MEGA

ANNUAL REPORT

2025 / 2026

MEGA

MPUMALANGA ECONOMIC GROWTH AGENCY

An Entity of the Department of Economic Development and Tourism

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1. General Information

1 REGISTERED NAME
MPUMALANGA ECONOMIC GROWTH AGENCY (MEGA)

2 REGISTRATION NUMBER (If Applicable)
NOT APPLICABLE

3 PHYSICAL ADDRESS
MEGA OFFICE PARK, 02 EASTERN BOULEVARD
RIVERSIDE, MBOMBELA, MPUMALANGA - 1201

4 POSTAL ADDRESS
P.O. BOX 952 - NELSPRUIT - 1200

5 TELEPHONE NUMBER
013 492 5818

6 WEBSITE ADDRESS
WWW.MEGA.GOV.ZA

7 EXTERNAL AUDITORS
AUDITOR- GENERAL SOUTH AFRICA

8 BANKERS
FIRST NATIONAL BANK

9 COMPANY SECRETARY
ADV. S.P. MORGAN

2. List of Abbreviations

AGSA	: AUDITOR-GENERAL OF SOUTH AFRICA
APIEX	AGENCY FOR THE PROMOTION OF INVESTMENT AND EXPORTS
ARAP	: AUDIT REMEDIAL ACTION PLAN
APP	: ANNUAL PERFORMANCE PLAN
BARCC	: BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE
BBBEE	: BROAD-BASED BLACK EMPOWERMENT ACT
BRICS	: BRAZIL, RUSSIA, INDIA, CHINA AND SOUTH AFRICA
CBDR	: COMMON BUT DIFFERENTIATED RESPONSIBILITIES
CCMA	: COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION
CEO	: CHIEF EXECUTIVE OFFICER
CFO	: CHIEF FINANCIAL OFFICER
COOPS	: CO-OPERATIONS
DBSA	: DEVELOPMENT BANK OF SOUTHERN AFRICA
DEDT	: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM
DFI	: DEVELOPMENT FINANCE INSTITUTION
EMIA	: EXPORT MARKETING AND INVESTMENT ASSISTANCE
EPWP	: EXPANDED PUBLIC WORKS PROGRAMME
ERM	: ENTERPRISE-WIDE RISK MANAGEMENT
EXCO	: EXECUTIVE COMMITTEE
FDI	: FOREIGN DIRECT INVESTMENT
FICA	: FINANCIAL INTELLIGENCE CENTRE ACT
FINCOM	: FINANCE AND INVESTMENT COMMITTEE
FLISP	: FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME
GDP	: GROSS DOMESTIC PRODUCT
GM	GENERAL MANAGER
HR	: HUMAN RESOURCE
ICT	: INFORMATION AND COMMUNICATION TECHNOLOGY
IFRS	: INTERNATIONAL FINANCIAL REPORTING STANDARDS
IMF	: INTERNATIONAL MONETARY FUND
IPAP	: INDUSTRIAL POLICY ACTION PLAN
LDI	: LOCAL DIRECT INVESTMENT
MDG	: MILLENNIUM DEVELOPMENT GOALS
MEC	: MEMBER OF THE EXECUTIVE COUNCIL
MEGA	: MPUMALANGA ECONOMIC GROWTH AGENCY
MEGDP	: MPUMALANGA ECONOMIC GROWTH AND DEVELOPMENT PATH
MTSF	: MEDIUM-TERM STRATEGIC FRAMEWORK
NDP	: NATIONAL DEVELOPMENT PLAN
NGP	: NATIONAL GROWTH PLAN
NIPF	: NATIONAL INDUSTRIAL POLICY FRAMEWORK
OECD	: ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
PAJA	: PROMOTION OF ADMINISTRATIVE JUSTICE ACT
PFMA	: PUBLIC FINANCE MANAGEMENT ACT
PMDS	: PERFORMANCE MANAGEMENT AND DEVELOPMENT SYSTEM
PoPIA	: PROTECTION OF PERSONAL INFORMATION ACT
PYDF	: PREMIER's YOUTH DEVELOPMENT FUND
RDA	: REGIONAL DEVELOPMENT AGENCY
SADC	: SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SCM	: SUPPLY CHAIN MANAGEMENT
SCOPA	: SELECT COMMITTEE ON PUBLIC ACCOUNTS
SDI	: SPATIAL DEVELOPMENT INITIATIVES
SDPs	: STRATEGIC DEVELOPMENT PARTNERS
SEDA	: SMALL ENTERPRISE DEVELOPMENT AGENCY
SEZ	: SPECIAL ECONOMIC ZONES
SSAS	: SECTOR SPECIFIC ASSISTANCE SCHEME
TLP	: TAKING LEGISLATURE TO THE PEOPLE
UGCP	: UNITED GLOBAL COMPACT PRINCIPLES

3. Foreword

Chairperson of the Board

INTRODUCTION

The focus on stabilizing the organisation from the corporate governance perspective, which included the filling of positions at executive level, appointment of a full-term Chief Executive Officer as well as addressing legacy issues which affected the entity's ability to attain a clean audit remained key in the implementation of the turn-around strategy.

Implementation of these key elements of the strategy directly contributed to the entity's transformation which saw the entity improving from a disclaimer opinion in the 2015/16 financial year, progressing to a qualified audit opinion in 2016/17, and achieving unqualified audit opinions from 2021/22 to reached the ultimate pinnacle of financial excellence: a clean audit for the 2025/26 financial year.

The Board is particularly proud of the entity's remarkable achievement since it serves as a testament to the integrity, diligence, and teamwork that the entire MEGA team bring.

MEGA's STRATEGY AND PERFORMANCE

MEGA's strategic outcomes are derived from its founding legislation and is expected to undertake defined activities in order to "significantly contribute to economic growth and development within the Province, with specific emphasis on Black Economic Empowerment "

Defined activities mentioned above include building the required capacity for MEGA to deliver on its mandate, identifying and securing well-located lands in the province in areas alongside major development corridors, implement its revenue enhancement strategy in order to increase own revenue and to be able to develop the 'pipeline' of entrepreneurs and also work with strategic partners to unlock development potential of vacant land/farms owned by MEGA (e.g. in Hillview, Moloto, etc.).

CHALLENGES FACED BY THE BOARD

The entity continues to battle with undercapitalization which affects its ability to implement its mandate fully.

The Auditor-General South Africa (AGSA) drew attention to events and/or conditions that indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. This relates to a recorded total comprehensive loss of R17,89 million for the year ended 31 March 2026 due to provision for impairment of loans receivable and trade and other receivables.

THE YEAR AHEAD

Whilst the implementation of the turn-around strategy continues, the entity is also focusing on eliminating the challenges outlined above to ensure financial sustainability.

The entity shall continue with its maintenance drive to improve the conditions on its property portfolio which hindered its ability to generate the expected revenue from its assets.

The filling of critical vacant positions, intensified debt collection efforts and exploration of alternative revenue streams which is ongoing will also ensure successful execution of its key projects, improve financial sustainability and position MEGA for long-term success.

ACKNOWLEDGEMENTS /APPRECIATION

The Board would like to express its appreciation to the shareholder for its support and guidance, the strategic leadership demonstrated by management and the dedication of all employees at MEGA. The Board is confident that the entity is on the right path towards the execution of its mandate of stimulating investment in the province.

While challenges such as financial sustainability, capacity constraints, and operational inefficiencies remain, we are confident as the Board that the foundation we have laid will enable MEGA to overcome these hurdles and continue driving economic growth and development in Mpumalanga.

Thanks to my fellow board members, the executive team, employees and all stakeholders for their unwavering support and dedication.

On behalf of the Board:

J.L. Mahlangu
Chairperson of the Board

3. Foreword

Chairperson of the Board

4. Overview
Chief Executive Officer

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Upon its inception, MEGA struggled to follow a growth pattern to enable it to be self-sustainable and be self-reliant. There were also questions raised about the effectiveness of MEGA's role as a development agency in the province and whether it can give the residents of the province 'value for money'.

The self-diagnostic exercise embarked upon during board strategic session gave rise to a turn-around strategy that is aimed at ensuring operational excellence to ensure the entity's success in enhancing the provincial economy, attract investment, and create jobs so that all people of Mpumalanga can benefit from the economic opportunities that are unfolding across the province.

The 2025/26 clean audit is a major governance milestone for the organisation and a confirmation that the turn-around strategy adopted is effective and robust enough to take the entity towards self-sustainability.

Revenue generation is increasing year-on-year, with R 211. 9 million generated in the 2025/26 against the R 187.6 million generated in 2024/25 financial year.

MEGA boasts of a R 1.3 billion asset base, R26.2 billion signed investments with investors and an investment pipeline (pledges) worth R 238 billion, a position which if fully exploited can ensure success in enhancing the provincial economy, infrastructure development and job creation to the benefit of Mpumalanga residents.

THE ROAD AHEAD

The entity is on the right track. The focus on the new financial year includes converting stronger controls into sustainable cash generation, mandate delivery and closure of legacy risks.

Following the achievement of a clean audit outcome with no significant internal-control deficiencies the entity will be deploying its resources to improving the its unfavourable financial health characterised by deficit, weak liquidity, long creditor and debtor cycles, impairment levels and grant dependency. To achieve the long anticipated financial sustainability, there is a need to augment its current revenue enhancement strategies, debt collection, property regularisation, loan-book performance, cash protection and filling of critical vacancies.

In addition, the entity will focus on sustaining its 2025/26 clean audit outcome in the years to come through strengthened governance, internal control, transparency, accountability including compliance with all regulations and internal policies by all levels within the organisation.

ACKNOWLEDGEMENT/S OR APPRECIATION

On behalf of management, I would like to express my appreciation to the shareholder for the support provided to the entity.

I would also like to thank the board for their strategic leadership provided to management which ensured that strategic decisions are processed and implemented timeously.

Lastly, I would like to acknowledge and appreciate management and dedicated staff for making sure that all activities and initiatives of the entity are implemented.

Mr. M.I. Mahlangu
Chief Executive Officer
Mpumalanga Economic Growth Agency

4. Overview
Chief Executive Officer

5. Statement Of Responsibility

Chief Executive Officer

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with IFRS as prescribed in the National Treasury Framework and relevant guidelines specified / issued by the National Treasury.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal controls which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

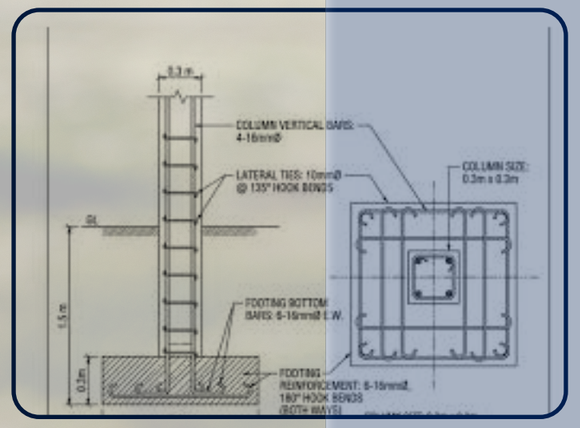
The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2026.

Yours faithfully

Mr. M.I. Mahlangu
Chief Executive Officer
Mpumalanga Economic Growth Agency

6. Strategic Overview



Mission

Enable a sustainable economy for Mpumalanga through facilitating growth and development..

Vision

A prosperous Mpumalanga.

Values

Our central principles and beliefs that guide our attitudes, character, choices and actions are::

a) Upholding the highest levels of integrity.
b) Have courage to shape a better future.
c) Delivering to our stakeholders.
d) Being loyal, honest and accountable.
e) Growing people's entrepreneurial capabilities.
f) Be a responsible global citizen.

6. Strategic Overview

Strategic Objectives

In order to achieve the above strategic goals, MEGA will strive to achieve the following strategic objectives:

i. Provide funding in respect of property development including the granting of housing loans as well as in respect of approved enterprise and agricultural development focusing primarily on previously disadvantaged individuals within the Province.

ii. Deliver massive infrastructure, focusing on project management, property development and management of immovable property.

iii. Promote foreign trade and investment so as to ensure enterprise and agricultural development that will significantly contribute to economic growth and development within the province, with specific emphasis on Black Economic Empowerment;

iv. Progressively increase own revenue generation and collection; and

v. Building a capable, ethical and developmental state.

Strategic Goals

In pursuing its vision, the entity has developed and adopted the following goals whose pursuit will enable it to meet its development impact ideals:

i. Increased participation in the economy by entrepreneurs and companies within the designated groups;

ii. Increased access to affordable houses in Mpumalanga and facilitate access to home ownership through provision of finance to qualifying citizens;

iii. Increased attraction and implementation of suitable investment projects in the Province based on an attractive value proposition and attractive investment opportunities;

iv. Increased access to export trade and investment opportunities for MEGA supported businesses and investors; and

v. Enhanced organisational sustainability.

7. Legislative and Other Mandates

Constitutional Mandate

MEGA has been specifically mandated to stimulate growth in various sectors of the provincial economy and therefore provide opportunities to the residents of Mpumalanga through the funding of projects, promotion of MSMES, Co-ops and other businesses thereby contributing to the constitutional imperative in Section 22 of the Constitution, which stipulates that citizens have a right to choose their trade, occupation or profession freely while also focusing on economic activity.

Legislative Mandates

MEGA Act 1 of 2010: Section 3

MEGA's legal mandate in terms of Section 3 of the Act, is articulated, as follows: -

i. To provide funding in respect of property development; approved enterprises; housing loans; and agricultural development; focusing primarily on previously disadvantaged individuals within the Province;

ii. To focus on project management and development; and to manage immovable property;

iii. To promote foreign trade and investment so as to ensure enterprise and agricultural development that will significantly contribute to economic growth and development within the province, with specific emphasis on Black Economic Empowerment; and

iv. To progressively increase its revenue generation and collection in the pursuit of its objectives.

Public Finance Management Act No. 1 of 1999 (PFMA)

MEGA is a public institution listed under PFMA schedule 3D by virtue of being a provincial government business enterprise. PFMA Schedule 3D entities are regulated by Sections 47 and 76(4) of the PFMA.

In terms of the Act, MEGA has a responsibility to adhere to a number of regulations that ensure the achievement of its objectives such as, real financial growth and sustainability, clean and unqualified audits and improved financial management capability maturity.

7. Legislative and Other Mandates (Cont..)

The regulations in the Act include providing for, inter alia:

i. Sound financial management;

ii. The efficient and effective management of all revenue, expenditure, assets and liabilities of the company; and

iii. The provision of responsibilities of persons entrusted with financial management in the organisation.

National Credit Act No. 34 of 2005

The National Credit Act promotes a fair and non-discriminatory marketplace for access to consumer credit and therefore places a responsibility on MEGA, as it provides funding in respect of property development, granting of housing loans and enterprise development focusing on previously disadvantaged individuals within the province, to adhere to the regulations in the Act some of which include:

i. Promoting fair and non-discriminatory practices in the granting of loans.

ii. Promoting black economic empowerment and ownership in its funded MSMEs and Co-operatives by applying fair credit and credit-marketing practices.

iii. Promoting responsible credit granting by giving loans only to qualifying individuals.

iv. Providing debt restructuring and debt counseling services for over-indebted clients (a risk highlighted in programme 4 below).

v. Establishing policies and standards relating to loans management and housing finance; and

vi. Promoting a consistent enforcement framework relating to debt management.

Financial Intelligence Centre Act No. 38 of 2001

The Financial Intelligence Centre Act's objective is to establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities. The Act therefore imposes certain duties on institutions and other persons who might be used for money laundering purposes.

MEGA, through its various programmes, provides finance that facilitates development in the province and therefore recognises that there may be individuals who may circumvent the regulations in the Act. The Act will be applied, as intended, in MEGA's operations.

Housing Act No. 107 of 1997

The Finance Intelligence Centre Act's objective is to establish a Financial Intelligence
a Money Laundering Advisory Council in order to combat money laundering activit
financing of terrorist and related activities. The Act therefore imposes certain duties on
and other persons who might be used for money laundering purposes.

MEGA, through its various programmes, provides finance that facilitates dev
in the province and therefore recognises that there may be individuals
circumvent the regulations in the Act. The Act will be applied, as intended, i

7. Legislative and Other Mandates
(Cont..)

Agriculture Laws Extension Act No. 87 of 1996

The objective of the Act is to provide for the extension of the application of certain laws relating to agricultural matters to certain territories which form part of the national territory of the Republic of South Africa.

MEGA has a programme that is responsible for the growth and development of the agricultural sector by providing financial and non-financial support to farmers and related agriculture businesses. MEGA has to ensure that its operations are in line with the regulations contained in this Act so as to contribute to the economic development of the province, as mandated.

Other Applicable Acts

The above Acts are legislative mandates that place critical responsibilities on the Board, executive and staff of MEGA in terms of how MEGA's operations are conducted. However, there are other Acts that regulate MEGA's operations that include, inter alia:

i. Basic Conditions of Employment Act, 1997;
ii. Labour Relations Act No. 66 of 1995;
iii. Companies Act of 2008 Act No. 71 of 2008;
iv. Preferential Procurement Policy Framework Act No. 5 of 2000;
v. Employment Equity Act No. 55 of 1998;
vi. Skills Development Act No. 97 of 1998;
vii. Income Tax Act No. 58 of 1962;
viii. Broad-Based Black Economic Empowerment Act No. 53 of 2003.
ix. South African Reserve Bank Act No. 90 of 1989;
x. Co-operative Banks Act No. 40 of 2007;
xi. Customs and Excise Act No. 91 of 1964.

Policy Mandates

National Development Plan

The National Development Plan (NDP) is a government-initiated plan to eliminate poverty and reduce inequality by 2030. The plan sketches out the key structural changes required for sustainable social and economic growth.

MEGA's programmes are aligned to meet the aims of the NDP as MEGA's strategic plan is geared to ensure sustainable development and economic growth in the province that will contribute to job creation, poverty alleviation, redressing the inequalities of the past and the beneficiation of the province's resources. This includes the expansion of infrastructure and the improvement and efficient use of rural spaces through the promotion and development of Co-operatives.

Policy Mandates
(Cont..)

Co-operatives are autonomous associations of persons who entirely co-operate for their mutual social economic and cultural benefits. Co-operatives include non-profit community organisations and businesses that are owned and managed by the people who use the services (consumer co-operative) and by people who work there (worker co-operative) or by people who live there (housing co-operative).

Medium-Term Development Plan (MTDP)

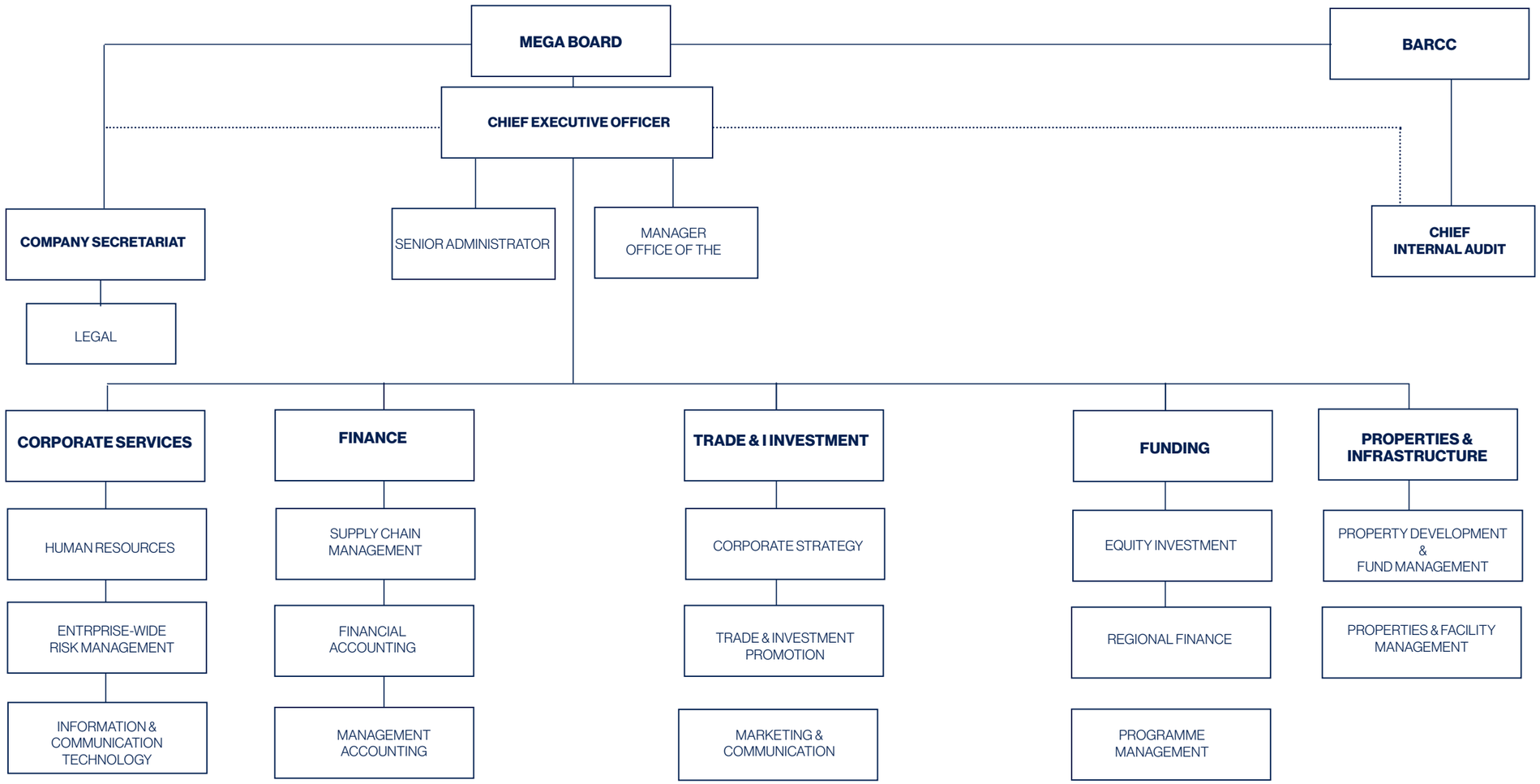
The Medium-Term Development Plan (MTDP) 2024–2029 focuses on three apex priorities to guide the seventh administration: driving inclusive growth and job creation, reducing poverty and the high cost of living, and building a capable, ethical, and developmental state.

These strategic priorities aim to translate the long-term National Development Plan (NDP) Vision 2030 into actionable interventions and align with national budgeting across all spheres of government.

MEGA's Alignment to the MTDP

MEGA's programmes are aligned to all three priorities and are geared to ensure sustainable development and economic growth in the province that will contribute to job creation, poverty alleviation, redressing the inequalities of the past and the beneficiation of the province's resources. This includes the expansion of infrastructure and the improvement and efficient use of rural spaces through the promotion and development of MSMEs and Co-operatives.

8. Organisational Structure



Board of Directors

The Board is chaired by Mr. J.L. Mahlangu and consist of the following directors: Mr. Mi Mahlangu (CEO); Ms. N Mkhumane; Mr. ZM Masilela; Mr. D Maimela; Mr. C Pule; Ms. N Lebambo; Ms PZ Makhubu.; Ms. P Mnyambo; Mr. MM Nthali; Adv. P. Morgan (Company Secretary)

Executive Committee

The Executive Committee is chaired by the Chief Executive Officer (CEO) and consists of the CEO, Chief Financial Officer, four General Managers.

Divisional Heads

MEGA consists of five divisions which are headed by Executive Managers. The divisions are as follows:

Office Of The CEO

Headed by the Chief Executive Officer.

The division provides strategic leadership, ensures good corporate governance and assurance thereby enabling MEGA to deliver on its mandate.

Finance

Headed by the Chief Financial Officer. The division provides fiscal leadership, safeguarding of assets, ensuring compliance to laws and regulations and providing timely delivery of services to internal and external stakeholders and customers.

Corporate Services

Headed by the GM: Corporate Services. The division renders a comprehensive integrated human capital management and administration function, integrated Information and communication services to enable the organization to deliver on its mandate as

Trade & Investment

Headed by the GM: Trade & Investment. The division promotes the Province as an Investment Destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries.

Properties & Infrastructure

Headed by the GM: Properties & Infrastructure. The division is responsible for property development and management, infrastructure development and project finance.

Funding

Headed by the GM: Funding. The division is responsible for MSME's, Co-operatives, Housing, Agricultural Finance, and Equity Investments.

Executive Authority:

MEGA reports to the Executive Authority on performance in relation to its mandate and targets agreed upon with the Executive Authority in the Shareholder's Compact. In addition, all reports submitted to the Legislature and other government structures are submitted through the Executive Authority (Shareholder).

1. Auditor's Report:
Predetermined Objectives

Key Performance Indicators:

The AGSA performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the report on the audit of the annual performance report heading.

Refer to page 84 of the Report of the Auditors Report, published as Part F: Financial Information.

2. Overview:
Of The Entity's Performance

SERVICE DELIVERY ENVIRONMENT

Global Economic Outlook

The global economic outlook for 2026 is characterized by subdued, "steady but fragile" growth, projected around 3.0%–3.3% by the International Monetary Fund (IMF) and lower (2.7%–2.9%) by UN Trade and Development (UNCTAD).

According to an Economic Outlook preliminary update of the December 2025 by the Organisation for Economic Co-operation and Development (OECD), projections using revised data for 2025 and monthly information up until the end of February 2026, suggested that global GDP growth could have been upwardly revised by around 0.3 percentage points in 2026 from the December 2025 Economic Outlook. This revision has been entirely erased by the impact from the escalation of conflict in the Middle East. Equally, G20 inflation would have been projected to be marginally higher in 2026 relative to the December 2025 Economic Outlook if incorporating monthly data up until the end of February. Taking the impact of the conflict into account has led to a substantial upward revision, with G20 headline inflation being revised up by 1.2 percentage points in 2026 and 0.2 percentage point in 2027 from the December 2025 Economic Outlook projections.

