located in rural and/or peri urban-areas often operate as informal day care centres. These centres struggle to afford to purchase basic educational resources and often are non-compliant with the Department of Social Development.

Letsatsi's ECD development programme supports nine centres and includes assistance to ensure these ECDs are compliant with legislative requirements and thus qualify for the respective government operating subsidies/grants. Such grants support ECD running costs. All nine ECDs were supported with furniture, mattresses, fire extinguishers, HSE training, implements and learning material accompanied with 12-month practical training. A total of five ECDs received Prefab Nutrition Kitchens.

#### Ikgomotseng clinic "ideal clinic" status project

All public clinics have taken on the initiative of attaining the "ideal clinic" status as mandated by the Department of Health. This means that public clinics must work towards achieving the same



## Sustainability (continued)

level of service delivery as private clinics. However, public clinics face the challenge of a lack of resources and funds which makes it difficult to attain the "ideal clinic" status. The Ikgomotseng clinic is in Soutpan, Free State. The clinic serves between 1 800 and 2 000 people monthly and appeared to be a Reconstruction and Development Programme house that had been converted into a clinic, hence the facility was too small to accommodate all patients.

In partnership with the DOH and Boshoff Solar Plant, Letsatsi has undertaken extensive upgrades of the clinic to increase its capacity

and achieve the ideal clinic status. The clinic has been provided with a pharmacy and dispensing area. Two additional consulting rooms have been constructed which allows for one consultation room to be used as a doctor's consultation and an emergency room. The toilets have been upgraded for people who are disabled. An archive has been constructed to allow for confidential files to be stored safely and reduce the waiting time for patients. Additional renovations include a multifunctional room, sluice room, enlarged reception area, improved signage, security measures and upgrades to the parking area.

### Noblesfontein Wind farm



Noblesfontein invests in SED and ED of the local community residing within 50km radius from the project site where engagement with the community on a regular basis is undertaken. SED and ED projects are administered by Knowledge Pele and Coria's Community Liaison Officers and from this, a monthly report is generated. A local community forum is held on a regular basis to engage with the community with regard to the SED and ED projects. The annual monitoring and evaluation report is then compiled by an independent research team contracted through Knowledge Pele Research. This report aims to measure the developmental impact and effectiveness of their SED and ED programmes (eight programmes in total), incorporating a baseline measurement and assessing their success of meeting their intended objectives (theory of change).

Overall, Noblesfontein is investing in programmes that enjoy positive community perceptions. Participants within the Work Experience

Programme and Community Liaison expressed a desire for the programme to run for more than one year and the number of personnel with identification documents (ID Intervention Programme) continues to rise. The KP Starter Pack Programme is undoubtedly addressing the challenge of high unemployment in the community as the businesses created have employed community members. The Infundo Teacher Training Programme has also included more workshops to help teachers improve their technical skills. With regards to the Social Infrastructure Programme, the installed solar panels continue to function well, and schools have realised the cost-saving benefits of using solar panels. The Bursary Programmes ("KP") and ("MAD") are functioning effectively, with very positive feedback from participants and requests to extend the Programme to other communities/areas and fund individuals in private universities/institutions.

## GOVERNANCE

Our corporate governance ensure that sustainability considerations are built into day-to-day operational decision-making and integrating social and environmental risk into business-level policies and frameworks.

The Mahube SEC is responsible for reviewing Mahube's policies relating to sustainable development. This includes ethics and compliance, Corporate Social Investment, Socio-Economic Development and Enterprise Development activities, stakeholder relations, B-BBEE, labour relations and working conditions, and management of the impact of Mahube's businesses on the environment.

The SEC actively manages activities of the organisation to promote a culture of ethical conduct. The committee monitors and reports on the environment, health and public safety issues, including the impact of the Company's activities.

Mahube is invested in its infrastructure assets through companies that operate these assets. We exercise oversight in these asset-

operating companies to ensure they are upholding acceptable standards on environmental, social and economic development practices. If there are any issues, we, through our management team, engage with the management of the operating companies on these matters.

Our management team is represented on the board directorships of some of the companies that own and operate the infrastructure assets in which Mahube is invested. This enables us to monitor and contribute meaningfully to activities and decisions that may impact sustainability considerations.

One of our assets, Dorper Wind Farm, they uphold the highest standards of governance and ethical behaviour, they provide oversight and support, ensuring that the company complies with these standards and achieves its operational objectives. Their commitment to ESG principles is integral to their overall strategy and guides their decision-making processes.



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# 4 GOVERNANCE

## Board of Directors

The Board provides strategic direction and leadership and monitors implementation of strategic objectives. It acts as the focal point for, and custodian of, corporate governance by managing its relationship with management, shareholders and other stakeholders of the Company.

### Executive Management



**Gontse Moseneke (42)**

Appointed: 1 July 2020

#### Chief Executive Officer

*BSc (Statistics and Actuarial Science),  
MSc (Actuarial Management)*

Skills brought to Mahube: Communication; financial management; corporate governance, board experience, business development, strategic leadership and corporate management.



**Petro Lewis (41)**

Appointed: 1 July 2020

#### Financial Director

*CA(SA), BCom (Honours)*

Skills brought to Mahube: Financial management, governance, financial reporting, board and committee experience.

### Independent Non-Executive Directors



**Martin Kuscus (67)**

Appointed: 13 March 2023

#### Independent Non-Executive Chairperson

*BA Cur, EDP (Harv)*

Skills brought to Mahube: Strategic leadership, extensive corporate governance experience, stakeholder management.



## Board of Directors (continued)



**Audit and Risk Committee**



**Social and Ethics Committee**



**Remuneration Committee**



**Nomination Committee**

\* Permanent invitees to all Committees of the Board.

### Independent Non-Executive Directors



**Sisanda Tuku (44)**

**Appointed:** 21 November 2016

#### Independent Non-Executive Director

CA(SA), BCom (Honours)

Skills brought to Mahube: Accounting, Corporate Finance, Risk Management, Capital Raising, Operational and Business Development.



**Mamoso May (42)**

**Appointed:** 21 October 2022

#### Independent Non-Executive Director

BCompt, MBA

Skills brought to Mahube: Infrastructure asset management, accounting, operational, business development.



**Marion Shikwinya (41)**

**Appointed:** 21 October 2022

#### Independent Non-Executive Director

LLB, LLM (Corporate Law and Intellectual Property Law)

Skills brought to Mahube: Legal, risk, governance, transformation, board and committee experience.

# Corporate governance report

## Introduction

The Mahube Board is the custodian of corporate governance and plays a prominent role in the strategic development and risk management processes of the Company. The Board understands that adhering to the highest standards of corporate governance is fundamental to the sustainability of the Mahube business and continues to advocate strong ethics standards as the foundation for leadership accountability within the Company.

The Board supports the governance outcomes, principles, and recommended practices of King IV™ as appropriate for the Company. Through the application of the King IV™ principles, the Company aims to achieve the following governance outcomes: ethical culture, good performance, effective control, and legitimacy. The Board believes that these principles and recommended practices are integrated throughout the Company, supporting the achievement of King IV™ governance outcomes and confirms that the Company has in all material aspects applied the principles of King IV™. A report on the Company's application of the principles is available on its website.

This report is aimed at assisting stakeholders in assessing the Company's approach to corporate governance and application of the King IV™ practices and principles.

## The Board of Directors

The Board is also responsible for the establishment and maintenance of the ethical culture of the Company. The Board determines the Company's strategic direction and regularly engage with Executive Management to understand the factors that are required to be considered to ensure sustainable strategies for the Company's business activities. Decisions, deliberations, and actions are taken with cognisance of the Company's ethical values and principles.

The Board is ultimately responsible to ensure that the Company's mission, vision, and objectives are ethically sound. Active measures are taken by the Board to ensure that ethical standards of the Company are adhered to, including implementing appropriate governance structures, policies and processes to support an ethical culture. The Social and Ethics Committee and Audit and Risk Committee each have acute focus on matters of ethics and governance.

As set out in the King IV™ Report, the Board appreciates that the Company's core purpose, its risks and opportunities, strategy, business model and sustainable development are all inseparable elements of its value-creation process. Decisions need to be made in an integrated manner, taking into account the effects of strategy on all stakeholders and the social, economic and environmental context.

## Board composition and changes thereto

A key aspect of Mahube's governance philosophy is that no one individual has unfettered powers of decision-making. During the period under review the Board comprised six Directors, two of whom are Executive Directors and four of whom are Independent Non-Executive Directors.

The Board welcomed Mamoso May, Marion Shikwinya and Martin Kuscus as Independent Non-Executive Directors to the Board. Karén Breytenbach resigned as Independent Non-Executive Director and Themani Bukula did not make himself available for re-election to the Board at the AGM in terms of the Company's Memorandum of Incorporation and consequently retired as independent Non-Executive Director. Eddie Mbalo also resigned as Independent Non-Executive Chairperson to the Board and subsequently to his resignation, Martin Kuscus was appointed as independent Non-Executive Chairperson to the Board.

Each of the Directors brings to the Board a wide range of qualifications, expertise, commercial experience, and business acumen that allow them to exercise independent judgement in Board deliberations and decisions in directing Mahube's value-creation processes to ensure that they are sustainable for all stakeholders. All Directors receive regular briefings on changes in risks, laws and the business environment and have unrestricted access to management.

The Board, with the assistance of the Nomination Committee, annually considers the composition of the Board and was satisfied that it has the appropriate mix of knowledge, skills, experience, diversity, and independence to objectively discharge its governance role and responsibilities that are in the best interest of its stakeholders. While retaining overall accountability and subject to matters reserved to itself, the Board has delegated to the CEO the authority to run and manage the day-to-day affairs of the Company. The CEO is held accountable through regular reports to the Board and is measured against agreed performance criteria, key performance indicators and objectives appropriate to the current stage in the business cycle.

The role of the Chairperson of the Board and the CEO are independent and not held by the same person, as clearly defined in the Board Charter, to further ensure that no individual has unrestricted decision-making power. During the period under review, Eddie Mbalo remained the Independent Chairperson of the Board and was responsible for leading the Board, while Gontse Moseneke, the CEO, was responsible for the executive management of the Company.

Non-Executive Directors bring an independent judgement to bear on issues of strategy, performance and resources and act in the interest of the Company's stakeholders. Executive Directors provide insight into day-to-day operations and are responsible for implementing strategy and all operational decisions.

The curriculum vitae of the members of the Board can be found on the Mahube website [www.mahube.africa](http://www.mahube.africa).

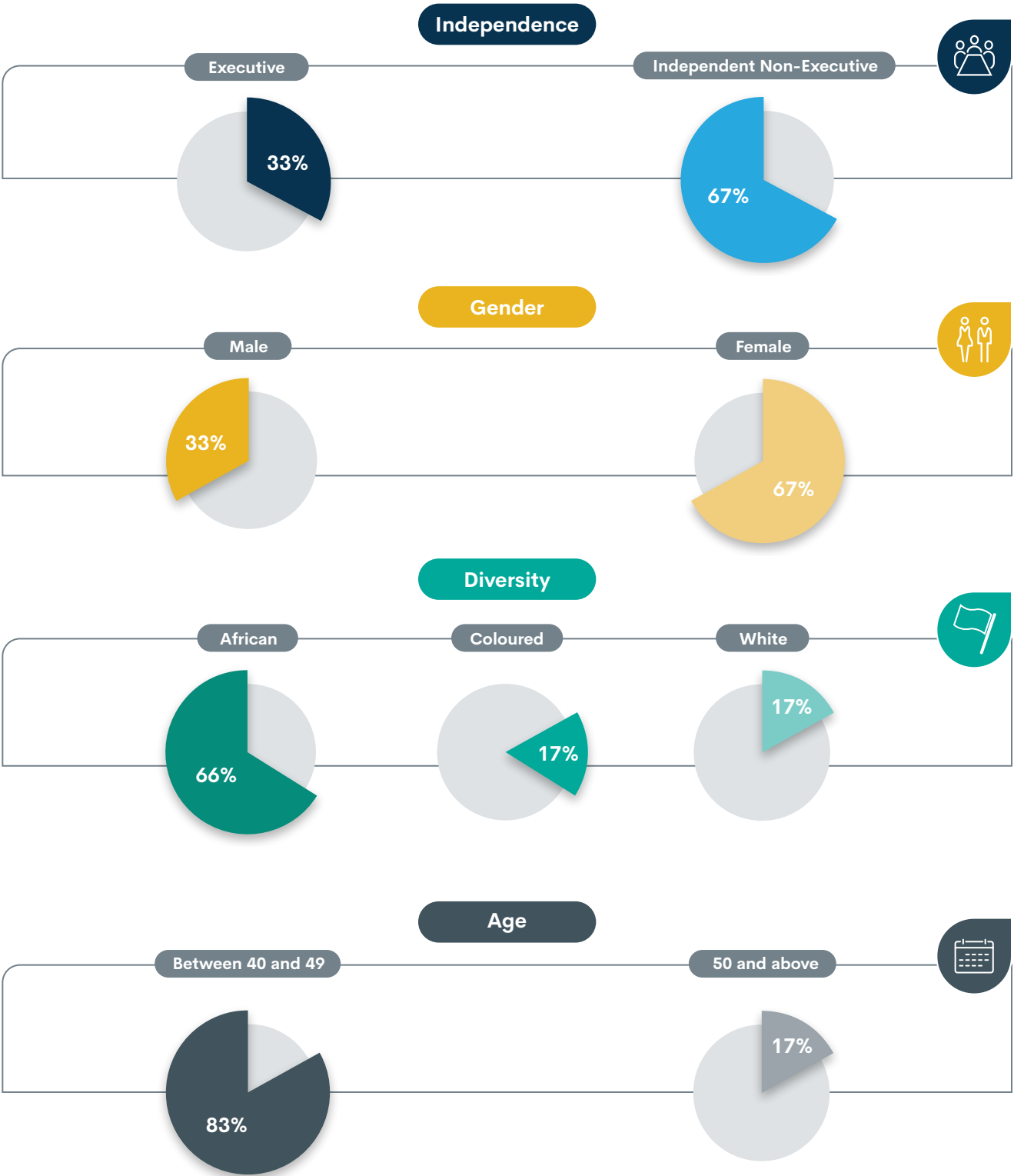
Corporate governance report (continued)

Board diversity

The Board promotes diversity through a variety of attributes including knowledge, skills, experience, age, culture, race, independence, and gender. During 2020, the Board adopted a Board Diversity Policy to replace the previous Gender and Race Diversity Policy. The Board remains satisfied with its voluntary

targets in respect of achieving broader diversity at Board level and takes the policy into account when making Board appointments.

The Board remained satisfied with the diversification of the Board through the appointments of Mamoso May, Marion Shikwinya and Martin Kuscus in 2022 and 2023 respectively.





## Corporate governance report (continued)

### Independence

All Directors have a duty to act with independence of mind and in the best interests of the Company. Directors are further required to declare any conflicts of interest in relation to matters on the agenda at Board meetings. Directors recuse themselves from discussion or decisions on matters in which they have a conflict of interest, subject to any other action required in terms of the Companies Act.

The classification of Independent Non-Executive Directors is determined by the Board and evaluated on an annual basis. In determining the independence of these Directors, and with due regard to the relevant criteria set out in King IV™, the Board Charter and the JSE Listings Requirements, character and judgement are considered, along with any relationships or circumstances that may affect their judgement.

Any term in office by an Independent Non-Executive Director exceeding a period of nine years is subject to a rigorous review by the Board. No Independent Non-Executive Director has been in office for a period exceeding nine years and therefore no independence assessment was required.

The Independent Non-Executive Directors are highly experienced and have the skills, background, and knowledge to fulfil their responsibilities and the Board remained satisfied with the independence of Sisanda Tuku, and the newly appointed directors, Mamoso May, Marion Shikwinya and Martin Kuscus.

### Responsibilities of the Board

The Board Charter guides Directors on the Board's responsibilities, authority, composition, meetings and need for performance evaluations. The Board Charter is reviewed annually to ensure that it is aligned with the principles and practices recommended by King IV™ in addition to other regulatory and legislative requirements.

The Board has oversight of the application of corporate governance principles, supported by specific statutory and other Board Committees. The provisions set out in the Companies Act, King IV™ and regulatory requirements have been applied to the delegation of authority of the Board Committees in assisting the Board with specific duties and functions.

Board meetings are held at least quarterly, with additional meetings called when necessary. The quorum for meetings is a majority of Directors.

The responsibilities of the Board include:

- Ethically leading the Company for sustainability in terms of the economy, environment, and society, taking account its impact on internal and external stakeholders;
- strategically direct, control, set the values, align management to the latter and promote the stakeholder-inclusive approach of governance;
- determining the strategy and strategic objectives of Mahube;
- ensure that the Company is and is seen to be a responsible corporate citizen;
- providing ethical leadership and direction to Mahube in all matters by ensuring the Company's ethics are managed effectively through building an ethical culture, setting ethics standards, measuring adherence and incorporating ethics into its risk management, operations, performance management and disclosure;

- ensuring that Mahube has an effective and independent Audit and Risk Committee and Remuneration Committee;
- monitoring that Mahube complies with all relevant laws, rules, codes and standards of business practice through a Compliance Framework;
- reporting on the effectiveness of internal controls; and
- determine and set the tone of Mahube's values.

Key focus areas of the Board in the year included:

- development of the proposed strategy and strategic objectives of Mahube; and
- evaluating the B-BBEE strategy in line with the proposed strategy.

### King IV™ and governance

The King IV™ Report advocates an outcomes-based approach, and defines corporate governance as the exercise of ethical and effective leadership toward the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

The application of the King IV™ principles and recommended practices is on an apply and explain basis and are entrenched in many of the Company's internal controls, policies and procedures governing corporate conduct. The Board is satisfied that in the main, Mahube has applied the principles set out in King IV™.

The Board continually assesses the Company's governance practices and procedures to make timeous adjustments where necessary.

