

MAHUBE INFRASTRUCTURE LIMITED

(Registration number 2015/115237/06)

JSE code: MHB (“Mahube” or “the Company”)

**Annual Financial Statements
for the year ended 28 February 2023**

Mahube Infrastructure Limited

Registration number 2015/115237/06

Annual Financial Statements for the year ended 28 February 2023

ANNUAL FINANCIAL STATEMENTS

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

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

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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 Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual 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 Annual 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 Annual 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 29 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 9 to 12.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Financial Statements set out on pages 13 to 44, 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 John Kuscus
Authorised Director
Chairperson of the Board



Sisanda Tuku
Authorised Director
Chairperson of the Audit and Risk Committee

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DIRECTORS' REPORT

The Directors submit their report on the Annual 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 and to reduced its exposure to the Dorper Investment 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 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 ordinarily no-par value shares at R20 000 per share in order to capitalised the company with a total initial amount of R105 000. The company is currently dormant and the intention is to deregister the company.

The Annual 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

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2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Annual 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 Annual Financial Statements, the Companies Act 71 of 2008 of South Africa, as amended and the JSE Listings Requirements. These Annual 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

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.

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.

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;
- Tangible NAV per share at R9.91 compared to R11.21 in the comparative period last year; and

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).

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

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- 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 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.

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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 Kascus	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
2023			
Gontse Moseneke	Indirect beneficial through an associate company Matlotleng Properties (Pty) Ltd where GS Moseneke is a director.	136 106	0.2
2022			
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.

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10. EVENTS AFTER THE REPORTING PERIOD

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

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

11. GOING CONCERN

The Board believes that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Annual 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 Annual 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

13. 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

14. DIRECTORS' FEES

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

15. PREPARER

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

16. LEVEL OF ASSURANCE

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

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CEO AND FD'S RESPONSIBILITY STATEMENT

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

- a) the Financial Statements set out on pages 13 to 43, 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 annual 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

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

To the shareholders of
Mahube Infrastructure Limited

Report on the Audit of the Separate Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of the financial assets at fair value through profit or loss	
As disclosed in note 5, the company holds an investment in Mahube Capital Fund RF 1 (Pty) Ltd ("Capital Fund"). The valuation of Capital Fund results from the valuations of its underlying investments.	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:
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.	<ul style="list-style-type: none">• We held discussions with management to obtain an understanding of the process applied by them to determine the value of the financial asset and to and to assess such process against the requirements of IFRS;

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

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

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

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

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

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in

the document titled "Mahube Infrastructure Limited Annual Financial Statements for the year ended 28 February 2023", which includes the Directors' Report, CEO and FD's responsibility statement and the Company Secretary's

Certificate as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Separate Financial Statements

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

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

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

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

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

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

MZ Sadek
Director
Registered Auditor

31 May 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Mahube Infrastructure Limited

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Annual Financial Statements for the year ended 28 February 2023**STATEMENT OF FINANCIAL POSITION**

as at 28 February 2023

	Notes	2023 R	2022 R
Assets			
Non-current assets		534 859 262	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
Current assets		12 514 185	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	-
Total assets		547 373 447	620 204 337
Equity and liabilities			
Equity		546 415 903	618 489 150
Stated capital	10	545 851 762	545 851 762
Retained income		564 141	72 637 388
Liabilities			
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
Total liabilities		957 544	1 715 187
Total equity and liabilities		547 373 447	620 204 337

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Annual Financial Statements for the year ended 28 February 2023**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 28 February 2023

	Notes	2023 R	2022 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
(Loss)/Revenue from investments	12	(14 058 041)	78 881 359
Operating expenses	13	(15 390 558)	(12 972 858)
Operating (loss)/profit before finance cost and taxation		(29 448 599)	65 908 501
Finance costs	14	(30 175)	(116 525)
(Loss)/profit before taxation		(29 478 774)	65 791 976
Taxation	15	(128 203)	(199 874)
(Loss)/profit for the year		(29 606 977)	65 592 102
Basic and diluted (loss)/earnings per share (cents)	18	(53.68)	118.93