The above suggests that geopolitical tensions in the Middle East, is testing the resilience of the global economy that was being driven by supportive financial and fiscal conditions and increasing demand for artificial intelligence technologies.

However, the recent major disruption to global energy and commodity markets has caused prices to spike and raised volatility in financial markets. If it persists, the conflict will weigh on global growth and push up inflation. A key downside risk is that prolonged disruptions to exports from the Middle East produce a more marked price reaction and aggravate shortages of key commodities. Such a scenario, or lower than expected returns from AI investment, could prompt more extensive repricing in financial markets, weaken private demand and raise financial stability risks.

Overview: Entity's Performance

SA Real GDP:

2024
0.6%

2025
1.0% - Estimate

2026
1.3% - Estimate

R7.3 trillion
2024 Nominal GDP

$64.8bn
2024 Agricultural Exports

Domestic Economic Outlook

In 2025, the South African economy expanded by 1.1% following an increase of only 0.5% in 2024. Forecast, however, suggest that South Africa could grow slightly faster than advanced economies towards the outer years of the outlook.

The key measure of economic success identified in the Medium-term Development Plan (MTDP) is that South Africa achieves annual average gross domestic product growth of 3% up to 2029/30.

Over the past three years, the economic growth has varied significantly across different industries. Finance, government services and personal services were the only industries to avoid any annual contractions. In contrast, construction experienced three consecutive annual contractions, while agriculture, manufacturing, utilities and trade recorded two contractions in the last three years. Real GDP grew by 1.1% in 2025, which was the fastest of the last three years. This growth was primarily driven by recoveries in agriculture, finance and transport. Despite improvements in electricity supply in 2025, industries such as manufacturing, utilities and construction failed to show growth.

Table A: GDP growth rates per industry at market prices (constant 2015 prices), 2023-2025

Industry	2023	2024	2025
Agriculture[1]	-4.6%	-8.7%	17.4%
Mining[2]	-0.1%	0.4%	0.2%
Manufacturing[3]	0.4%	-0.4%	-1.2%
Utilities[4]	-4.2%	3.5%	-4.3%
Construction[5]	-0.5%	-5.4%	-4.4%
Trade[6]	-1.6%	-1.2%	2.3%
Transport[7]	4.2%	-1.2%	0.8%
Finance[8]	1.4%	3.2%	1.9%
Government services[9]	0.7%	0.3%	0.4%
Personal services[10]	2.1%	1.2%	0.4%
Total	**0.8%**	**0.5%**	**1.1%**

Source: Statistics SA (Stats SA) – GDP, 2026

Table B: Forecasted growth for South Africa, 2026-2027

Organisation	2026	2027
IMF	1.4%	1.5%
OECD	1.3%	1.5%
World Bank	1.4%	1.5%
SARB	1.4%	1.9%
National Treasury	1.6%	1.8%

Sources: *IMF – World Economic Outlook, January 2026*
OECD – OECD Economic Outlook Interim Report, December 2025 World Bank – Global Economic Prospects, January 2026
SARB – Monetary Policy Committee (MPC) Statement, January 2026 National Treasury – 2026 Budget Review, February 2026

The IMF predicts a moderate increase in South Africa's real GDP, projecting slow growth of 1.4% in 2026, supported by resilient household spending, increased investment and ongoing structural reforms (Table B). The Organisation for Economic Cooperation and Development (OECD) projects that economic growth will expand by 1.3% in 2026, with an expected rise to 1.5% in 2027.

The World Bank anticipates a similar expansion for South Africa in 2026 (1.4%) followed by an uptick in 2027 (1.5%). At the Monetary Policy Committee (MPC) meeting in January 2026 the economic growth forecast by the South African Reserve Bank (SARB) was pronounced as 1.4% for 2026 and 1.9% in 2027. The Minister of Finance announced in the February 2026 Budget Speech that the expected economic growth for 2026 is 1.6% and 1.8% for 2027.

Key Positive Contributors:

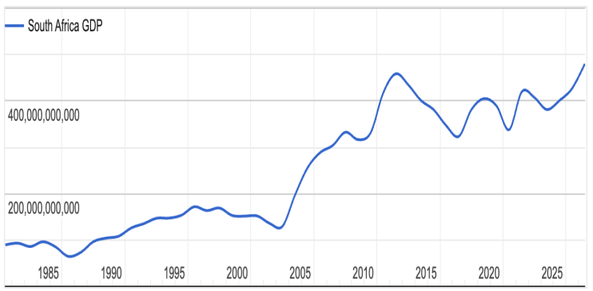
- **Finance, Real Estate, and Business Services:** This sector is frequently the largest contributor to GDP growth, driven by financial intermediation, insurance, and real estate activities.
- **Agriculture, Forestry, and Fishing:** A major growth driver, with the industry recording a 17.4% expansion in 2025, largely due to high production in field crops and horticulture.
- **Trade, Catering, and Accommodation:** This sector has shown strong performance, boosted by retail trade, motor trade, and a strong rebound in tourism, with 10.5 million tourists in 2025.
- **Electricity Generation:** Improved electricity supply and reduced load shedding have supported industrial activity.

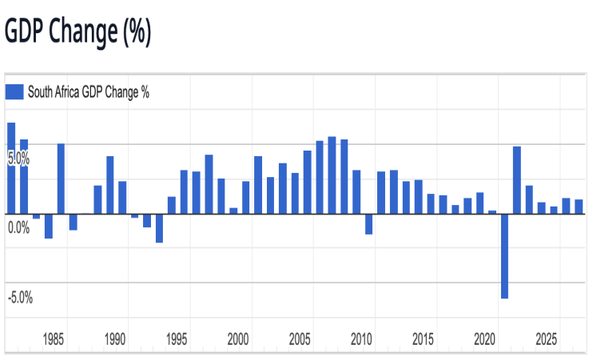
Key Sectors in Contraction

- **Manufacturing:** This sector has faced sustained pressure, contracting by 0.6% in the fourth quarter of 2024 and experiencing a year-on-year decline of 3.2% in February 2025. Key sub-sectors taking strain include motor vehicles, parts, and transport equipment, as well as petroleum, chemical, and plastic products.
- **Mining and Quarrying:** The sector has seen significant contraction, with 8 out of 10 divisions reporting negative growth in early 2025, particularly in coal and platinum group metals (PGMs). Production was down 9.6% year-on-year in February 2025.
- **Construction:** Construction has struggled for a prolonged period, with a decline in 2024 marking its ninth straight year of decline. Fixed investment in residential and non-residential buildings has been notably weak.
- **Transport, Storage, and Communication:** This sector has frequently acted as a drag on GDP, with declines in land transport and supporting services.

Overview:
Entity's Performance

Table C: SA GDP (IMF 2026)





South Africa's nominal GDP is projected to be approximately $479.96 billion in 2026, according to the International Monetary Fund (IMF). It is ranked as the largest economy in Africa in 2026, ahead of Egypt and Nigeria. The GDP per capita is expected to be $7,503, with a 5.4% nominal growth rate.

Main Contributors to Negative Growth

- **Logistics Bottlenecks:** Inefficiencies at ports and on the rail network have hampered exports and increased costs, particularly affecting mining and manufacturing.
- **Energy Crisis:** Although loadshedding decreased in 2024, it continues to cause disruptions and increases operational costs, with 2025 data showing it remains a significant risk to production.
- **Low Consumer Demand:** High interest rates and high cost of living have strained household budgets, limiting growth in consumer-sensitive industries.

Nominal GDP:

Nominal (current) Gross Domestic Product (GDP) of South Africa is $479.96 billion ($479,964,000,000) as of 2026, according to the International Monetary Fund (IMF). The GDP growth rate in 2026 is 1.0%, according to the International Monetary Fund (IMF).

GDP per Capita in South Africa (with a population of 65,453,084 people) is $7,503 in 2026, an increase of $734 from $6,769 in 2025; this represents a change of 10.8% in GDP per capita.

Mpumalanga: Unemployment rate

Youth	48.9%	2024 - Q4
Females	37.0%	2024 - Q4

Mpumalanga Economic Outlook

Mpumalanga's economic outlook for 2025/2026 is focused on recovery and diversification, aiming for 2%–3% growth by targeting investment in mining, manufacturing, and agriculture. While mining remains central, the province is diversifying into green energy and tourism to combat high unemployment (34.7% in Q4 2024). Key growth is expected from infrastructure, finance, and agriculture

Key Aspects of Mpumalanga's Economic Outlook:

- **Economic Drivers:** The economy is traditionally driven by mining and manufacturing (specifically metals, food, and beverages). Economic growth is increasingly supported by the finance, utilities, and services sectors.
- **Job Creation Efforts:** As of early 2025, employment levels were recovering, with nearly 1.25 million people employed. The government is pushing for job creation through the Mpumalanga Economic Growth Agency (MEGA) to support MSMEs and rural economies.
- **Unemployment Challenges:** Despite recent gains, the province faces high unemployment rates, particularly among youth (48.9% in Q4 2024) and females (37.0% in Q4 2024).
- **Infrastructure and Investment:** The province has secured investments in the energy sector to transition away from coal, which is critical for future sustainability. However, local government capacity remains a challenge for service delivery.
- **Growth Targets:** The province aims to achieve an average annual GDP growth of 2%–3%, with a focus on lowering the poverty rate, which affected over 50% of the population in 2023.

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Organisational Environment

The "democratic decentralization" model provided for in the Constitution has given provinces a more meaningful role to play in delivering services and growing regional economies.

To effect pointed and deliberate interventions, the provincial governments needed to establish departments and "agencies" or entities that could be entrusted with resources to realize its objectives and vision, such as "reconstruction and development" and "inclusive growth". Mpumalanga has always had agencies that focused on enterprise development, economic transformation, parks, tourism, gambling, etc.

The Mpumalanga Economic Growth Agency (MEGA) is by all means and purposes a provincial "Regional Development Agency" (RDA), and a regional/subnational Development Finance Institution (DFI).

As we all know, such institutions are not unique to Mpumalanga. In Limpopo, there is Limpopo Economic Development Agency (LEDA), Gauteng has the Gauteng Growth and Development Agency (GGDA), there is also Ithala (in KwaZulu Natal), to name but a few. Such institutions are potentially potent policy instruments for fixing market failures, incubating markets, and promoting structural transformation at the regional level.

As DFI's, they are government-owned "mission-driven institutions", which use financial instruments to execute a public mandate on behalf of their governments.

Overview:
Entity's Performance

2025/26 Highlights:

85%
Collection rate on Municipal and Rental Income

89%
Organisational Performance

R 244m
Own Revenue Generated

R 14.5m
Disbursed to SMMEs & Housing Loan Clients

R 1.3 bn
Asset Base

MEGA's Achievements: A Note

MEGA has made many important strides and these are often understated or glossed over because of the failure by many to understand the role of DFIs at the subnational level. These achievements are further elaborated on the next paragraphs below.

a. Investment promotion

MEGA has stabilized from a governance perspective at both Board and Executive management level through the appointment of experienced individuals who are capable of steering the entity towards operational excellence.

The entity has filled positions of the following executive positions: GM: Trade & Investment, GM: Funding and GM: Corporate Services.

The entity has sustained an "unqualified" audit opinion from the Auditor-General since 2021/22 and working towards achieving a "clean" audit opinion. This, in its history, is signifying an improved financial management and reporting, performance reporting and compliance with applicable laws and regulations arising from a strong internal control environment.

b. Ekandustria and other Industrial Parks

MEGA has 18 industrial parks, 3 considered to be large industrial parks and 15 small industrial parks.

It can be noted as an achievement that Ekandustria, the largest and most strategic of the industrial parks, remains in the hands of Mpumalanga province which is testament of strict governance and remarkable property and asset management practices by the MEGA..

MEGA has to be commended for developing plans to secure and maintain its industrial parks as evident in its budgetary plans for 2025/26.

c. Strategic partnerships and support to MSMEs and Cooperatives

In the face of reduced fiscal allocations or "grants" from the province in a strive to steer the entity into financial self-sustainability in line with its classification as a schedule 3D PFMA public entity, MEGA has continued its drive to forge strategic partnerships with key partners such as financial institutions (e.g. banks), development partners, provincial and national government departments and entities.

Overview:
Entity's Performance

It is reported that through this drive, MEGA commenced with the redevelopment of its two major shopping centres, namely: Kabokweni and Siyabuswa Shopping Centres.

MEGA has good working relations with national departments and agencies that has allowed it to facilitate both financial and non-financial support for MSMEs and Cooperatives during the past 5 years.

d. Investment promotion

The Investment and Mining Conference which was spearheaded by MEGA as an institution of provincial government and a provincial DFI saw the province securing R 238 billion investment commitments.

MEGA is currently facilitating the following interventions to address key challenges raised by the prospective investors who pledged around R 238 billion during the Investment and Mining Conference:

i. Consultations with DARDLEA regarding comments on development proposal resulted in an undertaking for speedy and positive support for the development initiatives.

ii. Implement, with the support of DEDT and Mpumalanga Green Cluster Agency (MGCA), a one-stop-shop to deal with bottlenecks faced by developers in accessing permits and authorisations for their projects timeously.

iii. Request the Honourable Premier to engage the Minister responsible for the Department of Mineral and Petroleum Resources on how to fast-track access and consent to development in areas where mineral rights holders are either not traceable or holding development at ransom. The DMPR Minister is empowered by section 11 of the MPRD Act to approve transfer of mineral rights and therefore would be able to assist in tracing mineral rights holders.

e. The Road Ahead For MEGA

Whilst the agency has experienced challenges, there has been a clear turn-around despite an unfavourable economic environment faced by many businesses in the province, and country.

MEGA's performances are informed by developmental impact, which is about making a contribution to the provincial economy, focusing on its long-term outcomes as set out in its logic model/theory of change.

Under the provincial government's leadership, we seek to ensure that MEGA contributes in the short-term to the realization of its longer-term goals that include, in no order of priority: human capital development, Improved sector performance and sector contribution, changing apartheid spatial patterns, growth of provincial economy, and finally- a better life for provincial residents.

Investment Commitments — **R 238 billion** — 2025/26

Investment Secured (Signed MoUs) — **R26.2 billion** — 2025/26

3. Achievement: Institutional Impacts And Outcomes

Measuring Performance Through Programme Performance

i. MEGA's programme performance involved the consolidation of performance achieved by divisions on an annual basis in line with the approved Corporate Plan (Annual Performance Plan).

ii. The entity's recorded performance achievement of 89% in the 2025/26 financial year.

iii. For the 2025/26 financial year, MEGA planned 19 Programme Target Indicators.

iv. The analysis and calculation of the annual performance achievement are depicted in table 3.

2025/26

The entity achieved 89% organisational performance in the 2025/26.

Table 3: Consolidated Annual Performance per Programme / Division

NO.	PROGRAMMES TARGET INDICATORS	PLANNED ANNUAL TARGETS	ACHIEVED TARGETS	% ACHIEVED
1.	**OFFICE OF THE CEO**			**100%**
1.	Number of regulatory compliance reports prepared and submitted to the relevant structure	19	19	100%
2.	% achieved on MEGA Organisational Performance	90%	89%	99%
3.	Number of Independent and systematic evaluations of the entity's performance	1	1	100%
2.	**CORPORATE SERVICES**			**94%**
1.	Number of Customer Experience Surveys Undertaken	1	2	100%
2.	Number of MEGA Brand Awareness Surveys Conducted	1	1	100%
3.	% achieved in the implementation of the HR Strategy Plan	100%	93%	93%
4.	% achieved in the implementation of the IT Infrastructure Plan	100%	81%	81%
3.	**FINANCE**			**100%**
1.	% collection rate (rental and municipal debtors)	80%	81%	100%
2.	% reduction in fruitless and wasteful expenditure	80%	100%	100%
3.	% Implementation of the approved procurement plan	100%	100%	100%
4.	**TRADE & INVESTMENT**			**100%**
1.	Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors	663, 600,000	26 200 000 000	100%
2.	Number of trade counselling and support provided to entrepreneurs and companies	190	190	100%
3.	Number of trade and investment exhibitions, missions and seminars undertaken	16	21	100%
5.	**PROPERTIES & INFRASTRUCTURE**			**85%**
1.	Number of new development or revitalization projects identified, conceptualized and awarded to strategic development partners (where appropriate) or packaged internally	9	13	100%
2.	Average Percentage Delivery of High Impact Infrastructure projects	30%	21%	70%
6.	**FUNDING+**			**56%**
1.	Number of business support services provided to MSMES and Agricultural loan clients	160	175	100%
2.	Value of loans disbursed for enterprise	11 387 000	6 378 572	56%
3.	Number of Housing Loans Approved	20	09	45%
4.	Value of Housing Loans disbursed	30 000 000	6 670 149	22%
19	**TOTALS**			**89%**

Note: All achievements above 100% are adjusted back to 100%

Key Policy Developments and Legislative Changes

There were no policy developments or legislative changes affecting the entity during the financial year under review.

4. Institutional Performance Information

Institutional Performance Information

Programme 1: Office of the CEO

Programme Description

The programme provides strategic leadership, ensures good corporate governance and assurance thereby enabling MEGA to deliver on its mandate.

The core purpose of the division is as follows:

i. Ensure that the organisation complies with all statutory and legislative requirements in the delivery of the organisation's mandate.

ii. Ensure an effective administrative, secretarial and advisory services to the Board such that the Board's activities are carried out in line with the PFMA requirements and the Code of Good Practice.

iii. Provide strategic direction to ensure the achievement of short, medium and long-term strategic goals of the organisation's Corporate Strategy.

iv. Provide performance information management services and promote organisational performance through a systematic monitoring and evaluation support functions and systems.

v. Provide a systematic management of the organization's knowledge assets for the purpose of creating value and meeting tactical and strategic requirements.

vi. Assist the entity accomplish its objectives by bringing a disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Highlights / progress made:

100% Achievement in all set targets, which includes monitored compliance to all laws and regulations applicable to the entity through implementation of the MEGA Legislative Universe; implementation of the three (3) year Internal Audit Plan; implementation of Risk Management Plan; MEGA's organisational performance; statutory reports compilation and approval to determine the entity's performance.

Challenges

There were no challenges experienced during implementation of the targets.

18
Regulatory Compliance Reports compiled

1
Impact Assessment conducted

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 1: Office of the CEO

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Improved Corporate	Approved compliance reports	Number of regulatory compliance reports prepared and submitted to relevant structures	18	18	19	19	0	None
Image of MEGA	Completed Customer Satisfaction Survey	Percentage Achieved on MEGA Organisational Performance	89%	95%	90%	89%	-1%	Affected by failure to achieve disbursement projects due to cash flow constraints
	Number of Customer Satisfaction Surveys Undertaken	Number of Customer Experience Surveys or Impact Assessments Undertaken	1	1	1	1	0	None

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
OFFICE OF THE CEO	35 939	33 332	2 608	38 447	38 662	(215)
TOTAL	**35 939**	**33 332**	**2 608**	**38 447**	**38 662**	**(215)**

Strategy to overcome areas of under performance

The MEGA has developed a model to enhance revenue and reduce costs in order to stabilize cash flow and thus be able to achieve its mandate.

Institutional Performance Information

Programme 2: Corporate Services

Programme Description

The Corporate Services division exists to render a comprehensive integrated human capital management and administration function, integrated information and communication services functions to enable the organisation to deliver on its mandate as enshrined in the Corporate Strategy. The Programme is comprised of the following sub-programmes:

i. **Human Resources** - Renders a comprehensive integrated human resources development and management service to assist MEGA in achieving its corporate strategic objectives and goals.

ii. **Information & Communication Technology** - Renders a comprehensive information technology management service to assist MEGA in achieving its corporate strategic objectives and goals.

iii. **Records Management** – The Records Management Unit is responsible for ensuring that all MEGA's records are safely kept.

iv. **Marketing and Communications** - Coordinates communications efforts incorporating public and media relations, web design, graphic art, social media, publication and development print and online content to deliver economic development information and corporate news in a timely manner.

Highlights / progress made:

Human Resources

a. Successfully filled 20 out of 23 planned critical positions during the financial year, achieving 87% of the annual recruitment target and strengthening organisational capacity and leadership stability.

b. Finalised the filling of executive vacancies, contributing to improved strategic leadership and decision-making capability.

c. Implemented large-scale skills development and learnership programmes funded through the UIF Labour Activation Programme and National Skills Fund, benefiting approximately 200 learners across multiple occupational programmes.

d. Achieved successful completion of artisan learnership programmes, with 185 learners completing training and 147 declared competent in trade tests. Five learners secured employment opportunities within industry.

e. Secured R1.3 million funding from FASSET to implement a 12-month Graduate Internship Programme for 20 finance graduates commencing in April 2026.

f. Rolled out the Performance Management and Development System (PMDS), with all Executive Managers and Senior Managers signing performance agreements.

g. Approved and implemented key Human Resource policies, including the Remuneration Policy and Secondment Policy.

h. Recognised employee commitment through the Long Service Awards programme, with 13 employees honoured for years of dedicated service.

i. Strengthened employee wellness interventions through counselling programmes, wellness workshops, and the appointment of a new Employee Assistance Programme service provider.

Institutional Performance Information

Highlights / progress made: *(Continued)*

Information and Communications Technology

a. Continued stabilisation and optimisation of the Enterprise Resource Planning (ERP) system across Finance, HR, and operational functions, resulting in improved workflow management and process efficiency.

b. Maintained high ICT infrastructure availability, with internet uptime averaging approximately 99.9% and all servers operating under active maintenance.

c. Successfully implemented and tested a cloud backup and disaster recovery environment, ensuring business continuity and secure information management.

d. Strengthened ICT governance through continuous monitoring of the IT Risk Register and implementation of audit remedial action plans to address internal and external audit findings.

Marketing and Communications

a. Strengthened institutional capacity through the appointment of the Manager: Marketing and Manager: Communications positions.

b. Enhanced MEGA's brand visibility and stakeholder engagement through participation in more than 80 exhibitions, stakeholder engagements, media platforms, and outreach initiatives throughout the year.

c. Implemented targeted reputation management campaigns to reposition MEGA Industrial Parks and restore stakeholder confidence following adverse media coverage.

d. Improved digital engagement and responsiveness across MEGA's social media platforms, contributing to stronger stakeholder interaction and public awareness of MEGA services and opportunities.

e. Supported lead generation and investment promotion initiatives across all district municipalities, including property investment opportunities and entrepreneurship support programmes.

Challenges

a. Slow implementation of the PMDS at lower organisational levels continued to affect effective performance monitoring, accountability, and organisational efficiency.

b. Delays in the approval of ICT policies, the ICT Strategy, and establishment of an ICT Steering Committee impacted ICT governance and compliance with information technology standards.

c. Occupational Health and Safety challenges remained at certain sites, including unresolved hazards and infrastructure-related risks at some MEGA facilities.

d. Brand clarity and public understanding of MEGA's mandate remained a challenge, requiring continued strengthening of communication and reputation management initiatives.

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 2: Corporate Services

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Improved Corporate Image of MEGA	Completed Customer Satisfaction Survey	Number of Customer Satisfaction Surveys Undertaken	1	1	1	2	+1	An additional survey was conducted as part of the improvement of corporate image of MEGA
Increased MEGA Brand Awareness	Brand Awareness Surveys	Number of MEGA Brand Awareness Surveys Conducted	1	1	1	1	0	None
Improved Organisational performance	Approved HR Reports Undertaken	% achieved in the implementation of the HR Strategy Plan	4	4	100%	93%	-7	Only executives and senior managers signed annual performance agreements in line with PMDS
Enhanced all-Inclusive and integrated information	Approved ICT Reports	% achieved in the implementation of the IT Infrastructure Plan	4	4	100%	81%	-19%	The non - availability of budget contributed in the delays to implement the planned CRM System and key tools to ensure that MEGA have a secure IT environment

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
CORPORATE SERVICES	73 991	72 123	1 868	58 080	49 469	8 611
TOTAL	**73 991**	**72 123**	**1 868**	**58 080**	**49 469**	**8 611**

a. **Strategy to overcome areas of under performance**

% achieved in the implementation of the HR Strategy Plan

The entity is still in negotiation with organized labour to resolve the PMDS matter.% achieved in the implementation of the IT Infrastructure Plan

The entity has developed a cash flow strategy that will be implemented in the next financial year. The strategy is aimed at managing the gap between income and expenditure. In addition, partnerships are currently being cultivated with other stakeholders to support co-funding initiatives.

Institutional Performance Information

Programme 3: Finance

Programme Description

The division provides fiscal leadership, safeguarding of assets, ensuring compliance to laws and regulations and providing timely delivery of services to internal and external stakeholders and customers.

Highlights / progress made

i. The municipal debtor group recorded the highest invoicing amount of R199 million, with collections totaling R169 million. This represents a strong collection performance, with an overall collection rate of 85%. The high collection rate from municipalities is a positive indicator of consistent payment behaviour and effective credit control within this segment.

ii. Total collections for municipal billing for the year are 8% higher compared to the 2024/25 financial year, reflecting an overall improvement in revenue collection performance.

iii. Procurement Plan for 2025/26 financial year was fully implemented.