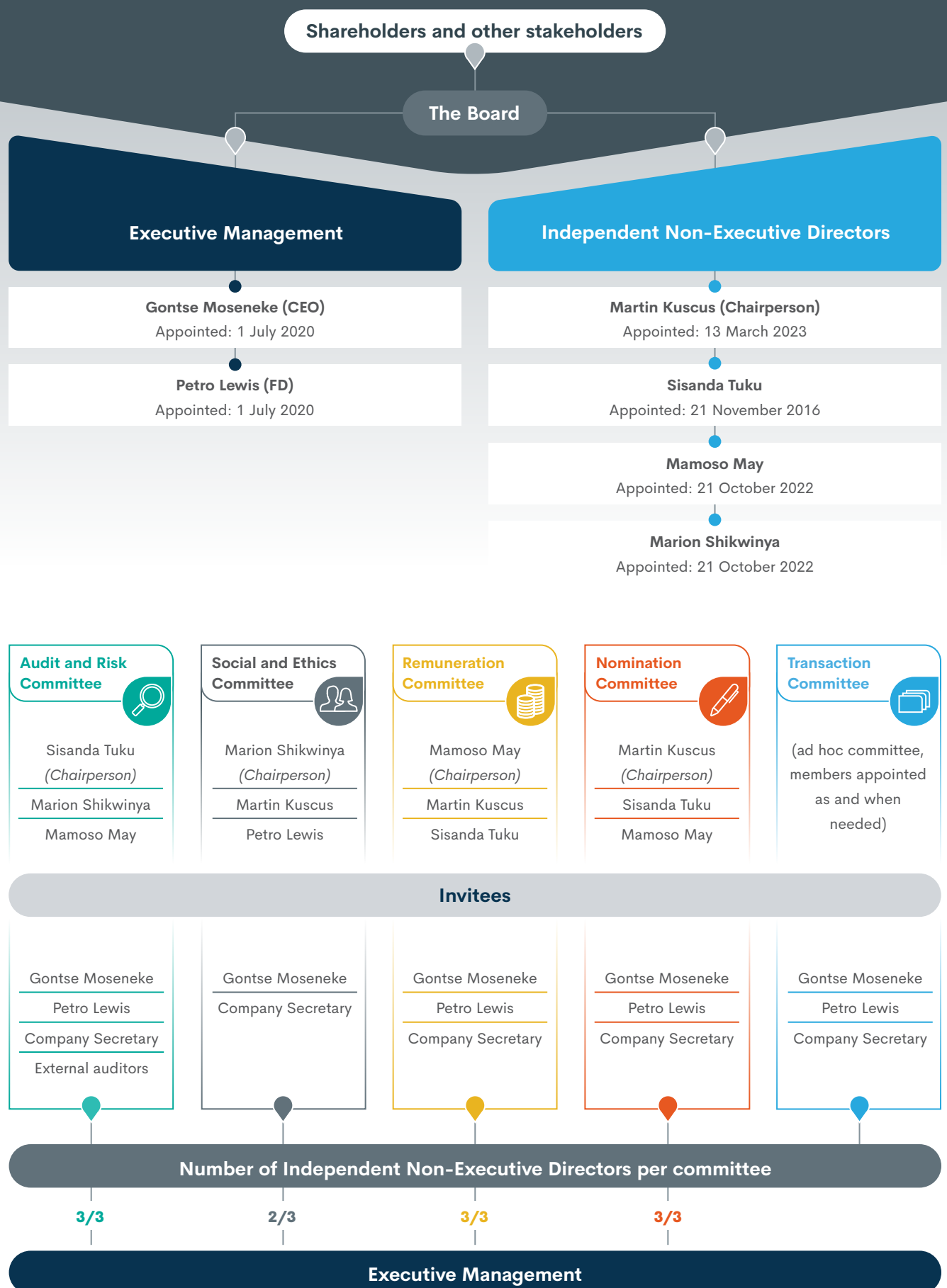
### Applicable governing frameworks

Mahube complies with:

- the Companies Act No 71 of 2008, as amended (the Companies Act);
- the JSE Listings Requirements;
- relevant statutes and regulatory requirements applicable to South African companies;
- the regulations of its Memorandum of Incorporation; and
- other authoritative directives regulating its conduct.

**All Directors have a duty to act with independence of mind and in the best interests of the Company. Directors are further required to declare any conflicts of interest in relation to matters on the agenda at Board meetings. Directors recuse themselves from discussion or decisions on matters in which they have a conflict of interest, subject to any other action required in terms of the Companies Act.**

# Governance structure



## Governance structure (continued)

### Independent advice

The Board recognises that there may be occasions where Directors consider it necessary to take independent professional advice. This is done at the Company's expense according to an agreed procedure.

### Director appointments

The Non-Executive Directors have no fixed terms of appointment as they are subject to appointment and reappointment by the shareholders.

Appointments to the Board are formal and transparent. After review, proposals for election/re-election to the Board are recommended by the Nomination Committee and are considered by the Board as a whole, subject to the approval/ratification of shareholders. All recommended director appointments are subject to background and reference checks.

Mahube's MOI provides that, at every AGM of the Company, one-third of the Non-Executive Directors shall retire from the Board by rotation. If eligible, such Directors may offer themselves for re-election. If a Director is appointed as an Executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation.

Non-Executive Directors are required to dedicate sufficient time to Mahube Board matters. They may serve on other boards, provided that such other appointments do not create a conflict of interest or interfere with their duties to the Mahube Board, but rather afford the ability to add value by bringing a broader perspective to Board deliberations.

### Board evaluation

The Board through the Company Secretary, plan to perform evaluation of the performance of the Board and of the individual Directors at the end of 2023 due to the recent appointments of directors within the Company.

### Board committees

The Board Charter allows for the delegation of responsibilities to committees formed by it to assist it in the execution of its duties, power, and authorities. The Board acknowledges that the delegation of authority to its committees does not detract from the Board's responsibility to discharge its fiduciary duties to Mahube.

The Companies Act and the JSE Listings Requirements also dictate the formation of certain committees as well as their composition and statutory mandates. The Board has delegated additional responsibilities to these committees, over and above their

prescribed mandates. The Board presently has four standing committees being:

- Audit and Risk Committee;
- Social and Ethics Committee;
- Remuneration Committee; and
- Nomination Committee.

The Board has also established a Transaction Committee which assists the Board on an ad hoc basis on matters falling within its mandate.

Delegation of authority to a sub-committee is set out in the terms of reference for that committee. The terms of reference also set out, inter alia, the composition, purpose, powers and authority of the committee, the scope of its mandate and its relationship to the Board; the committee's access to the Company's records, employees, and any other resources necessary to discharge its duties and responsibilities; and the prescribed frequency of attendance at and procedure to be followed in meetings. The terms of reference of the various committees are reviewed annually and any changes are approved by the Board. Only Directors are appointed as members of the committees, with members of Executive Management attending committee meetings as standing invitees. Each committee's terms of reference detail the role, functions, and responsibilities of the committee. Each committee's terms of reference set out the delegated authority in respect of decision-making, responsibility, and fulfilment of its duties.

As provided for in these committees' terms of reference, members of the Social and Ethics Committee, Remuneration Committee and Nomination Committee are appointed by the Board for an indefinite period, provided that if a member ceases to be a director that member will simultaneously cease to be a member of the committee. The Board has the power to remove any members of a committee and to fill any vacancies created by such removal.

Members of the Audit and Risk Committee are elected annually by shareholders and their tenure is accordingly from one Annual General Meeting to the next. Vacancies on the Audit and Risk Committee may be filled in terms of the provisions of the Companies Act. Each committee's terms of reference detail the process for reporting to the Board.

The Social and Ethics Committee is required in terms of the regulations to the Companies Act to report to shareholders at the Annual General Meeting on the matters within its mandate, which it does.

Committee self-assessments will be performed at the end of the 2023 year due to the recent appointments of members to the committees. Attendance schedules for committee meetings held in FY2022 and the qualifications and experience of each of the committee member are set out respectively on page 42 and pages 35 to 36 of this report.



## Governance structure (continued)

### Directors' attendance of meetings

The Board met six times during the year under review.

Attendance at Board and Committee meetings for the financial year ended 28 February 2023 are set out below:

| Director                   | Board<br>(6 meetings) | Audit<br>and Risk<br>Committee<br>(3 meetings) | Remuneration<br>Committee<br>(3 meetings) | Social and<br>Ethics<br>Committee<br>(2 meetings) | Nomination<br>Committee<br>(3 meetings) |
|----------------------------|-----------------------|--|---|---|---|
| Eddie Mbalo (Chairperson)* | 6/6                   | NR   | 3/3                                       | 1/1   | 3/3                                     |
| Thembani Bukula***         | 3/3                   | 1/1  | 2/2                                       | 1/1   | 2/2                                     |
| Sisanda Tuku               | 6/6                   | 3/3  | 3/3                                       | NR  | 3/3                                     |
| Karén Breytenbach**        | 3/3                   | 1/1  | NR  | 1/1   | 2/2                                     |
| Mamoso May****             | 3/3                   | 2/2  | 1/1                                       | NR  | 1/1                                     |
| Marion Shikwinya****       | 3/3                   | 2/2  | NR  | 1/1   | NR                                      |
| Gontse Moseneke            | 6/6                   | 3/3  | 3/3                                       | 2/2   | 3/3                                     |
| Petro Lewis                | 6/6                   | 3/3  | 3/3                                       | 2/2   | 3/3                                     |
| Company Secretary          | 6/6                   | 3/3  | 3/3                                       | 2/2   | 3/3                                     |

Notes:

NR Not required.

\* Resigned 13 March 2023.

\*\* Resigned 16 September 2022.

\*\*\* Resigned 21 October 2022.

\*\*\*\* Appointed 21 October 2022.

### Dealing in securities and insider trading

Mahube has a share dealing policy in line with the Listings Requirements and the Financial Markets Act. Closed periods are implemented as per the Listings Requirements, during which the Company's Directors, Executives and Company Secretary are not allowed to deal in Mahube shares. Additional closed periods are enforced should Mahube be subject to any corporate activity requiring a cautionary announcement. All dealings in shares of Mahube by Directors are reported on the JSE Limited Stock Exchange News Service ("SENS") within 72 hours of the trade.

On or about 28 December 2022 Encha Infrastructure Investments (Pty) Ltd, a subsidiary of Encha Group Proprietary Limited ("Encha") unbundled its 0.6% interest in Mahube to certain related parties who had advanced loan facilities to it, in settlement of the outstanding balances on such loan facilities (the "Unbundling"). In terms of the JSE Limited Listings Requirements (the "Listings Requirements") Encha's interest in the Company was previously reported as an indirect beneficial holding of an associate of Mr Gontse Moseneke. Pursuant to the Unbundling, Matlotleng Properties (Pty) Ltd ("Matlotleng"), of which Mr Gontse Moseneke is the sole director, received direct ownership and possession of a 0.2% equity interest in Mahube.

Directors are aware that when a matter is considered by a Board in which they individually have a direct or indirect interest, this should be disclosed prior to the Board meeting. These disclosures are

noted by the Board when necessary and recorded in the minutes of a Board meeting.

All Directors, officers and employees of the Company are advised of closed and prohibited periods in terms of the requirements of the JSE. Directors, employees, consultants and agents are prohibited from trading in the Company's securities during closed and prohibited periods.

Director interest in securities is available on page 61 of the report.

### Risk governance

Risk governance and management are integral elements of the Company's governance framework. The Company ensures that business-specific risks are adequately and timeously identified and mitigation actions allocated, whether they are operational, strategic or emerging risks, or risks posed by the external environment. The responsibility of designing, implementing and monitoring the risk management plan is delegated to management and the Audit and Risk Committee. The overall risk profile of the Company has not changed materially in the period under review. The Board confirms that the Company's risk management, mitigation and monitoring processes were effective and limited the impact of risks on the business during the period. For detail on the material risks and issues facing the Company, and how these inform the Company's strategy, please refer to page 17 of this report.

## Governance structure (continued)

### Political party support

The Company does not, as a principle, donate to political parties, neither is it affiliated to any specific political party.

### Company Secretary

All Directors have access to the advice and services of the Company Secretary, Fusion Corporate Secretarial Services Proprietary Limited ("Fusion").

Neither the Company Secretary, nor any of its representatives, are Directors of the Company and accordingly maintain an arm's length relationship with the Board. Furthermore, the Board is of the opinion that there were no direct or indirect relationships between the Company Secretary and any of the Board members which could comprise an arm's length relationship with the Board.

While not a member of the Board, the Company Secretary is responsible for engaging with the Board Chairperson and committee chairs on meeting agendas, ensuring compliance with Board and committee procedures, terms of reference, and relevant legislation and regulations. In addition to the statutory duties of the Company Secretary, the Company Secretary supports the Board as a whole, and Directors individually, by providing guidance on how to fulfil their related responsibilities in the best interests of Mahube.

Fusion was assessed during the previous financial year as being competent, suitably qualified, and experienced. No formal assessment was done in this financial year due to the recent appointments of directors within the Company. The Board plan to perform an evaluation of the Company Secretary at the end of 2023.

The certificate that the Company Secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 64 of the report.

### IT and information governance

The Audit and Risk Committee is responsible for IT governance on behalf of the Board and reviews the reports from Management and external assurance providers to ensure that an adequate and effective IT system is maintained. Management is responsible for the implementation of an IT governance framework for the Company to ensure that IT expenditure and investments in IT infrastructure are managed effectively and are aligned with business objectives.

### Going concern

The Board considers and assesses Mahube's going concern basis in the preparation of the interim and Annual Financial Statements. In addition, the solvency and liquidity requirements per the Companies Act are considered. The Board is satisfied that Mahube will continue as a going concern into the foreseeable future.

### Material litigation

During the financial year, Mahube was not involved in any material litigation or arbitration proceedings. Subsequent to year end a court application was received with Mahube Capital Fund 1 and Mahube Infrastructure Investments being two of the eleven respondents. The application seeks a declaratory order regarding the Mahube entities' entitlement to have a representative exercising voting rights on the Board of one of the project companies. No monetary claim has been made and from a financial perspective our exposure is limited.

“ The Company Secretary supports the Board as a whole, and Directors individually, by providing guidance on how to fulfil their related responsibilities in the best interests of Mahube. ”



Dorper Wind Farm

# Remuneration Committee report

The objective of this report of the Remuneration Committee (the “Committee”) is to provide an overview and understanding of Mahube’s remuneration philosophy and to report on the remuneration paid to Executive Directors and the Non-Executive Directors.

## Composition and meeting attendance

During the period under review up to the date of this report the Committee comprised the following members:

- Thembani Bukula (Chairperson up to 21 October 2022);
- Sisanda Tuku (Member);
- Eddie Mbalu (Member up to 13 March 2023);
- Mamoso May (Chairperson, appointed 8 December 2022); and
- Martin Kuscus (Member, appointed 13 March 2023).

The Board is satisfied that the members of the Committee have the necessary skills and experience to enable the Committee to fulfil its duties. An overview of the Directors’ qualifications and experience appear in the Integrated Annual Report.

In line with the recommended practices of King IV™, the Chairperson of the Board of Directors is a member of the Committee but is not its chairperson. The CEO and the FD attend the meetings of the Committee as standing invitees but recuse themselves from the meeting before decision-making pertaining to their remuneration, including bonuses.

The number of meetings and attendance per Committee member, during the period under review, is shown in the corporate governance section of the Integrated Annual Report.

## Role and responsibilities

The Committee is responsible for overseeing the governance of remuneration matters. It is specifically responsible for ensuring that the Company remunerates its Executive Directors fairly and responsibly, and that the remuneration policies in place serve the Company’s long-term interests. In discharging its responsibility, the Committee reviews the remuneration policy and its implementation on an annual basis. The remuneration policy and implementation report are outlined in the remuneration report.

The Committee operates under terms of reference that are aligned with the recommendations of King IV™ and are reviewed on a regular basis. In addition to the above, the Committee’s duties and responsibilities include:

- ensuring, in consultation with the Nomination Committee, that formal succession plans for the Board of Directors, the CEO and the FD are in place;

- reviewing other remuneration-related matters, as the Board of Directors may direct from time to time;
- ensuring that the Directors and Executives are fairly and responsibly remunerated and that the disclosure in respect thereof is accurate and transparent. The Committee does this by overseeing the implementation of remuneration policies in relation to the Executive Directors and the Non-Executive Directors, reviewing the outcomes of the implementation of these policies and evaluating whether they promote the achievement of the Company’s strategic objectives and encourage high individual performance. Where circumstances necessitate, the Committee recommends to the Board of Directors appropriate improvements in the remuneration structure; and
- considering the results of the CEO and the FD evaluations in determination of bonus awards.

## Activities for FY2023

The Committee met once during the year and focused on:

- overseeing executive management’s engagement with shareholders regarding the Company’s remuneration policy and implementation report;
- reviewing the Committee’s terms of reference;
- overseeing the development of a staff incentive scheme, which is earmarked to be a key instrument in the Company’s revised strategic direction;
- considering the human capital requirements of the Company; and
- assessment of the proposed revisions to fees payable to the Non-Executive Directors prior to recommending to the Board of Directors and then to shareholders for approval.

In its assessment of the proposed revisions to the remuneration to be payable to Non-Executive Directors, the Committee considered the proposed new fee structure against a benchmark of the Company’s peers. The proposed increments are reasonable when compared to the remuneration paid by peer companies to their Non-Executive Directors.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.



## Remuneration Committee report (continued)

### Planned focus areas for FY2024

Future focus areas include the finalisation and implementation of a staff incentive scheme that will enable the Company to award short-term incentives and long-term incentives, which it can use to attract and retain experienced and skilled personnel. This will also help the Company to adopt and implement a sound succession plan.

The Committee has considered the impact of the King IV™ Report on the remuneration policy as well as the amended JSE Listings Requirements and present this report in three parts:

- Part 1** — The background statement, the remuneration philosophy and the context of the decisions and considerations taken during the reporting year which influenced the remuneration outcomes.
- Part 2** — Mahube's remuneration policy.
- Part 3** — The disclosure on the implementation of the remuneration policy during the year.

### Part 1: Background statement

#### Remuneration philosophy

The Board has delegated to the Committee to review the Company's remuneration policy. The remuneration policy has been formulated with Mahube's key objectives in mind. For the Company to be able to achieve these objectives, it requires experienced and skilled personnel that the Company can hire, retain and incentivise them to work diligently to deliver on achieving these objectives. This requires the Committee to ensure that all of Mahube's remuneration and reward offerings are commercially sound, market competitive and at all times adhere to all legal and regulatory prescripts. The Committee assists the Board of Directors by applying a remuneration strategy that ensures a balance in attracting, motivating, rewarding, and retaining key personnel through competitive remuneration practices, while creating shareholder value. In determining remuneration, the Committee takes into account the financial performance of the Company, operational requirements and future plans of the Company, as well as the interests of the shareholders. The Committee formulated a remuneration policy designed to give effect to the remuneration strategy and to support Mahube's business and strategic objectives.

#### Voting results and shareholder engagement

At the Company's AGM that convened on 21 October 2022 (the "2022 AGM"), the Company's remuneration report was presented and voted on in sections, namely:

**Remuneration policy** – not approved due to being supported by no more than 57.18% (2021 AGM: 49.49%) of the Company's shareholders who voted.

**Remuneration implementation report** – not approved due to being supported by no more than 57.14% (2021 AGM 49.49%) of the Company's shareholders who voted.

The dissenting votes on both resolutions exceeded 25%. Even though the resolutions were advisory and do not have binding legal implications on the Company, the Board of Directors fittingly tasked the management to engage the dissenting shareholders post the 2022 AGM in order to understand the reasons for their lack of support on the two resolutions. The outcome of these engagements resulted in several refinements to the remuneration policy, including but not limited to:

| Shareholder feedback   | Mahube's action taken or response to feedback  |
|--|--|
| There is no visible link between the strategy of the Company and the remuneration policy. Key performance indicators for executive directors need to be: <ul style="list-style-type: none"><li>• linked to the Company's strategy;</li><li>• measurable with a on target indicator and a stretch indicator; and</li><li>• disclosed to shareholders.</li></ul> | <ul style="list-style-type: none"><li>• KPI's were set for the executives for the FY2023 year linked to the operations of Mahube;</li><li>• These KPI's are reviewed and approved by the Remuneration Committee;</li><li>• The KPI's will be disclosed to shareholders; and</li><li>• There are, however, some challenges related to the KPI's especially the stretch targets due capital raising restrictions and the acquisition of new.</li></ul> |
| Retention mechanisms not in place for employees in the form of a Short-Term Incentive ("STI") and Long-Term Incentive ("LTI").   | <ul style="list-style-type: none"><li>• A STI and LTI would have been implemented based on the proposed strategy. Due to the non-support of the strategy, there was no STI or LTI implemented in FY2023;</li><li>• A STI will be implemented for FY2024;</li><li>• A LTI will need to be refined as there are currently restrictions regarding the capital structure; and</li><li>• This is noted as a retention risk.</li></ul>                     |

## Remuneration Committee report (continued)

The remuneration policy and the remuneration implementation report will again be tabled for separate non-binding advisory votes by shareholders at the Company's forthcoming AGM. The Board of Directors commits to take measures in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised, which measures will provide for taking steps in good faith and with best reasonable effort to:

- engage the dissenting shareholders in order to ascertain the reasons for their lack of support; and
- seek appropriate and lawful means to address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying and adjusting remuneration governance and/or processes.