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

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STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2023

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

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Annual Financial Statements for the year ended 28 February 2023**STATEMENT OF CASH FLOWS**

for the year ended 28 February 2023

	Notes	2023	2022
Cash flows (used in)/ generated from operating activities			
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)
Net cash (used in)/ generated from operating activities		(23 751 043)	19 435 887
Cash flows generated from investing activities			
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)
Net cash generated from investing activities		194 594	1 017 895
Cash flows used in financing activities			
Capital payments on lease liabilities	4	(561 081)	(633 146)
Net cash used in financing activities		(561 081)	(633 146)
Total cash movement for the year		(24 117 530)	19 820 636
Cash at the beginning of the year		26 161 408	6 340 772
Total cash at the end of the year	9	2 043 878	26 161 408

SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Statement of compliance

The Annual 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 Annual Financial Statements, the Companies Act 71 of 2008 of South Africa, as amended and the JSE Listings Requirements.

These Annual 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 Annual Financial Statements have been prepared on the historic cost convention, except for as specifically stated in 1.3.2.2 where management applied judgment 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 measure its investments at fair value.

The Annual 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 Annual 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
- 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

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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.

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.
- 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.

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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 is exempt from consolidation in terms of change IFRS 10 measures 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.

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.

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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. The 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 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.

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).

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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.

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.

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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*.

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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/ Interpretation	Details of amendment	Annual periods beginning on or after
Annual Improvements to IFRS: 2018-2020 Cycle	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</i> and the Illustrative Examples accompanying IFRS 16 <i>Leases</i> .	1 January 2022
<i>Conceptual Framework for Financial Reporting</i> (Amendments to IFRS 3)	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
IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> (Amendment – <i>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
IAS 16 <i>Property, Plant and Equipment</i> (Amendment – <i>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

2.2 Standard 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/ Interpretation	Details of amendment	Annual periods beginning on or after	Application 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.

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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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value 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
Total	566 494	(543 084)	23 410	552 854	(462 416)	90 438

	Opening balance R	Additions R	Depreciation R	Total R
Reconciliation of property, plant and equipment – 2023				
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)	-
	90 438	13 640	(80 668)	23 410
Reconciliation of property, plant and equipment – 2022				
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
	204 406	-	(113 968)	90 438

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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 balance R	Depreciation R	Total R
Reconciliations of leases: Right-of-use assets			
2023			
Buildings	422 934	(422 934)	-
2022			
Buildings	986 846	(563 912)	422 934

	2023 R	2022 R
Leases: Right-of-use assets		
The carrying amounts of right-of-use assets are included in the following line items:		
Buildings	-	422 934
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets is presented below.		
Buildings	422 934	563 912
Other disclosures		
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.		
Lease liabilities		
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

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5. FINANCIAL ASSETS

	2023 R	2022 R
Financial assets at fair value through profit or loss		
Mahube Capital Fund 1		
The Company owns 100% ordinary equity interest in Mahube Capital Fund 1.	528 666 488	561 777 109
Mahube Asset Management		
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
Total	528 771 488	561 882 108
Financial assets at amortised cost		
Noblesfontein Educational Trust		
<p>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.</p> <p>The loan is secured by a cession of any shares held by Noblesfontein Educational Trust in Noblesfontein Wind Farm.</p> <p>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)</p> <p>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.</p> <p>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.</p>	6 019 299	5 213 232
	534 790 787	567 095 341

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.

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Investment in Mahube Capital Fund 1