Challenges

i. The collection of rental debt remains a significant challenge, particularly among tenants in the Lowveld and Siyabuswa regions. A substantial portion of rental income is derived from tenants in Ekandustria.

ii. Notwithstanding the highest invoicing amount of R199 million with collections totalling R169 million on municipal debtors, rental debtors generated invoicing of R38.5 million, of which only R24 million has been collected for the year. This reflects a significantly lower collection rate of 62% on rental debtors, indicating notable collection challenges within this segment. The underperformance in rental collections necessitates targeted interventions, including enhanced follow-up

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 3: Finance

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Enhanced organisational sustainability	Approved debt collection strategy	% collection rate (rental and municipal debtors)	0	0	80%	81%	+1	High collection rate on municipal debtors due to consistent payment behaviour and effective credit control
Promote good financial management practices	Compiled Register	% reduction in fruitless and wasteful expenditure	0	30%	80%	100%	+20%	Improvement due to invoices being paid on time, communication made with service providers where necessary
Promote fair, equitable, transparent, competitive and cost-effective procurement processes	Approved procurement plan	% implementation of approved procurement plan	100%	100%	100%	100%	0	None

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
FINANCE	(R'000)	(R'000)	(R'000)	54 840	56 818	(1 978)
TOTAL	**64 020**	**65 494**	**(1 474)**	**54 840**	**56 818**	**(1 978)**

Strategy to overcome areas of under performance

i. **% collection rate (rental and municipal debtors)**

No strategy required since it is a positive deviation.

i. **% reduction in fruitless and wasteful expenditure**

No strategy required since it is a positive deviation.

Institutional Performance Information

Programme 4: Trade and Investment

Programme Description

The Division is responsible for three main functions, namely, trade & investment promotion, corporate strategy and marketing & communications..

Highlights / progress made:

Investment Promotion

Investment and Mining Conference

The division was instrumental in the planning, coordinating and executing of the 2025 Mpumalanga Investment and Mining Conference as held on the 2-3 October 2025 at the Sydney Choma Banquet Hall in Steve Tshwete Municipality.

The Honourable Premier tasked the MEC for the Department of Mpumalanga Economic Development and Tourism (DEDT) to secure through the Conference at least investment pledges of R50 billion. In this regard, MEGA was mandated to initiate and execute the hosting of the Mpumalanga Investment and Mining Conference as directed by the Honourable Premier. MEGA in consultation with DEDT developed the Conference concept note, which was adopted and approved by the Provincial EXCO.

The investment pledges secured during the Conference far exceeded the R50 billion target set by the Honourable Premier as it amounted to R238 billion. To ensure that the pledges are converted into tangible investment, MEGA is executing the implementation plan of the Investment pledges, including addressing all barriers that may impact on the ability to convert the pledges.

Signed Memoranda of Understanding (MoUs)

The entity signed the following Memoranda of Understanding (MoUs) with a collective value of R 26.2 billion:

a. Chinese investor, Sunbromate (Pty) Ltd for the manufacturing of Ceramic Tiles. The investor is interested in securing 30 hectares of land from the Ekandustria Industrial Park. The Investor would prefer to purchase the land and MEGA is instead negotiating a long-term lease agreement.
b. Inkanyeli Group for the development of Thembisile Hani Smart City (Thembisile Hani Smart Mega City and Cultural Village).
c. AME Fund (Pty) Ltd for the development of Verena Smart City at Thembisile Hani Municipality.
d. Shweta Agro Farm SA (Pty) Ltd Poultry Investment Project.

Institutional Performance Information

Programme 4: Trade and Investment

Highlights / progress made: (Continued)

Trade & Investment Exhibitions, Missions and Seminars

MEGA's Trade and Investment Promotion Division facilitated / participated in the following missions, exhibitions and seminars:

a. Assisted in organizing the Nkomazi SEZ–DP World–JAFZA Trade and Logistics Enablement Business Seminar, held in partnership with the Nkomazi SEZ on the 4th of July 2025 at Anew Resort in White River, Mpumalanga. The seminar was attended by businesses across multiple sectors. Presentations were delivered by the Nkomazi SEZ, DP World, JAFZA, the Mpumalanga Department of Economic Development and Tourism (DEDT) and the Mpumalanga Economic Growth Agency (MEGA), highlighting opportunities for trade expansion, supply chain optimization, and the strategic role of Dubai as a global logistics hub and the promotion of the Maputo Development Corridor. The event facilitated knowledge sharing, discussions, and B2B engagements aimed at promoting partnerships and unlocking new market access opportunities for Mpumalanga-based businesses.
b. On 24th July 2025, participated as a Gold Exhibitor and conference delegate at the MCCI Eco-Industrial Zone Investment Conference in Middelburg, Mpumalanga. The conference focused on attracting sustainable investment, promoting energy security, and positioning Middelburg as a strategic hub in South Africa's Just Energy Transition. MEGA's exhibition stand showcased the agency's role in driving regional economic diversification, renewable energy initiatives, and green industrial development. Through direct engagement with government, investors, and industry stakeholders, MEGA strengthened collaboration with the Middelburg Chamber of Commerce and Industry (MCCI) and the Mpumalanga Green Cluster Agency, while promoting opportunities in renewable energy, circular economy models, and investment-ready industrial zones.
c. Together with key provincial partners, led Mpumalanga's participation at the 60th Maputo International Trade Fair (FACIM), held from 25th to 31st August 2025 at the Ricatla International Exhibition Centre in Mozambique. A dedicated Mpumalanga Trade, Investment and Tourism Pavilion and showcased the province's strengths in priority sectors such as agro-processing, energy, infrastructure, and tourism.
d. In partnership with APIEX, MEGA also coordinated Mpumalanga business participation in the Regional Investment and Trade Forum on 27th August 2025, which provided a platform for engagement with Mozambican government, investors, and the private sector. This initiative deepened cross-border trade and investment ties, reinforced the 2023 MoU with APIEX, and enhanced Mpumalanga's regional economic presence.
e. SACUM–UK EPA Awareness Seminar – 3rd September 2025, Johannesburg. The SACUM-UK EPA is a trade agreement between the Southern African Customs Union (SACU) member states (Botswana, Eswatini, Lesotho, Namibia, and South Africa) plus Mozambique, and the United Kingdom. This year's seminar was a collaboration with the DTIC and UK Embassy and the Johannesburg Chamber of Commerce and Industry. The seminar aims to help local exporters understand the trade opportunities and preferential market access under the EPA, which provides duty-free and quota-free entry for 95% of products from South Africa to the UK. It also addressed challenges faced by exporters.
f. Invited by DIRCO to present its work on trade and investment promotion to 25 Heads of mission designates on 10th March 2026. The presentation and the Question-and-Answer sessions provided MEGA a valuable platform to promote provincial economic opportunities and provide a network with one of the important stakeholders in promoting and representing our country's interest to international communities.
g. Participated at the Ehlanzeni Investment Indaba and served on two panel discussions for the Ehlanzeni Investment Indaba which were dealing with the role of Special Economic Zones in attracting investments, and cross border investment and trade opportunities with the emphasis on Mozambique, Swaziland and RSA. During the Ehlanzeni Investment Indaba, MEGA's marketing and communications officials were exhibiting MEGA services to the participants. The one-day Investment Indaba, which took place on 12th March 2026, attracted business and public representatives from Mpumalanga Province, country-wide, Swaziland and Mozambique.
h. The Mpumalanga Province was invited by the InvestSA to participate and exhibit at the 6th South Africa Investment Conference at the Sandton Convention Centre on the 31st March 2026. The Mpumalanga delegation to the Investment Conference hosted by His Excellency, President Matamela Ramaphosa, was led by The Provincial Premier, Honourable Mandla Ndlovu. The Provincial delegation included DEDT MEC and HOD, Provincial Government Director-General, NSEZ Board Chair and CEO as well as MEGA GM: Trade and Investment Promotion. MEGA was responsible for coordinating the provincial exhibition stand which was managed by two officials from the MEGA and NSEZ. At the Investment conference, MEGA was able to interact with current and prospective investors in Mpumalanga. The interactions included meetings with the companies that pledged to invest in Mpumalanga rail system as well as the petrochemical cluster in Secunda. MEGA officials also joined DEDT MEC in meeting with other prospective investors alongside the Investment Conference.

Institutional Performance Information

Programme 4: Trade and Investment

Highlights / progress made: (Continued)

Foreign Trade Promotion and Exporter Development

i. MEGA's Trade and Investment Promotion Division continued to render ongoing Foreign Trade Services to Mpumalanga Exporters. These included circulating foreign trade-related information and opportunities, providing export marketing advice and assistance, international market information, SARS exporter registration, customs codes and tariff headings determination, foreign trade barriers and documentary requirements for export.
ii. Rendering assistance to the Boston Consulting Group (BCG), who in collaboration with The UK's Foreign, Commonwealth, and Development Office (FCDO), are spearheading an initiative to identify and connect high-potential Small, Medium, and Micro Enterprises (MSMEs) that align with the JETP objectives, with investors and resources that can support their scale-up efforts. In April 2025, MEGA assisted BCG to identify high potential MSMEs, in Mpumalanga, in order to connect them with investors, to unlock funding opportunities that drive economic growth, job creation, and alignment with JETP priorities.
iii. In April 2025 MEGA circulated a call by DARDLEA to local enterprises who are interested in becoming Market Agents to submit bid proposals to receive the necessary training to become accredited Market Agents to trade in fresh produce at the newly established Mpumalanga International Food Market (MIFM).
iv. The MEGA circulated invitations to potential exporters in Mpumalanga Province for participation in the dtic's newly launched Next-Gen Exporter Incubation Programme that is aimed at equipping young entrepreneurs with exporting skills, resources and support that they require to become successful first-time exporters.
v. On 10th June 2025 MEGA participated in and presented on trade and investment promotion services at a Global Export Passport Programme (GEPP) Appraisal Workshop and certificate handing over ceremony hosted by DEDT in Mbombela. MEGA T&I has been instrumental in rolling out the dtic 's GEPP in Mpumalanga Province.
vi. MEGA filled two Export Marketing and Investment Programme (EMIA) applications for participation in SA National Pavilion hosted at the Intra-Africa Trade Fair (IATF) 2025 in Algiers, Algeria from 4th to 10th September 2025 and the China International Import Expo (CIIE) 2025 in Shanghai China from 5th to 10th November 2025.
vii. MEGA Trade Promotion attended an online European Union – Southern African development Community (EU-SADC) Economic Partnership Agreement (EPA) Trade Advocacy Training Workshop on the 23rd and 24th of June 2025. Trade Advocacy Training Workshop was hosted by the EU Support Programme for (EU) (SADC) Economic Partnership Agreement (EPA).

The Programme aims to enhance South Africa's effective participation in the SADC-EU EPA. Through targeted technical assistance, the project supports the South African government in strengthening institutional capacities, improving trade-related policy implementation, and fostering inclusive economic growth. This initiative contributes to deeper regional integration and promotes sustainable development by ensuring that the benefits of the EPA are maximized and equitably shared across key economic sectors.

Challenges

The turnaround of approvals to undertake outward investment and trade missions has resulted in some outward missions being cancelled. This matter is receiving attention, and a strategy is being formulated for all missions that will be embarked upon in the new financial year.

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 4: Trade and Investment

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 4: INCREASED ACCESS TO EXPORT TRADE AND INVESTMENT OPPORTUNITIES FOR MEGA SUPPORTED BUSINESSES AND INVESTORS								
Increased access to export trade and Investment opportunities for MEGA supported businesses and investors	Signed MoUs / MoAs	Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors	0	350 000 000	663 600 000	26 200 000 000	+25 536 400 000	The values of investment projects under facilitation were more than the values anticipated
Increased access to export trade opportunities for Mpumalanga businesses	Export or import marketing advice and assistance provided	Number of trade counselling and support provided to entrepreneurs and companies	145	164	190	190	0	None
Undertake trade and investment exhibitions, missions and seminars in order to contribute to GDP of the Province	Trade and investment exhibitions, missions and seminars undertaken	Number of trade and investment exhibitions, missions and seminars undertaken	171	12	16	21	+5	Over-achievement due to events undertaken which were not initially planned but necessary to partake at the request of MEGA's strategic partners such as DEDT, etc.

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
TRADE AND INVESTMENT	17 006	14 807	2 199	10 400	10 497	(97)
TOTAL	**17 006**	**14 807**	**2 199**	**10 400**	**10 497**	**(97)**

Strategy to overcome areas of under performance

Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors

No strategy required since it's a positive deviation.

Number of trade and investment exhibitions, missions and seminars undertaken

No strategy required since it's a positive deviation.

Institutional Performance Information

Programme 5: Properties and Infrastructure

Programme Description

The Division is responsible for three main functions, namely, property development and management, infrastructure development as well as

Highlights / progress made:

i. Revenue generation for the year amounted to R 193 million which represents 29% increase compared to previous year's collection which was R 150 million.

ii. The revenue consists of municipal services amounting to R 169 million and rental income amounting to R24 million.

iii. Kabokweni and Siyabuswa Shopping Centres have already been presented to the Public Investments Corporation (PIC) (amongst other potential investors) during the year under review. A letter confirming the Public Investment Corporation (PIC) 's investment committee approval for funding was received on the 2nd March 2026. This, in addition to progress achieved in other aspects of development and construction planning enabled the division to move a further 6,18% towards achieving the annual target of 30% (i.e. move from the 15% cumulative progress achieved as at the end of Quarter 3 to 21.18% at the end of the Quarter 4).

iv. A total of 13 revitalization projects were identified and awarded to MSMEs in construction space.

Challenges

Delay in obtaining confirmation of funding interests affected commencement of professional work required for submission to municipalities.

Institutional Performance Information

Annual Performance

Strategic objectives, planned targets and actual achievements

Programme 5: Properties and Infrastructure

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 3: INCREASED ATTRACTION AND IMPLEMENTATION OF SUITABLE INVESTMENT PROJECTS IN THE PROVINCE BASED ON AN ATTRACTIVE VALUE PROPOSITION AND ATTRACTIVE INVESTMENT OPPORTUNITIES								
Increased attraction and implementation of suitable investment projects in the province based on an attractive value proposition and attractive investment opportunities	Increase investment attracted to Property Portfolio	Number of new development or revitalization projects identified, conceptualized and awarded to strategic development partners (where appropriate) or packaged internally	0	0	9	13	+4	Projects planned for the 4th quarter were achieved earlier than planned due to new resources (Quantity Surveyor)
Deliver high impact infrastructure, focusing on project management, property development and management of immovable property for industrialization of the province	Delivered high impact infrastructure projects	Average Percentage Delivery of High Impact Infrastructure projects	0	0	30%	21%	-9%	Delay in obtaining confirmation of funding interests. As a result, professional work required for submission to the municipalities could not commence on time

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
PROPERTIES & INFRASTRUCTURE	251 706	263 552	(11 846)	220 758	131 364	89 394
TOTAL	**251 706**	**263 552**	**(11 846)**	**220 758**	**131 364**	**89 394**

Strategy to overcome areas of under performance

Average Percentage Delivery of High Impact Infrastructure projects

An updated investment memorandum together with financial model and annexures were sent to the Public Investment Corporation (PIC) on the 28th of July 2025 and MEGA is still awaiting feedback.

PART B

Institutional Performance Information

Programme 6: Funding

Programme Description

Sub Programme 1: Funding

The sub-programme aims to ensure that businesses remain viable, as successful MSMES businesses make a direct contribution to the goals set out in the MEGDP of the Province.

The programme provides the following support to existing MSMES businesses:

Sub Programme 2: MSMES Development Finance

The sub programme aims to ensure that businesses remain viable, as successful MSMES businesses make a direct contribution to the goals set out in the MEGDP of the Province.

The programme provides the following support to existing MSMES businesses:

Financial Support

Financial support is given to qualifying businesses by providing loans relating to:

i. Bridging finance for construction projects;
ii. Acquisition of plant and equipment;
iii. Financing tenders;
iv. Acquiring equity; and
v. Financing working capital.

Non-financial support

Non-financial support services in the programme are provided by Business Advisors who conduct mentorship programmes that are designed to improve business success, and these services include:

i. Training business owners on how to prepare financial statements and maintain good bookkeeping practices;
ii. Conducting business management seminars;
iii. Facilitating market linkages, by assisting small businesses to register with relevant government departments, so that their services can be used;
iv. Helping businesses brand/ market their products in readiness for selling on the market;
v. By providing regulatory information, and also linking businesses to the relevant authorities or bodies that can regulate their products or services;
vi. Facilitating the preparation of business plans through SEDA for submission to institutions which provide funds to existing and new enterprises.

Beneficiation

The programme aims to achieve beneficiation objectives by setting up incubators where potential entrepreneurs will be trained before they set up their own businesses. Specific industries have been targeted.

The initiative is aimed at reducing the number of businesses that fail at the initial stage while strengthening existing businesses. Initially incubators will be setup in the wood processing and steel manufacturing industries.

Beneficiation programmes involve supporting MSME's and Co-ops across all sectors by providing:

i. Information on improving the packaging of their products and services;
ii. Government Incentives (Grant Funding) for infrastructure and non-financial services.

Agriculture: Emerging Farmer Finance

This sub programme assesses farmer's needs in terms of the ability of the farmer to undertake the proposed business venture. All applications are considered by applying the regulations as required in the National Credit and FICA Acts.

The programme provides the following support to existing businesses:

i. Market linkages for farm produce;
ii. Organising for farming inputs to be obtained at reasonable prices;
iii. Providing mentorship to ensure business success through exchange programmes with established businesses including those in livestock and crop production;
iv. Assisting in financial management and other specialised areas relevant to the business that has been funded;
v. Providing agricultural economics information. MEGA has access to statistics on climatic conditions of the province which it provides to farmers and businesses as a value added service;
vi. Pursue profitable business ventures by identifying opportunities in which MEGA can become a strategic partner.

Home loans

This programme provides loans and access to affordable houses and facilitate access to home ownership through the provision of finance to qualifying Mpumalanga citizens. Funding is provided for the following:

vii. Building loan;
viii. Purchase of a vacant stand;
ix. House improvement loan;
x. Purchase of an existing house; and
xi. Loan size: up to R1.5m.

Equity Investments

The programme has the following projects aimed at facilitating the implementation of high development impact investments resulting in providing additional income streams to fund MEGA's operations namely:

a. Partially Owned Investments Acquisition of plant and equipment

MEGA has shareholdings in other projects or institutions that are intended to contribute to its sustainability by providing income streams that fund MEGA's operations. The investments are as follows:

ii. Mining - shareholding in a mining company.
iii. Agriculture – shareholding in a fruit packer company.

b. Wholly Owned Investments

i. Tekwane Citrus Farm
- The farm produces citrus fruit which is sold to the local and foreign markets. 80% of the fruit is exported to Europe and the Far East.
- The farm has implemented a turn-around strategy to enable it to function optimally and thus generate acceptable revenue.
- The farm has since continued orchard rehabilitation and maintenance, and Global G.A.P. certification was achieved in February 2026, enabling export harvesting to commence. The farm projects a yield of approximately 3,025 tons from productive trees, with expected revenue of approximately R10 million from export markets and R907,500 from the local market. Revenue from the crop is expected to be realised during the 2026/27 financial year.

Loopspruit Wine Farm

i. MEGA used portions of portion 4 and portion 8 of Loopspruit Farm for grape farming and wine production since the mid-1980's.
ii. The land consists of some 22.26 hectares of grape vineyards. The remainder was used for the infrastructure and grazing.
iii. Operations and/or production on the farm ceased in 2012, and the farm buildings and related infrastructure were destroyed by fire in 2020.
iv. MEGA never really owned the farm, but in August 2022 got permission to occupy (i.e. a P.T.O.), which is a form of right of use, from the Ndzundza Fene Tribal Authority.
v. MEGA is seeking to obtain a more secure form of tenure to enhance its attractiveness to investors so that it can be used for local economic development (and to benefit the people living within the Thembisile Hani Local Municipality and the bigger Nkangala District area).
vi. The entity has signed a new Land Availability Agreement (LLA) following the expiry of the initial LLA. It is envisaged that the LAA will culminate into a long-term lease agreement with the potential investor/s.
vii. The new potential investor is proposing development of a 35-hectare high-value horticulture farming operation on the farm. Twenty (20) hectares will be dedicated to intensive vegetable production, and 15 hectares to passion fruit.
viii. The long-term objective is to establish Loopspruit Farm as a high-technology horticultural hub, integrating production, packhouse operations, export marketing, and farmer training programmes.

Highlights / progress made:

i. Post-investment support services were successfully provided to business clients as such the target for business support was fully met, which provides evidence of the significant strides made by the division in assisting newly-established enterprises to achieve business success and grow the economy of the Mpumalanga province.
ii. The targets for the approval and disbursement of MSMES and housing clients were not fully met due to cashflow constraints.

Challenges

Cashflow constraints affected approvals and disbursement targets for MSMEs and housing clients. However, the entity has developed a cash flow strategy that will be implemented in the next financial year. The strategy is aimed at managing the gap between income and expenditure. In addition, partnerships are currently being cultivated with other stakeholders to support co-funding initiatives.

Institutional Performance Information

Programme 6: Funding

Annual Performance
Strategic objectives, planned targets and actual achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2023/2024	Audited Actual Performance 2024/2025	Planned Annual Target 2025/2026	Actual Achievement 2025/2026	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 1: INCREASED PARTICIPATION IN THE ECONOMY BY ENTREPRENEURS AND COMPANIES WITHIN THE DESIGNATED GROUPS								
Improved sustainability of businesses	Post investment support	Number of business support services provided to MSMES and Agricultural loan clients	150	190	160	175	+15	Target exceeded as more client visits done during this quarter
Provide funding in respect of property development as well as in respect of approved enterprise and agricultural development focusing primarily on previously disadvantaged individuals within the province	Funds disbursed	Value of loans disbursed for enterprises	61 000 000	82 650 000	11 387 000	6 378 572	-5 008 428	Underachievement due to cashflow constraints
STRATEGIC GOAL 2: INCREASED ACCESS TO AFFORDABLE HOUSES IN MPUMALANGA AND FACILITATE ACCESS TO HOME OWNERSHIP THROUGH THE PROVISION OF FINANCE TO QUALIFYING CITIZENS								
Increased access to affordable houses in Mpumalanga and facilitate access to home ownership through the provision of finance to qualifying citizens	Registered houses	Number of Housing Loans approved	New Indicator	5	20	09	-11	Target not met due to cashflow constraints
Provide property in respect to granting of housing loans focusing primarily on previously disadvantaged individuals within the province	Housing loans disbursed	Value of Housing Loans disbursed	2 000 000	5 110 000	30 000 000	6 670 149	-23 329 851	Target not met due to cashflow constraints

Linking performance with budget

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
FUNDING	77 771	71 093	6 678	57 619	56 031	1 588
TOTAL	**77 771**	**71 093**	**6 678**	**57 619**	**56 031**	**1 588**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Value of loans disbursed for enterprises
Target not met due to cashflow constraints.The entity has developed a cash flow strategy that will be implemented in the next financial year. The strategy is aimed at managing the gap between income and expenditure. In addition, partnerships are currently being cultivated with other stakeholders to support co-funding initiatives.

Number of housing loans approved
Target not met due to cashflow constraints. The entity has developed a cash flow strategy that will be implemented in the next financial year. The strategy is aimed at managing the gap between income and expenditure. In addition, partnerships are currently being cultivated with other stakeholders to support co-funding initiatives.

Value of Housing Loans disbursed
Target not met due to cashflow constraints.The entity has developed a cash flow strategy that will be implemented in the next financial year. The strategy is aimed at managing the gap between income and expenditure. In addition, partnerships are currently being cultivated with other stakeholders to support co-funding initiatives.

5. Financial Performance

Revenue Streams

- **Municipal Services**
- Rental Income
- **Loans**
- Interests
- **Other**

R211.9m
Own Revenue

R 280.6m
Government Grant

Revenue Collection

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Revenue**	**Over/(Under) Revenue**	**Budget**	**Actual Revenue**	**Over/(Under) Revenue**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
Revenue from contracts with customers						
Sale of Lemons	-	538	538	-	91	91
Municipal Services	191 865	168 935	(22 930)	132 119	140 524	8 405
Rental Income on investment property	33 005	26 295	(6 710)	29 904	27 130	(2 774)
Other rental income	-	-	-	-	58	58
Interest received (trading)	8 735	7 718	(1 017)	12 800	5 245	(-7 555)
Total	**233 605**	**203 486**	**(-30 119)**	**174 823**	**173 048**	**(-1 775)**

Programme Expenditure

	2025/2026			2024/2025		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
Office of the CEO	35 939	33 332	2 608	38 447	38 662	(215)
Corporate Services	73 991	72 123	1 868	58 080	49 469	8 611
Finance	64 020	65 494	(1 474)	54 840	56 818	(1 978)
Trade & Investment	17 006	14 807	2 199	10 400	10 497	(97)
Properties & Infrastructure	251 706	263 552	(11 846)	220 758	131 364	89 394
Funding	77 771	71 093	6 678	57 619	56 031	1 588
TOTAL	**520 433**	**520 400**	**33**	**440 145**	**342 841**	**97 304**

5. Financial Performance (Cont..)

Capital Investment, Maintenance and Asset Management Plan

Highlights on Capital Investment and Asset Management Plan

None.

Infrastructure Projects

	2025/2026			2024/2025		
Infrastructure Projects	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
Mpumalanga International Fresh Produce Market	0	0	0	0	0	0
Nkomazi Special Economic Zone (SEZ)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

The Current State of the Public Entity's Capital Assets

Description	% Good	% Fair	% Poor
Plant and machinery		✓	
Office furniture, fixtures and equipment		✓	
Motor vehicles		✓	
IT equipment	✓		

Maintenance Expenditure

	2025/2026			2024/2025		
Maintenance Expenditure	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
Maintenance – vehicles	19	17	2	263	142	121
Maintenance – equipment	380	330	50	66	68	(2)
Maintenance – buildings	16 535	10 788	5 747	1 080	1 127	(47)
Maintenance – infrastructure	7 735	8 046	(310)	25 644	21 570	4 074
Total	**24 669**	**19 181**	**5 488**	**27 053**	**22 907**	**4 146**

PART E: Governance

PART E: Governance

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance in public entities is applied through the precepts of the Public Finance Management Act (PFMA) and runin-tandem with the principles contained in the King Report on Corporate Governance. The Provincial Legislature, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. RISK MANAGEMENT

MEGA has a Risk Management Policy and Strategy in place which is intended to facilitate the embedding of risk management techniques in the day-to-day operations and thus better equip the entity to identify events that affect its objectives and manage risk in a manner that will maximise its ability to meet its objectives in line with its Corporate Strategy.