### Part 2: Remuneration policy

#### Overview of the remuneration policy

A copy of the full remuneration policy is available on request from the Company Secretary and for inspection at the Company's registered offices or available on the Company's website ([www.mahube.africa](http://www.mahube.africa)).

#### Fundamental principles

The Committee focuses on ensuring that the Company's remuneration policy and framework is appropriate and relevant based on key principles including:

- to align to the Company's business strategy;
- to support the human capital strategy of the business of the Company;
- to appropriately remunerate employees for the services they render to the Company;
- to encourage and promote a high-performance culture;
- to remain flexible and adaptable to business requirements in a dynamic market environment;
- to meet and comply with applicable legislative requirements and best practice;
- to manage risk and adhere to corporate governance prescripts; and
- to achieve a fair, transparent, equitable and responsible remuneration framework.

#### Remuneration practices

Mahube's remuneration practices include the following procedures:

- benchmark remuneration packages against the market;
- provide an appropriate level of transparency;
- annually conduct performance assessments for all the Executive Directors;
- the annual adjustment will be guided by, amongst some factors, the general price inflation, the Company's retention strategies, the financial performance of the Company relative to its peers, projected growth, and industry average increase surveys, which are taken into consideration when assessing recommended increases; and
- the Committee is afforded the requisite independence on matters of remuneration governance.

#### Executive Directors

Executive Directors are full-time employees of the Company and, as such, each has an employment agreement that is subject to, amongst others, the Company's standard conditions of service, with a notice period that does not exceed three months. Unless otherwise stated in the contract of employment, there are no fixed terms of employment.

The objective of the Company's remuneration policy is to attract and retain, amongst others, high-calibre executives, as well as to motivate and reward them for developing and implementing the Company's strategy to deliver consistent and sustainable shareholder value, while promoting an ethical culture and corporate citizenship. During the period under review, the remuneration for the CEO and the FD consisted of only the base salary.

#### Short-term incentives and long-term incentives

During the period under review, the Company did not have an incentive scheme in place that it is able to implement. Instead, the Company had designed a scheme that aligned with its strategy of establishing a Black Owned Asset Manager to manage its business. The intention was for the Black Owned Asset Manager to adopt and implement the incentive scheme that had been designed, and then to use it to award short-term incentives and long-term incentives. The establishment of the Black Owned Asset Manager was not supported by the shareholders of the Company. Consequently there were no short-term incentives nor long-term incentives paid for the period under review.

The Company revised the short-term incentive subsequently for implementation in the FY2024 period.

#### Elements of remuneration

The Company strives towards an integrated approach to rewarding its employees based on the following principles:

- Total Guaranteed Package, being guaranteed base salary;
- Incentive-based rewards, being incentives earned through the achievement of financial and non-financial performance targets;
- Short-term incentives, being cash bonuses quantified with reference to a percentage of annualised total guaranteed pay, and subject to achievement of positive profitability by the Company;
- Long-term incentives, being equity value-based awards that are used to align the long-term interests of the recipients with those of the Company and of its shareholders, and which are responsibly implemented so as not to expose shareholders to unreasonable or unexpected financial impact. During the period under review the Company did not have any long-term incentive plans in place. In addition the Company does not have any post-retirement obligations; and
- Executive Directors do not receive Directors' fees for attending meetings of the Board of Directors nor meetings of the Committees of the Board.

## Remuneration Committee report (continued)

Details of Executive Directors' remuneration for the year under review are provided in the implementation report below.

The table below provides a detailed breakdown of the aspired elements of employee remuneration for the Company:

| Remuneration element  | Component                     | Component description and intent   | Delivery mechanism   |
|-----------------------|-------------------------------|--|--|
| Fixed remuneration    | Base salary                   | The employee receives a fixed amount of remuneration, which is benchmarked against the median remuneration amount paid by other South African companies of comparable size, scope, and business complexity. The base salary amount reflects the nature of the role, and the employee's skill and experience.   | Total Guaranteed Package   |
|                       | Benefits                      | When the Company elects to put these in place, the benefits may include retirement provision, health, and other life insurance protection (including protection against dread diseases, death, and disability), all to be included in the TGP on a total cost to company approach.   | Total Guaranteed Package   |
| Variable remuneration | Short-term incentives ("STI") | These are cash bonuses intended to align the interests of all employees (including the Executives) with profitable trading by the Company.<br><br>The quantification of the actual bonus amount payable to an employee seeks to encourage a high-performance culture by rewarding individual outperformance against key performance indicators (both financial and non-financial) that would have been pre-agreed for the period under review.   | Staff Incentive Scheme – Bonus Pool                                    |
|                       | Long-term incentives ("LTI")  | LTI enables employees (including the Executive) to participate in the wealth that they create in the Company progressively over the long term, and to so participate equitably in comparison to the shareholders and other stakeholders. It is a mechanism to promote a long-term commitment to the Company by employees.<br><br>A high-performance culture is similarly encouraged by rewarding individual outperformance against the financial and non-financial performance indicators that would have been pre-agreed for the period under review. | Staff Incentive Scheme – Equity-linked Units + Share Subscription Plan |

### Non-Executive Directors Terms of service

The Board, through the Nomination Committee, proposes the election and re-election of Non-Executive Directors to shareholders. No Director is appointed for an indefinite period and accordingly, in terms of the provisions of the Company's memorandum of incorporation, one-third of the Non-Executive Directors retire by rotation each year at the Company's AGM. At the upcoming AGM, Sisanda Tuku retires by rotation and being eligible will be standing for re-election.

### Basis of remuneration

In terms of the Companies Act, fees for Non-Executive Directors for their services as Directors must be put to shareholders for approval by special resolution. At the AGM held on 21 October 2022, the resolution relating to Non-Executive Directors' remuneration was presented to shareholders and approved by 99.55% of shareholders present and voting.

The following pertains to Non-Executive Directors' fees:

- Non-Executive Directors' fees will be tabled for shareholder approval on an annual basis at the Company's AGM;
- Board retainer fees, as well as fees for attendance of Board and Committee meetings are paid quarterly and in arrears;

## Remuneration Committee report (continued)

- Non-Executive Directors are remunerated per meeting attended, in accordance with the attendance fees for scheduled meetings as approved by shareholders at the AGM;
- Attendance of ad hoc or special purpose committee meetings as appointed by the Board shall be rewarded on the basis applicable to an existing committee, whose purpose must closely relate to that of the particular purpose or ad hoc committee;
- Fees for special assignment of one or more tasked members of the Board or of any Committee, which may also include travel locally and abroad, are to be agreed upfront with the Chairperson of the Board;
- Travel, fares and reasonable subsistence shall be in line with the Company's relevant policies; and
- Non-Executive Directors and members of the Committee complete detailed self-evaluations, which are collated and tabled at the Board.

### Part 3: Implementation report

#### Part 3: Implementation report Executive Director remuneration

The Company has followed the King IV™ recommendation and disclosed the single figure remuneration for the Executive Directors' remuneration for FY2023. The total remuneration outcomes are reflected in note 20 of the Annual Financial Statements, comprising salary for FY2023. No short-term or long-term incentives were paid in FY2023.

#### Non-Executive Director remuneration

There are no short-term incentives, long-term incentives nor pension benefits applicable to Non-Executive Directors.

#### Fees for FY2023

The actual fees paid to the Company's Non-Executive Directors during the period under review were as follows:

|                       | FY2023    |
|-----------------------|-----------|
| Eddie Mbalo*          | 420 562   |
| Sisanda Tuku          | 303 818   |
| Thembani Bukula**     | 168 296   |
| Karén Breytenbach***  | 146 914   |
| Mamoso May****        | 123 460   |
| Marion Shikwinya **** | 110 626   |
|                       | 1 273 317 |

\* Resigned 13 March 2023.

\*\* Retired 21 October 2022.

\*\*\* Resigned 16 September 2022.

\*\*\*\* Appointed 21 October 2022.

#### Fees beyond FY2023

A special resolution relation to the payment of the Non-Executive Directors' remuneration will be tabled to shareholders at the upcoming AGM. The fees proposed are tabled below:

|   | Proposed<br>FY2023/<br>FY2024 | FY2022/<br>FY2023 |
|---|-------------------------------|-------------------|
| <b>Rand</b>                             |                               |                   |
| <b>Retainer</b>                         |                               |                   |
| Chairperson                             | 83 911                        | 79 161            |
| Non-Executive Director                  | 83 911                        | 79 161            |
| <b>Attendance fees per meeting</b>      |                               |                   |
| Board Chairperson                       | 25 524                        | 24 079            |
| Board Non-Executive Director            | 13 985                        | 13 194            |
| Audit and Risk Committee Chairperson    | 18 643                        | 17 588            |
| Audit and Risk Committee Member         | 13 985                        | 13 194            |
| Nomination Committee Chairperson        | 18 643                        | 17 588            |
| Nomination Committee Member             | 13 985                        | 13 194            |
| Social and Ethics Committee Chairperson | 18 643                        | 17 588            |
| Social and Ethics Committee Member      | 13 985                        | 13 194            |
| Remuneration Committee Chairperson      | 18 643                        | 17 588            |
| Remuneration Committee Member           | 13 985                        | 13 194            |
| Special/Ad Hoc Committee Chairperson    | 18 643                        | 17 588            |
| Special/Ad Hoc Committee Member         | 13 985                        | 13 194            |

#### Directors' shareholding in the ordinary share capital of the Company

The Directors held in aggregate indirect beneficial interest of 0.2% as at 30 June 2023 (2022: 0.6%) in the issued share capital of the company being 55 151 000 shares.

#### Changes in Directors' and their associates' shareholding subsequent to the reporting date

The Committee and the Board are not aware of any changes in the Directors' and their associates' shareholding subsequent to the report date.



Mamoso May

Chairperson of the Remuneration Committee

30 June 2023



# Social and Ethics Committee report

The Social and Ethics Committee ("the Committee"), is a formal Committee operating in accordance with a Board-approved mandate and assists the Board with monitoring, developing, reviewing, and improving Mahube's social, ethical and sustainability practices. In addition to its statutory responsibilities, the Board assumes responsibility for ensuring that the Company's ethics are effectively managed, which it does through exercising ethical leadership, integrity, and judgement in directing the Company. Employees, Directors, and other stakeholders of the Company are in turn expected to act in a manner that upholds the Company's values as contained in the Mahube code of business conduct and ethics ("the code"). The purpose of the code is to set the standards for conducting the business of the Company and applies to all activities undertaken on behalf of the Company.

This report outlines how the Committee has discharged its responsibilities as set out in section 72 of the Companies Act and regulation 43 of the Companies Regulations 2011 issued in terms of the Companies Act and its terms of reference.

## Committee composition and meeting attendance

The Committee comprises three suitably skilled and experienced members appointed by the Board. During the period under review and up to date of this report the Committee comprised the following members:

- Eddie Mbalo (Chairperson up to 13 March 2023);
- Karén Breytenbach (Member up to 16 September 2022);
- Thembanani Bukula (Member up to 21 October 2022);
- Marion Shikwinya (Chairperson, appointed 8 December 2022);
- Gontse Moseneke (Member, appointed 8 December 2022 up to 27 June 2023); and
- Petro Lewis (Member, appointed 8 December 2022).

Their qualifications and experience are available on pages 35 to 36 of the Integrated Annual Report.

In accordance with its terms of reference, the Committee meets at least twice annually, but more often if necessary. The number of meetings and attendance per Committee member are shown in the corporate governance section on page 42.

The CEO and the Company Secretary (who acts as the secretary of the Committee) are permanent invitees at the meetings during the financial period.

## Role and responsibilities

The Committee's role and responsibilities are governed by a formal Terms of Reference, as approved by the Board and which is subject to annual review by the Board. A copy thereof is available on the Company's website.

In discharging its duties, the Committee gives regard to:

- the 10 principles set out in the United Nations Global Compact;

- the OECD recommendations regarding corruption;
- the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act;
- good corporate citizenship;
- environment, health, and public safety; and
- labour and employment.

The responsibilities of the Committee include:

- Monitoring activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety;
- Monitoring functions required in terms of the Companies Act and its regulations;
- Monitoring changes in the application and interpretation of empowerment charters and codes;
- Reporting, through the Chairperson of the Committee, to the shareholders at the Company's Annual General Meeting on any part of the business of the meeting that concerns the Committee's functions;
- Determining clearly articulated ethical standards (Code of Business Conduct and Ethics, conflict of interest, anti-fraud) to be adopted by the Company, thus achieving a sustainable ethical corporate culture. This includes management of potential and actual conflicts of interest, fraud and corruption;
- Monitoring and overseeing sustainability matters including ESG matters;
- Oversee the implementation of King IV™ as it pertains to social and ethics issues; and
- Ensuring that the Company's ethics are managed effectively.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference.

# Social and Ethics Committee report (continued)

## FY2023 focus areas

- Oversaw and monitored the implementation of the Company's various policies and procedures dealing with ethics, social and economic development, good corporate citizenship and sustainable development; and
- Consideration of a POPI Policy.

### Planned focus areas for FY2024

Going into the 2024 financial year the Committee will:

- Focus on skills development of employees;
- Aligning mandate with the proposed business strategy;
- Monitor CRISA reporting; and
- Implementing initiatives to improve Mahube's B-BBEE credentials.

## Socio-economic development: community, social and environmental issues

Mahube is intent on being an active corporate citizen in the communities in which it is invested. The Committee is satisfied with the contributions made to the various projects during the year, the successful implementation of various activities and the positive impact thereof on the communities.

For more information on the socio-economic and environmental development of our asset-operating companies, refer to the sustainability reporting on page 29.

## Whistle-blowing

Mahube endeavours to promote a culture of openness and transparency within the Company and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions. The Committee remained satisfied with the current whistle-blowing guidelines and procedures for reporting suspected instances of corruption, as outlined on the Company's website at mahube.africa.

As the Company expands, the Committee will consider outsourcing the whistle-blower function to an independent service provider.

## Compliance

In terms of the JSE Listings Requirements, the Committee confirms that it has during the reporting period fulfilled its mandate as prescribed by the Companies Act and its regulations and that there were no material instances of non-compliance.



**Marion Shikwinya**

*Social and Ethics Committee Chairperson*

30 June 2023



# Nomination Committee report

The Nomination Committee ("the Committee"), is a formal Committee operating in accordance with a Board-approved mandate and assists the Board as an overseer and a maker of recommendations to the Board for its consideration and final approval. The Committee does not assume the functions of Management, which remain the responsibility of the Executive Directors, officers and other members of Senior Management.

The role of the Committee is to assist the Board to ensure that:

- 1.1 the Board has the appropriate composition to execute its duties effectively;
- 1.2 Directors are appointed through a formal process;
- 1.3 induction and ongoing training and development of Directors take place; and
- 1.4 formal succession plans for the Board, Chief Executive Officer and Senior Management appointments are in place.

This report outlines how the Committee has discharged its responsibilities as set out in section 72 of the Companies Act and regulation 43 of the Companies Regulations 2011 issued in terms of the Companies Act and its terms of reference.

## Committee composition and meeting attendance

The Committee comprises three suitably skilled and experienced members appointed by the Board, all of whom are neither involved in the day-to-day management of Mahube's business nor been so involved at any time during the previous four financial years. During the period under review and up to the date of this report, the Committee comprised the following members:

- Eddie Mbalo (Chairperson, up to 13 March 2023);
- Sisanda Tuku (Member);
- Thembani Bukula (Member, up to 21 October 2022);
- Mamoso May (Member, appointed 8 December 2022); and
- Martin Kuscus (Chairperson, appointed 13 March 2023).

Their qualifications and experience are available on pages 35 to 36 of the Integrated Annual Report.

In accordance with its terms of reference, the Committee meets at least twice annually, but more often if necessary. The number of meetings and attendance per Committee member are shown in the corporate governance section on page 42.

The CEO, FD, and the Company Secretary (who acts as the secretary of the Committee) are permanent invitees at the meetings.

## Role and responsibilities

The Committee's role and responsibilities are governed by a formal Terms of Reference, as approved by the Board and which is subject to annual review by the Board. A copy thereof is available on the Company's website.

The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:

1. Ensure the establishment of a formal process for nominating, electing and appointment of Directors, including:
  - 1.1 identification of suitable members of the Board;
  - 1.2 performance of reference and background checks of candidates prior to nomination;
  - 1.3 ensuring that the identified candidate(s) meet the appropriate fit and proper criteria;
  - 1.4 formalising the appointment of Directors through an agreement between the Company and the Director; and
  - 1.5 consider the appropriate balance in regard to diversity, mix of skills and experience of the Board and committees.
2. Oversee the development of a formal induction programme for new Directors.
3. Ensure that inexperienced Directors are developed through a mentorship programme.





## Nomination Committee report (continued)

4. Oversee the development and implementation of continuing professional development programmes for Directors.
5. Ensure that Directors receive regular briefings on changes in risks, laws, and the environment in which the Company operates.
6. Consider the performance of Directors individually and of the Board as a whole and take steps to remove Directors who do not make an appropriate contribution.
7. Find and recommending to the Board a replacement for the Chief Executive Officer when it becomes necessary.
8. Ensure that formal succession plans for the Board, Chief Executive Officer and Senior Management appointments are developed and implemented.
9. Review and recommend the Board Diversity Policy and review the status of promotion of diversity attributes such as culture, age, field of knowledge, skills and experience, and that the Company publish its performance against the Board Diversity Policy annually.

### FY2023 focus areas

- Oversaw and monitored the implementation of the Company's Diversity Policy.
- Made recommendations to the Board of Directors on the rotation of Non-Executive Directors to rotate at the Annual General Meeting.

### Planned FY2024 focus areas

Going into the 2023 financial year the Committee will:

- Monitor the effective implementation of the Diversity policy.
- Compilation of comprehensive Board Induction pack.
- Make recommendations to the Board of Directors on the rotation of Non-Executive Directors to rotate at the Annual General Meeting.
- Ensure succession plans are put in place for Senior Management.
- Review the performance of the Chief Executive Officer.

### Compliance

In terms of the JSE Listings Requirements, the Committee confirms that it has during the reporting period fulfilled its mandate as prescribed by the Companies Act and its regulations and that there were no material instances of non-compliance.



**Martin Kuscus**

*Nomination Committee Chairperson*

30 June 2023







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# 5 ANNUAL FINANCIAL STATEMENTS

# Audit and Risk Committee report

The Audit and Risk Committee (the "Committee") has pleasure in submitting its report, describing how it discharged its duties assigned in terms of the Companies Act No 71 of 2008, as amended (the "Companies Act"), and the additional duties assigned to it by the Board, in respect of the financial year ended 28 February 2023.

## Composition and meeting attendance

The Committee is a statutory committee of the Company, responsible for the statutory duties outlined in section 94(7) of the Companies Act, as well as other duties as contemplated in the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV™"), assigned to it by the Board.

During the period under review and up to the date of this report the Committee consisted solely of Independent Non-Executive Directors.

The Committee comprised the following members:

- Sisanda Tuku (Chairperson);
- Mamoso May (Member, appointed 29 November 2022);
- Marion Shikwinya (Member, appointed 29 November 2022);
- Thembani Bukula (Member up to 14 September 2022); and
- Karén Breytenbach (Member up to 16 September 2022).

The Committee members' qualifications and experience appear on pages 35 to 36 of the Integrated Annual Report.

The Committee meets at least three times a year. The CEO, the FD, the external auditors and the Company Secretary attend all meetings by permanent invitation. The number of meetings and attendance per Committee member during the period under review is shown in the corporate governance section on page 42.