Description		Fair value 2023	Fair value 2022
TOTAL ASSETS		762 364 390	809 238 979
Total financial assets at fair value		739 377 627	769 372 406
Renewable Energy G**	33% ordinary shares	516 793 209	544 541 790
SARGE*	A & B preference shares subscribed for at R54.7 million	87 995 421	90 266 132
Mahube Infrastructure Investment**	100% ordinary shares	8 171 052	3 275 483
Mahube Infrastructure Investment*	C preference shares subscribed for at R130 million	126 417 945	131 289 001
Asset measured at amortised cost		22 986 763	39 866 574
TOTAL LIABILITIES		(233 697 902)	(247 461 871)
Total financial Liabilities at fair value		(220 969 959)	(219 927 274)
RMB A preference shares	Held by RMBI	(175 796 846)	(189 869 600)
RMB B preference shares	Held by RMBI	(45 173 113)	(30 057 674)
Liabilities measure at amortised cost		(12 727 943)	(27 534 597)
NET ASSET VALUE OF MAHUBE CAPITAL FUND 1		528 666 488	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 2023	Fair value 2022
TOTAL ASSETS		286 420 159	289 574 256
Total financial assets at fair value		286 329 641	289 321 488
A preference shares SARGE GAIA SPV		140 838 686	138 486 670
A1 preference shares SARGE GAIA SPV		129 184 996	125 896 972
B preference shares SARGE GAIA SPV		16 305 959	24 937 846
Assets measured at amortised cost		90 518	252 768
TOTAL LIABILITIES		(278 249 107)	(286 298 773)
Total financial Liabilities at fair value		(278 031 116)	(285 844 624)
A preference shares		(133 792 344)	(137 936 271)
B preference shares		(17 820 827)	(16 619 352)
C preference shares		(126 417 945)	(131 289 001)

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Liabilities measure at amortised cost		(217 991)	(454 149)
NET ASSET VALUE OF MAHUBE CAPITAL FUND 1		8 171 052	3 275 483

Mahube Capital Fund 1 investment in Renewable Energy G

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

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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.

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.

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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.

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		
Discount rate	Solar project the discount rate ranges between 10.7% and 13.2%. (2022: Solar projects ranges between 7.3% and 12.8%) Wind projects the discount rate ranges between 11.2% and 13.7% (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"> The long-term dependence on Eskom has been factored as a minor specific risk (0.25%) adding to the discount rate; and the low interest rate environment caused by quantitative easing measures implemented by central banks around the world is factored through a further 0.25%. <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,</p>
Cash flow	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.
Discount period	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 balance R	(Losses)/Gains in profit or loss R	Additions R	Total R
2023				
Mahube Capital Fund 1	561 777 109	(33 110 621)	-	528 666 488
Mahube Asset Management	105 000	-	-	105 000
Total	561 882 109	(33 110 621)	-	528 771 488
2022				
Mahube Capital Fund 1	539 615 382	22 161 727	-	561 777 109
Mahube Asset Management	-	-	105 000	105 000
Total	539 615 382	22 161 727	105 000	561 882 109

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.

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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:

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		Fair value at 28 February 2023	Discount rate + 1%	Discount rate - 1%	CPI + 1%	CPI - 1%	Jibar + 1%	Jibar - 1%
Investments	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 28 February 2023	Discount rate + 1%	Discount rate - 1%	CPI + 1%	CPI - 1%	Jibar + 1%	Jibar - 1%
Investments	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
Financial liabilities	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 28 February 2023	Discount rate + 1%	Discount rate - 1%	CPI + 1%	CPI - 1%	Jibar + 1%	Jibar - 1%
Investments	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)
Financial liabilities	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)

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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 R	2022 R
Balance at the beginning of the year	5 213 232	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 R	2022 R
Deferred tax asset		
Property, plant and equipment	(6 555)	30 845
Accrual for audit fees	51 621	48 579
Company as lessee	-	38 681
Total deferred tax asset	45 066	118 105
Reconciliation of deferred tax asset		
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)
	45 066	118 105

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8. TRADE AND OTHER RECEIVABLES

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

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 amounts 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 R	2022 R
Cash and cash equivalents consist of:		
Bank balances	2 043 878	26 161 408
	2 043 878	26 161 408

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

10. STATED CAPITAL

	2023 R	2022 R
Authorised		
6 000 000 000 ordinary no par value shares		
Issued and fully paid		
55 151 000 no par value shares, net of share issue cost	545 851 762	545 851 762

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11. TRADE AND OTHER PAYABLES