MEGA uses a seven-stage process for managing its enterprise risks. The process provides a logical and systematic method of establishing the context, identifying, analysing, integrating, evaluating, treating, monitoring, and communicating risks in a way that allows MEGA to make decisions and respond timely to risks and opportunities as they arise. The risk assessment process enables management to understand the probability of risk and potential

Impact on the operations of the Agency, while the risk assessment methodology provides management with a portfolio of risks or risk profiles.

The mandate of the Board Audit, Risk & Compliance Committee established in terms of sections 51(1) (a) (ii) and 76(4) (d) of the PFMA and the Treasury Regulations also involves the evaluation of the effectiveness of risk management and monitors progress by management on the mitigation of unacceptable levels of risk.

The entity registered slight improvement in risk maturity level which was largely attributed to the inclusion of the risk function on Executive management performance scorecard which resulted in the steady improvements in the culture of risk reporting at executive level. The resuscitation of the Risk Champions and the implementation of a universal risk mitigation plan enabled a holistic view of interventions to treat risks facing the entity.

3. FRAUD AND CORRUPTION

The Fraud Prevention Plan is in place and is embedded in various processes which incorporate the consideration of preventative, detective and corrective controls in their execution. During the 2020/21 financial year, the ERM Unit undertook a comprehensive and independently conducted organisation-wide fraud risk assessment. The results enabled the business to focus their attention on high fraud risk areas and ensure the deployment of adequate controls to prevent such risks from materialising or mitigate their effect should they materialise.

With the anticipated capacitation of the ERM Unit in the coming financial year, it is envisaged that greater emphasis will be placed on ensuring full implementation and monitoring of the Fraud Prevention Plan in its entirety.

4. MINIMISING CONFLICT OF INTEREST

In minimising conflict of interest in Supply Chain Management [SCM], all companies that have tendered are screened to ensure that such companies are not controlled, run or owned by MEGA employees, either by association or direct involvement. Declaration of interest forms are circulated to SCM Bid Committee members from specification to adjudication where members are expected to declare if they have any interest with regard to the tender in question, and where interest is declared, the conflicted member is recused from participation.

Annual declaration of interest forms are also circulated to all staff members, with the exception of general workers, as per the requirements of the PFMA, the MEGA Act No. 1. of 2010 and the recommendations of the King Report on Corporate Governance. Further updating of the information is done as and when the need arises.

5. CODE OF CONDUCT

The Business Code of Conduct and Ethics (the Code) is enshrined in the Risk Management policies and breach of the code is dealt with through MEGA's disciplinary procedures. The Code is seen as the organisation's moral compass and promotes a culture of honesty, integrity, transparency and ethical business practices. Given its importance in driving a sound ethical culture, the Code is generally included in various fraud and corruption awareness campaigns that are conducted at least twice per annum.

In the coming financial year, there will be greater focus on the promotion of the Code as the moral compass of the organisation and these will include enlisting employees' commitment to abide by the Code.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

MEGA is committed to operating a best practice yet proportionate health and safety management system, recognising its importance for enabling an efficient organisation, by minimising unnecessary losses and liabilities.

MEGA is also committed to annually reporting its health and safety performance and its plans for proactive development of strategic health and safety management.

Governance (Continued)

The Executive and the Accounting Authority of the public entity are responsible for corporate governance.

7. PORTFOLIO COMMITTEES

The entity appeared before the Portfolio Committee to deliberate on the analysis on its Quarter Performance Reports, Budget, and Annual Performance Plan. During the sittings the entity further provided progress reports on the implementation of the House Resolutions. Dates and purpose of the Committee sittings are reflected below:

Date of the Sitting	Subject	Action Plans Undertaken by the Entity
27 May 2025	Deliberate on the 2024/25 Fourth Quarterly Performance Report	Provided progress report on the implementation of the house resolutions on the 2024/25 Third Quarterly Performance Report
03 July 2025	Deliberate on the 2025/26 Budget + Annual Performance Plan (APP) Report	Provided progress report on the implementation of the house resolutions on the 2024/25 Budget + Annual Performance Plan (APP) Report
29 July 2025	Discussion on the Consolidation of the 2025 Mpumalanga Appropriation Bill	Prepared presentation on the questions raised regarding the adequacy of the budget approved for MEGA
25 September 2025	Deliberate on the 2025/26 First Quarterly Performance Report	Provided progress report on the implementation of the house resolutions on the 2024/25 Fourth Quarterly Performance Report
20 November 2025	Consideration of responses to preliminary questions on 2024/25 financial year	Provided progress report on the implementation of house resolutions of the 2023/24 financial year
01 December 2025	Deliberate on the 2024/25 Annual Reports	Provided progress report on the implementation of the house resolutions on the 2023/24 Annual Reports
29 January 2026	Deliberate on the 2025/26 Second Quarterly Performance Reports	Provided progress report on the implementation of the house resolutions on the 2025/26 First Quarterly Performance Report
17 March 2026	Deliberate on the 2025/26 Third Quarterly Performance Reports	Provided progress report on the implementation of the house resolutions on the 2025/26 Second Quarterly Performance Report

Governance (Continued)

8. SCOPA RESOLUTIONS

The entity appeared before the SCOPA to deliberate on the analysis on its Annual Financial Statements and Oversight Visits. During the sittings the entity further provided progress reports on the implementation of the House Resolutions. Dates and purpose of the Committee sittings are reflected on the table below:

Resolution No.	Subject	Details	Response by the Entity	Resolved? (YES/NO)
N/A	House Resolutions on the 2023/24 Audit Report	Implementation of the house resolutions on the 2023/24 AG Audit Outcomes	Implementation of Resolutions being implemented	Yes

9. EXECUTIVE AUTHORITY

MEGA reports to the Executive Authority on performance in relation to its mandate and targets agreed upon with the Executive Authority in the Shareholder's Compact. In addition, all reports submitted to the Legislature and other government structures are submitted through the Executive Authority (Shareholder).

Apart from the reports to the Shareholder, the entity also attends and presents progress reports regarding the implementation of strategic initiatives on an ad-hoc basis to various government structures, such as Technical Committees, Provincial Management Committee, EXCO's, Lekgotlas, etc.

The table below, reflects the reports submitted to the Executive Authority during the period under review.

Details	Submission Date
Submission of the 4th Quarter Report for 2024/25	30th April 2025
Submission of the 1st Quarter Report for 2025/26	31st July 2025
Submission of the Annual Report for 2024/25	31st August 2025
Submission of the 2nd Quarter Report for 2025/26	11th October 2025
Submission of the 3rd Quarter Report for 2025/26	30th January 2026
Submission of the Corporate Plan and Strategic Plan for 2026/27	31st March 2026

Governance (Continued)

10. THE ACCOUNTING AUTHORITY / BOARD

Introduction

a. MEGA is a schedule 3D entity by virtue of it being the successor in title of the erstwhile MEGA, which was established by the then MEGA Act 4 of 2005.

b. MEGA is governed by appointed Members of the Board. Schedule 3D entities are regulated by Sections 47 & 76(4) of the PFMA.

c. The Board is the Accounting Authority of the Agency as contemplated in Section 49(2) (a) of the Public Finance Management Act of 1999, and Section 5(1) of the MEGA Act 1 of 2010 (hereafter referred to as the "Act").

d. The Board shall, in respect of the exercise and performance of its powers and functions, be accountable to the Member of the Executive Council. (Section 5 (2) of the MEGA, Act 1 of 2010).

The Accounting Authority / Board

a. The Members of the Board are appointed in terms of the Act by the Member of the Executive Council responsible for Mpumalanga Department of Economic Development and Tourism for a period not exceeding four (4) years, but are eligible for re-appointment as may be determined by the Member of the Executive Council.

b. The composition of the Board is prescribed by the Act which permits a minimum of nine [9] and a maximum of eleven [11] Members, all of whom shall be non-executive directors. In terms of the Act, the CEO is an ex- officio member of the Board without any voting rights at meetings of the Board (Section 5(4) of the MEGA Act 1 of 2010).

The Role of the Board

In accordance with the aforementioned parameters of corporate governance, the Board must specifically:

a. Retain full and effective control over MEGA and monitor management's implementation of the strategic plans and financial objectives as defined by the Board.

b. Define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;

c. Continuously monitor and review the exercise by management of delegated powers;

d. Ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient, and prudent stewardship of MEGA;

e. Ensure compliance by MEGA with all relevant laws and regulations, audit and accounting principles, MEGA's Code of Ethics and Conduct, and such other principles as may be established by the Board from time to time;

f. Regularly review and evaluate the risks to the business of MEGA, including information technology ("IT") risks.

g. Ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as ensure that there is an effective risk-based internal audit plan;

h. Exercise objective judgment on the affairs of MEGA, independent from management, but with sufficient management information to enable a proper and informed assessment to be made; and

i. Identify and monitor non-financial aspects relevant to the business of MEGA and ensure that MEGA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs in order to ensure that MEGA is seen to be a responsible corporate citizen.

Board Charter

a. The Board Charter defines the governance parameters within which the Board exists, sets out specific responsibilities to be discharged by the Board and members collectively, as well as certain roles and responsibilities incumbent upon members as individuals.

b. The Charter accordingly embraces the principles of good governance as set out in the King Code V on Good Governance, the Mpumalanga Economic Growth Agency Act, No. 1 of 2010, the Public Finance Management Act, 1999 ("the PFMA"), as amended, as well as the Treasury Regulations, the Promotion of Administrative Justice Act, 2000 ("PAJA"), as well as all applicable laws of the Republic of South Africa.

c. The Charter is reviewed by the Board as and when necessary, to ensure that it remains relevant to the business objectives of MEGA.

Shareholder's Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, MEGA must, in consultation with its relevant Executive Authority (MEC for Economic Development & Tourism) annually conclude a Shareholder's Compact documenting the mandated key performance measures and indicators to be attained by the organization as agreed between the Board and the Shareholder.

Delegation of Authority

a. The Board retains full and effective control over the entity. This responsibility is facilitated by a well-developed governance structure comprising of various Board Committees established in terms of Section 24 of the Act and a comprehensive Delegation of Authority Framework.

b. The Delegation of Authority Framework assists in the control of the decision-making processes and does not dilute the duties and responsibilities of Board Members.

Board Induction and Orientation

Newly appointed Board Members are taken through an induction programme designed to enhance their understanding of MEGA's legislative framework, its governance processes and the nature and operations of the Agency. Continuous training is provided so that Members are able to:

a. Make sensible and informed decisions and contribute independent, value-adding views to Board deliberations.

b. Have an understanding of the legal and fiduciary responsibilities incumbent on Board members; and

c. Discharge their fiduciary responsibilities with due care, skill and diligence so as to ensure that all Members are unequivocally committed to furthering the interests of MEGA.

Board Evaluation and Performance

d. The Board is evaluated collectively and individually through a set of corporate governance questionnaires annexed to the Board Charter.

e. The assessments in the main, serve as tools for improving governance practice thereby assisting the Board to better understand their own roles and responsibilities and how they can more effectively fulfill their fiduciary duties and obligations.

f. The board evaluation also serves as a formal method to facilitate Board development and foster communications among Directors and between the Board and Management and increase accountability within the organization.

Composition of the Board

a. Members of the Board are appointed in terms of the MEGA Act by the Member of the Executive Council (MEC) responsible for the Department of Economic Development and Tourism (DEDT) in consultation with the Executive Council of the Mpumalanga Province for a period not exceeding four (4) years.

b. Members of the Board are eligible for re-appointment for a 2nd term at the expiry of their term of office which shall be determined by the Member of the Executive Council from time to time.

c. The composition of the Board in terms of the Act, prescribes a minimum number of nine (9) and a maximum number of eleven (11) Board Members, all of whom shall be non-executive members and the Chief Executive Officer, as an ex officio Member.

d. A full-term Board was appointed effective from 01 March 2026 and whose term of office shall not exceed four (4) years as contemplated in section 12(1) of the Act.

e. In so far as remuneration and allowances are concerned, Board Members hold office on terms and conditions determined in accordance with section 12(3) and (4) of the Act.

Governance (Continued)

During the period 01 April 2025 to 31 March 2026, the full-term Board comprised of the following Members

Name	Date appointed	Resignation / Term End Date	Qualifications	No. of meetings attended
Mr. JL Mahlangu **Board Member**	01 Sept. 2021	31 Aug. 2025	• Diploma in Governance and Public Leadership (Graduate School of Governance-WITS) • Certificate in Governance and Public Leadership (Graduate School of Public and Development Management- WITS) • Certificate (Graduate School of Leadership (UNISA) • Management Development Programme (Graduate School of Management- University of Pretoria) • Marketing Management (Graduate School of Management- University of Pretoria) • Post Graduate Diploma in Management (Graduate School of Public & Development Management- WITS)	**4/ 4**
Mr. C Pule **Board Member**	01 Sept. 2021	31 Aug. 2025	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	4/4
Ms. N Lebambo **Board Member**	01 Sept. 2021	31 Aug. 2025	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce & Computer Studies)	4/4
Mr D Maimela **Board Member**	01 Sept. 2021	31 Aug. 2025	• Master's in politics- Cum Laude (University of Johannesburg) • BA Hons-International Relations (University of Pretoria) • B. PoLSci- Political Sciences (University of Pretoria) • United States Studies (Universities of Pretoria & Indiana) • Research Proposal Writing Skills (Wits University) • Seminar on Economic & Social Development (Academy for International Business Officials (AIBO) Beijing, China	4/4
Ms. N Mkhumane **Board Member**	01 Sept. 2021	31 Aug. 2025	• Bachelor of Commerce Degree; UNISWA 1997 • Major: Finance and Management Accounting • Chartered Institute of Management Accountants (Diploma in Law and Taxation) IEIC, 2000 • Executive Management Development Programme; Wits Business School, 2003 • Project Management Appraisal (Queens University Canada), 2004 • Certificate in Board Leadership (GIBS Business School), 2009 & 2012 • O level: Saint Michaels Girls School, 1992 (passed with distinction)	3/4
Mr. ZM Masilela **Board Member**	01 Sept. 2021	31 Aug. 2025	• National Diploma (Tshwane University of Technology • B-Tech in Public Administration (Tshwane University of Technology) • Development & Management of Local Government (Wits Business School) • Municipal Finance & Supply Chain Management part 1- NQF Level 6	3/4
Ms. PZ Makhubu **Temporary Board Member**	07 Jul. 2025	31 Aug. 2025	• Secondary Education Certificate (VISTA University) • Junior Degree-B Pead Commerce • Senior Degree- Bachelor of Education; M-Ed- Didactics	4/4

NOTES:

1. **The board held 2 ordinary meetings, & 2 Special meetings which equals to 4 meetings.**
2. **The full-term board's office term expired on 31 August 2025.**
3. **An Interim Board was appointed on 02 March 2026 for a period of 6 months pending the appointment of a full-term board whichever comes first.**

Governance (Continued)

During the period 01 April 2025 to 31 March 2026, the full-term Board comprised of the following Members

Name	Date appointed	Date resigned	Qualifications	No. of Meetings Attended
Ms. P Mnyambo **Temporary Board Member**	07 Jul. 2026	31 Aug. 2025	• University of Limpopo: Fundamentals of Business Management • Project Management NQF Level 4. • Supply Chain Management NQF Level 5	4/4
Mr. MM Nthali **Temporary Board Member**	05 Feb. 2024	31 Aug. 2025	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development Programme • Supply Chain Management NQF Level 5 • University of South Africa: Bachelor of Theology	4/4

An Interim Board was appointed on 02 March 2026 and is constituted as follows:

Name	Date appointed	Resignation / Term End Date	Qualifications	No. of meetings attended
Mr. JL Mahlangu **Board Member**	02 Mar. 2026	N/A	• Diploma in Governance and Public Leadership (Graduate School of Governance-WITS) • Certificate in Governance and Public Leadership (Graduate School of Public and Development Management- WITS) • Certificate (Graduate School of Leadership (UNISA) • Management Development Programme (Graduate School of Management-University of Pretoria) • Marketing Management (Graduate School of Management) • Post Graduate Diploma in Management (Graduate School of Public & Development Management- WITS)	2/ 2
Ms. P Mnyambo **Temporary Board Member**	02 Mar. 2026	N/A	• University of Limpopo: Fundamentals of Business Management • Project Management NQF Level 4. • Supply Chain Management NQF Level 5	2/ 2
Mr. C Pule **Board Member**	02 Mar. 2026	N/A	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	2/ 2
Ms. N Lebambo **Board Member**	02 Mar. 2026	N/A	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce & Computer Studies)	2/ 2
Mr D Maimela **Board Member**	02 Mar. 2026	N/A	• Master's in politics- Cum Laude (University of Johannesburg) • BA Hons-International Relations (University of Pretoria) • B. PoLSci- Political Sciences (University of Pretoria) • United States Studies (Universities of Pretoria & Indiana) • Research Proposal Writing Skills (Wits University) • Seminar on Economic & Social Development (Academy for International Business Officials (AIBO) Beijing, China	2/ 2
Mr. ZM Masilela **Board Member**	02 Mar. 2026	N/A	• National Diploma (Tshwane University of Technology • B-Tech in Public Administration (Tshwane University of Technology) • Development & Management of Local Government (Wits Business School) • Municipal Finance & Supply Chain Management part 1- NQF Level 6	2/ 2
Ms. PZ Makhubu **Temporary Board Member**	02 Mar. 2026	N/A	• Secondary Education Certificate (VISTA University) • Junior Degree-B Pead Commerce • Senior Degree- Bachelor of Education; M-Ed- Didactics	2/ 2
Mr. MM Nthali **Board Member**	02 Mar. 2026	N/A	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development • Supply Chain Management NQF Level 5	2/ 2
Ms. N Oyiya **Board Member**	02 Mar. 2026	N/A	• Bachelor's in business administration (Honours) Public Sector Management (Southern Business School) • Bachelor of Business Administration (BBA) Public Sector Management (Southern Business School) • Diploma: Public Sector Management (Southern Business School) • Bit Committees- PFMA (National School of Governance) • Certificate: Outcome Based Monitoring & Evaluation Implementation (University of Pretoria);	2/ 2

AREA OF EXPERTISE AS PER THE MPUMALANGA ECONOMIC GROWTH AGENCY ACT NO.1 OF 2010

SECTION 6(d)

The Members shall be-

"Persons who have sufficient knowledge of, or experience in the development, funding, promotion of agriculture, property development including granting of housing loans, trade, industry, sector development or investment in respect of the province, with specific emphasis on Black Economic Empowerment".

Board Committees

a. The Board is empowered in terms of Section 24 of the Act to establish Board Committees. Section 24 (1) of the Act further provides that the Board may establish committees, with the power to co-opt other persons, for the purpose of assisting it with due and proper exercise and performance of any of its powers and functions, and may likewise dissolve, extend, enlarge or limit any committee established.

b. The Board during its term of office, constituted various Committees in order to assist the Board in discharging its responsibilities. This assistance is rendered in a form of recommendations and reports submitted to Board meetings ensuring transparency and full disclosure of Committee activities. All Committee Members are Non-Executive Directors and the Board during the period under review, consisted of four [4] Committees namely:

   i. Human Resources & Remuneration Committee (HR)
   ii. Finance & Investment Committee (FINCOM)
   iii. Loans Committee
   iv. Board Audit, Risk & Compliance Committee (BARCC)

Human Resources & Remuneration Committee

a. The Human Resources and Remuneration Committee is comprised of four [4] Non-Executive Directors.

b. The objectives of the Committee are to:

   i. Oversee the development and implementation of a comprehensive Human Resources Strategy that supports the entity's values, vision, mission and aspirations.
   ii. Review the organization's Human Resource Policies and recommend same for Board approval.
   iii. Ensure that the organization has an effective Organisational structure, and competitive human resources and practices.
   iv. Recommend for approval by the Board, a system to monitor and measure Organisational development and performance.
   v. Make recommendations to the Board on the selection and appointment processes for the Chief Executive Officer.
   vi. Review at least annually, and recommend to the Board for approval, the CEO's compensation based on the evaluation of the CEO's performance in light of corporate and individual objectives.

Social Responsibilities (Regulation 43 of the Companies Act)

a. The Committee shall perform all the functions that are necessary to fulfil its role as stated above and including the following duties:

b. Monitoring the Agency's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to:

   i. Social and economic development including the Agency's standing in terms of the g

      (aa) the 10 principles set out in the United Global Compact Principles ("the UGCP

      (bb) the OECD recommendations regarding corruption.

      (cc) the Employment Equity Act; and

      (dd) the Broad-Based Black Economic Empowerment Act.

Governance (Continued)

Social Responsibilities (Regulation 43 of the Companies Act)

ii. **Good corporate citizenship** including the Agency's standing in terms of the goals and purposes of-

(aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption.

(bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and

(cc) record of sponsorship, donations and charitable giving.

ii. **Environment, Health and Safety** including the impact of the Agency's activities and of its products or services.

ii. **Consumer Relationships** including the Agency's advertising, public relations and compliance with consumer protection laws.

ii. **Stakeholder relations** including community development, stakeholder engagements, Management of Brand and Reputational Risks.

ii. **Labour and employment including**-

(aa) the Agency's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and

(bb) the Agency's employment relationships, and its contribution towards the educational development of its employees.

iii. Drawing matters within its mandate to the attention of the Board as occasion requires.

Finance and Investment Committee

a. The Finance and Investment Committee is comprised of five [5] Non-Executive Directors.

b. The objectives of the Committee are inter alia to:

i. Provide inputs on the Strategic Plan of the organization for approval by the Board.

ii. Review the accuracy of the draft budget as submitted by management and ensure that the budget is aligned to the approved Strategic Plan.

iii. Review the financial quarterly performance reports as submitted by management and recommend same for Board approval.

iv. Ensure that MEGA has and maintains sound financial policies.

v. Ensure proper control over MEGA's investment projects.

Loans Committee

a. The Loans Committee is comprised of four [4] Non-Executive Directors.

b. The objectives of the Committee are inter alia to:

i. Consider loan applications for Business Development, Agriculture and Housing between the values of R5m – R10m in terms of the Delegations of Authority Framework approved by the Board.

ii. Recommend all loans above R10m to the Board for approval.

iii. Recommend the design, selection, implementation, oversight and performance of any rating systems employed by the Agency.

iv. Recommend any debt write-offs to the Board, Audit Risk & Compliance Committee in line with MEGA's policies.

v. Recommend debt restructuring to the Board with regards to clients affected by economic/climate conditions and any other conditions that may warrant Board's intervention.

vi. Recommend to the Board, any new lending product area, market or lending jurisdiction.

vii. Annually review the loan policies and procedures and present them to the Board for approval.

viii. Regularly analyse the loan portfolio and monitor lending areas for alignment to the Agency's risk appetite.

During the period 01 April 2025 to Board Committees during the period 01 April 2024 to 31 March 2026

Committee	No. of meetings held	No. of members	Name of members
LOANS	4	5	Ms. N Lebambo (Chairperson) Mr. M Masilela Ms. PZ Makhubu Ms. P Mnyambo Mr. MM Nthali
HR	4	5	Mr. D Maimela (Chairperson) Mr. M Masilela Ms. Lebambo Ms. PZ Makhubu Ms. P Mnyambo
BARCC	5	4	Ms. N Mkhumane (Chairperson) Mr. C Pule Ms. N Lebambo Mr. MM Nthali
FINCOM	4	4	Mr. C Pule (Chairperson) Mr. D Maimela Ms. N Mkhumane Mr. JL Mahlangu

Notes

a. The full-term Board's office term expired on 31 August 2025.

Board Committees during the period 02 March 2026 to 31 March 2026 (Interim Board)

Committee	No. of meetings held	No. of members	Name of members
LOANS	0	5	Ms. N Lebambo (Chairperson) Mr. M Masilela Ms. PZ Makhubu Ms. P Mnyambo Mr. MM Nthali
HR	0	5	Mr. D Maimela (Chairperson) Mr. M Masilela Ms. Lebambo Ms. PZ Makhubu Ms. P Mnyambo
BARCC	1	4	Mr. C Pule (Chairperson) Ms. N Lebambo Mr. MM Nthali Ms. N Oyiya
FINCOM	1	4	Ms. N Oyiya (Chairperson) Mr. C Pule Mr. D Maimela Mr. JL Mahlangu

Notes

a. Board Term of office expired on 30 September 2025.

b. Interim Board appointed on 02 March 2026 & Board Committees constituted on 12 March 2026

c. HR Committee name changed to Human Resources, Social & Ethics Committee (HRSE).

Remuneration of Board Members

a. Board Members are remunerated in accordance with the rate as determined by National Treasury from time to time.

b. The Board's travel and subsistence allowances are also paid for by MEGA in line with the MEGA HR Policy.

c. A detailed remuneration table of each Board member is reflected under Part E of this report

Governance (Continued)

11. INTERNAL AUDIT

a. The functions of Internal Audit Unit are embedded in supporting divisions within the entity as follows:

b. Risk assessment: located within the Enterprise Risk Management Unit;

c. Internal Audit: located within the Internal Audit Unit;

d. Policies and procedures:

   i. Each division ensures that all policies applicable and necessary for its functioning are developed and reviewed. Monitoring of compliance with policies and relevant prescripts are performed by the Legal Unit.

12. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit:

b. MEGA's Internal Audit Function consists of in-house and co-sourced capacity. The co-sourced capacity is performed by Thabi Consulting.

c. The Internal Audit function is established by the Board of MEGA. The Internal Audit function's responsibilities are defined by the Board as part of their oversight role and reports functionally to the Board Audit, Risk and Compliance Committee.

d. The purpose of the MEGA's Internal Audit Function is to provide independent, objective assurance and consulting services designed to add value and improve the MEGA's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

e. The Internal Audit Function helps MEGA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

f. Internal Audit did review all major areas through an in-depth follow up audit conducted in 2025/26 of all reported areas from both the AGSA Management Report and the various Internal Audit reports concluded in 2025/26. This allowed appropriate coverage of key areas within MEGA.