The election/re-election of these Committee members, which has received the support of the Nomination Committee and the Board, is subject to the approval of shareholders at the upcoming Annual General Meeting (the "AGM").

## Role and responsibilities

The Committee's role and responsibilities are governed by formal terms of reference as approved by the Board and which are subject to annual review. A copy of the Committee's terms of reference is available on the Company's website.

The Committee assists the Board in discharging its duties related to:

- statutory duties in terms of the Companies Act;
- the auditors and external audit;
- reporting and accountability;
- legislation and regulations;
- policies and procedures;
- combined assurance;
- risk management and insurance;
- internal audit and internal controls;
- FD and finance function;
- financial statements; and
- information and technology governance.

## Activities during the period under review

The principal matters attended to by the Committee during the year included:

### *Effectiveness of internal controls*

The Committee considered the effectiveness of the Company's systems of internal controls, including business risk management and internal financial controls and recommended to the Board that it issues a statement as to the adequacy of the Company's internal control environment.

The Committee was satisfied that there were no material breakdowns in the functioning of the internal financial controls during the year under review.

## Audit and Risk Committee report (continued)

### *External auditors and non-audit services*

BDO South Africa Incorporated was appointed in the 2021 financial year as the Company's external auditors and the Committee will recommend the reappointment of the auditors at the AGM. The Committee assessed the independence, suitability, and accreditation of the audit firm and was satisfied with same. In addition, the Committee considered the Independent Regulatory Board for Auditors' latest findings report and the latest inspection reports and summary of internal review findings in terms of paragraph 22.15(h) of the JSE Listings Requirements.

Subject to the approval of the shareholders at the AGM, Mr Mohamed Zakaria Sadek will manage the audit process as senior audit partner of BDO South Africa Incorporated for the financial year ending 29 February 2024. In the opinion of the Committee, Mr Sadek is sufficiently independent of the Company.

The Committee also considered and approved the fees for the 2023 financial year's audit and will assess and determine the terms of engagement and the nature and extent of any non-audit services and related fees that the external auditor may provide to the Company going forward.

The external auditors are afforded unrestricted access to the Company's records and management are invited to present to the Committee any significant issues arising from the annual audit. In addition, the designated audit partner, where necessary, raises matters of concern directly with the Chairperson of the Committee.

During the period under review the external auditors did not render any non-audit services to the Company.

### *Annual Financial Statements and Integrated Annual Report*

The Committee reviewed the accounting treatments and the appropriateness of the accounting policies, and any changes thereto, and the Financial Statements of the Company. It is satisfied that they are appropriate and comply with IFRS. There were no changes in the accounting policies.

The Committee recommended the Financial Statements for the year ended 28 February 2023 to the Board for approval. The Board approved these Financial Statements on or about 30 May 2023. The Financial Statements will be open for discussions at the AGM. The Chairperson of the Committee, and in the instance of her absence, the other members of the Committee, will attend the AGM to answer questions falling under the mandate of the Committee.

### *Solvency and liquidity and going concern*

The Committee reviewed quarterly assessments by management of the going concern premise of the Company before recommending to the Board that the Company will be a going concern in the foreseeable future.

The Committee reviews all proposed distributions to shareholders in terms of sections 44, 45 and 46 of the Companies Act, recommending such distributions to the Board for consideration, subject to the Company meeting the requirements of the solvency and liquidity test, as outlined in the Companies Act.

### *Evaluation of the expertise and adequacy of the FD and the finance function*

The Committee considered and satisfied itself of the appropriateness of the expertise and adequacy of resources within the Company's finance function and that of the FD, Petro Lewis and reviews her performance on an annual and ongoing basis.

The Committee is satisfied that the Company has established appropriate financial reporting procedures and that such procedures are operating satisfactorily.

### *Risk management oversight, including information and technology governance*

The Committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings into control weaknesses, fraud or misconduct and management's response thereto. The Committee relied on the work of the Social and Ethics Committee on the non-financial related risk areas.

The policies on risk management, including the risk management framework and the risk register, is regularly reviewed. Information on risk management is disclosed on page 15 of the Integrated Annual Report, including the top risks pertaining to capital raising and the share price trading below the net asset value per share.



## Audit and Risk Committee report (continued)

A whistle-blower process is in place, as outlined on the Company's website included in the Code of ethic policy. There were no matters reported through the whistle-blower process during the year under review.

The Committee periodically reviews the Company's IT governance by considering reports from management in this regard.

### Key audit matters

The Committee has applied its mind to the key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. The valuations of investments at fair value through profit and loss was the singular key audit matter identified by the external auditors which required significant judgement.

### FY2023 focus areas

- Valuation of investments – measured at fair value through profit and loss;
- Investment entity consolidation exemption application – IFRS 10;
- Compliance with loan covenants;
- Review of the risk register; and
- Consider the implementation of an internal audit function.

### FY2024 focus areas

- Review and update risk register in line with the implementation of the new strategy to be approved;
- Valuation of investments – measured at fair value through profit and loss;
- Compliance with loan covenants;
- Consider internal audit function and the outsourcing thereof;
- Implement increased IT security measures and controls and monitor the effectiveness thereof; and
- Consider outsourcing the whistle-blowing arrangements to an independent third party.

### Proactive monitoring

The Committee considered the 2022 JSE Report on JSE Proactive Monitoring, issued November 2022 and has taken the appropriate action to apply the most relevant findings when preparing the Financial Statements.

### Compliance

The Committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The Committee is satisfied that there has been no material non-compliance with laws and regulations during the current reporting period. The Committee confirms that it has fulfilled and reported on its obligations in terms of paragraph 3.84(g) of the JSE Limited Listings Requirements.

### Conclusion

The Committee is committed to ensure that the financial results of Mahube fairly represent the performance of the Company and that adequate controls are maintained over the next financial year.



**Sisanda Tuku**

*Chairperson of the Audit and Risk Committee*

30 June 2023



## Directors' responsibilities and approval

The Board of Directors ("the Board") is required in terms of the Companies Act of South Africa 71 of 2008 to maintain adequate accounting records and is responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Financial Statements fairly present the state of affairs of Mahube Infrastructure Ltd as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the Financial Statements.

The Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board has reviewed the Company's cash flow forecast for the year to 28 February 2024 and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's Financial Statements. The Financial Statements have been examined by the Company's external auditors and their report is presented on pages 65 to 67.

### Approval of Financial Statements

The Financial Statements set out on pages 68 to 96, which have been prepared on the going concern basis, were approved by the Board of Directors on 30 May 2023 and were signed on their behalf by:



**Martin Kuscus**  
*Authorised Director*  
Chairperson of the Board



**Sisanda Tuku**  
*Authorised Director*  
Chairperson of the Audit and Risk Committee

# Directors' report

The Directors submit their report on the Financial Statements of Mahube Infrastructure Limited for the year ended 28 February 2023.

## 1. Corporate information

The Company is domiciled in South Africa, and listed on the Main Board of the JSE Ltd.

The address of the registered office is:

3rd Floor, Penthouse 5, 4 The High Street, Melrose Arch, Johannesburg, Gauteng, 2196.

Mahube was incorporated on 16 April 2015 and successfully listed as a special purpose vehicle on the Main Board of the JSE on 12 November 2015. The Company is focused on investing in emerging Southern African infrastructure assets, specifically in the energy, transportation, water and sanitation sectors. The Company aims to be a leading investment company of infrastructure assets in South Africa. The Company's investment philosophy is to invest in infrastructure assets that are operational or near operational, offer low risk and yield uncorrelated inflationary linked returns.

The Company makes substantially all its investments through its wholly owned subsidiary Mahube Capital Fund 1. The two companies have the same investment objectives.

On 20 December 2016, the Company acquired (through Mahube Capital Fund 1) an effective see through economic interest of 25.2% in Dorper Wind Farm for a consideration of R501 million and transaction costs of R11.6 million ("Dorper Acquisition"). On completion of the Dorper Acquisition, the Company transferred to the Investment Services sector on the Main Board of the JSE. The investment in Dorper Wind Farm was through a subscription of shares in Renewable Energy G (Pty) Ltd ("Renewable Energy G").

Effective 12 December 2018, Mahube Capital Fund 1 diversified its investment portfolio by converting its convertible loan to Renewable Energy G into indirect minority interests in three renewable energy projects, being Jasper (4.0%), Lesedi (5.3%), and Letsatsi (5.3%) Solar PV Farms. The Company's shareholding in Renewable Energy G is currently 33% and effective economic interest in Dorper is 9.9%.

Effective 19 September 2017, Mahube Capital Fund 1 acquired C Preference Shares in Mahube Infrastructure Investment for an aggregate subscription price of R130 million and, as a result, acquired an effective economic interest of 15.4% in the combined distributions linked to the ordinary shares and shareholder loan claims against Coria (PKF) Investments 28 (RF) (Pty) Ltd ("Noblesfontein Wind Farm").

In addition, Mahube Capital Fund 1 entered into funding agreements with South African Renewable Green Energy (Pty) Ltd ("SARGE") whereby Mahube Capital Fund 1 subscribed for A Preference Shares and B Preference Shares in SARGE for an aggregate subscription price of R58 million (the "SARGE Transaction"). As a result of the SARGE Transaction, Mahube Capital Fund 1 acquired a further effective economic interest of 4.3% of the distributions linked to the ordinary shares in the Noblesfontein Wind Farm.

Mahube Capital Fund 1 obtained funding to facilitate, *inter alia*, its subscription for the Mahube Infrastructure Investment C Preference Shares; and subscription for the SARGE Preference Shares by way of the issue, by it, of A Preference Shares and B Preference Shares to RMBIA for an aggregate subscription price of approximately R188 million in terms of the Mahube Capital Fund 1 Preference Share Subscription Agreement. In February 2022 the Board of Directors has resolved to the restructure of the share capital of Mahube Capital Fund 1 as follows:

- Mahube Capital Fund 1 subdivides its current issued 1 000 ordinary shares into 13 787 750 ordinary shares;
- Mahube Capital Fund 1 amends its memorandum of incorporation to create a new class of shares in its authorised share capital, being N shares; and
- Mahube subscribes for 55 151 000 N shares at a subscription price by set off against a portion of its outstanding shareholder loan to Mahube Capital Fund 1.

The Company owns 100% equity interest in Mahube Asset Management, Mahube is currently the sole shareholder of Mahube Asset Management, in which it previously subscribed for one ordinary no-par value share for an amount of R5 000. Mahube further subscribed for five new ordinary no-par value shares at R20 000 per share in order to capitalise the Company with a total initial amount of R105 000. The company is currently dormant and the intention is to deregister the company.

The Financial Statements for the year ended 28 February 2023 were authorised for issue in accordance with a resolution of the Board of Directors on or about 30 May 2023.

## Directors' report (continued)

### 2. Review of financial results and activities

The Financial Statements have been prepared on the going concern basis and in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these Financial Statements, the Companies Act 71 of 2008 of South Africa, as amended and the JSE Listings Requirements. These Financial Statements comply with the requirements of the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council. The accounting policies have been applied consistently compared to the prior year.

Mahube adopted and continues to apply the net asset value ("NAV") measurement for Trading Statement purposes. The Company is focused on investing in emerging Southern African infrastructure assets, specifically in the energy, transport, water and sanitation sectors. The Company aims to be a leading investment company of infrastructure assets in South Africa.

The Company's investment philosophy is to invest in infrastructure assets that are operational or near operational, offer low risk and yield uncorrelated inflationary linked returns. On listing, the Company issued 55 150 000 shares at R10 per share, thereby raising R551.5 million.

The principal activities of the Company are that of an investment company and the purpose of listing was to give institutional investors access to an attractive alternative asset class that is usually only accessed through illiquid private equity investments. The investments are not held indefinitely and if not exited earlier in the secondary market through a trade sale or private placement, they will be held until the end of the power purchase or concession agreements of the investee companies, post which the Company will liquidate the investee companies when the underlying assets cease to generate cash flows.

#### Investment strategy

In order to accomplish its investment objective, the Company invests primarily in securities that are either equity or give the Company equity-exposure to infrastructure-related businesses.

The investment objective of the Company is to provide investment returns that are characterised by :

- predictable and regular cash flows generated from infrastructure assets;
- investment in the long-term ownership and operation of assets; and
- capital growth from rendering disruptive solutions infrastructure-related market.

#### Salient features of the Company

- Dividends received down 67.7% to R18.0 million from R55.8 million in the comparative period last year;
- Total revenue down to a negative R14.1 million in comparison to R78.9 million for the comparative period last year;
- Basic earnings and headline loss per share of 53,68 cents compared to an earnings of 118.9 cents per share in comparative period last year; and
- Tangible NAV per share at R9.91 compared to R11.21 in the comparative period last year.

#### Commentary

The total revenue earned by the Company during the year was a negative amount of R14.1 million, as compared to a positive amount of R78.9 million. The dividend income portion of this total revenue decreased from R55.8 million in the comparative period in the prior year, to R18.0 million for the current year under review. This decrease in dividend income is primarily attributable to comparatively lower dividend declared by Mahube Capital Fund 1, the subsidiary company resulting from:

- dividend income of R51.9 million earned by Mahube Capital Fund 1 during the year being less than the R89.2 million earned in the comparative prior period;
- a decrease in cash available for distribution to equity holders in Mahube Capital Fund 1, resulting from the payment of R17.8 million towards redeeming some of the A class preference shares pursuant to contractual obligations (R7.5 million during comparative prior year); and
- a decrease in dividends received from its subsidiary company Mahube Infrastructure Investments, resulting from the payment of R11.3 million towards redeeming some of the A class preference shares pursuant to contractual obligations (no redemptions in the comparative prior year).

## Directors' report (continued)

The negative change in fair value of the financial assets, which has decreased the total revenue by R33.1 million during the year (compared to increase of R22.2 million in comparative period of the prior year) resulted from two factors:

- the adverse change in the forecasted macroeconomic variables that make up the valuation basis; and
- the prudent but adverse revision of long-term assumptions of the amount of electricity generated by one of the wind power plant investments. The trend of wind resources that are below P50 expectation is being experienced across the wind IPP industry in the country.

Operating expenses for the period increased to R15.4 million compared to R12.9 million in the comparative period last year. R1.65 million of this increase in expenses is attributable to costs relating to the attempted restructure of the business of the Company. The rest of the expense increase is attributable to the impact of price inflation.

The tangible net asset value per share of the Company decreased from R11.21 in the comparative period last year to R9.91 in the current period. The decrease is mainly the result of the impact of the dividend declared and paid by the Company after the 2022 year end, as well as the decrease in the fair value of the investments held by the Company.

The Board has resolved not to declare a further final dividend in addition to the 45 cents per share interim dividend.

### 3. Investment portfolio

Mahube is indirectly invested in five Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") assets. Below is a summary of the diversified investment portfolio:

| Investment                                     | Instrument                | Asset exposure          | Effective interest % | End of power purchase agreement |
|--|---------------------------|-------------------------|----------------------|---------------------------------|
| Renewable Energy G                             | Equity                    | Dorper Wind Farm        | 9.9                  | July 2034                       |
| Renewable Energy G                             | Equity                    | Jasper Solar PV Farm    | 4.0                  | December 2034                   |
| Renewable Energy G                             | Equity                    | Lesedi Solar PV Farm    | 5.3                  | June 2034                       |
| Renewable Energy G                             | Equity                    | Letsatsi Solar PV Farm  | 5.3                  | June 2034                       |
| Mahube Infrastructure Investment               | C – preference shares     | Noblesfontein Wind Farm | 15.4                 | August 2034                     |
| South African Renewable Green Energy (Pty) Ltd | A & B – preference shares | Noblesfontein Wind Farm | 4.3                  | August 2034                     |
| Noblesfontein Educational Trust                | Loan                      | Noblesfontein Wind Farm | n/a                  | n/a                             |

### 4. Stated capital

There have been no changes to the authorised or issued stated capital during the year under review or in the prior year.

The authorised stated capital of the Company comprises 6 000 000 000 (2022: 6 000 000 000) ordinary shares at no par value.

The issued stated capital of the Company comprises 55 151 000 (2022: 55 151 000) no par value shares.

### 5. Dividends

The Company's dividend policy is to pay a consistent and stable inflationary linked return. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may forego the payment of dividends. An interim cash dividend of 45.00 cents per share, for the six months ended 31 August 2023, was paid in January 2023. The Board has resolved not to declare a further final dividend in addition to the interim dividend.



## Directors' report (continued)

### 6. Directorate

The Directors in office at the date of this report are:

| Directors         | Office                                | Appointed        | Resigned          |
|-------------------|---------------------------------------|------------------|-------------------|
| Eddie Mbalo       | Independent Non-Executive Chairperson | 1 October 2015   | 13 March 2023     |
| Sisanda Tuku      | Independent Non-Executive Director    | 21 November 2016 | –                 |
| Thembani Bukula   | Independent Non-Executive Director    | 1 June 2017      | 21 October 2022   |
| Karén Breytenbach | Independent Non-Executive Director    | 26 February 2020 | 16 September 2022 |
| Gontse Moseneke   | Chief Executive Officer               | 1 July 2020      | –                 |
| Petro Lewis       | Financial Director                    | 1 July 2020      | –                 |
| Mamoso May        | Independent Non-Executive Director    | 21 October 2022  | –                 |
| Marion Shikwinya  | Independent Non-Executive Director    | 21 October 2022  | –                 |
| Martin Kuscus     | Independent Non-Executive Director    | 13 March 2023    | –                 |

### 7. Directors' interests in shares

The following Directors held direct or indirect beneficial interest in the Company's ordinary shares:

| Director name   | Nature of interest   | Number of shares | % shareholding |
|-----------------|--|------------------|----------------|
| <b>2023</b>     |  |                  |                |
| Gontse Moseneke | Indirect beneficial through an associate company Matlotleng Properties (Pty) Ltd where GS Moseneke is a director.              | 136 106          | 0.2            |
| <b>2022</b>     |  |                  |                |
| Gontse Moseneke | Indirect beneficial through an associate company – Encha Infrastructure Investments (Pty) Ltd where GS Moseneke is a director. | 330 544          | 0.6            |

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

### 8. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Company or in the policy regarding their use.

Property, plant and equipment is made up of leasehold property, furniture and fittings and computer equipment.

### 9. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the Company, were made by the Company during the period covered by this report.

### 10. Events after the reporting period

The following changes to the Board occurred subsequent to year end:

- Mr E Mbalo has tendered his resignation as non-executive director and Chairperson of the Board, with effect from 13 March 2023; and
- Mr M Kuscus was appointed as independent non-executive director of the Company with effect from 13 March 2023 and was appointed as Chairperson of the Board with effect from 5 May 2023.

Subsequent to year end a court application was received with Mahube Capital Fund 1 and Mahube Infrastructure Investments being two of the eleven respondents. The case is around the applicants seeking a declaratory around the Mahube's entities' entitlement to have a representative exercising voting rights on the Board of one of the project companies. No monetary claim has been made and from a financial perspective our exposure is limited.

The Board is not aware of any other material events which occurred after the reporting date and up to the date of this report.

## Directors' report (continued)

### 11. Going concern

The Board believes that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Financial Statements have been prepared on a going concern basis. The Company has satisfied itself that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Company is not aware of any new material changes that may adversely impact the Company. The Company is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company. For further information on the going concern assessment, refer to note 22 in the Financial Statements.

### 12. Compliance with applicable laws

The Company is in compliance with the provisions of the Companies Act, relating to its incorporation and operating in conformity with its MOI.