	2023 R	2022 R
Trade payables	476 756	805 496
Accrued expenses	480 788	173 495
	957 544	978 991

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

12. (LOSS)/REVENUE FROM INVESTMENTS

	2023 R	2022 R
Disaggregation of revenue by nature		
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 (loss)/gain from financial assets at fair value through profit or loss	(33 110 538)	22 161 727
	(14 058 041)	78 881 359

13. OPERATING EXPENSES

	2023 R	2022 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
Total	15 390 558	12 972 858

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14. FINANCE COSTS

	2023 R	2022 R
Lease liabilities	30 175	116 515
Bank	-	10
Total finance costs	30 175	116 525

15. TAXATION

	2023 R	2022 R
Major components of the tax expense		
Current		
Local income tax – current period	55 164	203 979
Deferred		
Deferred tax	73 039	(4 104)
	128 203	199 875

	2023 R	2022 R
Reconciliation of the tax expense		
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
Tax effect of adjustments on taxable income		
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)
	128 203	199 875

* 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.

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16. CASH GENERATED FROM OPERATIONS

	2023 R	2022 R
(Loss)/profit before taxation	(29 478 774)	65 791 976
Adjustments for:		
Depreciation (refer note 3 & 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)
Changes in working capital:		
Trade and other receivables	15 880 360	9 205 694
Trade and other payables	(21 447)	25 551
	19 010 235	52 794 147

17. TAX PAID

	2023 R	2022 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
Tax paid	264 833	151 135

18. EARNINGS AND NET ASSET VALUE PER SHARE

18.1 Earnings per share

	2023	2022
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.

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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 R	2022 R
Net asset value per share		
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

	2023 R	2022 R
Related party balances		
Financial assets at fair value through profit or loss		
Mahube Capital Fund 1	528 666 488	561 777 109
Amounts included in trade and other receivables regarding related parties		
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	-
Related party transactions		
Dividends received from related parties		
Mahube Capital Fund 1	18 000 000	55 800 719
Investment in Mahube Capital Fund 1		
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.

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20. DIRECTORS' EMOLUMENTS

	Remuneration	Directors' fees	Total
2023			
Executive			
Gontse Moseneke	3 374 515	-	3 374 515
Petro Lewis	2 250 385	-	2 250 385
Non-executive			
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.			

	Remuneration	Directors' fees	Total
2022			
Executive			
Gontse Moseneke	3 183 540	-	3 183 540
Petro Lewis	2 123 040	-	2 123 040
Non-executive			
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.

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21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Note(s)	Fair value through profit or loss – mandatory	Amortised cost	Total
Categories of financial instruments				
Categories of financial assets				
2023				
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
2022				
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

	Note(s)	Amortised cost	Leases	Total
Categories of financial liabilities				
2023				
Trade and other payables*	11	957 544	–	957 544
2022				
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

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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.

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 6 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.

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

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

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.

	Note(s)	Less than 1 year	<30 days	31-60 days	61 - 90 days	91-120 days	>120 days	Total	Carrying amount
2023									
Current liabilities									
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

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	Note(s)	Less than 1 year	<30 days	31-60 days	61 - 90 days	91-120 days	>120 days	Total	Carrying amount
2022									
Current liabilities									
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

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 Annual 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 Mbalu 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 13th 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 Annual Financial Statements.

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Annual Financial Statements for the year ended 28 February 2023**SHAREHOLDER ANALYSIS**

SHAREHOLDER SPREAD	No of Shareholdings	%	No 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
Totals	1 456	100,00	55 151 000	100,00

DISTRIBUTION OF SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
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
Totals	1 456	100,00	55 151 000	100,00

PUBLIC / NON - PUBLIC SHAREHOLDERS	No of Shareholdings	%	No of Shares	%
Non - Public Shareholders	3	0,21	43 395 367	78,68
Strategic Holders more than 10%	3	0,21	43 395 367	78,68
Public Shareholders	1 453	99,79	11 755 633	21,32
Totals	1 456	100,00	55 151 000	100,00

Beneficial shareholders holding 3% or more	No of Shares	%
Government Employees Pension Fund	24 147 668	43,78
Specialised Listed Infrastructure Equity En Commandite Partnership	19 247 699	34,90
Totals	44 660 462	80,98