Specify summary of audit work done

The following internal audits were performed during the financial period under review:

a. Compliance and Governance Review.
b. Audit of Performance Information 4th quarter of 2024/25.
c. Review of Annual Financial Statement and Annual Performance Report.
d. Risk Management (Including Occupational health and safety).
e. Audit of Performance Information 1st quarter of 2025/26.
f. Revenue Management and Collections.
g. IT General controls and Application Control Review (new system project governance activity, cyber security, and business continuity).
h. Funding – Equity Investment and Loans (MSMEs, Agriculture, Co-operative & Housing).
i. Payroll Management Review
j. Interim Financial Statements.
k. Audit of Performance Information 2nd quarter of 2025/26.
l. Property Development and Infrastructure.
m. Supply Chain Management (Quarterly reviews of the SCM processes are also conducted as an ad-hoc)
n. Audit of Performance Information 3rd quarter of 2025/26.
o. Human Resource Management Review.
p. Follow up AG / IA report.

Key activities and objectives of the Board Audit, Risk and Compliance committee:

a. The BARCC must function in accordance with Treasury Regulations 27.1

b. BARCC must, amongst others, review the following:

   i. the effectiveness of the internal control systems;
   ii. the effectiveness of internal audit;
   iii. the risk areas of the entity's operations to be covered in the scope of internal and external audits;
   iv. the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
   v. any accounting and auditing concerns identified as a result of internal and external audits;
   vi. the entity's compliance with legal and regulatory provisions; and
   vii. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
   viii. where relevant, the independence and objectivity of the external auditors.

c. Further to the above, Treasury Regulation 27.1.9 states that the BARCC must have explicit authority to investigate matters within its powers, as identified in the written BARCC Charter.

d. The BARCC must –

   i. report and make recommendations to the accounting authority;
   ii. report on the effectiveness of internal controls in the annual report of the institution; and
   iii. comment on its evaluation of the financial statements in the annual report.

e. With regards to the Internal Audit Function, the BARCC has to specifically:

   i. Approve the internal audit charter.
   ii. Approve the risk based internal audit plan.
   iii. Approve the internal audit budget and resource plan.
   iv. Receive communications from the Chief Audit Executive on the internal audit activity's performance relative to its plan and other matters.
   v. Approve decisions regarding the appointment and removal of the Chief Audit Executive.
   vi. Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.
   vii. Approve the Internal Audit Function's resource plan

Governance (Continued)

The table below discloses relevant information on the Board Audit, Risk & Compliance Committee Members from 01 April 2025 to 31 August 2025

Name	Qualifications	Internal / External	If internal, position in the public entity	Date appointed	Date resigned	No. of Meetings
Ms N Mkhumane	• Bachelor of Commerce Degree; UNISWA 1997 • Major: Finance and Management Accounting • Chartered Institute of Management Accountants (Diploma in Law and Taxation) IEIC, 2000 • Executive Management Development Programme; Wits Business School, 2003 • Project Management Appraisal (Queens University Canada), 2004 • Certificate in Board Leadership (GIBS Business School), 2009 & 2012 • O level: Saint Michaels Girls School, 1992 (passed in Merit category with distinction)	External	N/A	01 Sept. 2021	31 Aug. 2025	4/4
Mr. C Pule	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	External	N/A	01 Sept. 2021	31 Aug. 2025	4/4
Ms. N Lebambo	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce &	External	N/A	07 Jul. 2024	31 Aug. 2025	4/4
Mr. MM Nthali	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development Programme • Supply Chain Management NQF Level 5 • University of South Africa: Bachelor of Theology	External	N/A	05 Feb. 2025	31 Aug. 2025	4/4

Notes

a. The full-term Board's office term expired on 31 August 2025.

The table below discloses relevant information on the Board Audit, Risk & Compliance Committee Members from 01 April 2025 to 31 August 2025

Name	Qualifications	Internal / External	If internal, position in the public entity	Date appointed	Date resigned	No. of Meetings
Mr. C Pule	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	External	N/A	02 Mar. 2026	Current	2/2
Ms. N Lebambo	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce & Computer Studies)	External	N/A	02 Mar. 2026	Current	2/2
Mr. MM Nthali	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development Programme • Supply Chain Management NQF Level 5 • University of South Africa: Bachelor of Theology	External	N/A	02 Mar. 2026	Current	2/2
Ms. N Oyiya	• Bachelor's in business administration (Honours) Public Sector Management (Southern Business School) • Bachelor of Business Administration (BBA) Public Sector Management (Southern Business School) • Diploma: Public Sector Management (Southern Business School) • Bit Committees- PFMA (National School of Governance)			02 Mar. 2026	Current	2/2

Notes

a. Full term Board's office term expired on 31 August 2025.

b. * Interim Board appointed on 02 March 2026 & Board Committees constituted on 12 March 2026.

Governance (Continued)

13. COMPLIANCE WITH LAWS AND REGULATIONS

a. As a Provincial Government Business Enterprise, MEGA is subject to numerous laws, rules and regulations. The entity must at all times, comply with all applicable legislative prescripts as well as internal policies that are approved by the Accounting Authority.

b. The PFMA and the MEGA Act are the basis on which MEGA must start with compliance, followed by all other legislation that regulates MEGA's operations in relation to the different business units.

c. A compliance checklist has been developed, and compliance is monitored on a quarterly basis, in line with the reporting framework which is included with the submission of quarterly reports. The year under review has not resulted in any penalties nor reprimands for non-compliance with statutes, and therefore we can conclude that the Entity did generally comply with applicable laws and regulations except in areas where non-compliance was identified during the audit.

d. The Board carries the overall responsibility at a strategic level to ensure that the MEGA fulfill its legal obligations and effectively manages any risk exposure that may result from legal compliance failures. The Board is assisted in this regard through monitoring by the Board Audit, Risk and Compliance Committee, as well as assurance provided by Management.

14. COMPANY SECRETARY

The Company Secretary, together with other assurance functions, monitors MEGA's compliance with the requirements of the PFMA, Companies Act No.71 of 2008 (as amended), King Report on Corporate Governance, MEGA Act 1 of 2010 and other relevant legislation and reports to the Board on key areas within MEGA.

15. SOCIAL RESPONSIBILITY

MEGA is committed to occupying an impactful role as a socially responsible corporate citizen. To this end, the entity has put in place a Social Responsibility Policy which seeks to proactively invest in the social development needs of the communities within which it operates.

16. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2026.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

a. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the MEGA revealed certain weaknesses, which were then raised with the MEGA.

b. The following internal audit work was completed during the year under review:
   i. Audit of Performance Information 4th quarter of 2024/25.
   ii. Review of Annual Financial Statement and Annual Performance Report.
   iii. Risk Management (Including Occupational health and safety).
   iv. Audit of Performance Information 1st quarter of 2025/26.
   v. Human Resource Management.
   vi. IT General controls and Application Control Review (new system project governance activity, cy
   vii. Funding – Equity Investment and Loans (MSMEs, Agriculture, Co-operative & Housing).
   viii. Interim Financial Statements.
   ix. Audit of Performance Information 2nd quarter of 2025/26.
   x. Property Development and Infrastructure.
   xi. Supply Chain Management, compliance with SCM policies, procedures and contract manage
   xii. Audit of Performance Information 3rd quarter of 2025/26.
   xiii. (Follow up AG / IA report.

Governance (Continued)

The Effectiveness of Internal Control - Continued

We are satisfied that the internal control systems in operation at MEGA pertaining to financial management were satisfactory, with need of some improvements.

Financial Statements, In-Year Management and Monthly/Quarterly Report

The Agency has submitted financial statements, monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

a. We have reviewed the annual financial statements prepared by the Agency.

b. We have also evaluated the expertise and experience of the Chief Financial Officer and the adequacy of resources within the finance function and recommended certain improvements especially in the areas relating to the capacitation of the supply chain management and credit control functions.

Auditor's Report

a. The Audit Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority within the entity to enable it to discharge its duties. Its duties are focused on the evaluation and improvement of the effectiveness of risk management control and governance processes. The Internal Audit function reports centrally, with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all the MEGA's operations. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed Internal Audit Plan to the Audit Committee on a regular basis. The Chief Audit Executive has a functional reporting line to the Audit Committee, primarily through its chairperson, and reports administratively to the Chief Executive Officer. The Audit Committee is also responsible for the assessment of the performance of the Chief Audit Executive and the Internal Audit function.

b. We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately with need for continuous some improvement.

c. The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Mr. C Pule
Chairperson of the Audit Committee
Mpumalanga Economic Growth Agency

Governance (Continued)

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (Include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	N/A	N/A
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	N/A	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	N/A

PART D:
Human Resource Management

1. INTRODUCTION

a. The Human Capital Management (HCM) department aims to empower employees and sustain a culture of high performance, innovation, and inclusivity where every employee feels valued, engaged, and motivated to excel. HCM aims to achieve this by working in partnership with line managers, their teams and individual employees to provide programs and services that create a work environment of empowerment, inclusivity, innovation and performance excellence.

b. The Department seeks to:
   i. Promote and practice effective recruitment and retention practices.
   ii. Encourage a culture of excellence and a high work ethic.
   iii. Promote sound employee relations and labour stability.
   iv. Promote a safe and healthy working environment for all employees.
   v. Constantly develop individual employees through training interventions.

Achievements

During the 2025/26 financial year, MEGA made the following significant progress in strengthening human capital management, organisational capacity, employee development, and labour relations:

a. The organisation successfully concluded the recruitment and onboarding of key executive and critical positions, contributing to improved organisational stability, governance, and operational effectiveness.

b. The organisational structure was also reviewed and aligned to the MEGA Act and Corporate Strategy to ensure institutional efficiency and strategic alignment.

c. MEGA continued to prioritise skills development and workforce empowerment through the successful implementation of various learnership, artisan development, graduate internship, and labour activation programmes. Strategic partnerships with the Department of Employment and Labour, the National Skills Fund, FOREK Institute of Technologies, and FASSET enabled the organisation to expand training opportunities for unemployed youth and graduates across Mpumalanga. These initiatives contributed towards employment creation, artisan development, and enhanced employability outcomes for programme beneficiaries.

d. The organisation also strengthened employee performance and accountability mechanisms through the continued rollout of the Performance Management and Development System (PMDS), including the approval of the PMDS rollout plan, alignment of job profiles, and conclusion of performance agreements for senior leadership.

e. In promoting employee wellness and organisational well-being, MEGA implemented various wellness interventions, including employee assistance programmes, counselling services, wellness workshops, and occupational health and safety inspections across MEGA sites. Hazard identification and corrective interventions were undertaken to improve workplace safety and employee support.

f. Labour relations remained stable during the year, supported by constructive engagement with organised labour and the successful conclusion of salary negotiations and labour-related matters.

g. MEGA further reinforced employee recognition and retention through the implementation of long-service recognition initiatives honouring employees for sustained service and commitment to the organisation.

Human Resource Management (Continued)

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The following are the statistics related to personnel expenditure and staff complement, movements and Employment Equity status of the entity:

Personnel Cost by programme/ activity/ objective

Programme	Total Expenditure for the entity R'000	No. of employees @ 31 Mar 25	Personnel exp. as a % of total exp.	Average personnel cost per employee
CEO	R22 151 275	14	13%	R1 582 234
CORPORATE SERVICES	R30 286 069	39	18%	R776 566
FINANCE	R30 244 151	27	18%	R1 120 154
TRADE & INVESTMENT	R11 241 377	8	7%	R1 405 172
PROPERTIES & INFRASTRUCTURE	R19 939 320	22	12%	R906 333
FUNDING	R42 149 576	45	25%	R936 657
SUB-TOTAL	**R 156 011 768**	**155**	**92%**	**R 1 006 528**
DISABILITY	R685 107	1	0%	R685 107
BOARD	R997 069	10	1%	R99 707
EPWP	R828 679	23	0%	R36 030
TEKWANE	R10 094 547	211	6%	R47 481
INTERNS	R441 132	3	0%	R147 044
SUB-TOTAL	**R 13 046 534**	**248**	**8%**	**R 52 607**
GRAND TOTAL	**R 169 058 302**	**403**	**100%**	**R 419 500**

Note:

The total number of employees when accounting on personnel expenditure includes terminated employees because expenditure was incurred during the reporting period.

Human Resource Management (Continued)

2. HUMAN RESOURCE OVERSIGHT STATISTICS

(Continued)

Personnel cost by salary band

Level	Personnel Expenditure R'000	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	R29 005 052	11	17%	R2 636 823
Senior Management	R15 025 672	8	9%	R1 878 209
Professional qualified	R30 116 280	23	18%	R1 309 403
Skilled	R65 855 446	70	39%	R940 079
Semi-skilled	R5 534 562	10	3%	R553 456
Unskilled	R10 474 756	33	6%	R317 417
SUB TOTAL	**R156 011 768**	**155**	**92%**	**R1 006 528**
Disability	R685 107	1	0%	R685 107
EPWP	R997 069	10	1%	R99 707
Tekwane	R828 679	23	0%	R36 030
Board	R10 094 547	211	6%	R47 841
Fixed term	R441 132	3	0%	R147 044
GRAND TOTAL	**R13 046 534**	**248**	**8%**	**R52 607**
GRAND TOTAL	**R169 058 302**	**403**	**100%**	**R419 500**

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Human Resource Management (Continued)

Performance Rewards

There were no performance rewards implemented or paid for the period under review.

Training Costs

Programme	Total Expenditure for the entity (R 0000)	Training cost	No. of employees trained per programme	Training Expenditure as a % of Personnel Cost.	Average training cost per employee (R 0000
CEO'S office	R22 151 275	R3 527	1	0.02%	R3 526.66
Finance	R30 286 069	R114 933	28	0.38%	R4 104.76
Corporate Services	R30 244 151	R193 085	24	0.64%	R8 045.20
Trade and Investment	R11 241 377	R7 000	2	0.06%	R3 500.00
Properties	R19 939 320	R8 127	2	0.04%	R4 063.33
Funding	R42 149 576	R103 653	6	0.25%	R17 275.55
Interns	R441 132	R4 020	2	0.91%	R2 010.20
TOTAL	**R156 452 900**	**R434 345**	**67**	**0.28%**	**R6 482.76**

Employment and Vacancies

DIVISION	TOTAL NUMBER OF POSITIONS	FILLED	Vacancies	Vacancy in %
Office of the CEO	16	10	6	38%
Corporate services	56	36	20	36%
Finance	35	26	9	26%
Trade investment	21	15	6	29%
Funding	54	46	8	15%
Properties and infrastructure	37	22	15	41%
TOTAL	**219**	**155**	**64**	

HUMAN RESOURCES

Performance Rewards

(Continued)

Employment Changes

Salary Band	Employment at beginning of period	Appointments and placements	Terminations Placement employees	Employment at end of the period
Top Management	8	3	0	11
Senior Management	8	0	0	8
Professional qualified	18	6	1	23
Skilled	69	2	1	70
Semi-skilled	12	0	2	10
Unskilled	34	0	1	33
TOTAL	**149**	**11**	**5**	**155**

The following table provides information on changes in employment over the financial year including turnover rates:

Reasons for staff leaving

Reason	Total number leaving
Death	1
Resignation	0
Contract expired	0
Dismissal	0
Medical Boarding	0
Retirement	4
TOTAL	**5**

Human Resource Management (Continued)

3. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

The following table illustrates the number of disciplinary actions taken against employees and Labour litigations against MEGA:

Disciplinary cases

There were no disciplinary cases during the period under review.

Labour Litigation

Occupational level	No. of employees	Description	Status
Top Management	1	Non-renewal of a fixed-term employment contract	The matter was ruled in favour of MEGA
Skilled	1	Unfair labour practice	The matter was ruled in favour of the employee
TOTAL	**2**		

4. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The target as per the Employment Equity Plan was partially met due to budgetary constraints, only three positions were filled in the period under review.

Levels	FEMALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	1	0	0	0	0	0
Senior Management	3	2	0	0	0	0	0	1
Professional qualified	8	0	1	2	1	1	0	1
Skilled	28	1	2	1	1	0	0	1
Semi-skilled	9	1	0	0	0	0	0	0
Unskilled	24	0	0	0	0	0	0	0
TOTAL	**75**	**4**	**4**	**3**	**2**	**1**		

Human Resource Management (Continued)

4. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

(Continues)

Levels	MALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	0	0	0	0	0	0	0
Senior Management	7	0	0	0	0	0	0	0
Professional qualified	11	0	0	0	0	0	1	0
Skilled	38	0	0	0	0	0	1	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	8	0	0	0	0	0	0	0
TOTAL	**69**	**0**	**0**	**0**	**0**	**0**	**2**	**0**

PART E:

PFMA COMPLIANCE REPORT

1. PART E: PFMA COMPLIANCE REPORT

a. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

i. Reconciliation of irregular expenditure

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Opening balance	24 847	248 669
Add: Irregular expenditure confirmed	14 619	24 847
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	(248 669)
Closing balance	**39 466**	**24 847**

Reconciling notes

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure that was under assessment in 2024/25	0	0
Irregular expenditure that relates to 2024/25 and identified in 2025/26	0	0
Irregular expenditure for the current year	14 619	24 847
Total	**14 619**	**24 847**

b. Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure under assessment	0	24 847
Irregular expenditure under determination	39 466	0
Irregular expenditure under investigation	0	0
Total	**39 466**	**24 847**

PFMA Compliance Report (Continued)

c. Details of current and previous year irregular expenditure condoned

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure condoned	-	-
Total	**-**	**-**

d. Details of current and previous year irregular expenditure removed - (not condoned)

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

e. Details of current and previous year irregular expenditure recovered

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure recovered	-	-
Total	**-**	**-**

f. Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Irregular expenditure written off	0	248 669
Total	**0**	**248 669**

Additional disclosure relating to Inter-Institutional Arrangements

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
N/A
Total

Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2025/2026	2024/2025
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2025/2026	2024/2025
	(R'000)	(R'000)
N/A	-	-

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2025/2026	2024/2025
	(R'000)	(R'000)
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	**-**	**-**

PFMA Compliance Report (Continued)

g. Details of other material losses

Description	2025/2026	2024/2025
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

h. Other material losses recovered

Description	2025/2026	2024/2025
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

i. Other material losses written off

Description	2025/2026	2024/2025
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

j. Information on late and / or non-payment of suppliers

Description	Number of invoices	Consolidated Value
	(R'000)	(R'000)
Valid invoices received	2 107	171 532
Invoices paid within 30 days or agreed period	2 105	170 997
Invoices paid after 30 days or agreed period	2	535
Invoices older than 30 days or agreed period (unpaid and without dispute)	38	83 238
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

Information on Supply Chain Management

Procurement by other means (Deviations)

Project description	Name of supplier	Type of procurement by other means	Value of contract R'000
Subscriptions and licenses	Caseware Africa	Deviation	8
Recruitment incl. advertising	Media24 (City press)	Deviation	116
Advertising and marketing	Arena holdings	Deviation	31
Subscriptions and licenses	Kruger Lowveld Chamber of Business	Deviation	5
Subscriptions and licenses	National Credit Regulator	Deviation	41
Advertising and marketing	Top media communications (Pty) Ltd	Deviation	97
Advertising and marketing	Global Africa Network Media	Deviation	389
Full soil and leaf analysis	LKA Laboratories	Deviation	21
Advertising and marketing	Manufacturing indaba	Deviation	268
Subscriptions and licenses	Middelburg chamber of commerce	Deviation	26
Subscriptions and licenses	Nkangala Business Chamber NPC	Deviation	6
Subscriptions and licenses	Quantec Enterprises	Deviation	90
Subscriptions and licenses	Compliance Institute Southern Africa	Deviation	3
Trade exhibitions	APIEX	Deviation	106
Trade exhibitions	Publicus Sociodade Unipessoal	Deviation	250
Emergency maintenance	Kulelo Projects	Deviation	566
Sole provider	Daisy Lee Events	Deviation	23
Procurement of diesel	JEV Petroleum	Deviation	154
Subscriptions and licenses	INCE	Deviation	54
Protective clothing	AFGRI AGRI Services (Pty) Ltd	Deviation	51
Irrigation maintenance	Sizabantu Piping System Pty Ltd	Deviation	5
Subscriptions and licenses	Kruger Lowveld Chamber Business	Deviation	0,799
Irrigation maintenance	Hydroequip (Pty) Ltd	Deviation	197
Irrigation maintenance	Power Rush Trading 40	Deviation	20
Procurement of pesticides	AECI NULANDIS	Deviation	687
Emergency maintenance	Romba Group	Deviation	471
Irrigation maintenance	AGRICO	Deviation	105
Procurement of fuel	Evron Lubricants	Deviation	23
Emergency maintenance	Laeveld Trekkers Rocky Drift	Deviation	11
Procurement of diesel	Moezy Petroleum	Deviation	176
Procurement of pesticides	Lowveld Agrochem	Deviation	174
Procurement of protective clothing	UGT Industrial Workwear	Deviation	45
Procurement of fertiliser	AGRI Organic	Deviation	255
Procurement of fertiliser	Karino Sitrus Ko?Perasie Beperk	Deviation	867
Procurement of Picking material	VKB LANDBOU	Deviation	35
Procurement of protective clothing	Pienaar Bros	Deviation	78

Information on Supply Chain Management

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of pre-vious contract expansion/s or variation/s (if applicable)	VValue of current contract expansion or variation
				(R'000)	(R'000)	(R'000)
Banking services	First Rand Bank Limited	Expansion	MEGA/2018/02	0	0	0
Insurance services	Praeto Financial Services (Pty) Ltd	Expansion	MEGA/2021/05	Tender rates	1 395	3 348
Fencing project	Sivuthumlilo Trading CC	Variation	REQ00242-25/26	587	0	117
TOTAL				**28 640**	**-**	**4 105**

PART F:

Financial Information

1 REPORT OF THE EXTERNAL AUDITOR

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mpumalanga Economic Growth Agency as set out on pages 92 to 181, which comprise the statement of financial position as at 31 March 2026, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as notes to the financial statements, including material accounting policy information.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Economic Growth Agency as at 31 March 2026 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

7. I draw attention to note 36 to the financial statements, which indicates that the entity recorded a total comprehensive loss of R17,89 million for the year ended 31 March 2026 (2024-25: R49,10 million). As stated in note 36, these events or conditions, along with other matters set forth in note 36, indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

8. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material loss allowances

9. As disclosed in note 9 and 10 to the financial statements, material loss allowances of R55,59 million (2024-25: R58,49 million) and R121,78 million (2024-25: R106,59 million) were incurred because of a provision for impairment of loans receivable and trade and other receivables, respectively.

Uncertainty relating to the future outcome of a pending dispute

10. With reference to note 30 to the financial statements, the City of Tshwane Metropolitan Municipality issued a statement reflecting an outstanding balance of R418 million (2024-25: R336 million) allegedly owed by the entity. The entity has formally disputed the amount claimed and the municipality has acknowledged the dispute. The entity is actively engaging with the municipality to resolve the matter and is confident the process will result in a materially lower liability, if any. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

13. My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2026. I selected programmes that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Trade and investment promotion	38 - 41	The division is responsible for two main functions, namely, Trade and investment promotion and corporate strategy.
Properties and infrastructure	42 - 43	The core purpose of the division is to utilise the MEGA / provincial property portfolio and infrastructure assets to advance growth and economic development within the Mpumalanga province. The division is responsible for three main functions, namely, property development, property management and infrastructure development.

Funding	44 - 47	The division is responsible for provision of finance and non-financial support to small, medium and micro enterprises (SMMEs); cooperatives; housing; agricultural enterprises; equity investments; project management; and administration of regional networks. The core purpose of the division is: • providing access to affordable housing and facilitating home ownership through financing of qualifying Mpumalanga citizens who are unable to obtain finance through the mainstream commercial system • promoting and facilitating growth and development by providing financial support to SMMEs, agricultural enterprises and cooperatives in all prioritised sectors of the economy • providing non-financial support through training, capacity-building, mentorship, counselling, market facilitation and linkages.

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report
- there is adequate supporting evidence for the achievements reported

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets.

23. The tables that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report.

Properties and infrastructure

Targets achieved: 50%
Budget spent: 105%

Key indicator not achieved	Planned target	Reported achievement
Average percentage delivery of high	30%	21%

Funding

Targets achieved: 25%
Budget spent: 91%

Key indicator not achieved	Planned target	Reported achievement
Value of loans disbursed for enterprises	11 387 000	6 378 572
Number of housing loans approved	20	9
Value of housing Loans disbursed	30 000 000	6 670 149

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

27. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

28. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially

misstated.

31. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

32. I have nothing to report in this regard.

Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

34. I did not identify significant deficiencies in internal control.

Material irregularities

35. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Inadequate management and safeguarding of residential investment properties

36. The entity did no did not maintain effective, efficient and transparent systems of financial and risk management and internal control in lines with section 51(1)(a)(i).

37. During June and July 2023, the AGSA conducted a site visit on a sample of properties that the entity had disclosed in the balance of investment properties. The AGSA could not complete the verification of the properties due to being denied access to the properties by some of the occupants. In addition to the physical verification by the AGSA it was noted that some residential investment properties were valued by management's own experts without considering the qualitative factors specific to the properties as the expert was also denied access to some of the properties

38. During the 2022-23 audit and subsequent audits thereafter, it was identified that the entity lacked transparent and effective systems to track and manage residential properties. There was no clear documentation or adequate oversight of lease agreements or rental income. The entity had no reliable risk management framework to address unauthorised occupation. The inability to access properties indicates a breakdown in operational controls and thus non-compliance with section 51(1)(a)(i) of the PFMA.