### 13. Auditors

BDO South Africa Incorporated continued as auditors for the Company for 2023 with MZ Sadek as designated audit partner for the current financial year ended 28 February 2023

### 14. Secretary

The Company Secretary is Fusion Corporate Secretarial Services (Pty) Ltd.

Postal address: PO Box 68528  
Highveld  
Pretoria  
0169

Business address: Suite E014  
Midlands Office Park East  
Mount Quray Street  
Midlands Estate  
Midstream  
1692

### 15. Directors' fees

Refer to note 20 in the Notes to the Financial Statements.

### 16. Preparer

These Financial Statements were compiled and prepared internally by the FD, Petro Lewis CA(SA), and approved by the Board.

### 17. Level of assurance

These Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 and in compliance with the Company's Memorandum of Incorporation.

## CEO and FD's responsibility statement

The Directors, whose names are stated below, hereby confirm that:

- (a) the Financial Statements set out on pages 68 to 96, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Financial Statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.



**Gontse Moseneke**  
CEO



**Petro Lewis**  
FD

30 May 2023

## Company secretary's certification

### Declaration by the Company Secretary in respect of section 88(2)(e) of the Companies Act

In terms of section 88(2)(e) of the Companies Act of South Africa 71 of 2008, as amended, I certify that, to the best of my knowledge, the Company has lodged all such returns and notices as are required of a public company for the year ended 28 February 2023 and that all such returns are true, correct and up to date.



**Fusion Corporate Services (Pty) Ltd**

*Company Secretary*

30 May 2023



# Independent auditor's report

for the year ended 28 February 2023



## To the Shareholders of Mahube Infrastructure Limited Report on the Audit of the Financial Statements

### Opinion

We have audited the separate financial statements of Mahube Infrastructure Limited (the company) set out on pages 68 to 96, 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   |
|---|--|
| <b>Valuation of the financial assets at fair value through profit or loss</b><br>As disclosed in note 5, the company holds an investment in Mahube Capital Fund RF 1 (Pty) Ltd ("Capital Fund").<br><br>The valuation of Capital Fund results from the valuations of its underlying investments.<br><br>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"><li>• 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 assess such process against the requirements of IFRS.</li></ul> |

**BDO South Africa Incorporated**  
Registration number: 1995/002310/21  
Practice number: 905526  
VAT number: 4910148685

**B Mokoena**  
Chief Executive Officer

A full list of all company directors is available on [www.bdo.co.za](http://www.bdo.co.za)

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## Independent auditor's report (continued)

for the year ended 28 February 2023

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <p>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.</p> <p>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 cash flows, growth rates and the discount rates used.</p> <p>The valuation of the investment is considered a matter of most significance to the current year audit due to the following:<br/>The significant level of assumptions, estimates and judgement applied by management, in relation to:</p> <ul style="list-style-type: none"> <li>• forecasted revenue growth, forecasted utilisation rate, discount rate and dividend policy assumptions; and</li> <li>• the significance of the amount to the financial statements.</li> </ul> <p>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.</p> <p>The value of the investment at year end is R528.7 million (2022: R561.7 million).</p> | <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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;</li> <li>• 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; and</li> <li>• We evaluated the adequacy of disclosures in the financial statements against the requirements of International Financial Reporting Standards.</li> </ul> |

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Mahube Infrastructure Limited 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.

### Responsibilities of the Directors for the 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.

## Independent auditor's report (continued)

for the year ended 28 February 2023

### 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 three years.



**BDO South Africa Incorporated**

*Registered Auditors*

**MZ Sadek**

*Director*

Registered Auditor

31 May 2023

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

# Statement of financial position

for the year ended 28 February 2023

|                                     | Notes | 2023<br>R          | 2022<br>R   |
|-------------------------------------|-------|--------------------|-------------|
| <b>Assets</b>                       |       |                    |             |
| <b>Non-current assets</b>           |       | <b>534 859 262</b> | 567 726 818 |
| Property, plant and equipment       | 3     | 23 410             | 90 438      |
| Right-of-use assets                 | 4     | –                  | 422 934     |
| Financial assets                    | 5     | 534 790 787        | 567 095 341 |
| Deferred tax                        | 7     | 45 065             | 118 105     |
| <b>Current assets</b>               |       | <b>12 514 185</b>  | 52 477 519  |
| Trade and other receivables         | 8     | 10 435 752         | 26 316 111  |
| Cash and cash equivalents           | 9     | 2 043 878          | 26 161 408  |
| Tax receivable                      |       | 34 555             | –           |
| <b>Total assets</b>                 |       | <b>547 373 447</b> | 620 204 337 |
| <b>Equity and liabilities</b>       |       |                    |             |
| <b>Equity</b>                       |       | <b>546 415 903</b> | 618 489 150 |
| Stated capital                      | 10    | 545 851 762        | 545 851 762 |
| Retained income                     |       | 564 141            | 72 637 388  |
| <b>Liabilities</b>                  |       |                    |             |
| Current liabilities                 |       | 957 544            | 1 715 187   |
| Lease liabilities                   | 4     | –                  | 561 081     |
| Tax payable                         |       | –                  | 175 114     |
| Trade and other payables            | 11    | 957 544            | 978 992     |
| <b>Total liabilities</b>            |       | <b>957 544</b>     | 1 715 187   |
| <b>Total equity and liabilities</b> |       | <b>547 373 447</b> | 620 204 337 |



# Statement of profit or loss and other comprehensive income

for the year ended 28 February 2023

|  | Notes | 2023<br>R           | 2022<br>R    |
|--|-------|---------------------|--------------|
| Dividends received   | 12    | 18 000 000          | 55 800 719   |
| Net (loss)/gain from financial assets at fair value through profit or loss | 12    | (33 110 621)        | 22 161 727   |
| Interest income  | 12    | 1 052 580           | 918 913      |
| <b>(Loss)/revenue from investments</b>                                     | 12    | <b>(14 058 041)</b> | 78 881 359   |
| Operating expenses   | 13    | (15 390 558)        | (12 972 858) |
| <b>Operating (loss)/profit before finance cost and taxation</b>            |       | <b>(29 448 599)</b> | 65 908 501   |
| Finance costs  | 14    | (30 175)            | (116 525)    |
| <b>(Loss)/profit before taxation</b>                                       |       | <b>(29 478 774)</b> | 65 791 976   |
| Taxation   | 15    | (128 203)           | (199 874)    |
| <b>(Loss)/profit for the year</b>  |       | <b>(29 606 977)</b> | 65 592 102   |
| <b>Basic and diluted (loss)/earnings per share (cents)</b>                 | 18    | <b>(53.68)</b>      | 118.93       |

There was no other comprehensive income in the current or prior year.

# Statement of changes in equity

for the year ended 28 February 2023

|                                    | Stated<br>capital<br>R | Retained<br>income<br>R | Total<br>equity<br>R |
|------------------------------------|------------------------|-------------------------|----------------------|
| <b>Balance at 1 March 2021</b>     | <b>545 851 762</b>     | 40 135 886              | 585 987 648          |
| Profit for the year                | –                      | 65 592 102              | 65 592 102           |
| Dividends paid                     | –                      | (33 090 600)            | (33 090 600)         |
| <b>Balance at 28 February 2022</b> | <b>545 851 762</b>     | 72 637 388              | 618 489 150          |
| Loss for the year                  | –                      | (29 606 977)            | (29 606 977)         |
| Dividends paid                     | –                      | (42 466 270)            | (42 466 270)         |
| <b>Balance at 28 February 2023</b> | <b>545 851 762</b>     | 564 141                 | 546 415 903          |

# Statement of cash flows

for the year ended 28 February 2023

|   | Notes | 2023<br>R           | 2022<br>R    |
|---|-------|---------------------|--------------|
| <b>Cash flows (used in)/generated from operating activities</b> |       |                     |              |
| Cash generated from operations                                  | 16    | 19 010 235          | 52 794 147   |
| Finance costs paid  | 14    | (30 175)            | (116 525)    |
| Tax paid  | 17    | (264 833)           | (151 135)    |
| Dividends paid  |       | (42 466 270)        | (33 090 600) |
| <b>Net cash (used in)/generated from operating activities</b>   |       | <b>(23 751 043)</b> | 19 435 887   |
| <b>Cash flows generated from investing activities</b>           |       |                     |              |
| Purchase of property, plant and equipment                       | 3     | (13 640)            | –            |
| Receipts from loan to Noblesfontein Educational Trust           | 6     | 208 234             | 1 122 895    |
| Increase in investment in financial assets                      | 5     | –                   | (105 000)    |
| <b>Net cash generated from investing activities</b>             |       | <b>194 594</b>      | 1 017 895    |
| <b>Cash flows used in financing activities</b>                  |       |                     |              |
| Capital payments on lease liabilities                           | 4     | (561 081)           | (633 146)    |
| <b>Net cash used in financing activities</b>                    |       | <b>(561 081)</b>    | (633 146)    |
| <b>Total cash movement for the year</b>                         |       | <b>(24 117 530)</b> | 19 820 636   |
| Cash at the beginning of the year                               |       | 26 161 408          | 6 340 772    |
| <b>Total cash at the end of the year</b>                        | 9     | <b>2 043 878</b>    | 26 161 408   |

# Significant accounting policies

## 1. Significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

### 1.1 Statement of compliance

The Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these Financial Statements, the Companies Act 71 of 2008 of South Africa, as amended and the JSE Listings Requirements.

These Financial Statements comply with the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

### 1.2 Basis of preparation

The Financial Statements have been prepared on the historic cost convention. Specifically refer to 1.3.2.2 where management applied judgement in terms of IFRS 10 and concluded that the Company meets the IFRS 10 requirements of an investment entity. Based on the investment entity exemption the Company measures its investments at fair value.

The Financial Statements are presented in Rand, which is the Company's functional and presentation currency. These accounting policies are consistent with the previous period.

### 1.3 Significant judgements and sources of estimation uncertainty

The preparation of Financial Statements requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### **Significant judgements and sources of estimation uncertainty in applying accounting policies**

Management have made significant judgements and estimations in applying accounting policies for the following:

- Fair value measurement;
- Segment reporting by applying a single reporting segment approach; and
- Investment entity exemption.

#### **1.3.1 Key sources of estimation uncertainty**

##### ***Fair value measurement***

The Company makes assumptions regarding the determination of the fair value of the financial instruments. This is the major source of estimation uncertainty at the end of the reporting period. Information regarding the significant unobservable inputs into the valuation is disclosed in note 5.

The basis of valuation of the Company's investments is fair value through profit or loss ("FVTPL"). Fair value is determined at the end of each reporting period, in accordance with the valuation policy outlined below.

##### ***Basis of valuation and approach***

The fair value approach of the investments under management is determined as at the measurement date in accordance with the principles of IFRS 13: *Fair Value Measurement*. Fair value is defined as the price that would be received for an asset in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that a hypothetical transaction to sell an asset takes place in the principal market or in the absence, the most advantageous market for the asset. The primary valuation methodology for the underlying investments under management held through Mahube Capital Fund 1 is the discounted cash flow ("DCF"). Management uses judgement to select the most appropriate valuation method. The DCF method is used to derive the fair value, being the discounting of the expected dividend income from the investments, of an asset using reasonable assumptions on the estimations of expected future post-tax cash flows (dividend income) over the term of the power purchase agreements, i.e. free cash flows to the Company. These cash flows are discounted to the present value by applying the appropriate discount rate that captures the risk inherent to the investment. The Company uses sum of the parts valuation method to measure the fair value of Mahube Capital Fund 1.



## Significant accounting policies (continued)

### 1. Significant accounting policies (continued)

#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### 1.3.2 Key sources of significant judgement applied

###### 1.3.2.1 Segment reporting

Mahube is an investment entity holding most of its investments in operational infrastructure assets on which its revenue is earned. All the investee entities are independent power producers established as part of the South African Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") with 20-year power purchase agreements ("PPA") with Eskom Holdings SOC Ltd ("Eskom"). The PPAs are guaranteed by the South African National Treasury and the expected return is the same for the investment portfolio. Based on this, any operating segment that would be identifiable based on how Mahube is structured and the nature of its asset were aggregated into a single operating segment because the economic characteristics of these investments are similar, and all have the same geographical location. IFRS 8.12 permits aggregation of segments on this basis. The chief operating decision maker makes decisions and assesses Mahube's performance based on the investment portfolio entirely. On this basis Mahube considers itself as a single operating segment, and therefore no entity specific disclosure related to segment reporting were provided.

###### 1.3.2.2 Investment entity exemption

Management applied judgement in terms of IFRS 10 and concluded that Mahube meets the IFRS 10 requirements of an investment entity. Management have reached this conclusion on the basis that Mahube Capital Fund 1:

- has the purpose of providing investment management services to its investors being Mahube and RMB Investment and Advisory (Pty) Ltd;
- has committed to invest funds solely for the purpose of generating returns from capital appreciation, investment income, or both; and
- evaluates performance of its investments primarily on a fair value basis.

Mahube is an investment entity listed on the JSE that:

- commits to its investors that its business purpose is to invest in operational infrastructure assets in Southern Africa for returns from investment income;
- obtains funds from various equity investors to provide them with investment management services; and
- measures and evaluates the performance of substantially all its investments on a fair value basis.

Mahube meets the definition of an investment entity as per IFRS 10 based on the following:

- the Company has obtained funds from various investors for the purpose of providing them with an operational and appropriately derisked secondary investment opportunity for investment income;
- the Company's business purpose, which was communicated directly to investors, is investing in infrastructure assets that are operational or near operation, offer low risk with inflationary linked investment returns; and
- the performance of the subsidiary's investments are measured and evaluated on a fair value basis.

Mahube Capital Fund 1 also meets the definition of an investment entity as:

- Mahube Capital Fund 1 has obtained funds for the purpose of providing investors (Mahube as ordinary shareholder and RMB Investment and Advisory (Pty) Ltd as preference shareholder) with an operational and appropriately derisked secondary investment opportunity;
- Mahube Capital Fund 1 business purpose, which was communicated directly to investors, is investing in infrastructure assets that are operational or near operation, offer low risk with inflationary linked investment returns; and
- The performance of Mahube Capital Fund 1 investments are measured and evaluated on a fair value basis.

The investments are not held indefinitely as the intention is to hold the investments until the end of the power purchase or concession agreements of the underlying project companies. If not exited earlier Mahube will hold the investments until the end of the power purchase or concession agreements, post which the equity interests will be liquidated or sold in the secondary market.

## Significant accounting policies (continued)

### 1. Significant accounting policies (continued)

#### 1.3 Significant judgements and sources of estimation uncertainty (continued)

##### 1.3.2 Key sources of significant judgement applied (continued)

##### 1.3.2.2 Investment entity exemption (continued)

The exit strategy with respect to the equity interest in Mahube Capital Fund 1 is to liquidate the entity when all its underlying investments have ceased to generate cash inflows which is linked to the period when the last underlying Power Purchase Agreement is due to expire, currently being 2035; or unbundle the underlying interests to shareholders through a distribution in specie. Management's intention is to set up any future infrastructure projects in a new structure and not to utilise the existing Mahube Capital Fund 1.

In light of the above, in terms of IFRS 10.31, Mahube and Mahube Capital Fund 1 meet the requirement for an investment entity exemption and therefore measure investments at fair value.

An investment entity which acquires an interest in a subsidiary shall be exempt from consolidation or equity accounting in terms of amendments to IFRS 10 and IAS 28 and shall measure an investment in a subsidiary at fair value through profit or loss.

#### 1.4 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Leasehold improvements | Straight-line       | 5 years             |
| Furniture and fixtures | Straight-line       | 5 years             |
| Computer equipment     | Straight-line       | 3 years             |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## Significant accounting policies (continued)

### 1. Significant accounting policies (continued)

#### 1.5 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9: *Financial Instruments*. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "Net gain from financial assets through fair value at profit or loss" line item. Fair value is determined in the manner described in note 5 and note 1.3.1.

##### *Financial assets at amortised cost*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is adjusted for any loss allowance. Interest income and impairment are recognised in profit or loss. These assets include loans receivable and trade and other receivables. Trade and other receivables refer to operational loans to related parties and dividends receivable from Mahube Capital Fund 1.

The Company assessed on a forward looking basis expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. ECL methodology applied depends on whether there has been a significant increase in credit risk that give an indication that there might a potential default on recoverability. The Company assessed each balance separately and take into consideration the historical experience, external indicators and forward looking information to calculate the ECL. The Company considers whether there has been a significant increase in credit risk since origination. The Company identify balances as default impaired where there have been non-performance by the counter party and no indication that future contractual payments will be made. Balances are being written off when all efforts to recover the outstanding debt have been exhausted and management has decided to no longer pursue recovery of the outstanding balance.

##### *Cash and cash equivalents*

Cash and cash equivalents are initially stated at carrying amount and subsequently carried at amortised cost. Cash and cash equivalents include cash on hand and deposits held at financial institutions.

#### **Trade and other payables**

##### *Classification*

Trade and other payables (note 11) are classified as financial liabilities measured at amortised cost.

##### *Recognition and measurement*

Trade and other payables are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other payables are subsequently measured at amortised cost.

#### 1.6 Tax

##### *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

## Significant accounting policies (continued)

### 1. Significant accounting policies (continued)

#### 1.6 Tax (continued)

##### *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

##### *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

#### 1.7 Leases

##### *Company as lessee*

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets (assets less than R10 000).

Details of leasing arrangements where the Company is a lessee are presented in note 4: Leases (Company as lessee).

##### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments, including in-substance fixed payments, less any lease incentives.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 14).

##### *Right-of-use assets*

Right-of-use assets are presented as a separate line item on the statement of financial position.

Lease payments included in the measurement of the lease liability comprise the initial amount of the corresponding lease liability.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The depreciation charge for each year is recognised in profit or loss.



## Significant accounting policies (continued)

### 1. Significant accounting policies (continued)

#### 1.8 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Transaction costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 1.9 Dividends paid to shareholders

Dividends payable is recognised as a liability in the period in which the dividends are declared. A dividend declared after period-end is not charged against equity at the reporting date as no liability exists.

#### 1.10 Interest income

Interest income and expense are recognised, in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Company will estimate future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

#### 1.11 Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. This is the date on which the shareholders approve the payment of a dividend.

#### 1.12 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all unrealised fair value changes but excludes interest and dividend income.

#### 1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.14 Segmental information

The Company has determined its operating segments based on investments held. At year-end, the Company held one investment, the investment in Mahube Capital Fund 1, for which it has recognised fair value adjustments. Due to Mahube only having one segment, entity-wide disclosure is not relevant. The Company is an investment entity holding most of its investments in operational infrastructure assets on which its revenue is earned. Currently all the investee entities are independent power producers established as part of the South African Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP") with 20-year power purchase agreements ("PPA") with Eskom Holdings SOC Ltd ("Eskom"). The PPAs are guaranteed by the South African National Treasury and the expected return is the same for the investment portfolio. Based on this, any operating segments that would be identifiable based on how Mahube is structured, the nature of its assets are aggregated into a single operating segment because the economic characteristics of these investments are similar, and all have the same geographical location.

Management and the Board make decisions and assess Mahube's performance based on the performance of the investment portfolio. Mahube therefore has only one operating segment in terms of IFRS 8: *Operating Segments*. The Board evaluates the investment in Mahube Capital Fund 1 based on net asset value and fair value movement (which is considered to represent the measure of the segment result) in this net asset value.