39. As a result of the loss of control of these properties, the entity disclosed in note 3 of the 2024-25 financial statements that "There are 32 residential properties with a fair value of R14 870 000 (2024: 31 properties of R14 460 000) which are still registered in the entity's name but are not controlled by MEGA. There is 1 industrial property with a fair value of R800 000 (2024: R800 000) which is still registered in the entity's name but not controlled by MEGA. There is a total of 633 residential properties registered in MEGA's name. Of these, 339 are under review with 39 earmarked for reclassification as investment property and 298 identified for transfer to their rightful beneficiaries. An additional 296 properties were recently identified and are scheduled for investigation during the 2025-26 financial year."

40. The non-compliance is likely to result in the misuse of these properties for MEGA if appropriate steps are not taken to adequately deal with all instances where there is a loss of control of the investment properties.

41. The accounting authority was notified of the material irregularity on 31 July 2025.

The following actions have been taken or are planned to be taken to resolve the material irregularity:

- The accounting authority developed a project implementation plan which outlines clear actions and timelines aimed at resolving all disputes and identifying properties for sale, transfer or lease.
- In August 2025, the entity appointed legal representatives to assist with obtaining municipal clearance certificates required for the transfer of some of the properties to identified beneficiaries
- In August 2025, a multi-divisional task team was assembled to conduct investigations, gather evidence and verify the ownership of these properties
- In July 2026, the finance and investment committee and the board approved the updated housing landing policy
- In July 2026, the finance and investment committee and the board approved the recommended manner of disposal of these properties
- At the beginning of the 2026-27 financial year, the entity allocated a budget of R10 million for payment of the municipal debt to obtain the clearance certificates required for the transfer of some of these properties
- On the date of this report, the recommended manner of disposal of these properties as approved by the board was yet to be submitted to the member of executive committee (MEC) for approval.

42. I will follow up on the implementation of the remaining planned actions during my next audit.

Auditor-General

Mbombela

31 July 2026

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the 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 my 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 entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No. 1 of 1999	Section 50(3)(a); 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7; 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A); 25(9)(a); 25(10)
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2(1)(a); 2(1)(b); 2(1)(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	An official Development Finance Institution and the Trade and Investment promotion arm of the Provincial Government of Mpumalanga, dedicated to positioning the province as an Investment Destination of choice and a regional trade hub.
Directors	Mr JL Mahlangu Ms P Mnyambo Ms N Lebambo Mr DM Maimela Mr ZM Masilela Ms ZP Bhengu-Makhubu Mr CJ Pule Dr MM Nthali Ms N Oyiya
Registered office	MEGA Office Park 02 Eastern Boulevard Riverside Mbombela 1200
Postal address	PO Box 952 Mbombela 1200
Bankers	First National Bank Absa Bank Limited Standard Bank Limited
Auditors	Auditor-General of South Africa
Secretary	Advocate SP Morgan

MPUMALANGA ECONOMIC GROWTH AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2026

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Responsibilities and Approval of the Accounting Authority

The Accounting Authority is required in terms of the Companies Act of South Africa 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 the entity as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual 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 Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

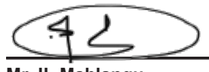
The Accounting Authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The Accounting Authority has reviewed the entity's cash flow forecast for the year to 31 March 2027 and, in light of this review and the current financial position, they are satisfied that the entity has 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 entity's annual financial statements. The annual financial statements have been audited by the entity's external auditors.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 May 2026 and were signed on their behalf by:

Signed by the Chairperson of the Board:



Mr JL Mahlangu

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Report of Accounting Authority

The Accounting Authority has pleasure in submitting their report on the annual financial statements of Mpumalanga Economic Growth Agency for the year ended 31 March 2026.

1. Nature of business

Mpumalanga Economic Growth Agency was incorporated in South Africa and is a Government Business Enterprise classified as a Schedule 3D public entity in terms of the Public Finance Management Act (PFMA), Act No.1 of 1999.

Mpumalanga Economic Growth Agency operates principally in Mpumalanga, South Africa. The entity provides development funding to qualifying businesses and individuals for housing purposes. MEGA also manages and develops the property portfolio owned and controlled by the organisation in order to generate sufficient surplus income to fund new developments and also to use the portfolio as collateral to obtain more finance from the financial markets.

There have been no material changes to the nature of the entity's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the MEGA Act no. 1 of 2010 and Public Finance Management Act (PFMA), Act No.1 of 1999. The accounting policies have been applied consistently compared to the prior year.

The entity recorded a net loss for the year ended 31 March 2026 of R (17 890 085). This represented an improvement in loss from the net loss of the prior year of R(49 096 755).

Entity revenue increased by 18% from R173 048 404 in the prior year to R203 485 877 for the year ended 31 March 2026.

Net cash flows generated from operating activities improved from an outflow of R21.7 million in the prior year to an inflow of R12.9 million in the current year.

3. Directorate

The Members of the Accounting Authority at the date of this report are as follows:

Directors	Office	Designation	Nationality
Mr JL Mahlangu	Chairperson	Non-executive Independent	South African
Ms P Mnyambo	Deputy Chairperson	Non-executive Independent	South African
Ms N Lebambo	Member	Non-executive Independent	South African
Mr DM Maimela	Member	Non-executive Independent	South African
Mr ZM Masilela	Member	Non-executive Independent	South African
Ms ZP Bhengu-Makhubu	Member	Non-executive Independent	South African
Mr CJ Pule	Member	Non-executive Independent	South African
Dr MM Nthali	Member	Non-executive Independent	South African
Ms N Oyiya	Member	Non-executive Independent	South African

Resignations

Directors	Cause of change	Office	Designation	Date
Ms NH Mkhumane	Resignation	Member	Non-executive Independent	15 October 2025

4. Accounting Authorities' interests in contracts

During the financial year, no contracts were entered into which Members of the Accounting Authority or officers of the entity had an interest and which significantly affected the business of the entity.

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2026

Report of Accounting Authority

5. Events after the reporting period

The Accounting Authority is not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The Accounting Authority has assessed the Mpumalanga Economic Growth Agency's ability to continue as a going concern in accordance with the requirements of IFRS 18 *Presentation and Disclosure in Financial Statements*.

The entity recorded a total comprehensive loss of R17.89 million for the year ended 31 March 2026 (2024/25: total comprehensive loss of R49.10 million). The entity also continues to experience collection challenges on certain debtor balances, resulting in elevated expected credit losses, while supplier payment periods exceeded the normal 30-day settlement period due to cash flow constraints experienced during the year. These events and conditions indicate that a material uncertainty exists that could cast significant doubt on the entity's ability to continue as a going concern.

Notwithstanding these circumstances, the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that adequate resources will continue to 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.

In reaching this conclusion, the Accounting Authority considered the following:

- The entity continues to maintain a strong solvency position, with total assets of R1.349 billion exceeding total liabilities of R475.9 million, resulting in positive net assets (equity) of R873.5 million as at 31 March 2026;
- Net cash generated from operating activities improved significantly, increasing from a net cash outflow of R21.7 million in the prior year to a net cash inflow of R12.9 million in the current year, reflecting improved cash flow management and operational performance;
- Grant funding has been approved over the Medium-Term Expenditure Framework (MTEF), providing certainty over the entity's primary funding source and supporting the continued execution of its developmental mandate;
- Management continues to implement an integrated Revenue Enhancement Strategy, focusing on strengthening municipal services revenue, optimising rental income, commercialising strategic assets, enhancing debt collection and diversifying revenue streams;
- The implementation of the approved Debt Collection Strategy has been intensified through strengthened credit control processes, legal recovery mechanisms and active engagement with debtors to improve collections and liquidity;
- Comprehensive cost containment measures continue to be implemented through disciplined expenditure management, procurement efficiencies, prioritisation of critical expenditure and continuous monitoring of budget performance;
- Management continues to monitor liquidity through detailed cash flow forecasting, working capital management and regular financial performance reviews; and
- The accounting authority has considered all known legal matters, contingent liabilities and commitments and is satisfied that these do not materially impair the entity's ability to continue operating for the foreseeable future.

Furthermore, the Accounting Authority has considered the continued support of the Executive Authority and the strategic importance of the Agency in delivering the Province's economic development mandate. Based on the approved strategic and operational plans, approved MTEF funding, improved operating cash flows, the entity's strong asset base, ongoing revenue enhancement initiatives, debt collection strategies and cost containment measures, the Accounting Authority is satisfied that the entity has adequate resources to continue operating for the foreseeable future, being at least twelve months from the date of approval of these Annual Financial Statements.

Accordingly, the Accounting Authority has concluded that, notwithstanding the existence of the above indicators, the use of the going concern basis of accounting remains appropriate in the preparation of these Annual Financial Statements.

7. Auditors

Auditor-General of South Africa continued in office as auditors for the entity for 2025/26 in accordance with section 55 of the MEGA Act and the Public Finance Management Act (PFMA), Act No.1 of 1999.

8. Secretary

The company secretary is Advocate SP Morgan.

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	2026	2025 Restated *	2024 Restated *
Assets				
Non-Current Assets				
Investment property	3	448 320 000	438 240 000	438 100 000
Property, plant and equipment	4	434 688 884	401 371 213	420 502 785
Right-of-use assets	5	193 421 705	205 144 233	216 866 760
Intangible assets	7	9 201 866	9 201 866	9 201 866
Investments in associates	8	162 837	1 994 812	8 730 539
Loans receivable (at amortised cost)	9	29 613 993	28 355 798	31 753 298
Investments at fair value through profit/(loss)	11	7 199 302	11 423 493	12 805 490
		1 122 608 587	**1 095 731 415**	**1 137 960 738**
Current Assets				
Biological assets	6	22 844 000	-	-
Inventories	12	44 697 511	46 649 924	47 528 939
Loans receivable (at amortised cost)	9	17 189 050	11 831 362	14 249 269
Trade and other receivables	10	58 450 953	58 473 235	41 993 885
Cash and cash equivalents	13	77 455 727	67 491 638	89 764 948
		220 637 241	**184 446 159**	**193 537 041**
Non-current assets held for sale	14	6 100 000	5 960 000	5 180 000
Total Assets		**1 349 345 828**	**1 286 137 574**	**1 336 677 779**
Equity and Liabilities				
Equity				
Reserves		203 321 094	144 612 402	157 374 769
Retained income		670 157 140	746 755 917	783 090 305
		873 478 234	**891 368 319**	**940 465 074**
Liabilities				
Non-Current Liabilities				
Lease liabilities	5	259 448 285	252 388 901	244 727 236
Provisions	15	1 603 000	1 518 415	1 523 296
		261 051 285	**253 907 316**	**246 250 532**
Current Liabilities				
Trade and other payables	16	146 049 973	67 223 784	44 122 097
Unspent conditional grants	17	57 504 539	62 959 956	95 779 023
Provisions	15	11 261 797	10 678 199	10 061 053
		214 816 309	**140 861 939**	**149 962 173**
Total Liabilities		**475 867 594**	**394 769 255**	**396 212 705**
Total Equity and Liabilities		**1 349 345 828**	**1 286 137 574**	**1 336 677 779**

* See Note 2 & 33

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2026	2025 Restated *
Revenue	18	203 485 877	173 048 404
Cost of sales	19	(156 702 027)	(94 337 902)
Gross profit		**46 783 850**	**78 710 502**
Other operating income	20	246 053 138	248 063 353
Other operating gains	21	21 175 890	11 315 486
Employee costs	26	(169 125 188)	(148 475 475)
Other operating expenses		(199 885 213)	(205 851 700)
Operating loss	22	**(54 997 523)**	**(16 237 834)**
Investment income	23	4 424 762	4 486 523
Finance costs	24	(25 022 987)	(24 418 102)
Loss from equity accounted investments	8	(355 644)	(6 735 726)
(Loss) profit for the year		**(75 951 392)**	**(42 905 139)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains (losses) on property revaluation		58 061 307	(6 191 616)
Other comprehensive income or (loss) for the year	25	**58 061 307**	**(6 191 616)**
Total comprehensive (loss) income for the year		**(17 890 085)**	**(49 096 755)**

* See Note 2 & 33

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Retained income	Total equity
Opening balance as previously reported	157 374 769	782 770 975	940 145 744
Adjustments			
Prior period error	-	319 330	319 330
Restated* Balance at 01 April 2024 as restated	**157 374 769**	**783 090 305**	**940 465 074**
Loss for the year	-	(42 905 139)	(42 905 139)
Other comprehensive income	(6 191 616)	-	(6 191 616)
Total comprehensive Loss for the year	**(6 191 616)**	**(42 905 139)**	**(49 096 755)**
Transfer between reserves	(6 570 751)	6 570 751	-
Total transfers recognised directly in equity	**(6 570 751)**	**6 570 751**	**-**
Opening balance as previously reported	144 612 402	745 378 880	889 991 282
Adjustments			
Prior period errors	-	1 377 037	1 377 037
Balance at 01 April 2025 as restated	**144 612 402**	**746 755 917**	**891 368 319**
Loss for the year	-	(75 951 392)	(75 951 392)
Other comprehensive income	58 061 307	-	58 061 307
Total comprehensive Loss for the year	**58 061 307**	**(75 951 392)**	**(17 890 085)**
Transfer between reserves	647 385	(647 385)	-
Total transfers recognised directly in equity	**647 385**	**(647 385)**	**-**
Balance at 31 March 2026	**203 321 094**	**670 157 140**	**873 478 234**
Note(s)	25	25&33	

The accounting policies on pages 10 to 28 and the notes on pages 29 to 87 form an integral part of the annual financial statements.

* See Note 2 & 33

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Statement of Cash Flows

Figures in Rand	Note(s)	2026	2025 Restated *
Cash flows from operating activities			
Cash receipts from customers		133 217 205	84 558 637
Cash receipts on repayments of loans receivable		6 693 859	7 026 981
Cash receipts from grants		279 483 000	280 508 000
Cash receipts from conditional grants		14 117 000	25 753 003
Cash paid to suppliers and employees		(378 274 405)	(383 390 627)
Cash advanced in loans receivable		(13 913 280)	(6 659 754)
VAT paid		(18 423 125)	(22 464 092)
Cash generated from/(used in) operations	28	22 900 253	(14 667 853)
Interest income - Investments	23	4 424 762	4 486 523
Finance costs	24	(22 138 437)	(16 551 071)
Interest income - Loans		5 400 821	3 606 285
Interest income - Services		2 316 964	1 465 497
Net cash from operating activities		**12 904 363**	**(21 660 618)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(4 885 274)	(14 524 366)
Proceeds from sales of investment property	3	1 945 000	13 911 674
Net cash from investing activities		**(2 940 274)**	**(612 692)**
Total cash movement for the year		**9 964 089**	**(22 273 310)**
Cash and cash equivalents at the beginning of the year		67 491 638	89 764 948
Cash and cash equivalents at the end of the year	13	**77 455 727**	**67 491 638**

* See Note 2 & 33

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Accounting Policies

Corporate information

Mpumalanga Economic Growth Agency is a Schedule 3D public entity incorporated and domiciled in South Africa.

The annual financial statements for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Accounting Authority on Thursday, 28 May 2026.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual financial statements.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements. The entity has early adopted IFRS 18 Presentation and Disclosure in Financial Statements with effect from 1 April 2025. The annual financial statements have also been prepared in accordance with the requirements of the MEGA Act no. 1 of 2010 and Public Finance Management Act (PFMA), Act No. 1 of 1999 of South Africa, as amended.

The annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the accrual basis of accounting, except for the Statement of Cash Flows. The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is the entity's functional currency and rounded to the nearest Rand.

These accounting policies are consistent with the previous year, except for the changes set out in note 2.

1.2 Material judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS 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 year in which the estimates are revised and in any future years affected.

Material judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Revenue recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the entity had transferred control of the goods to the customer. Following the detailed quantification of the entity liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Revenue is recognised only where a valid and enforceable contract exists and it is probable that the Entity will collect the consideration to which it expects to be entitled. Management performs periodic assessments of outstanding debtor balances and related revenue recognised. Where customers or clients fail to make payments in accordance with contractual terms, and the probability of collection is no longer supported by available evidence, the related revenue shall be reversed or derecognised in accordance with IFRS 15. Particular consideration is given to instances where no payments, or only immaterial payments, have been received during the reporting period. Such assessments ensure that revenue recognised in the financial statements reflects amounts that are valid, supported by enforceable contractual arrangements, and considered recoverable.

Consolidation of entities in which the entity holds less than half the voting rights

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Accounting Policies

1.2 Material judgements and sources of estimation uncertainty (continued)

MEGA has between 25.1% and 40% shareholding in various unlisted entities. Refer to note 8 for a list of these entities. Management has considered the existence of significant influence such as representation on the board of directors, participation in the policy-making process, including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel, or provision of essential technical information in determining the level of influence exercised over its investments. Management considers that it has significant influence over these entities and is therefore of the view that classification of these investments as associates is appropriate.

Lease classification

The entity is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

MEGA has entered into commercial property leases on its investment property portfolio. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Water rights

MEGA has water rights for 221.42 ha for Tekwane registered with Manchester Noordwyk Irrigation Board (22.82 ha) and Crocodile River Irrigation Board (198.6 ha) respectively. MEGA also has water rights for 56.13 ha in White River registered with White River Valley Conservation Board (45 ha) and White River Estates Irrigation Board (11.13 ha). Management recognised these water rights as an intangible asset with an indefinite useful life. Water rights are measured at cost.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting year. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the entity are either measured at fair value or disclosure is made of their fair values.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

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Accounting Policies

1.2 Material judgements and sources of estimation uncertainty (continued)

Impairment testing

Intangible assets that have an indefinite useful life are not subject to amortisation and are annually tested for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment exists when the carrying value of an assets or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model which is an estimation process. The cash flows estimated do not include restructuring activities that the entity is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting year. The useful lives of motor vehicles, furniture and computer equipment are determined based on entity replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 15.

MEGA has recognised a provision for decommissioning obligations associated with its landfill site at Ekandustria. In determining the provision amount, assumptions and estimates are made in relation to discount rates, the expected cost to rehabilitate the environment and the expected timing of those costs as detailed in note 15.

Revaluation of property, plant and equipment, biological assets and investment property

Investment properties and biological assets are recorded at fair value, with changes in fair value being recognised in the statement of profit or loss. In addition, land and buildings and bulk infrastructure are measured at revalued amounts with changes in fair value being recognised in other comprehensive income and accumulated in the revaluation reserve. The entity engaged an independent valuation specialist to assess fair value of bulk infrastructure assets as well as land and buildings as at 31 March 2026. Land and buildings are revalued with sufficient regularity to ensure that the carrying value does not differ significantly from fair value.

The fair values of investment properties and biological assets were based on the market comparable approach that reflects recent transaction prices for similar properties, where there is an active market and depreciated replacement cost for properties that do not have an active market. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

Land and buildings were revalued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Bulk infrastructure was revalued with reference to the consumer price index (CPI) and a re-assessment of useful lives. The key assumptions used to determine the fair value for property, plant and equipment, biological assets and investment property are further explained in notes 3, 4 and 6 respectively.

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Accounting Policies

1.2 Material judgements and sources of estimation uncertainty (continued)

Useful lives of intangible assets

Annual reviews are conducted for intangible assets with indefinite useful lives to determine whether events and circumstances still continue to support an indefinite useful life assessment for the asset. If the indefinite useful life is no longer appropriate the useful life of the asset changes to finite useful life, this will be accounted for as a change in accounting estimate.

1.3 Biological assets

Biological assets comprise citrus orchards owned and controlled by the entity for the purpose of agricultural produce generation and commercial farming activities.

Biological assets are measured on initial recognition and at each reporting date at their fair value less costs to sell, in accordance with IAS 41 Agriculture.

Fair value is determined with reference to market-based evidence, recent comparable market transactions, discounted cash flow techniques and sector-specific valuation methodologies, taking into account the productive capacity, age profile, expected yields, market prices and condition of the orchards.

Changes in fair value less costs to sell are recognised in profit or loss in the period in which they arise.

The fair value measurement of biological assets is categorised as a Level 3 fair value measurement in terms of IFRS 13 due to the use of significant unobservable inputs.

1.4 Investment property

Investment property consists of commercial properties, industrial properties, residential properties, farms and vacant land. These properties are held to earn rentals and for capital appreciation rather than being occupied by the entity.

Investment property is initially recognised at cost, including transaction costs.

Cost for additions to or replacement of parts of investment property, are included in the costs of the investment property when they will result in future economic benefits. The carrying amount of replaced parts are derecognised.

Subsequent to initial measurement, investment property is measured at fair value categorised within Level 3 of the IFRS 13 fair value hierarchy.

Gains or losses arising from a change in fair value, as well as gains or losses on disposal of investment property are included in profit or loss for the year in which they arise.

Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying general accepted valuation methods.

Transfers are made to (or from) investment property only when there is a change in use. Repossessed properties will only be classified as investment property if it is management's intention to retain the properties to earn rentals or for capital appreciation. If management's intention is to dispose of the repossessed properties, such properties will be classified as housing inventory until sold. The fair value at the date of reclassification to housing inventory becomes its cost for subsequent accounting.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the year of derecognition.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one reporting year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Bearer plants are included in property, plant and equipment. Bearer plants are living plants which are used in the production or supply of agricultural produce and are expected to bear produce for more than one year. They only qualify as bearer plants if there is only a remote likelihood of them being sold as agricultural produce.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the entity and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Bulk infrastructure comprises large-scale, long-life network assets that deliver essential services to Ekandustria and Siyabuswa Industrial Parks, including but not limited to bulk water supply systems (treatment works, bulk pipelines and pump stations), electricity infrastructure (substations, transformers, high- and medium-voltage distribution networks and associated equipment), transportation assets (primary and secondary roads, access routes), and sanitation and drainage systems (bulk sewer networks, wastewater treatment plants, outfall lines and stormwater channels). These assets typically form interconnected systems designed to support multiple users and developments, are capital-intensive in nature, and are constructed to provide reliable, continuous service over extended years. They may also include supporting infrastructure such as control systems, reticulation interfaces, service connections, and associated civil works necessary for the effective operation and integration of the network.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, except for land and buildings and bulk infrastructure which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

On revaluation, the accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific asset is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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Accounting Policies

1.5 Property, plant and equipment (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the entity. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	25-60 years
Plant and machinery	Straight line	5-15 years
Motor vehicles	Straight line	3-7 years
Office equipment	Straight line	3-15 years
IT equipment	Straight line	3-5 years
Bearer plants	Straight line	25-30 years
Bulk infrastructure	Straight line	20-100 years
Land		Infinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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.

1.6 Intangible assets

Intangible assets are initially recognised at cost.

MEGA has water rights for 221.42 ha for Tekwane registered with Manchester Noordwyk Irrigation Board (22.82 ha) and Crocodile River Irrigation Board (198.6 ha) respectively. MEGA also has water rights for 56.13 ha in White River registered with White River Valley Conservation Board (45 ha) and White River Estates Irrigation Board (11.13 ha). Management recognised these water rights as an intangible asset with an indefinite useful life. Water rights are measured at cost.

Water rights with an indefinite useful life are not amortised but are assessed annually for impairment and whenever there is an indication that the asset may be impaired.

Other intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Expected future reduction in the selling price of an item that was produced using an intangible assets could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

An amortisation method that is based on the revenue generated by an activity that includes the use on an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefit embodied in the intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

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Accounting Policies

1.6 Intangible assets (continued)

Item	Average useful life
Computer software	3 years
Water rights	Indefinite

1.7 Investments in associates

Investments in associates are initially recognised at cost and are subsequently accounted for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the entity's share of the post-acquisition profits or losses and movements in other comprehensive income of the associate. The entity's share of the associate's profit or loss is recognised in profit or loss, while its share of movements in other comprehensive income is recognised in other comprehensive income.

Distributions received from associates reduce the carrying amount of the investment.

When the entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables forming part of the net investment, the entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The entity assesses at each reporting date whether there is objective evidence that an investment in an associate may be impaired. If such evidence exists, the entity determines the recoverable amount of the investment and recognises any impairment loss in profit or loss.

Upon loss of significant influence, the entity measures any retained investment at fair value and recognises the resulting gain or loss in profit or loss.

1.8 Financial instruments

Financial instruments are recognised when the entity becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any, except for financial instruments at fair value through profit or loss which exclude transaction costs.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The entity classifies financial assets according to the following categories:

- Financial assets at amortised cost: Loans receivable, trade receivables and cash and cash equivalents
- Financial assets held at FVPL: Investments at fair value

The material accounting policies for each type of financial asset held by the entity are presented below:

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Accounting Policies

1.8 Financial instruments (continued)

Loans receivable at amortised cost

Management have assessed and classified loans to group companies, loans to shareholders, loans to directors, managers and employees, and loans receivable as financial assets at amortised cost.

The amortised cost, calculated using the effective interest method, is the amount recognised initially, minus principal repayments, plus cumulative amortisation of interest, adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan in the application of the effective interest method. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

An exception to the above applies to loans which have become credit impaired. The effective interest rate on these loans is applied to the amortised cost rather than the gross carrying amount in the determination of interest. The interest calculation reverts to applying the effective interest rate to the gross carrying amount when the loan is no longer credit impaired.

Refer to the loss allowances and write offs accounting policy for impairment of loans receivable.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value. These are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

Investments in equity instruments

The entity holds investments in listed and unlisted equity instruments. Investments in associates are accounted for separately under IAS 28. Refer to notes 8 and 11.

Investments at fair value through profit or loss

Investments measured at fair value through profit or loss (FVPL) are valued at their current market price at each reporting date, with any changes in fair value recognised directly in the Statement of Profit or Loss.

Investments in associates

The investment is recognised at cost and the carrying amount is then increased or decreased to recognise the investor's share of the subsequent profit of loss of the investee.

Dividends received on equity investments are recognised in profit or loss when the entity's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs.

Financial liabilities, other than lease liabilities, measured at amortised cost on the statement of financial position including borrowings and trade and other payables.