# Notes to the annual financial statements

## 2. New standards and interpretations

### 2.1 Standards effective in the current period

The following new standards or interpretations became effective in the current year but had no significant impact on the Company.

| Standard/<br>Interpretation   | Details of amendment  | Annual periods<br>beginning on or after |
|---|---|---|
| <i>Annual Improvements to IFRS: 2018-2020 Cycle</i>   | In May 2020, the IASB issued minor amendments to IFRS 1: <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 9: <i>Financial Instruments</i> , IAS 41: <i>Agriculture and the Illustrative Examples accompanying</i> and IFRS 16: <i>Leases</i> .  | 1 January 2022                          |
| <i>Conceptual Framework for Financial Reporting (Amendments to IFRS 3)</i>  | In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.   | 1 January 2022                          |
| <i>IAS 37: Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)</i> | In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will be loss-making and is therefore recognised as an onerous contract. These amendments are expected to result in more contracts being accounted for as onerous contracts because they increase the scope of costs that are included in the onerous contract assessment. | 1 January 2022                          |
| <i>IAS 16: Property, Plant and Equipment (Amendment – Proceeds before Intended Use)</i>   | In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.  | 1 January 2022                          |

## Notes to the annual financial (continued)

### 2. New standards and interpretations (continued)

#### 2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's account periods beginning on or after 1 March 2022 or later period:

| Standard/<br>Interpretation  | Details of amendment   | Annual periods<br>beginning on or after | Application<br>of standard  |
|--|--|---|---|
| IAS 1: <i>Presentation of Financial Statements</i> (Amendment – <i>Classification of Liabilities as Current or Non-Current</i> )       | In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current.  | 1 January 2024                          | This amendment will be adopted for the financial year ending 28 February 2024 and is not expected to materially impact the Company. |
| IAS 1: <i>Presentation of Financial Statements</i> (Amendment – <i>Disclosure of Accounting Policies</i> )                             | The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.   | 1 January 2023                          | This amendment will be adopted for the financial year ending 28 February 2024 and is not expected to materially impact the Company. |
| IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (Amendment – <i>Definition of Accounting Estimates</i> ) | The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.   | 1 January 2023                          | This amendment will be adopted for the financial year ending 28 February 2024 and is not expected to materially impact the Company. |
| IAS 12: <i>Income Taxes</i> (Amendment – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> )     | The amendment specifies how companies should account for deferred tax related to Assets and Liabilities arising from a Single Transaction on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. | 1 January 2023                          | This amendment will be adopted for the financial year ending 28 February 2024 and is not expected to materially impact the Company. |

## Notes to the annual financial (continued)

### 3. Property, plant and equipment

|                        | 2023           |                                  |                        | 2022           |                                  |                        |
|------------------------|----------------|----------------------------------|------------------------|----------------|----------------------------------|------------------------|
|                        | Cost<br>R      | Accumulated<br>depreciation<br>R | Carrying<br>value<br>R | Cost<br>R      | Accumulated<br>depreciation<br>R | Carrying<br>value<br>R |
| Furniture and fixtures | 234 723        | (227 679)                        | 7 043                  | 234 723        | (199 666)                        | 35 057                 |
| Computer equipment     | 95 896         | (79 529)                         | 16 367                 | 82 255         | (62 256)                         | 19 999                 |
| Leasehold improvements | 235 876        | (235 876)                        | –                      | 235 876        | (200 494)                        | 35 382                 |
| <b>Total</b>           | <b>566 494</b> | <b>(543 084)</b>                 | <b>23 410</b>          | <b>552 854</b> | <b>(462 416)</b>                 | <b>90 438</b>          |

|   | Opening<br>balance<br>R | Additions<br>R | Depreciation<br>R | Total<br>R    |
|---|-------------------------|----------------|-------------------|---------------|
| <b>Reconciliation of property, plant and equipment – 2023</b> |                         |                |                   |               |
| Furniture and fixtures  | 35 057                  | –              | (28 013)          | 7 043         |
| Computer equipment  | 19 999                  | 13 640         | (17 273)          | 16 367        |
| Leasehold improvements  | 35 382                  | –              | (35 382)          | –             |
|   | <b>90 438</b>           | <b>13 640</b>  | <b>(80 668)</b>   | <b>23 410</b> |
| <b>Reconciliation of property, plant and equipment – 2022</b> |                         |                |                   |               |
| Furniture and fixtures  | 78 685                  | –              | (43 628)          | 35 057        |
| Computer equipment  | 43 164                  | –              | (23 165)          | 19 999        |
| Leasehold improvements  | 82 557                  | –              | (47 175)          | 35 382        |
|   | <b>204 406</b>          | <b>–</b>       | <b>(113 968)</b>  | <b>90 438</b> |

### 4. LEASES

The Company lease an office building. Depreciation is written off over the lease term. The lease contract expired in November 2022, whereafter the entity is on a month-to-month lease arrangement.

Details pertaining to leasing arrangements, where the Company is a lessee are presented below:

|   | Opening<br>balance<br>R | Depreciation<br>R | Total<br>R |
|---|-------------------------|-------------------|------------|
| <b>Reconciliations of leases: Right-of-use assets</b> |                         |                   |            |
| <b>2023</b>   |                         |                   |            |
| Buildings   | 422 934                 | (422 934)         | –          |
| <b>2022</b>   |                         |                   |            |
| Buildings   | 986 846                 | (563 912)         | 422 934    |



## Notes to the annual financial (continued)

### 4. LEASES (continued)

|  | 2023<br>R | 2022<br>R |
|--|-----------|-----------|
| <b>Leases: Right-of-use assets</b>   |           |           |
| The carrying amounts of right-of-use assets are included in the following line items:        |           |           |
| Buildings  | –         | 422 934   |
| <b>Depreciation recognised on right-of-use assets</b>  |           |           |
| Depreciation recognised on each class of right-of-use assets is presented below.             |           |           |
| Buildings  | 422 934   | 563 912   |
| <b>Other disclosures</b>   |           |           |
| Interest expense on lease liabilities  | 30 175    | 116 515   |
| Capital payments on lease liabilities  | 561 081   | 633 146   |
| The Company is not exposed to any other potential cash outflows related to lease agreements. |           |           |
| <b>Lease liabilities</b>   |           |           |
| The maturity analysis of lease liabilities is as follows:                                    |           |           |
| – Within one year  | –         | 591 256   |
| – Two to five years  | –         | –         |
| – Less finance charges component   | –         | (30 175)  |
|  | –         | 561 081   |
| Non-current liabilities  | –         | –         |
| Current liabilities  | –         | 561 081   |
|  | –         | 561 081   |

### 5. Financial assets

|   | 2023<br>R          | 2022<br>R          |
|---|--------------------|--------------------|
| <b>Financial assets at fair value through profit or loss</b>  |                    |                    |
| <b>Mahube Capital Fund 1</b>  |                    |                    |
| The Company owns 100% ordinary equity interest in Mahube Capital Fund 1.  | 528 666 488        | 561 777 109        |
| <b>Mahube Asset Management</b>  |                    |                    |
| The Company owns 100% equity interest in Mahube Asset Management. The Company acquired 100% of the shareholding of Mahube Asset Management in the previous financial year for R105 000. This entity is a dormant entity.  | 105 000            | 105 000            |
| <b>Total</b>  | <b>528 771 488</b> | <b>561 882 108</b> |
| <b>Financial assets at amortised cost</b>   |                    |                    |
| <b>Noblesfontein Educational Trust</b>  |                    |                    |
| The loan accrues interest at a rate equal to the aggregate of CPI plus 7% net of taxes applied as a nominal annual compounded monthly in arrears rate, and calculated on the loan outstanding principal for that interest period. The loan does not have fixed repayment terms. Repayment of the capital amount is payable as and when there is remaining cash after all other payments were made that takes priority over the loan repayments as per the loan agreement. Payments that take priority over the repayment of the loan is Trust costs, dividends to the beneficiaries of the trust and accrued interest on this loan. |                    |                    |
| The loan is secured by a cession of any shares held by Noblesfontein Educational Trust in Noblesfontein Wind Farm.  |                    |                    |
| The Company extended the loan to the Noblesfontein Educational Trust, having taken it over from the previous shareholder at an interest rate, and with repayment terms more beneficial than market rates and terms, in order to benefit the beneficiaries of the trust, being members of the local Noblesfontein community (see terms above).   |                    |                    |
| Payments were received in the current year and subsequent to year end and management does not expect any losses from non-performance in terms of the loan agreement.  |                    |                    |
| No expected credit losses were provided for the balance. As per our assessment of the future expected cash flows the balance is recoverable together with the fact that the security in place will be sufficient to cover the balance should there be a default event. There was no change in the credit risk related to this balance.  | 6 019 299          | 5 213 232          |
|   | <b>534 790 787</b> | <b>567 095 341</b> |

## Notes to the annual financial (continued)

### 5. Financial assets (continued)

Mahube has adopted an accounting policy of measuring its investments at fair value through profit or loss with fair value movements on its assets under management recognised in the statement of profit or loss. All investments in Mahube Capital Fund 1 are measured at fair value on a stand-alone basis and Mahube uses sum of the parts valuation method to measure fair value at its investment in Mahube Capital Fund 1.

The fair value of each underlying investment is first determined and thereafter added together to arrive at the value in Mahube Capital Fund 1.

#### Investment in Mahube Capital Fund 1

| Description                                      |   | Fair value<br>2023   | Fair value<br>2022 |
|--|---|----------------------|--------------------|
| <b>TOTAL ASSETS</b>                              |   | <b>762 364 390</b>   | 809 238 979        |
| <b>Total financial assets at fair value</b>      |   | <b>739 377 627</b>   | 769 372 406        |
| Renewable Energy G**                             | 33% ordinary shares                                     | <b>516 793 209</b>   | 544 541 790        |
| SARGE*   | A & B preference shares subscribed for at R54.7 million | <b>87 995 421</b>    | 90 266 132         |
| Mahube Infrastructure Investment**               | 100% ordinary shares                                    | <b>8 171 052</b>     | 3 275 483          |
| Mahube Infrastructure Investment*                | C preference shares subscribed for at R130 million      | <b>126 417 945</b>   | 131 289 001        |
| Asset measured at amortised cost                 |   | <b>22 986 763</b>    | 39 866 574         |
| <b>TOTAL LIABILITIES</b>                         |   | <b>(233 697 902)</b> | (247 461 871)      |
| <b>Total financial Liabilities at fair value</b> |   | <b>(220 969 959)</b> | (219 927 274)      |
| RMB A preference shares                          | Held by RMBI  | <b>(175 796 846)</b> | (189 869 600)      |
| RMB B preference shares                          | Held by RMBI  | <b>(45 173 113)</b>  | (30 057 674)       |
| Liabilities measured at amortised cost           |   | <b>(12 727 943)</b>  | (27 534 597)       |
| <b>NET ASSET VALUE OF MAHUBE CAPITAL FUND 1</b>  |   | <b>528 666 488</b>   | 561 777 108        |

\* The Investment In preference shares is measured at the fair value of the preference shares.

\*\* The Investment In ordinary shares is measured at the net asset value of the Investment entity. See more information below:

#### Mahube Capital Fund 1 investment in Mahube Infrastructure Investment

| Description                                      |  | Fair value<br>2023   | Fair value<br>2022 |
|--|--|----------------------|--------------------|
| <b>TOTAL ASSETS</b>                              |  | <b>286 420 159</b>   | 289 574 256        |
| <b>Total financial assets at fair value</b>      |  | <b>286 329 641</b>   | 289 321 488        |
| A preference shares SARGE GAIA SPV               |  | <b>140 838 686</b>   | 138 486 670        |
| A1 preference shares SARGE GAIA SPV              |  | <b>129 184 996</b>   | 125 896 972        |
| B preference shares SARGE GAIA SPV               |  | <b>16 305 959</b>    | 24 937 846         |
| Assets measured at amortised cost                |  | <b>90 518</b>        | 252 768            |
| <b>TOTAL LIABILITIES</b>                         |  | <b>(278 249 107)</b> | (286 298 773)      |
| <b>Total financial liabilities at fair value</b> |  | <b>(278 031 116)</b> | (285 844 624)      |
| A preference shares                              |  | <b>(133 792 344)</b> | (137 936 271)      |
| B preference shares                              |  | <b>(17 820 827)</b>  | (16 619 352)       |
| C preference shares                              |  | <b>(126 417 945)</b> | (131 289 001)      |
| Liabilities measured at amortised cost           |  | <b>(217 991)</b>     | (454 149)          |
| <b>NET ASSET VALUE OF MAHUBE CAPITAL FUND 1</b>  |  | <b>8 171 052</b>     | 3 275 483          |

## Notes to the annual financial (continued)

### 5. Financial assets (continued)

#### Mahube Capital Fund 1 investment in Renewable Energy G

| Description  | Fair value<br>2023   | Fair value<br>2022 |
|--|----------------------|--------------------|
| <b>TOTAL FINANCIAL ASSETS AT FAIR VALUE</b>                        | <b>1 611 663 923</b> | 1 723 956 999      |
| Investment in Dorper Wind farm                                     | <b>601 976 285</b>   | 660 872 853        |
| Investment in Intikon Solar  | <b>1 009 687 638</b> | 1 063 084 146      |
| <i>Investment in Oakleaf 83</i>                                    | <b>810 308 358</b>   | 852 420 732        |
| Investment in Lesedi Solar PV farm (effective interest 16.18%)     | <b>410 263 305</b>   | 430 037 543        |
| Investment in Letsatsi Solar PV farm (effective interest 16.18%)   | <b>400 045 053</b>   | 422 383 189        |
| <i>Investment in Oakleaf 90</i>                                    | <b>199 379 280</b>   | 210 663 414        |
| Investment in Jasper Solar PV farm (effective interest 12.15%)     | <b>199 379 280</b>   | 210 663 414        |
| <b>OTHER ITEMS MEASURED AT AMORTISED COST</b>                      | <b>(47 519 828)</b>  | (75 828 095)       |
| <b>NET ASSET VALUE OF RENEWABLE ENERGY G</b>                       | <b>1 564 144 095</b> | 1 648 128 904      |
| <b>MAHUBE CAPITAL FUND 1 INTEREST IN RENEWABLE ENERGY G 33.04%</b> | <b>516 793 209</b>   | 544 541 790        |

#### Fair value information of underlying investments held through Mahube Capital Fund 1

##### Mahube Capital Fund 1 interest in Renewable Energy G

Mahube Capital Fund 1 holds a 33% equity interest in Renewable Energy G.

The Company funded the acquisition of its indirect economic interest in Dorper Wind Farm and Intikon Solar Assets (Jasper, Lesedi and Letsatsi Solar PV Farms), through a R501 million loan to Mahube Capital Fund 1. This loan was substantially settled in the previous financial period through the Company subscribing for the newly created N Shares in Mahube Capital Fund 1 as announced on SENS on 22 February 2022.

Renewable Energy G holds 30% of the issued share capital in Dorper Wind Farm and 100% in Intikon Solar (Pty) Ltd ("Intikon Solar") which holds indirect economic interests in the Intikon Solar Assets, being Jasper Solar PV Farm (12.0%), Lesedi Solar PV Farm (16.0%) and Letsatsi Solar PV Farm (16.0%).

##### Mahube Capital Fund 1 interest in Mahube Infrastructure Investments and Noblesfontein Wind Farm

On 19 September 2017, Mahube Capital Fund 1 acquired C Preference Shares in Mahube Infrastructure Investment for an aggregate subscription price of R130 million and, as a result, acquired an effective economic interest of 15.4% in the combined distributions linked to the ordinary shares and shareholder loan claims against Noblesfontein Wind Farm.

In addition, Mahube Capital Fund 1 entered into funding agreements with SARGE whereby Mahube Capital Fund 1 subscribed for A Preference Shares and B Preference Shares in SARGE for an aggregate subscription price of R57 493 127. As a result of the SARGE Transaction, Mahube Capital Fund 1 acquired a further effective economic interest of 4.25% of the distributions linked to the ordinary shares in the Noblesfontein Wind Farm.

Mahube Capital Fund 1 owns 100% of the issued ordinary shares in Mahube Infrastructure Investment and paid a nominal value of R100.

Mahube Capital Fund 1 obtained funding to facilitate, *inter alia*, its subscription for the Mahube Infrastructure Investment C Preference Shares; and subscription for the SARGE Preference Shares by way of the issue, by it, of A Preference Shares and B Preference Shares to RMBIA for an aggregate subscription price of approximately R188 million in terms of the Mahube Capital Fund 1 Preference Share Subscription Agreement.

## Notes to the annual financial (continued)

### 5. Financial assets (continued)

#### *Investments held by Mahube Infrastructure Investment*

Mahube Infrastructure Investment raised preference share funding in the aggregate amount of R273 million to fund its subscription for preference shares in SARGE GAIA SPV, the Company's sole investment. SARGE GAIA SPV has an effective economic interest in Noblesfontein Wind Farm of 23.42%.

#### *Valuation of underlying renewable investments*

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company engaged an independent valuation expert on assisting to develop valuation models for the measurement of the fair value of the Company's investments. The models used have been developed from recognised valuation models and the experience regarding the valuation of renewable energy projects. Some of the significant inputs into the discounted cash flow model are not observable and are derived from market prices or rates or are based on assumptions. This valuation model therefore requires a higher degree of management judgement and estimation in determination of fair value.

In the valuation for the investments, management's judgement and estimation is required for:

- Selection of the appropriate valuation model to be used, in this case the discounted cash flow methodology, specifically applying the free cash flow to equity approach;
- Assessment and determination of the expected cash flows (dividend income in the form of equity dividend and preference dividend) from the underlying investments under management; and
- Selection of the appropriate discount rates.

The fair value estimate obtained from the discounted cash flow models is only adjusted for factors such as liquidity risk and model uncertainty to the extent that the Company believes that a third-party market participant would take them into account in pricing a transaction. No such adjustments were deemed necessary in the valuation of the investments in underlying renewable assets.

The value of the investment in the ordinary shares of Renewable Energy G (Dorper Wind Farm and Intikon Solar) was determined using the discounted cash flow valuation models. Assumptions and inputs used in valuation techniques include CPI and investor premium used in estimating discount rates.

The value of the indirect investment in the preference shares in SARGE and Mahube Infrastructure Investment was also calculated using the discounted cash flow valuation model. The assumptions and inputs used included CPI rate, prime rate, and JIBAR.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the prices that would be received to sell the investments in underlying renewable assets in an orderly transaction between market participants at the measurement date.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring. Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

As at 28 February 2023, the fair value measurement of shares held by the Company in Mahube Capital Fund 1 is categorised into Level 3. The fair value of underlying investments under management in Mahube Capital Fund 1 is also categorised into Level 3.