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Accounting Policies

1.8 Financial instruments (continued)

Borrowings and loans from related parties

Loans from group companies and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables primarily consist of amounts owed to suppliers for goods and services received, as well as other short-term accrued expenses. These are typically short-term, non-interest bearing liabilities that a entity owes.

This category excludes employee-related liabilities (such as accrued salaries, bonuses and leave pay), which are recognised and measured in accordance with IAS 19 (Employee Benefits). Such balances may, however, be presented within trade and other payables in the statement of financial position due to their short-term nature.

Impairment - Expected credit losses and write offs

A provision matrix is used as a practical expedient when determining expected credit losses. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The entity writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the entity's recovery procedures. Any recoveries made are recognised in profit or loss.

Derecognition

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The entity derecognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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Accounting Policies

1.8 Financial instruments (continued)

Reclassification

The entity only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities are not reclassified.

1.9 Leases

The entity assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the entity has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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Accounting Policies

1.9 Leases (continued)

Entity 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 entity is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the entity has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

Lease liabilities are 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.

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.

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 following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the entity incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

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 lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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Accounting Policies

1.9 Leases (continued)

Entity as lessor

Leases for which the entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease.

1.10 Inventories

Inventories consist of work-in-progress on housing developments and consumables. Inventory on hand is recognised as an asset where it is controlled by the organisation as a result of a past event from which probable future benefits will flow and it has a cost which can be measured reliably.

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

1.11 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The assets are not depreciated while classified in this manner.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.12 Impairment of assets

The entity assesses intangible assets that have an indefinite useful life annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are assessed at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.

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Accounting Policies

1.12 Impairment of assets (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Impairment losses are recognised immediately in profit or loss, except for impairment losses of revalued assets, which are treated as a revaluation decrease.

Management assesses, at each reporting date, whether there is any indication that an impairment loss recognised in prior years for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated and the impairment reversal is recognised in the reverse manner and never in excess of the original impairment loss. Such reversal also never increases the carrying amount of an asset in excess of what it would have been if the asset had never been impaired. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share 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.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of profit or loss in the years during which related services are rendered by employees.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Accounting Policies

1.14 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense when the entity is committed without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long-term service employee benefits

The entity has an obligation to provide long-term service allowance benefits to all of its employees.

For long-term service benefits the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries.

Current service costs is the increase in the liability resulting from eligible members having worked for an additional year. An additional year of service increases the proportion of their total liability that is regarded as accrued under the Projected Unit Credit Method. Current service costs are recognised in the year in which they arise, in other comprehensive income.

The value of the liability will change over the year due to changes in actuarial assumptions as well as actual membership experience (withdrawals, deaths, retirements, etc.) being different from that assumed at the previous valuation date. The changes are accounted for as actuarial gains and losses. Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Net interest expense represents the increase in the liability resulting from the future benefits being one year closer to the valuation date. It is calculated as the opening liability plus the current service cost less benefit payments expected during the year multiplied by the discount rate used in the previous valuation. Net interest expense is recognised in other comprehensive income.

The entity determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the entity considers current market practice government bond yields, as the South African corporate bond market is not considered to be sufficiently developed. The discount rate is set to be equal to a single point estimate on the BESA zero-coupon yield curve, with a term corresponding to the expected duration of the liabilities, based on the current membership data, as at the valuation date.

Benefits paid is the actual amount paid to eligible members during the valuation period.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

1.15 Provisions and contingencies

The entity recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the entity will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Mpumalanga Economic Growth Agency
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Accounting Policies

1.15 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Restructuring provisions

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingencies

Contingencies are disclosed in note 30.

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. An example is litigation against the entity when it is uncertain whether the entity has committed an act of wrongdoing and when it is not probable that settlement will be needed.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised.

Before a provision is established, the entity recognises any impairment loss on the assets associated with the contract.

Decommissioning liability

The entity records a provision for decommissioning costs of a landfill site. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at the current rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Leave provision

The annual leave provision is expected to be settled within 12 months after the end of the year in which the employees render the related service. The provision is not discounted and is measured at the expected cost to settle the obligation using the accrued leave days at reporting date multiplied by the rate per day. Leave, if not taken, is forfeited 6 months after the end of the employee's leave cycle. Leave is only paid out on resignation or death.

Mpumalanga Economic Growth Agency
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Accounting Policies

1.16 Government grants

Government grants are recognised when there is reasonable assurance that:
- the entity will comply with the conditions attaching to them; and
- the grants will be received.

When the grant relates to an expense item, it is recognised as other income in the same year as the year during which the related expenses qualifying for the grant have been incurred. Where the grant relates to an asset, it is recognised as other income in a systematic manner over the expected useful life of the related asset.

When the entity receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income in arriving at the carrying amount of the asset.

1.17 Revenue from contracts with customers

The entity recognises revenue from the following major sources:
- Sales of goods - wholesale
- Income from municipal services rendered
- Rental income
- Interest income (Trading)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognises revenue when it satisfies performance obligaitons and transfers control of a product or service to a customer at an amount that reflects the consideration the entity expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation.

Sale of goods - wholesale

For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility of selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the entity when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The entity's sales of goods consist of lemon sales.

Income from municipal services rendered

Revenue is recognised based on the actual service provided to the end of the reporting year. This is determined based on the actual municipal services consumed.

The transaction price allocated to these services is recognised as a debtor at the time of the initial sales transaction and is recognised as revenue.

The entity's municipal services rendered consist of supply of electricity, water, sewerage and refuse removal.

Rental income

Income from operating leases in respect of property is recognised in profit or loss on a straight-line basis over the lease term.

The entity's rental income consist of lease of property to natural and legal persons.

Water rights

Revenue is derived from the leasing of water rights for JU 65 Waterval and White River Estates (Central Section) Agricultural Holdings 52.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Accounting Policies

1.17 Revenue from contracts with customers (continued)

Interest income (Trading)

Interest income from financial assets at Fair value through profit or loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through profit or loss calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue related to contracts with customers.

Interest income is calculated monthly by applying the effective interest rate to the gross carrying amount of a financial asset. All financial assets, including financial assets that subsequently became credit impaired, are treated this way. For creditimpaired financial assets the effective interest rate is applied to the gross carrying amount of the financial asset (before deduction of the loss allowance).

1.18 Other operating income

Government grants

Government grants relating to costs are deferred and recognised in the Statement of profit or loss over the year necessary to match them with the costs that they are intended to compensate.

Dividends

Dividends are recognised, in profit or loss, when the entity's right to receive payment has been established, which is generally when shareholders approve the dividend. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in Other Comprehensive Income if it relates to an investment measured at fair value through other comprehensive income.

1.19 Cost of sales

Cost of sales comprises of direct costs incurred in lemon and wine sales, direct farming costs as well as municipal services, electricity and water consumption for bulk infrastructure under lease agreements at Ekandustria.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

The related cost of providing services recognised as revenue in the current year is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.20 Income Tax and Value Added Tax

Income Tax

The entity is not subject to income taxation as it is a Government Business Enterprise registered as a Schedule 3D Public Entity.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Accounting Policies

1.21 Related party disclosure

MEGA applies the requirements of IAS 24 – Related Party Disclosures in identifying related parties and disclosing related party relationships and transactions. A related party is defined as a person or entity that has control, joint control or significant influence over MEGA, or is a member of key management personnel, including close family members and entities under common control.

Related parties include entities within the same group, associates, joint ventures, and entities that are controlled or significantly influenced by key management personnel. As MEGA operates within the public sector, a related party may also include a Department within the national Sphere of Government where such entities operate together to achieve a common objective determined by Cabinet and Provincial Legislature, subject to the government-related entity provisions of IAS 24.

Related party transactions consist of the transfer of resources, services or obligations between MEGA and related parties, regardless of whether a price is charged or whether transactions are conducted on an arm's length basis. These transactions include, among others, the purchase and sale of goods and services, transfers of assets, financing arrangements, guarantees and the provision of key management services.

Transactions with related parties are recognised and measured in accordance with the relevant IFRS standards applicable to each transaction. The related party nature of transactions does not affect their measurement but requires appropriate disclosure to ensure transparency.

In the annual financial statements, MEGA discloses the nature of related party relationships, key management personnel compensation, and, where material, the nature, volume and outstanding balances of related party transactions. For government-related entities, MEGA applies the disclosure exemptions permitted by IAS 24, while ensuring that material transactions are adequately disclosed to enable users to understand their impact on the financial statements.

1.22 Commitments

Capital commitments arise from legally binding contractual agreements entered into on or before the reporting date for the construction, acquisition or enhancement of intangible assets, property, plant and equipment, including buildings and bulk infrastructure, as well as investment property. These commitments represent capital expenditure that will be incurred in future reporting years but which does not yet meet the recognition criteria for liabilities. Only contractually committed amounts are disclosed as capital commitments, and amounts approved but not yet contractually committed are excluded.

Loan commitments arise where the entity, in terms of its mandate as a Development Finance Institution, has entered into agreements to provide funding to approved projects. These commitments represent contractual obligations to advance funding, subject to the fulfilment of specified conditions precedent and project milestones, and are disclosed separately from capital commitments as part of the entity's core operations.

Commitments are not recognised in the statement of financial position or statement of financial performance but are disclosed in the notes to the annual financial statements.

1.23 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

1.24 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and wasteful expenditure incurred. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

Mpumalanga Economic Growth Agency
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Accounting Policies

1.25 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

1.26 Deviations

Deviations arise when a procurement process was implemented which is not in line with the Public Finance Management Act (PFMA), Act No.1 of 1999, either through a sole provider (firm has experience of exceptional worth) or an emergency (a rapid selection is essential). Deviations are disclosed in the notes to the financial statements when approved by the Accounting Officer and the reasons are justifiable and do not constitute Irregular Expenditure. Deviations are disclosed when the affected transaction has occurred as per the accrual basis of accounting (i.e. services received).

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

2. Changes in accounting policies and disclosures

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for a voluntary change in accounting policy relating to the disclosure of capital commitments, as described below.

During the current financial year, the entity revised its accounting policy relating to the disclosure of Commitments.

In prior years, commitments disclosed at the reporting date comprised of outstanding purchase orders relating to both capital expenditure and the procurement of goods and services.

Effective 1 April 2025, the entity discloses only capital commitments associated with the acquisition, construction or enhancement of intangible assets (IAS 38), property, plant and equipment (IAS 16) and investment property (IAS 40). These commitments continue to be determined based on outstanding purchase orders at the reporting date.

Management is of the view that the revised policy results in the disclosure of information that is more relevant and faithfully representative of the entity's capital expenditure obligations at the reporting date.

Comparative information has been updated, where applicable, to ensure consistency with the current year presentation. The change in accounting policy had no impact on the statement of financial position, statement of financial performance or cash flows of the entity.

Early adoption of IFRS 18 Presentation and Disclosure in Financial Statements

The entity elected to early adopt IFRS 18 Presentation and Disclosure in Financial Statements with effect from 1 April 2025. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation and disclosure of information in the financial statements, including prescribed categories within the statement of profit or loss, enhanced aggregation and disaggregation principles, and disclosures relating to management-defined performance measures.

Lease liabilities and Sale and Leaseback transactions - Amendments to IFRS 16

Lease liabilities shall be recognised at the commencement date of the lease. The entity shall also apply IFRS 16 guidance to assess whether a sale in a sale and leaseback transaction qualifies as a sale under IFRS 15 and account for it accordingly.

No impact on the annual financial statements as MEGA has not entered into a sale and leasback transactions.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The accounting and disclosure treatment of supplier finance arrangements (also referred to as reverse factoring or structured payables) in accordance with IAS 7 and IFRS 7. These arrangements are designed to provide suppliers with the option of receiving early payment from a financial institution, while the entity retains its original payment terms.

No impact on the annual financial statements as MEGA has not entered into a supplier finance arrangement.

Lack of Exchangeability - Amendments to IAS 21

When an entity estimates a spot exchange rate because a currency is not exchangeagle into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. To meet this objective, an entity is required to disclose information about:

- The nature and financial effects of the currency not being exchangeable into the other currency
- The spot exchange rate(s) used
- The estimation process, and
- The risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

MEGA is not impacted by the amendments as it has not entered into a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

2. Changes in accounting policies and disclosures (continued)

New standards and interpretations not yet adopted

The entity has not applied the following new amended pronouncements that have been issued by the International Accounting Standards Board (IASB) as they are not yet effective for the annual financial year beginning 1 January 2026. The board of directors anticipates that the new or amended IFRS Accounting Standards will be adopted in the entity Annual Financial Statements when they become effective. The entity has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future years.

Name of Standard	Nature	Impact	Mandatory application date
Amendments to IFRS 7 Financial Instruments Disclosure	- Amendment: Gain or loss on derecognition (Changes in wording and reference to IFRS 13 included) - Implementation guidance: Disclosure of deferred difference between fair value and transaction price (Improved consistency with IFRS 13) Implementation guidance: Introduction and Credit Risk disclosure	Amendments will result in the entity's improved consistency with IFRS 13 and simplifying some explanations	Financial years beginning on or after 1 January 2026
Amendments to IFRS 9 Financial Instruments Disclosure	- Amendment: Derecognition of financial liabilities	No impact on the entity's financial statements	Financial years beginning on or after 1 January 2026

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

3. Investment property

	2026			2025			2024		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	448 320 000	-	448 320 000	438 240 000	-	438 240 000	438 100 000	-	438 100 000

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

3. Investment property (continued)

Reconciliation of investment property - 2026

	Opening balance	Additions resulting from substance over form	Disposals	Fair value adjustments	Total
Investment property	438 240 000	1 150 000	(760 000)	9 690 000	448 320 000

Reconciliation of investment property - 2025

	Opening balance	Additions resulting from substance over form	Disposals	Transfers to Non-current assets held for sale	Fair value adjustments	Total
Investment property	438 100 000	750 000	(5 250 000)	(750 000)	5 390 000	438 240 000

Reconciliation of investment property - 2024

	Opening balance	Additions resulting from substance over form	Disposals	Fair value adjustments	Total
Investment property	420 630 000	14 470 000	(1 770 000)	4 770 000	438 100 000

Pledged as security

No investment property is pledged as security.

Other disclosures

MEGA is currently administering 21 buildings valued at R17 770 000 (2025: 21 buildings at R17 160 000) on land belonging to tribal authorities which are not currently included as investment properties. These properties will be recognised when MEGA's rights and obligations have been confirmed by the Department of Co-operative Governance and Traditional Affairs.

In addition to the aforesaid there are 38 residential properties with a fair value of R22 500 000 (2025: R22 550 000) and 16 commercial properties with a fair value of R18 120 000 (2025: R17 720 000) which are neither controlled by MEGA nor registered in the entity's name and are consequently not recognised as investment property by MEGA. These properties would only be recognised once MEGA has rental agreements in place and there is evidence of maintenance being assumed by MEGA, then only will these properties indicate substantive rights by MEGA. Most of these properties were bought back and/or repossessed by MEGA due to clients not settling their housing loan agreement.

There are 28 (2025: 32) residential properties with a fair value of R9 610 000 (2025: R14 870 000) which are still registered in the MEGA's name but are not controlled by MEGA. There is 1 industrial property with a fair value of R1 270 000 (2025: R800 000) which is still registered in MEGA's name but not controled by MEGA.

There are a total of 28 (2025: 633) residential properties registered in MEGA's name. 578 properties owned by MEGA and are in the process of being transferred to the beneficiaries. 20 properties are privately owned and not controlled by MEGA. Seven (7) properties are controlled by MEGA, of these three (3) properties are included in the properties held for sale and four (4) properties have been included in the Investment Property. Remaining in 2026 are 28 properties not controlled by MEGA and a request for disposal will be submitted to Memeber of Executive Council (MEC).

Commitments

Contractual commitments for the construction and enhancement of investment property are disclosed in Note 29.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2026

Notes to the Annual Financial Statements

3. Investment property (continued)

Amounts recognised in profit and loss for the year

Figures in Rand	2026	2025
Rental income from investment property	26 294 757	26 884 852
Direct operating expenses from rental generating property	(9 230 607)	(8 724 990)
	17 064 150	**18 159 862**

Details of valuation

The most recent valuation was performed at 31 March 2026 by Vusi Mkhatshwa and Associates. The fair value of investment property was determined by external, independent professional property valuer, Mr Sam Segopane, registered with the South African Council for the Property Valuers Profession (Registration number 7718). Mr Segopane and Vusi Mkhatshwa Associates are not connected to the entity and have recent experience in the location and category of the properties being value. The independent valuer provide the fair value of the entity's investment property portfolio at every financial year-end.

Management determined that the investment properties consist of five classes of assets commercial, industrial, farming and residential properties and vacant land based on the nature, characteristics and risks of each property. Fair value is determined using a combination of rental capitalisation method and comparable sales method.

Fair value hierarchy of assets at fair amounts are as follows:
- Level 1 represents those assets which are measured using unadjusted quoted prices in an active market
- Level 2 applies inputs which are based on observable market data
- Level 3 applies inputs which are based on significant unobservable inputs

Figures in Rand	2026	2025	2024
Level 3			
Commercial	41 180 000	40 160 000	41 130 000
Farms	22 020 000	21 290 000	25 830 000
Industrial	282 100 000	276 770 000	276 480 000
Vacant Land	96 940 000	94 540 000	88 940 000
Residential	6 080 000	5 480 000	5 720 000
	448 320 000	**438 240 000**	**438 100 000**

Description of valuation techniques used and key input to valuate investment properties:

Significant unobservable data	**Rate per square meter**
Category	
Commercial properties	R10/m² to R49.56/m²
Industrial properties	R3/m² to R36/m²
Vacant land	R23.51/m² to R150.19/m²
Residential properties	R24.50/m² to R550/m²
Farms	R1.65/m² to R28/m²

Notes to the Annual Financial Statements

4. Property, plant and equipment

Summary of property, plant and equipment

	2026			2025			2024		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	50 259 817	-	50 259 817	42 254 586	-	42 254 586	44 614 137	-	44 614 137
Buildings	39 984 026	-	39 984 026	47 714 041	-	47 714 041	59 274 257	(5 744 378)	53 529 879
Plant and machinery	12 985 939	(7 041 387)	5 944 552	14 446 595	(7 028 747)	7 417 848	14 735 249	(6 442 569)	8 292 680
Motor vehicles	2 276 571	(1 737 003)	539 568	2 334 571	(1 584 996)	749 575	3 062 760	(1 838 072)	1 224 688
Office equipment	5 136 685	(2 223 283)	2 913 402	5 117 723	(2 149 201)	2 968 522	4 264 749	(2 074 685)	2 190 064
IT equipment	4 986 207	(2 635 464)	2 350 743	6 293 375	(3 177 575)	3 115 800	7 117 507	(4 283 458)	2 834 049
Bearer plants	17 056 573	(11 748 059)	5 308 514	17 056 573	(11 092 332)	5 964 241	17 056 573	(10 469 966)	6 586 607
Bulk infrastructure	327 459 841	(71 579)	327 388 262	287 817 950	(63 077)	287 754 873	300 147 188	(54 575)	300 092 613
Capital - Work in progress	-	-	-	3 431 727	-	3 431 727	1 138 068	-	1 138 068
Total	**460 145 659**	**(25 456 775)**	**434 688 884**	**426 467 141**	**(25 095 928)**	**401 371 213**	**451 410 488**	**(30 907 703)**	**420 502 785**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land	42 254 586	-	-	-	8 005 231	-	50 259 817
Buildings	47 714 041	-	-	613 560	(6 500 661)	(1 842 914)	39 984 026
Plant and machinery	7 417 848	113 609	(504 902)	-	-	(1 082 003)	5 944 552
Motor vehicles	749 575	-	(510)	-	-	(209 497)	539 568
Office equipment	2 968 522	567 642	(166 329)	-	-	(456 433)	2 913 402
IT equipment	3 115 800	1 214 657	(1 050 996)	-	-	(928 718)	2 350 743
Bearer plants	5 964 241	-	-	-	-	(655 727)	5 308 514
Bulk infrastructure	287 754 873	2 266 342	-	2 818 167	50 079 116	(15 530 236)	327 388 262
Capital - Work in progress	3 431 727	-	-	(3 431 727)	-	-	-
	401 371 213	**4 162 250**	**(1 722 737)**	**-**	**51 583 686**	**(20 705 528)**	**434 688 884**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	44 614 137	-	-	-	(2 359 551)	-	-	42 254 586
Buildings	53 529 879	1 660 150	-	-	(4 584 486)	(2 891 502)	-	47 714 041
Plant and machinery	8 292 680	815 041	(475 069)	-	-	(1 214 804)	-	7 417 848
Motor vehicles	1 224 688	-	(13 710)	-	-	(461 403)	-	749 575
Office equipment	2 190 064	1 258 460	(31 840)	-	-	(448 162)	-	2 968 522
IT equipment	2 834 049	1 271 091	(54 526)	-	-	(934 814)	-	3 115 800
Bearer plants	6 586 607	-	-	-	-	(592 048)	(30 318)	5 964 241
Bulk infrastructure	300 092 613	4 799 346	(412 925)	-	(1 955 914)	(14 768 247)	-	287 754 873
Capital - Work in progress	1 138 068	3 431 727	-	(1 138 068)	-	-	-	3 431 727
	420 502 785	**13 235 815**	**(988 070)**	**(1 138 068)**	**(8 899 951)**	**(21 310 980)**	**(30 318)**	**401 371 213**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	44 614 137	-	-	-	-	-	44 614 137
Buildings	56 402 068	-	-	-	(2 872 189)	-	53 529 879
Plant and machinery	9 510 434	-	(40 842)	-	(1 176 912)	-	8 292 680
Motor vehicles	1 753 382	-	-	-	(528 694)	-	1 224 688
Office equipment	1 976 631	1 016 837	(314 687)	-	(488 717)	-	2 190 064
IT equipment	3 950 628	572 723	(449 429)	-	(1 239 873)	-	2 834 049
Bearer plants	8 358 450	-	-	-	(716 755)	(1 055 088)	6 586 607
Bulk infrastructure	282 046 106	8 134 919	(3 894 090)	26 699 531	(12 893 853)	-	300 092 613
Capital - Work in progress	-	1 138 068	-	-	-	-	1 138 068
	408 611 836	**10 862 547**	**(4 699 048)**	**26 699 531**	**(19 916 993)**	**(1 055 088)**	**420 502 785**

Property, plant and equipment encumbered as security

None of the property, plant and equipment is encumbered as security for borrowings.

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4. Property, plant and equipment (continued)

Changes in estimates

The entity reassessed certain assumptions applied to property, plant and equipment, including the remaining useful lives of buildings and condition grading of land, buildings, moveable assets, and bulk infrastructure. The changes were made to better reflect the current condition and expected pattern of economic benefits of these assets. In accordance with IAS 8, the changes were accounted for prospectively, with the impact recognised in depreciation in the current and future periods.

As a result of the reassessment, the estimated useful lives of plant and machinery, motor vehicles, office equipment, and IT equipment assets were extended. This change constitutes a change in accounting estimate and has been applied prospectively in accordance with IAS 8.

The effect of the change is a decrease in depreciation expense of R93 089 for the 2026 financial year.

No reassessment of useful lives was performed during the 2025 financial year.

Revaluations

The date of the most recent revaluation performed by Zwane Advisory Services for bulk infrastructure and land and buildings was 31 March 2026. The valuation was carried out by external, independent professional valuers and an engineer, namely Mr A.T. Letlhake, Professional Valuer (Registration No. 7498/4), Mr T. Ramutsindela, Engineer (Registration No. 201670336), and Ms Rudo Mushongahande, registered with the South African Council for the Property Valuers Profession (SACPVP) as a Professional Associated Valuer (without restriction) (Registration No. 7421). Ms Mushongahande acted as the Head Valuer and was responsible for overseeing the valuation process from initiation to completion. The valuers and engineer are independent of the entity, have no relationships that could give rise to a conflict of interest, and possess appropriate and recent experience in the location and category of the properties being valued.

The entity uses the revaluation model of measurement of land and buildings and bulk infrastructure. Management determined that these constitute classes of asset under IFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the property.

Fair value is determined using a market comparable method. Valuations performed by the valuer are based on active market prices, significantly adjusted for any difference in the nature, location or condition of the specific property.

Fair value hierarchy of assets at revalued amounts through revaluation reserve

- Level 1 represents those assets which are measured using unadjusted quoted prices in an active market
- Level 2 applies inputs which are based on observable market data
- Level 3 applies inputs which are based on significant unobservable inputs

Figures in Rand	2026	2025	2024
Level 3			
Land	50 259 817	42 254 586	44 614 137
Buildings	39 984 026	47 714 042	53 529 878
Bulk infrastructure	327 388 262	287 754 873	300 092 613
	417 632 105	**377 723 501**	**398 236 628**

There are 2 commercial properties with a fair value of R6 188 000 (2025: R3 602 810) which are controlled by MEGA but not registered in the entity's name, and consequently not recognised as property, plant and equipment by MEGA.

Commitments

Contractual commitments for the acquisition, construction and enhancement of property, plant and equipment are disclosed in Note 29.

Details of bearer plants

The lemon orchard of 118.5 hectares is at Tekwane Estate in the Mbombela District.

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Figures in Rand	2026	2025	2024

4. Property, plant and equipment (continued)

Other information

If land and buildings and bulk infrastructure were measured using the cost model, the carrying amount would be as follows:

Buildings			
Cost	45 686 726	45 073 166	43 413 016
Accumulated depreciation and impairment	(11 081 485)	(9 238 571)	(8 355 224)
	34 605 241	**35 834 595**	**35 057 792**
Bulk infrastructure			
Cost	296 486 084	291 401 575	287 039 222
Accumulated depreciation and impairment	(103 361 916)	(87 831 680)	(77 147 486)
	193 124 168	**203 569 895**	**209 891 736**
Land			
Cost	11 222 296	11 222 296	11 222 296

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Figures in Rand	2026	2025	2024

5. Right-of-use assets

MEGA has entered into a lease agreement for its office space. The lease of the Head Office building is for a period of 10 years. The lease agreement offers an option of renewal after the intial period of 10 years and it also offers MEGA an option to purchase the building at any given time during the lease period.