## Notes to the annual financial (continued)

### 5. Financial assets (continued)

The valuations for the investments under management were performed using the same valuation methodology because all investments are held in infrastructure assets with the same risk profile, same expected return profile, the period of the investments is the same and the investee entities all have PPA agreements with Eskom. Therefore, the assumptions used in determining the fair values are the same and are presented in the table below:

| Assumptions            |   |  |
|------------------------|---|--|
| <b>Discount rate</b>   | Solar project the discount rate ranges between 10.7% and 13.2%<br>Wind projects the discount rate ranges between 11.2% and 13.7%<br>(2022: Solar projects ranges between 7.3% and 12.8%)<br>(2022: Wind projects ranges between 6.8% and 12.4%) | <p>The swap curve has been applied as the risk-free rate over the remaining life of each project.</p> <p>Specific risk premiums included:</p> <ul style="list-style-type: none"> <li>the long-term dependence on Eskom has been factored as a minor specific risk (0.25%) adding to the discount rate; and</li> <li>the low interest rate environment caused by quantitative easing measures implemented by central banks around the world is factored through a further 0.25%.</li> </ul> <p>We use the stage of life approach to determine the equity risk premium for infrastructure assets. Given that the assets have been in operation for multiple years and have reliably produced predictable levels of energy, we have used an equity premium of 3.0% for solar and 3.5% for wind.</p> |
| <b>Cash flow</b>       | Expected dividends  | Investee entities make distributions from profits which are made up of revenue net operating expenses. Revenue from power generation is charged at a fixed tariff per the PPA and is subject to an annual escalation with CPI.   |
| <b>Discount period</b> | Remaining term of the 20-year PPA   | Investment period of the PPA.  |

#### Reconciliation of financial assets at fair value through profit or loss measured at Level 3

|                         | Opening<br>balance<br>R | (Losses)/gains<br>in profit or loss<br>R | Additions<br>R | Total<br>R         |
|-------------------------|-------------------------|--|----------------|--------------------|
| <b>2023</b>             |                         |  |                |                    |
| Mahube Capital Fund 1   | 561 777 109             | (33 110 621)                             | –              | 528 666 488        |
| Mahube Asset Management | 105 000                 | –  | –              | 105 000            |
| <b>Total</b>            | <b>561 882 109</b>      | <b>(33 110 621)</b>                      | <b>–</b>       | <b>528 771 488</b> |
| <b>2022</b>             |                         |  |                |                    |
| Mahube Capital Fund 1   | 539 615 382             | 22 161 727                               | –              | 561 777 109        |
| Mahube Asset Management | –                       | –  | 105 000        | 105 000            |
| <b>Total</b>            | <b>538 615 382</b>      | <b>22 161 727</b>                        | <b>105 000</b> | <b>561 882 109</b> |

The change in gains or losses (net gain) for the period is included in profit or loss for financial assets held at the reporting date. These gains and losses are recognised in profit or loss as a net gain from financial instruments at fair value through profit or loss.



## Notes to the annual financial (continued)

### 5. Financial assets (continued)

#### Sensitivity of fair value measurement to changes in unobservable inputs

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in level 3, changing one or more of the assumptions used to reasonably reflect possible alternative assumptions would have the following effects on net assets:

#### Mahube Infrastructure Limited

|                              | Fair value at<br>28 February<br>2023 | Discount<br>rate<br>+ 1% | Discount<br>rate<br>- 1% | CPI<br>+ 1%  | CPI<br>- 1% | Jibar<br>+ 1% | Jibar<br>- 1% |
|------------------------------|--------------------------------------|--------------------------|--------------------------|--------------|-------------|---------------|---------------|
| <b>Investments</b>           |                                      |                          |                          |              |             |               |               |
| Mahube Capital Fund 1 shares | 528 666 488                          | 42 109 319               | (45 658 698)             | (66 125 929) | 79 503 033  | 4 584 422     | (4 373 496)   |

#### Mahube Capital Fund 1

|  | Fair value at<br>28 February<br>2023 | Discount<br>rate<br>+ 1% | Discount<br>rate<br>- 1% | CPI<br>+ 1%  | CPI<br>- 1% | Jibar<br>+ 1% | Jibar<br>- 1% |
|--|--------------------------------------|--------------------------|--------------------------|--------------|-------------|---------------|---------------|
| <b>Investments</b>                               |                                      |                          |                          |              |             |               |               |
| Ordinary shares Renewable Energy G               | 516 793 209                          | 26 001 357               | (28 106 384)             | (52 155 504) | 49 109 378  | 1 529 460     | (1 529 731)   |
| A pref SARGE                                     | 53 544 346                           | 1 991 537                | (2 135 820)              | (23 168)     | 12 654      | –             | –             |
| B pref SARGE                                     | 34 451 075                           | 2 113 375                | (2 297 860)              | (5 265 061)  | 4 871 712   | –             | –             |
| C pref Mahube Infrastructure Investment          | 126 417 945                          | 8 874 271                | (9 694 369)              | (19 424 777) | 19 113 901  | 1 799 991     | (1 497 818)   |
| Ordinary shares Mahube Infrastructure Investment | 8 171 052                            | (8 598 144)              | 9 358 411                | (2 621 977)  | 2 650 565   | (1 738 055)   | 1 437 391     |
| <b>Financial liabilities</b>                     |                                      |                          |                          |              |             |               |               |
| A pref   | 175 796 846                          | –                        | –                        | (329)        | 346         | 679 105       | (727 976)     |
| B pref   | 45 173 113                           | 3 128 780                | (3 424 264)              | (6 444 895)  | 6 606 497   | 575 865       | (617 970)     |

#### Mahube Infrastructure Investment

|                              | Fair value at<br>28 February<br>2023 | Discount<br>rate<br>+ 1% | Discount<br>rate<br>- 1% | CPI<br>+ 1%  | CPI<br>- 1% | Jibar<br>+ 1% | Jibar<br>- 1% |
|------------------------------|--------------------------------------|--------------------------|--------------------------|--------------|-------------|---------------|---------------|
| <b>Investments</b>           |                                      |                          |                          |              |             |               |               |
| A pref SARGE GAIA SPV        | 140 838 686                          | –                        | –                        | (504 953)    | 6 373 995   | 28 816        | (2 619)       |
| A1 pref SARGE GAIA SPV       | 129 184 996                          | –                        | –                        | (459 042)    | 4 976 359   | 26 431        | (2 402)       |
| B pref SARGE GAIA SPV        | 16 305 959                           | 1 554 626                | (1 734 513)              | (23 352 015) | 13 377 927  | 62 290        | (101 464)     |
| <b>Financial liabilities</b> |                                      |                          |                          |              |             |               |               |
| A pref                       | 133 792 344                          | –                        | –                        | (264 648)    | 518 133     | (171 026)     | 140 427       |
| B pref                       | 17 820 827                           | 1 278 428                | (1 398 625)              | (2 004 678)  | 2 445 613   | 226 611       | (186 500)     |
| C pref                       | 126 417 945                          | 8 874 271                | (9 694 369)              | (19 424 777) | 19 113 901  | 1 800 007     | (1 497 803)   |

## Notes to the annual financial (continued)

### 5. Financial assets (continued)

Significant observable/unobservable inputs are developed as follows:

#### Discount rate

Represents the rate used to discount projected levered or unlevered forecast cash flows for an asset to determine their present values. Their discounted present value cash flows are determined as their fair value at reporting date. To value these assets, we have used the free cash flow to equity ("FCFE") as the primary valuation methodology, discounted by a cost of equity rate that is determined with reference to the swap curve, equity risk premium (stage of life) and specific risk premia. We use the stage of life approach to determine the equity risk premium for infrastructure assets. Given that the assets have been in operation for multiple years and have reliably produced predictable levels of energy, we have used an equity premium of 3.0% for solar and 3.5% for wind.

#### CPI rate

The CPI forecast curve was derived from the South African bond curve and real curve, to which a lower end (3.2%) and upper cap (5.75%) has been applied. The lower end cap is based on the prevailing inflation rate at the valuation date and the upper end cap is based on the projection that the South African Reserve Bank is expected to maintain its policy of managing inflation within its stated range of 3% to 6%. The Euro and USD inflation projections were utilised for foreign currency expenditure and based on data presented by Oxford Economics.

### 6. Receipts from loan to Noblesfontein Educational Trust

|   | 2023<br>R        | 2022<br>R |
|---|------------------|-----------|
| <b>Balance at the beginning of the year</b> | <b>5 213 232</b> | 5 474 375 |
| Interest accrued                            | 1 014 301        | 861 753   |
| Balance at the end of the year              | 6 019 299        | 5 213 232 |
| Receipts                                    | 208 234          | 1 122 895 |

### 7. Deferred tax

|   | 2023<br>R     | 2022<br>R |
|---|---------------|-----------|
| <b>Deferred tax asset</b>                   |               |           |
| Property, plant and equipment               | (6 555)       | 30 845    |
| Accrual for audit fees                      | 51 621        | 48 579    |
| Company as lessee                           | –             | 38 681    |
| <b>Total deferred tax asset</b>             | <b>45 066</b> | 118 105   |
| <b>Reconciliation of deferred tax asset</b> |               |           |
| At the beginning of the year                | 118 105       | 114 001   |
| Movement on property, plant and equipment   | 37 400        | 20 957    |
| Movement on accruals                        | (3 043)       | 2 533     |
| Movement on leases                          | (38 681)      | (19 386)  |
|   | <b>45 066</b> | 118 105   |

### 8. Trade and other receivables

|  | 2023<br>R         | 2022<br>R  |
|--|-------------------|------------|
| Other receivables – dividend receivable                | 9 963 240         | 25 680 836 |
| Other receivables – related parties (refer to note 19) | 472 512           | 635 276    |
| <b>Total trade and other receivables</b>               | <b>10 435 752</b> | 26 316 111 |

## Notes to the annual financial (continued)

### 8. Trade and other receivables (continued)

The exposure to credit risk on trade and other receivables is limited. None of the trade and other receivables has been subject to a significant increase on credit risk.

The amounts are all due from related inter-group entities.

The amount due from Mahube Infrastructure Investments represents a temporary working capital loan. As per the subscription agreement in place for:

- Mahube Infrastructure Investment preference shares in SARGE GAIA SPV, six monthly payments are being made to cover the working capital requirements. These payments take priority over the preference share obligations. Based on the assessment of the financial models underlying to the preference share future cash flows, sufficient cash flows are expected to recover the loan and therefore no credit losses were provided for related to this balance. Any amount that is allocated to the inter-company loan is paid back within six months and sufficient cash will be available to cover the loan amount.
- The amounts due from Mahube Capital Fund 1 is the remaining balance after the subscription of the N shares by Mahube as well as dividends that was declared not yet paid. The remaining loan amount will be paid within the next six months. Therefore no credit loss was recognised as sufficient funds is available to pay the remaining loan balance. There was also no expected credit loss recognised for the dividends receivable. Dividends from Mahube Capital Fund 1 usually get paid within 120 days of declaration of the dividend, providing all covenants are met in relation to the Mahube Capital Fund 1 preference shares. The covenants were met at 28 February 2023 and the dividend receivable was paid subsequently.

### 9. Cash and cash equivalents

|  | 2023<br>R        | 2022<br>R         |
|--|------------------|-------------------|
| <b>Cash and cash equivalents consist of:</b> |                  |                   |
| Bank balances                                | 2 043 878        | 26 161 408        |
|  | <b>2 043 878</b> | <b>26 161 408</b> |

The fair value of cash and cash equivalents approximates their carrying amounts.

### 10. Stated capital

|   | 2023<br>R          | 2022<br>R   |
|---|--------------------|-------------|
| <b>Authorised</b>                                       |                    |             |
| 6 000 000 000 ordinary no par value shares              |                    |             |
| <b>Issued and fully paid</b>                            |                    |             |
| 55 151 000 no par value shares, net of share issue cost | <b>545 851 762</b> | 545 851 762 |

### 11. Trade and other payables

|                  | 2023<br>R      | 2022<br>R      |
|------------------|----------------|----------------|
| Trade payables   | 476 756        | 805 496        |
| Accrued expenses | 480 788        | 173 495        |
|                  | <b>957 544</b> | <b>978 991</b> |

The fair value of trade and other payables approximates their carrying amounts.

## Notes to the annual financial (continued)

### 12. (Loss)/revenue from investments

|  | 2023<br>R           | 2022<br>R  |
|--|---------------------|------------|
| <b>Disaggregation of revenue by nature</b>                                 |                     |            |
| Interest income – Noblesfontein Educational Trust                          | 1 014 301           | 861 753    |
| Interest income – cash and cash equivalents                                | 38 278              | 57 161     |
| Dividend income – financial assets   | 18 000 000          | 55 800 719 |
| Net gain/(loss) from financial assets at fair value through profit or loss | (33 110 538)        | 22 161 727 |
|  | <b>(14 058 041)</b> | 78 881 359 |

### 13. Operating expenses

|   | 2023<br>R         | 2022<br>R  |
|---|-------------------|------------|
| Accounting fees                               | 187 953           | 156 663    |
| Audit fees                                    | 168 590           | 233 295    |
| Circulars and publications                    | 729 670           | 547 340    |
| Depreciation                                  | 503 602           | 677 880    |
| Non-Executive Directors' fees (refer note 20) | 1 273 317         | 1 356 523  |
| Employee costs                                | 6 968 493         | 5 746 783  |
| JSE annual fees                               | 146 617           | 141 785    |
| Other expenses                                | 1 720 066         | 764 384    |
| Professional fees                             | 3 253 385         | 2 908 795  |
| Secretarial fees                              | 438 864           | 439 410    |
| <b>Total</b>                                  | <b>15 390 558</b> | 12 972 858 |

### 14. Finance costs

|                            | 2023<br>R     | 2022<br>R |
|----------------------------|---------------|-----------|
| Lease liabilities          | 30 175        | 116 515   |
| Bank                       | –             | 10        |
| <b>Total finance costs</b> | <b>30 175</b> | 116 525   |

## Notes to the annual financial (continued)

### 15. Taxation

|   | 2023<br>R      | 2022<br>R      |
|---|----------------|----------------|
| <b>Major components of the tax expense</b>                |                |                |
| <b>Current</b>  |                |                |
| Local income tax – current period                         | 55 164         | 203 979        |
| <b>Deferred</b>   |                |                |
| Deferred tax  | 73 039         | (4 104)        |
|   | <b>128 203</b> | <b>199 875</b> |
|   |                |                |
|   | 2023<br>R      | 2022<br>R      |
| <b>Reconciliation of the tax expense</b>                  |                |                |
| Reconciliation between accounting profit and tax expense: |                |                |
| Accounting (loss)/profit                                  | (7 089 909)    | 65 791 976     |
| Tax at the applicable tax rate of 28%                     | (1 985 175)    | 18 421 753     |
| <b>Tax effect of adjustments on taxable income</b>        |                |                |
| Exempt income – local dividends received                  | (5 040 000)    | (15 624 201)   |
| Non-deductible expenses attributable to exempt income*    | 4 092 502      | 3 607 606      |
| Fair value adjustment on financial assets**               | (3 002 092)    | (6 205 283)    |
|   | <b>128 203</b> | <b>199 875</b> |

\* The Company's main source of revenue is dividend income which is exempt income for tax purposes implying a significant portion of expenses is apportioned to the exempt income.

\*\* No deferred tax was recognised on the investment in Mahube Capital Fund 1 due to the intention of Mahube to recover the investment through receipt of dividends which would not be taxable. The tax base of the asset is therefore equal to the carrying amount, resulting in no deferred tax being recognised. Although the asset might be sold in the future, this is not the intention of the Company.

### 16. Cash generated from operations

|                                       | 2023<br>R         | 2022<br>R         |
|---------------------------------------|-------------------|-------------------|
| (Loss)/profit before taxation         | (29 478 774)      | 65 791 976        |
| <b>Adjustments for:</b>               |                   |                   |
| Depreciation (refer notes 3 and 4)    | 503 602           | 677 880           |
| Interest income (refer note 6)        | (1 014 301)       | (861 753)         |
| Finance costs (refer note 14)         | 30 175            | 116 525           |
| Fair value adjustments (refer note 5) | 33 110 621        | (22 161 727)      |
| <b>Changes in working capital:</b>    |                   |                   |
| Trade and other receivables           | 15 880 360        | 9 205 694         |
| Trade and other payables              | (21 447)          | 25 551            |
|                                       | <b>19 010 235</b> | <b>52 794 147</b> |



## Notes to the annual financial (continued)

### 17. Tax paid

|   | 2023<br>R      | 2022<br>R |
|---|----------------|-----------|
| Balance at the beginning of the year                  | 175 114        | 122 270   |
| Current tax for the year recognised in profit or loss | 55 164         | 203 979   |
| Balance at the end of the year                        | 34 555         | 175 114   |
| <b>Tax paid</b>                                       | <b>264 833</b> | 151 135   |

### 18. Earnings and net asset value per share

#### 18.1 Earnings per share

|   | 2023<br>R | 2022<br>R |
|---|-----------|-----------|
| Basic (loss)/earnings per share (cents per share) | (53.68)   | 118.93    |

Basic earnings per share is based on a (loss)/earnings of (R29 606 977) (2022: R65 592 102) and weighted average number of ordinary shares of 55 151 000 (2022: 55 151 000).

There were no headline adjustments required or potential dilutive shares in issue, therefore headline earnings per share, diluted earnings per share and diluted headline earnings per share were equal to basic earnings per share.

#### 18.2 Net asset value per share

Net asset value is the value of an entity's assets minus the value of its liabilities.

|                                  | 2023<br>R | 2022<br>R |
|----------------------------------|-----------|-----------|
| <b>Net asset value per share</b> |           |           |
| Net asset value per share (Rand) | 9.91      | 11.21     |

Net asset value per share was based on net asset value of R546 415 986 (2022: R618 489 151) and weighted average number of ordinary shares of 55 151 000 (2022: 55 151 000).

### 19. Related parties

#### Relationships

|  |                                  |
|--|----------------------------------|
| Subsidiary                               | Mahube Capital Fund 1            |
| Subsidiary                               | Mahube Asset Management          |
| Subsidiary of Mahube Capital Fund 1      | Mahube Infrastructure Investment |
| Mahube Capital Fund 1 holds 33% interest | Renewable Energy G               |

## Notes to the annual financial (continued)

### 19. Related parties (continued)

|  | 2023<br>R    | 2022<br>R   |
|--|--------------|-------------|
| <b>Related party balances</b>  |              |             |
| <b>Financial assets at fair value through profit or loss</b>                     |              |             |
| Mahube Capital Fund 1  | 528 666 488  | 561 777 109 |
| <b>Amounts included in trade and other receivables regarding related parties</b> |              |             |
| Mahube Capital Fund 1* dividend receivable                                       | 9 963 240    | 26 040 835  |
| Mahube Capital Fund 1 working capital loan                                       | 360 000      | 360 000     |
| Mahube Infrastructure Investment   | 112 412      | 275 276     |
| Mahube Asset Management  | 100          | –           |
| <b>Related party transactions</b>  |              |             |
| <b>Management fees paid to related parties</b>                                   |              |             |
| Dividends received from related parties  |              |             |
| Mahube Capital Fund 1  | 18 000 000   | 55 800 719  |
| <b>Investment in Mahube Capital Fund 1</b>                                       |              |             |
| Net gain/(loss) from financial assets at fair value through profit or loss       | (33 110 621) | 22 161 727  |

All related party trade and other receivables relate to operational loans, except \* which relates to dividends receivable, and all are unsecured, interest-free and repayable within the next 12 months.

For compensation to Directors refer to note 20.

### 20. Directors' emoluments

|                                  | Remuneration | Directors' fees | Total     |
|----------------------------------|--------------|-----------------|-----------|
| <b>2023</b>                      |              |                 |           |
| <b>Executive</b>                 |              |                 |           |
| Gontse Moseneke                  | 3 374 515    | –               | 3 374 515 |
| Petro Lewis                      | 2 250 385    | –               | 2 250 385 |
| <b>Independent Non-Executive</b> |              |                 |           |
| Eddie Mbalo*                     | –            | 420 562         | 420 562   |
| Sisanda Tuku                     | –            | 303 818         | 303 818   |
| Thembani Bukula                  | –            | 168 296         | 168 296   |
| Karén Breytenbach*               | –            | 146 914         | 146 914   |
| Mamoso May                       | –            | 123 460         | 123 460   |
| Marion Shikwinya                 | –            | 110 266         | 110 266   |
|                                  | 5 624 900    | 1 273 317       | 6 898 217 |

\* These Directors are paid indirectly through their separate legal entities, unrelated to Mahube.

## Notes to the annual financial (continued)

### 20. Directors' emoluments (continued)

|                                  | Remuneration | Directors' fees | Total     |
|----------------------------------|--------------|-----------------|-----------|
| <b>2022</b>                      |              |                 |           |
| <b>Executive</b>                 |              |                 |           |
| Gontse Moseneke                  | 3 183 540    | –               | 3 183 540 |
| Petro Lewis                      | 2 123 040    | –               | 2 123 040 |
| <b>Independent Non-Executive</b> |              |                 |           |
| Eddie Mbalo*                     | –            | 241 400         | 241 400   |
| Sisanda Tuku                     | –            | 429 155         | 429 155   |
| Thembani Bukula                  | –            | 384 358         | 384 358   |
| Karén Breytenbach*               | –            | 301 611         | 301 611   |
|                                  | 5 306 580    | 1 356 523       | 6 663 104 |

\* These Directors are paid indirectly through their separate legal entities, unrelated to Mahube.

No other payments were made to the Directors, including bonuses, performance-related payments, pension scheme contributions, commission, share options or expense allowances.

### 21. Financial instruments and risk management

|  | Note(s) | Fair value through profit or loss – mandatory | Amortised cost | Total       |
|--|---------|---|----------------|-------------|
| <b>Categories of financial instruments</b> |         |   |                |             |
| <b>Categories of financial assets</b>      |         |   |                |             |
| <b>2023</b>                                |         |   |                |             |
| Financial assets                           | 5       | 528 771 488                                   | 6 019 299      | 534 790 787 |
| Trade and other receivables                | 8       | –   | 10 435 752     | 10 435 752  |
| Cash and cash equivalents                  | 9       | –   | 2 043 878      | 2 043 878   |
|  |         | 528 771 488                                   | 18 498 929     | 547 270 417 |
| <b>2022</b>                                |         |   |                |             |
| Financial assets                           | 5       | 561 882 109                                   | 5 213 232      | 567 095 341 |
| Trade and other receivables                | 8       | –   | 26 316 111     | 26 316 111  |
| Cash and cash equivalents                  | 9       | –   | 26 161 408     | 26 161 408  |
|  |         | 561 882 109                                   | 57 690 751     | 619 572 860 |

## Notes to the annual financial (continued)

### 21. Financial instruments and risk management (continued)

|  | Note(s) | Amortised cost | Leases  | Total     |
|--|---------|----------------|---------|-----------|
| <b>Categories of financial liabilities</b> |         |                |         |           |
| <b>2023</b>                                |         |                |         |           |
| Trade and other payables*                  | 11      | 957 544        | –       | 957 544   |
| <b>2022</b>                                |         |                |         |           |
| Trade and other payables*                  | 11      | 978 991        | –       | 978 991   |
| Lease liabilities                          | 4       | –              | 561 081 | 561 081   |
|  |         | 978 991        | 561 081 | 1 540 072 |

\* All trade payables will be paid within 90 days after year-end.

#### Capital risk management

The Company's objective when managing capital (which includes stated capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### Financial risk management

The Company considered the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Foreign currency risk;
- Price risk; and
- Interest rate risk.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

#### Credit risk

"Credit risk" is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company, resulting in a financial loss to the Company.

Credit risk arises on cash and cash equivalents trade, loans receivable and other receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

## Notes to the annual financial (continued)

### 21. Financial instruments and risk management (continued)

#### Credit risk management

##### Trade receivables

The exposure to credit risk on trade and other receivables is limited due to the fact that they only consist of inter-company balances, which becomes payable within six months of them being incurred.

##### Dividend receivables

Payment on dividend receivables usually occurs within four months from when the dividends are declared. There has been no history of default and future dividends will only be declared if the cash is available to declare the dividends. Therefore, the exposure to credit risk on the dividend receivables is limited to the maximum payment period of four months.

##### Noblesfontein Educational Trust ("NET") loan

The loan granted to NET was for the refinancing of their vendor loan with Gestamp as Gestamp was divesting from the Noblesfontein REIPPPP project. The loan repayments are being monitored to ensure that the remaining cash is utilised for regular capital payment. If regular payments are not received, this will be an indication of default and will increase the credit risk.

In addition the loan is secured by a cession and pledge of any shares held by NET in Noblesfontein Wind Farm. Therefore, the value of the shares is sufficient to settle the loan amount should NET default.

Financial assets exposed to credit risk at year-end were as follows:

|                                 | Note(s) | Gross carrying amount | Credit loss allowance |
|---------------------------------|---------|-----------------------|-----------------------|
| <b>2023</b>                     |         |                       |                       |
| Noblesfontein Educational Trust | 5       | 6 019 299             | –                     |
| Trade and other receivables     | 8       | 10 435 752            | –                     |
| Cash and cash equivalents       | 9       | 2 043 878             | –                     |
|                                 |         | <b>18 498 929</b>     | <b>–</b>              |
| <b>2022</b>                     |         |                       |                       |
| Noblesfontein Educational Trust | 5       | 5 213 232             | –                     |
| Trade and other receivables     | 8       | 26 316 111            | –                     |
| Cash and cash equivalents       | 9       | 26 161 408            | –                     |
|                                 |         | <b>62 690 482</b>     | <b>–</b>              |

#### Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand is assessed by reference to external credit ratings (if available) or historical information about counterparty. The Company only deposits cash with banks with good credit ratings in South Africa. At year-end the Company's cash was invested with financial institutions that have been awarded a ba2 Moody's credit rating.

#### Liquidity risk

"Liquidity risk" is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk through an ongoing review of future commitments and expenses compared to available cash to meet those commitments. Cash flow forecasts are prepared and presented to the Board for approval.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



## Notes to the annual financial (continued)

### 21. Financial instruments and risk management (continued)

#### Liquidity risk (continued)

|                            | Note(s) | Less than 1 year | <30 days | 31 to 60 days | 61 to 90 days | 91 to 120 days | >120 days | Total     | Carrying amount |
|----------------------------|---------|------------------|----------|---------------|---------------|----------------|-----------|-----------|-----------------|
| <b>2023</b>                |         |                  |          |               |               |                |           |           |                 |
| <b>Current liabilities</b> |         |                  |          |               |               |                |           |           |                 |
| Trade and other payables*  | 11      | 957 544          | 757 410  | –             | 180 120       | 20 013         | –         | 957 544   | 957 544         |
|                            |         | 957 544          | 757 410  | –             | 180 120       | 20 013         | –         | 957 544   | 957 544         |
| <b>2022</b>                |         |                  |          |               |               |                |           |           |                 |
| <b>Current liabilities</b> |         |                  |          |               |               |                |           |           |                 |
| Trade and other payables*  | 11      | 978 991          | 805 496  | 86 747        | 69 398        | 17 349         | –         | 978 991   | 978 991         |
| Lease liabilities          | 4       | 561 081          | 59 744   | 60 378        | 61 118        | 61 665         | 318 277   | 561 182   | 561 081         |
|                            |         | 1 540 072        | 865 240  | 147 125       | 130 516       | 79 015         | 318 277   | 1 540 172 | 1 540 072       |

\* All trade payables will be paid within 90 days after year-end.

#### Price risk

The Company is not exposed to price risk as the investee entities have entered into a 20-year PPA with Eskom under the South African REIPPPP, with the PPA guaranteed by the South African National Treasury. Under this agreement the price for the electricity generated (electricity tariff) by the investee entities is agreed upfront on signature of the PPA and escalates annually by inflation for the duration of the agreement.

#### Foreign currency and interest rate risk

The Company is indirectly exposed to foreign currency and interest rate risk. Although exchange and interest rates are considered in the various components of the project models for the valuation of financial assets through profit or loss, the actual risk lies with the underlying investment entities and not with Mahube. It will, however, have an indirect impact through the valuation.

### 22. Going concern

The Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Mahube remains confident about the prospects and our ability as well as our underlying investee companies, and as a result to continue to operate as a going concern.

### 23. Events after the reporting period

The following changes to the Board occurred subsequent to year end:

- Mr E Mbalo has tendered his resignation as Non-Executive Director and Chairperson of the Board, with effect from 13 March 2023; and
- Mr M Kuscus was appointed as independent Non-Executive Director of the Company with effect from 13 March 2023 and was appointed as Chairperson of the Board with effect from 5 May 2023.

Subsequent to year end a court application was received with Mahube Capital Fund 1 and Mahube Infrastructure Investments being two of the eleven respondents. The case is around the applicants seeking a declaratory around the Mahube's entities' entitlement to have a representative exercising voting rights on the Board of one of the project companies. No monetary claim has been made and from a financial perspective our exposure is limited.

The Board is not aware of any other material events which occurred after the reporting date and up to the date of this report which will affect the financial position of the Company as reflected in these Financial Statements.



|                      |     |
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# 6 SHAREHOLDERS' INFORMATION

# Shareholder analysis

for the year ended 28 February 2023

| Shareholder spread                    | Number of shareholdings | %             | Number of shares  | %             |
|---------------------------------------|-------------------------|---------------|-------------------|---------------|
| 1 – 1 000 shares                      | 1 158                   | 79.53         | 131 866           | 0.24          |
| 1 001 – 10 000 shares                 | 209                     | 14.35         | 866 737           | 1.57          |
| 10 001 – 100 000 shares               | 59                      | 4.05          | 1 845 723         | 3.35          |
| 100 001 – 1 000 000 shares            | 26                      | 1.79          | 7 646 212         | 13.86         |
| 1 000 001 shares and over             | 4                       | 0.27          | 44 660 462        | 80.98         |
| <b>Totals</b>                         | <b>1 456</b>            | <b>100.00</b> | <b>55 151 000</b> | <b>100.00</b> |
| <b>Distribution of shareholders</b>   |                         |               |                   |               |
| Banks/brokers                         | 3                       | 0.21          | 569 568           | 1.03          |
| Close corporations                    | 8                       | 0.55          | 54 261            | 0.10          |
| Endowment funds                       | 2                       | 0.14          | 85 671            | 0.16          |
| Government                            | 1                       | 0.07          | 36 073            | 0.07          |
| Individuals                           | 1 350                   | 92.72         | 2 216 590         | 4.02          |
| Insurance companies                   | 3                       | 0.21          | 622 919           | 1.13          |
| Medical schemes                       | 1                       | 0.07          | 117 229           | 0.21          |
| Mutual funds                          | 4                       | 0.27          | 1 031 507         | 1.87          |
| Other corporations                    | 14                      | 0.96          | 130 861           | 0.24          |
| Private companies                     | 22                      | 1.51          | 4 085 700         | 7.41          |
| Private equity                        | 1                       | 0.07          | 19 247 699        | 34.90         |
| Public company                        | 1                       | 0.07          | 879 261           | 1.59          |
| Retirement funds                      | 15                      | 1.03          | 25 061 776        | 45.44         |
| Trusts                                | 31                      | 2.13          | 1 011 885         | 1.83          |
| <b>Totals</b>                         | <b>1 456</b>            | <b>100.00</b> | <b>55 151 000</b> | <b>100.00</b> |
| <b>Public/non-public shareholders</b> |                         |               |                   |               |
| <b>Non-public shareholders</b>        | <b>3</b>                | <b>0.21</b>   | <b>43 395 367</b> | <b>78.68</b>  |
| Strategic holders more than 10%       | 3                       | 0.21          | 43 395 367        | 78.68         |
| <b>Public shareholders</b>            | <b>1 453</b>            | <b>99.79</b>  | <b>11 755 633</b> | <b>21.32</b>  |
| <b>Totals</b>                         | <b>1 456</b>            | <b>100.00</b> | <b>55 151 000</b> | <b>100.00</b> |

| Beneficial shareholders holding 3% or more                         | Number of shares  | %            |
|--|-------------------|--------------|
| Government Employees Pension Fund                                  | 24 147 668        | 43.78        |
| Specialised Listed Infrastructure Equity En Commandite Partnership | 19 247 699        | 34.90        |
| <b>Totals</b>  | <b>44 660 462</b> | <b>80.98</b> |

# Abbreviations

|   |   |
|---|---|
| <b>"AFS"</b>  | Annual Financial Statements.  |
| <b>"AGM"</b>  | Annual General Meeting.   |
| <b>"B-BBEE"</b>   | Broad-Based Black Economic Empowerment.   |
| <b>"Board" or "Directors"</b>                             | the Board of Directors of Mahube Infrastructure Limited.  |
| <b>"CEO"</b>  | Chief Executive Officer.  |
| <b>"CO<sub>2</sub>"</b>                                   | Carbon dioxide.   |
| <b>"Companies Act" or "Companies Act of South Africa"</b> | Companies Act of South Africa 71 of 2008.   |
| <b>"CPI"</b>  | The Consumer Price Index for all urban areas published by Statistics South Africa from time to time.  |
| <b>"DCF"</b>  | Discounted cash flow.   |
| <b>"DOH"</b>  | Department of Health.   |
| <b>"Dorper Wind Farm" or "Dorper"</b>                     | Dorper Wind Farm (RF) (Pty) Limited.  |
| <b>"DSD"</b>  | Department of Social Development.   |
| <b>"ECD"</b>  | Early Childhood Development.  |
| <b>"ECL"</b>  | Expected Credit Losses.   |
| <b>"ED"</b>   | Enterprise development.   |
| <b>"ESG"</b>  | Environmental, social and corporate governance.   |
| <b>"Eskom"</b>  | Eskom Holdings SOC Limited.   |
| <b>"FD"</b>   | Financial Director.   |
| <b>"FUSION"</b>   | Fusion Corporate Secretarial Services (Pty) Ltd, being Mahube's Company Secretary.  |
| <b>"GWh"</b>  | Gigawatt hours.   |
| <b>"HIV/AIDS"</b>   | Human immunodeficiency virus/acquired immunodeficiency syndrome.  |
| <b>"HSE"</b>  | Health, safety and environment.   |
| <b>"IAR"</b>  | Integrated Annual Report.   |
| <b>"IFRIC"</b>  | International Financial Reporting Interpretations Committee.  |
| <b>"IFRS"</b>   | International Financial Reporting Standards.  |
| <b>"Intikon Solar"</b>                                    | Intikon Solar Proprietary Limited.  |
| <b>"IPP"</b>  | Independent Power Producers.  |
| <b>"IRR"</b>  | Internal Rate of Return.  |
| <b>"IT"</b>   | Information Technology.   |
| <b>"Jasper Solar PV Farm"</b>                             | The Jasper Solar PV project that was selected by the South African Department of Energy in May 2012 under the South African Renewable Energy Independent Power Producer Procurement Programme in the second round of bidding. |
| <b>"JSE Listings Requirements"</b>                        | The JSE Listings Requirements, as amended from time to time.  |
| <b>"JSE"</b>  | JSE Limited, licensed as an exchange under the Financial Markets Act, and a public private placement company incorporated under the laws of South Africa.   |
| <b>"KING IV"</b>  | King IV™ Report on Corporate Governance for South Africa, 2016.   |
| <b>"km"</b>   | Kilometre.  |
| <b>"KPI"</b>  | Key Performance Indicator.  |
| <b>"Lesedi Solar PV Farm"</b>                             | The Lesedi Solar PV project that was selected by South Africa's Department of Energy in the first round of bids of its Renewable Energy Independent Power Producer Procurement Programme.                                     |

|   |   |
|---|---|
| <b>"Letsatsi Solar PV Farm"</b>                     | The Letsatsi Solar PV project that was selected by South Africa's Department of Energy in the first round of bids of its Renewable Energy Independent Power Producer Procurement Programme. |
| <b>"LTI"</b>  | Long-Term Incentive.  |
| <b>"Mahube Asset Management"</b>                    | Mahube Asset Management (Pty) Ltd currently a dormant entity.   |
| <b>"Mahube Capital Fund 1" or "MCF"</b>             | Mahube Capital Fund 1 (RF) (Pty) Ltd.   |
| <b>"Mahube Infrastructure Investment"</b>           | Mahube Infrastructure Investment 1 (RF) (Pty) Ltd.  |
| <b>"Mahube" or "the Company" or "MHB"</b>           | Mahube Infrastructure Limited (Registration number 2015/115237/06), a company listed on the Main Board of the JSE Limited.  |
| <b>"MOI"</b>  | The Company's Memorandum of Incorporation.  |
| <b>"MW"</b>   | Megawatt.   |
| <b>"MW-AC"</b>                                      | Megawatt alternating current.   |
| <b>"N1"</b>   | NFontein one (RF) (Pty) Ltd.  |
| <b>"NAV"</b>  | Net Asset Value.  |
| <b>"NGO"</b>  | A non-governmental organisation.  |
| <b>"Noblesfontein Wind Farm" or "Noblesfontein"</b> | Coria (PKF) Investment 28 (RF) (Pty) Limited.   |
| <b>"Oakleaf 83"</b>                                 | Oakleaf Investment Holdings 83 (Pty) Ltd.   |
| <b>"Oakleaf 90"</b>                                 | Oakleaf Investment Holdings 90 (Pty) Ltd.   |
| <b>"P50"</b>  | The P50 figure is the average level of generation, where the output is forecasted to exceed 50% over the project's life.  |
| <b>"POPI"</b>                                       | Protection of Personal Information.   |
| <b>"PPA"</b>  | Power Purchase Agreement.   |
| <b>"Pref shares"</b>                                | Preference shares.  |
| <b>"PV"</b>   | Photovoltaic.   |
| <b>"Rand" or "R"</b>                                | South African rand, the official currency of South Africa.  |
| <b>"RDP"</b>  | Reconstruction and Development Programme.   |
| <b>"REIPPP"</b>                                     | South African Renewable Energy Independent Power Producer Procurement Programme.  |
| <b>"Renewable Energy G"</b>                         | Renewable Energy G (Pty) Ltd.   |
| <b>"RMBIA"</b>                                      | RMB Investment and Advisory (Pty) Ltd.  |
| <b>"SANRAL"</b>                                     | The South African National Roads Agency Limited.  |
| <b>"SARGE GAIA SPV"</b>                             | SARGE GAIA SPV (RF) (Pty) Ltd.  |
| <b>"SARGE"</b>                                      | South Africa Renewable Green Energy (Pty) Ltd.  |
| <b>"SEC"</b>  | Social and Ethics Committee.  |
| <b>"SED"</b>  | Social-Economic Development.  |
| <b>"SENS"</b>                                       | The Securities Exchange News Service of the JSE.  |
| <b>"Shareholders"</b>                               | Registered holders of shares.   |
| <b>"Shares"</b>                                     | Ordinary no par value shares in the share capital of Mahube Infrastructure I Limited.   |
| <b>"STI"</b>  | Short-Term Incentive.   |
| <b>"TGP"</b>  | Total Guaranteed Package.   |
| <b>"UNICEF"</b>                                     | The United Nations International Children's Emergency Fund.   |
| <b>"Register"</b>                                   | Mahube Infrastructure Limited's securities register maintained by the transfer secretaries.   |

# General information

## Country of incorporation and domicile

South Africa

## Directors

GS Moseneke (CEO)

P Lewis (FD)

M Kuscus\* (Chairperson)

S Tuku\*

M May\*

M Shikwinya\*

\* Independent Non-Executive

## Registered office

3rd Floor

Penthouse 5

4 The High Street

Melrose Arch

Johannesburg

2196

## Business address

3rd Floor

Penthouse 5

4 The High Street

Melrose Arch

Johannesburg

2196

## Postal address

Postnet Suite 43

Private Bag X1

Melrose Arch

Gauteng

2076

## Bankers

FirstRand Bank Ltd

## Auditors

BDO South Africa Incorporated

## Company Secretary

Fusion Corporate Secretarial Services (Pty) Ltd

## Company registration number

2015/115237/06

## Tax reference number

9473/844/17/4

## Level of assurance

These Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008

## Preparer

The Annual Financial Statements were compiled by Petro Lewis, CA(SA)

## Issued

31 May 2023

## MAHUBE INFRASTRUCTURE LTD

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