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5. Right-of-use assets (continued)

	2026			2025			2024		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	234 450 552	(41 028 847)	193 421 705	234 450 552	(29 306 319)	205 144 233	234 450 551	(17 583 791)	216 866 760

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5. Right-of-use assets (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Figures in Rand	2026	2025	2024
Buildings	193 421 705	205 144 233	216 866 760

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 22).

Buildings	11 722 528	11 722 528	11 722 528

Other disclosures

Interest expense on lease liabilities	24 934 541	24 212 735	23 440 270
Short-term lease - buildings	1 033 166	951 621	867 913
Short-term lease - equipment	387 484	398 332	315 074

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	19 305 169	17 875 157	16 551 071
Two to five years	93 950 554	86 991 253	80 547 457
More than five years	503 956 995	530 221 465	554 540 418
	617 212 718	635 087 875	651 638 946
Less finance charges component	(357 764 433)	(382 698 974)	(406 911 710)
	259 448 285	**252 388 901**	**244 727 236**
Non-current liabilities	259 448 285	252 388 901	244 727 236
Current liabilities	-	-	-
	259 448 285	**252 388 901**	**244 727 236**

Comparative figures relating to the classification between current and non-current lease liabilities were reclassified during the current year. Refer to Note 34 for further details.

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6. Biological assets

	2026			2025			2024		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Fruit on trees (lemons)	22 844 000	-	22 844 000	-	-	-	-	-	-

Reconciliation of biological assets - 2026

	Opening balance	Fair value adjustment	Total
Fruit on trees (lemons)	-	22 844 000	22 844 000

In prior years, no biological assets were recognised due to the poor condition of the orchards and the absence of harvestable output. During the current year, agricultural operations improved significantly, resulting in a marketable crop and the ability to reliably measure fair value. Accordingly, biological assets have been recognised at fair value less costs to sell of R22 844 000. This change reflects updated circumstances rather than a change in accounting policy.

Nature of biological assets and agricultural activity

Tekwane Estate, operated by the Mpumalanga Economic Growth Agency (MEGA), is engaged in the cultivation and production of lemons for supply to both export and local markets.

The agricultural operation comprises approximately:

- 118.5 hectares of irrigated lemon orchards, and
- Approximately 25 213 productive lemon trees contributing to the current season's harvest

The lemon production cycle spans August to June, with harvesting already in progress at the reporting date.

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6. Biological assets (continued)

Methods and assumptions used in determining fair value

Fair value hierarchy:
Classified as Level 3, as the valuation uses significant unobservable inputs.

Valuation approach:
The fair value of biological assets was determined using an income approach, based on estimated selling prices of the 2025/26 crop, less estimated costs to sell.

Unobservable inputs:
Primarily the cost-to-sell percentage, expected crop yield and market pricing assumptions.

Key inputs:
- Revenue from crop
- Cost-to-sell ratio (45%) of gross revenue
- Expected yield and market prices

Sensitivity:
- A 5% change in costs changes value by approximately R1.3 million
- A 10% change in revenue would result in a corresponding change in fair value

Net biological assets

Current assets	22 844 000	-	-

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7. Intangible assets

	2026			2025			2024		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	-	-	-	-	-	-	1	(1)	-
Water rights	9 201 866	-	9 201 866	9 201 866	-	9 201 866	9 201 866	-	9 201 866
Total	**9 201 866**	**-**	**9 201 866**	**9 201 866**	**-**	**9 201 866**	**9 201 867**	**(1)**	**9 201 866**

Reconciliation of intangible assets - 2026

	Opening balance	Disposals	Amortisation	Total
Water rights	9 201 866	-	-	9 201 866

Reconciliation of intangible assets - 2025

	Opening balance	Total
Water rights	9 201 866	9 201 866

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	7 640	(5 729)	(1 911)	-
Water rights	9 201 866	-	-	9 201 866
	9 209 506	**(5 729)**	**(1 911)**	**9 201 866**

Pledged as security

No intangible assets are pledged as security.

Notes to the Annual Financial Statements

7. Intangible assets (continued)

Other information

The water rights have not been impaired as no indicators of impairment were identified.

The water rights were assessed as having an indefinite useful life as they are granted in perpetuity, with no legal or contractual expiry, and are expected to generate economic benefits indefinitely. The entity has a long-standing history of usage and compliance with regulatory conditions, and there are no factors indicating that the rights will be revoked or lose value in the foreseeable future.

8. Investments in associates

The following table lists all of the associates in the entity:

Name of company	Carrying amount 2026	Carrying amount 2025	Carrying amount 2024
Hi-Veld Fruit Packers (Pty) Ltd	-	8 318 598	8 636 569
KaNgwane Anthracite (Pty) Ltd	492 628	492 628	492 628
Fuma Investments (Pty) Ltd	162 837	121 916	93 970
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	-	-	-
	655 465	8 933 142	9 223 167
Impair of investments in assocs	(492 628)	(6 938 330)	(492 628)
	162 837	1 994 812	8 730 539

KaNgwane Anthracite (Pty) Ltd had accumulated losses in the prior years and impairment of R492 628 has therefore been recognised against the investment.

During the year, Hi-Veld Fruit Packers (Pty) Ltd was placed into liquidation and ceased operations. As a result, MEGA determined that it no longer has significant influence over the entity and accordingly discontinued equity accounting in terms of IAS 28, reclassifying the investment to other financial assets measured at its estimated recoverable amount.

Material associates

The following associates are material to the entity:

	Country of incorporation	Method	% Ownership interest		
			2026	2025	2024
Hi-Veld Fruit Packers (Pty) Ltd	Ermelo/RSA	Equity	- %	26 %	26 %
KaNgwane Anthracite (Pty) Ltd	Johannesburg/ RSA	Equity	40 %	40 %	40 %
Fuma Investments (Pty) Ltd	Bushbuckridge/ RSA	Equity	25 %	25 %	25 %
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	Kinross/RSA	Equity	25 %	25 %	25 %

Associates with different reporting dates

The end of the reporting year of Mpumalanga Economic Growth Agency is 31 March.

The end of reporting year of Fuma Investments (Pty) Ltd and Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd is 28 February.

MEGA did not use a different reporting date or year to recognise the profit / (loss) share in an associate.

Notes to the Annual Financial Statements

8. Investments in associates (continued)

Restrictions relating to associates

No significant restrictions are applicable to all the associates as presented.

Unrecognised share of losses of associates

Figures in Rand	2026	2025	2024
KaNgwane Anthracite (Pty) Ltd	2 306 461	2 004 382	2 001 549
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	1 061 083	1 061 083	1 061 083
	3 367 544	**3 065 465**	**3 062 632**

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8. Investments in associates (continued)

Nature of relationship with the associates	Nature of relationship
Associate Hi-veld Fruit Packers (Pty) Ltd	MEGA has a 26% shareholding in Hi-Veld Fruit Packers (Pty) Ltd, acquired in 2006. MEGA provided finance for the expansion and restructuring of Hi-veld Fruit Packers (Pty) Ltd to allow for its continued positive economic impact in the surrounding communities of Ermelo. Hi-Veld Fruit Packers (Pty) Ltd was placed into liquidation and ceased operations. As a result, MEGA determined that it no longer has significant influence over the entity and accordingly discontinued equity accounting in terms of IAS 28, reclassifying the investment to other financial assets measured at its estimated recoverable amount.
KaNgwane Anthracite (Pty) Ltd	KaNgwane Anthracite (Pty) Ltd was acquired in 2011 . MEGA has a 40% shareholding in KaNgwane Anthracite (Pty) Ltd, mainly for income generation and to stimulate economic growth in the surrounding communities in Nkomazi. However, the investment is under care and maintenance.
Fuma Investments (Pty) Ltd	A loan of R9 210 702 was issued to Fuma Investments (Pty) Ltd for the construction of a shopping mall (creating economic hubs) in Bushbuck Ridge. The loan was in the form of preference shares redeemable over a period of 12 years. 921 preference shares were issued by Fuma (Pty) Ltd to MEGA. In addition, subscribed to 251 Ordinary shares, resulting in the 25.1% shareholding, to allow MEGA to influence the direction of the company.
Dalamba Victorious Trading Enterprise and Projects (Pty) Ltd	A loan of R6 390 000 was issued in 2015 to Dalamba Victorious Trading Enterprise and Projects (Pty) Ltd (Dalamba Enterprise) for the construction of a shopping mall in Kinross, to support the township revitalisation initiative. The loan was in the form of preference shares redeemable over a period of 12 years. 639 preference shares were issued by Dalamba Enterprise to MEGA. In addition, MEGA subscribed to 335 Ordinary shares resulting in the 25.1% shareholding, to allow MEGA to influence the direction of the company and future development. The Associate was meant to secure alternative financing should Dalamba Enterprise plan to operate the Franchise business than leasing out the facility. Dalamba Enterprise could not raise funding to trade operate the franchise business and Dalamba Enterprise applied for a second loan which was originally approved, and a Deed of Settlement was negotiated and concluded with MEGA. In the process of raising the requisite capital from the market amounting to R8 million, Dalamba Enterprise were found to be in breach of the Deed of Settlement Agreement which negatively affected the process of capital raising. MEGA resolved to terminate the Agreement and the matter is under legal action to recover the debt owed by Dalamba Enterprise under the loan facility.

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Figures in Rand	2026	2025	2024
9. Loans receivable			
Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:			
Housing loans Housing loans are generally repayable over 20 years at 10% interest per annum, which is fixed over the term of the loan.	24 600 715	22 306 487	23 276 646
Micro, Small and Medium Enterprises (MSME) The loans entail business capital funding and bridging finance over a maximum of 5 years. Interest rates are charged at the prevailing variable lending rates.	10 894 986	7 562 424	12 227 555
Agricultural loans The loans are for the financing of livestock and crops, with repayment terms varying from 3 months to 8 years. Interest is charged at variable percentages per annum.	-	(1)	5 778
Govan Mbeki Housing Company loan The principal debt is repayable in monthly instalments for a period of 120 months (10 years), calculated from 01 January 2025. Interest will accrue from this date at at fixed rate of 7%.	9 825 662	9 825 662	10 000 000
Hi-Veld Fruit Packers (Pty) Ltd A financial asset arising from an investment in an associate that is currently in liquidation, measured at the estimated recoverable proceeds from the winding?up process.	989 092	-	-
KaNgwane Anthracite intercompany loan The loan is unsecured, interest free and repayable on demand. The loan have been subordinated until such time as KaNgwane Anthracite's asset exceed the liabilities which will provide sufficient funds to pay both existing and future debts as they become due.	492 588	492 588	492 588
	46 803 043	**40 187 160**	**46 002 567**
Split between non-current and current portions			
Non-current assets	29 613 993	28 355 798	31 753 298
Current assets	17 189 050	11 831 362	14 249 269
	46 803 043	**40 187 160**	**46 002 567**

Loans pledged as security

Loans receivable are not pledged as security.

Exposure to credit risk

Loans receivable inherently exposes the entity to credit risk, being the risk that the entity will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the entity has taken into account any historic default experience and the financial positions of the client. This information has been obtained through engagements with the clients. Financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

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9. Loans receivable (continued)

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting year. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	Either 30 to 60 days past due or there has been a significant increase in credit risk since initial recognition.	12m ECL
In default	Either 90 days past due or there is evidence that the asset is credit impaired, but still paid in the last year.	12m ECL
Non-performing	Either 180 days past due or there is evidence that the asset is credit impaired and made no payments in the last year.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

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9. Loans receivable (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable by credit rating grade:

2026

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	42 905 347	(18 304 632)	24 600 715
MSME loans	Non-performing	Lifetime ECL (credit impaired)	42 351 568	(31 456 582)	10 894 986
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	4 741 469	(4 741 469)	-
Govan Mbeki Housing Company loan	N/A	12m ECL	10 909 045	(1 083 383)	9 825 662
Hi-Veld Fruit Packers (Pty) Ltd	N/A	Other	989 092	-	989 092
KaNgwane Anthracite	N/A	Other	492 588	-	492 588
			102 389 109	**(55 586 066)**	**46 803 043**

2025

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	40 066 249	(17 759 762)	22 306 487
MSME loans	Non-performing	Lifetime ECL (credit impaired)	41 265 847	(33 703 423)	7 562 424
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	6 676 223	(6 676 224)	(1)
Govan Mbeki Housing Company loan	N/A	Other	10 173 597	(347 935)	9 825 662
KaNgwane Anthracite	N/A	Other	492 588	-	492 588
			98 674 504	**(58 487 344)**	**40 187 160**

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9. Loans receivable (continued)

2024

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	42 180 481	(18 903 835)	23 276 646
MSME loans	Non-performing	Lifetime ECL (credit impaired)	80 459 668	(68 232 113)	12 227 555
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	23 008 282	(23 002 504)	5 778
Govan Mbeki Housing Company loan	N/a	Other	10 000 000	-	10 000 000
KaNgwane Anthracite	N/a	Other	492 588	-	492 588
			156 141 019	**(110 138 452)**	**46 002 567**

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Figures in Rand	2026	2025	2024

9. Loans receivable (continued)

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

Housing loans: Loss allowance measured at 12 month ECL:

Housing loans are generally repayable over 20 years at 10% interest per annum, which is fixed over the term of the loan.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Opening balance	17 759 762	18 903 835	19 649 194
Increase/(decrease) in loss allowance recognised in profit/loss during the year	544 870	(1 144 073)	(745 359)
Closing balance	**18 304 632**	**17 759 762**	**18 903 835**

MSME loans: Loss allowance measured at lifetime ECL (credit impaired):

Opening balance	33 703 423	68 232 113	79 949 923
Increase/(decrease) in loss allowance recognised in profit/loss during the year	(2 246 841)	(34 528 690)	(11 717 810)
Closing balance	**31 456 582**	**33 703 423**	**68 232 113**

The loans entail business capital funding and bridging finance over a maximum of 5 years. Interest rates are charged at the prevailing variable lending rates.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Agricultural loans: Loss allowance measured at lifetime ECL (credit impaired):

Opening balance	6 676 224	23 002 504	29 952 735
Increase/(decrease) in loss allowance recognised in profit/loss during the year	(1 934 755)	(16 326 280)	(6 950 231)
Closing balance	**4 741 469**	**6 676 224**	**23 002 504**

The loans are for the financing of livestock and crops, with repayment terms varying from 3 months to 8 years. Interest is charged at variable percentages per annum.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

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Figures in Rand	2026	2025	2024

9. Loans receivable (continued)

Govan Mbeki Housing Company: Loss allowance measured at 12 month ECL:

Opening balance	347 935	-	-
Increase/(decrease) in loss allowance recognised in profit/loss during the year	735 448	347 935	-
Closing balance	**1 083 383**	**347 935**	**-**

The principal debt is repayable in monthly instalments for a period of 120 months (10 years), calculated from 01 January 2025. Interest will accrue from this date at at fixed rate of 7%.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Fair value of loans receivable

The fair values are not materially different to the carrying amounts, since the interest levied on these financial assets is either close to current market rates or the financial assets are of a short-term nature.

Detail of other financial assets at amortised cost

MEGA classifies its loan receivables as at amortised cost only if both of the following criteria are met:
- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

10. Trade and other receivables

Financial instruments:			
Trade receivables	158 251 970	143 801 445	190 196 890
Loss allowance	(121 782 194)	(106 587 356)	(164 001 529)
Trade receivables at amortised cost	36 469 776	37 214 089	26 195 361
Deposits	11 370 036	9 056 679	8 775 618
Sundry debtors	1 433 126	1 208 314	624 355
Operating lease straight-lining asset	4 403 222	3 817 755	3 514 708
Other receivable	68 042	2 281 805	2 398 501
Non-financial instruments:			
Prepayments	4 706 751	4 894 593	485 342
Total trade and other receivables	**58 450 953**	**58 473 235**	**41 993 885**

Split between non-current and current portions

Current assets	58 450 953	58 473 235	41 993 885

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	53 744 202	53 578 642	41 508 543
Non-financial instruments	4 706 751	4 894 593	485 342
	58 450 953	**58 473 235**	**41 993 885**

Trade and other receivables pledged as security

Trade and other receivables are not pledged as security.

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Figures in Rand	2026	2025	2024

10. Trade and other receivables (continued)

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amounts are assumed to be the same as their fair value.

11. Investments at fair value

Investments held by the entity which are measured at fair value, excluding derivatives are as follows:			
Equity investments at fair value through profit or loss	7 199 302	11 423 493	12 805 490
Mandatorily at fair value through profit or loss:			
Listed shares	7 189 302	11 418 418	11 359 489
Afrimat Limited shares @R36.60/share, number of shares 196 429 (2025:R58.13/share)			
Unlisted shares	10 000	5 075	1 446 001
Onderberg Verwerkingskooperasie Beperk 40 000 shares @R0.25/share (2025:R0.25, number of shares 20 300)			
	7 199 302	**11 423 493**	**12 805 490**

Split between non-current and current portions

Non-current assets	7 199 302	11 423 493	12 805 490

Fair value information

Financial assets at fair value through profit and loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of investments at fair value through profit or loss are measured to fair value using the quoted market prices:
- Class 1 - Listed shares
- Class 2 - Unlisted shares

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11. Investments at fair value (continued)

Fair value hierarchy of financial assets at fair value through profit or loss - designated

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.

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. The entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

The entity has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Investments held at reporting date

	2026	2025	2024
	Fair value	**Fair value**	**Fair value**
Afrimat Limited	7 189 302	11 418 418	11 359 489
Onderberg Verwerkingskoopersie Beperk	10 000	5 075	1 450
Capespan Group Limited	-	-	1 444 550
Total	**7 199 302**	**11 423 493**	**12 805 489**

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Figures in Rand	2026	2025	2024

12. Inventories

Consumables	1 549 760	1 221 173	2 185 188
Work in progress	43 147 751	45 428 751	45 343 751
	44 697 511	**46 649 924**	**47 528 939**

Other information

The valuators Zwane Advisory Services assisted MEGA with assessing the net realisable value of WIP housing inventory as on 31 March 2026.

Inventory pledged as security

None of the inventory is pledged as security.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	488	2 359	5 707
Bank balances	77 455 239	67 489 279	89 759 241
	77 455 727	**67 491 638**	**89 764 948**

MEGA administered grant funding and processed payments on behalf of the Nkomazi Special Economic Zone (NSEZ). Funds held on behalf of the NSEZ at year-end amounted to R7 569 418 as at 31 March 2026 (2025: R133 360).

14. Non-current assets held for sale

A decision was taken to dispose 7 properties with a fair value of R6 100 000 (2025: R5 960 000) in MEGA's investment property portfolio due to the fact of the poor financial performance and/or poor physical condition of these properties. The sale process on these properties have not yet finalised at year end and will remain as non-current assets held for sale until these properties are registered to the new owner.

Assets and liabilities

Non-current assets held for sale			
Investment property	6 100 000	5 960 000	5 180 000

The properties remain classified as non-current assets held for sale as management continues to be committed to the disposal plan and the sales are considered highly probable. Sale agreements have been concluded for certain properties and deposits have been received; however, delays in the transfer and registration of ownership at the Deeds Office, which are beyond the control of the entity, have resulted in the sales not being finalised by year-end. For the remaining properties, the entity continues to actively market the assets.

Accordingly, the classification as held for sale remains appropriate, including where the period exceeds one year in terms of IFRS 5.

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15. Provisions

Reconciliation of provisions - 2026

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 147 115	-	-	-	45 885	1 193 000
Leave provision	10 537 420	15 048 433	(14 499 259)	-	-	11 086 594
Provision for Workman's Compensation	140 779	175 203	(140 779)	-	-	175 203
Long service award	371 300	26 500	(48 850)	26 250	34 800	410 000
	12 196 614	**15 250 136**	**(14 688 888)**	**26 250**	**80 685**	**12 864 797**

Reconciliation of provisions - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 102 996	-	-	-	44 119	1 147 115
Leave provision	10 061 053	13 514 898	(13 038 531)	-	-	10 537 420
Provision for Workman's Compensation	-	140 779	-	-	-	140 779
Long service award	420 300	23 400	(133 060)	22 760	37 900	371 300
	11 584 349	**13 679 077**	**(13 171 591)**	**22 760**	**82 019**	**12 196 614**

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 060 573	-	-	-	42 423	1 102 996
Leave provision	9 366 577	13 021 683	(12 327 207)	-	-	10 061 053
Long service award	517 119	29 229	(101 950)	(66 717)	42 619	420 300
	10 944 269	**13 050 912**	**(12 429 157)**	**(66 717)**	**85 042**	**11 584 349**

Non-current liabilities	1 603 000	1 518 415	1 523 296
Current liabilities	11 261 797	10 678 199	10 061 053
	12 864 797	**12 196 614**	**11 584 349**

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15. Provisions (continued)

Environmental rehabilitation

The provision is made for the estimated cost of rehabilitating the landfill site. The provision has been estimated using the valuation report of the provision for the final closure and rehabilitation costs of the Ekandustria landfill site. The valuation was prepared by Environmental and Sustainability Solutions CC, a specialist in environmental accounting, that was appointed by MEGA, for 31 March 2019.

A discounted rate of 4% (2025: 4%) has been applied to discount the current prices.

Leave provision

Annual leave obligations are measured based on employee leave entitlements in terms of the approved Leave Policy.

Leave accrues as follows:

- Permanent and fixed-term employess:
  - Less than five years of service: 2.0833 days for every 25 days worked.
  - Between five to ten years of service: 2.25 days for every 27 days worked.
  - Ten years and more of service: 2.5 days for every 30 days worked.
- Temporary employees, interns and learners:
  - One day for every seventeen working days worked.

Long service awards

The entity has an obligation to provide long service award benefits to all its permanent employees. An employee becomes eligible for a long service award after five years of continuous service, and thereafter at every five-year interval of continued service. The liability in respect of these benefits is determined using an actuarial valuation method that estimates the present value of the expected future obligations, taking into account employee demographics and financial assumptions. The valuation as at 31 March 2026 was performed internally by the entity.

Assumptions used on last valuation on 31 March 2026:	2026	2025	2024
Discount rate	8.50%	10,34%	10.34%
CPI	N/A	N/A	N/A
Net discount rate	8.50%	10,34%	10.34%
Expected retirement age	63 years	63 years	63 years

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Figures in Rand	2026	2025	2024
16. Trade and other payables			
Financial instruments:			
Trade payables	92 951 293	15 799 620	2 591 960
Other payables	7 091 157	8 869 575	8 445 572
Accrued expense	4 993 032	7 173 055	4 563 240
Deposits received	4 796 319	4 830 737	5 275 825
Non-financial instruments:			
VAT	36 218 172	30 550 797	23 245 500
	146 049 973	**67 223 784**	**44 122 097**

Trade payables are usually paid within 30 days of recognition. The carrying amount approximate the fair value.

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	109 831 801	36 672 987	20 876 597
Non-financial instruments	36 218 172	30 550 797	23 245 500
	146 049 973	**67 223 784**	**44 122 097**

Exposure to liquidity risk

Refer to note 35 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 35 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

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Figures in Rand	2026	2025	2024
17. Unspent conditional grants			
Total unspent conditional grants	57 504 539	62 959 956	95 779 023
Office of the Premier (Premier Youth Development Fund) The Youth Development Fund is a strategic intent and commitment of the Mpumalanga Provincial Government as an intervention measure to mitigate youth unemployment and economic participation of youth (18 - 35 years).	815 858	11 081 233	51 773 544
Department of Public Works (Expanded Public Works Program) Funds were received from the Department of Public Works to create work opportunities in the infrastructure, non-state, environmental and culture and social sectors.	261 607	17 358	32 082
Industrial Development Corporation (IDC) Funds were received from the IDC for the purpose of upgrading the factory sites located at the Kabokweni industrial area.	138 529	871 805	871 805
Department of Arts and Culture (Bushbuckridge craft project) Funds were received from the Department of Arts and Culture to support crafters in the Bushbuckridge area and to address developmental needs of crafters in the Ga-Mathibela community.	-	720 000	720 000
Department of Arts and Culture (Promoting sports and culture project) Funds were received from the Department of Arts and Culture to support socio-economic development by establishing sport and culture as an economic investment and to promote existing cultural facilities for communities.	-	2 304 273	2 304 273
National Department of Education (NSF Project) MEGA has been allocated descretionary grant funding by the National Skills Fund to implement an Artisan Skills Programme.	-	100 231	100 231
Department of Economic Development and Tourism (DEDT) COVID relief funding	-	30 000	30 000
Department of Trade Industry and Competition investSA One Stop Shop (OSS) The OSS Mpumalanga will be offering a multitude of services to domestic and foreign investors. The OSS Mpumalanga will provide a convenient and efficient service for local and foreign businesses whilst focusing on all aspects related to their development needs from various tiers and agencies of government in a convenient location.	8 000 000	8 000 000	-
Department of Agriculture, Forestry and Fisheries (MAFISA)			

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Figures in Rand	2026	2025	2024
17. Unspent conditional grants (continued)			
Mafisa was started to assist emerging farmers to access loans. It also helps emerging farmers to access a wide range of other financial services, such as savings, credit and insurance. Beneficiaries of loans must show that they will be able to repay loans.	12 054 663	14 905 522	14 905 522
Department of Economic Development and Tourism (MIFPM)			
MEGA was involved in the construction and development of the MIFPM. The MIFPM is expected to provide food, security, job creation and improved nutritional standards.	24 088 397	24 088 397	24 088 397
Department of Employment and Labour (Unemployment Insurance Fund (UIF))	-	-	112 032
Department of Public Works	841 137	841 137	841 137
Department of Small Business Development			
The unspent conditional grant relates to funding received for the refurbishment and upgrading of small industrial parks owned by MEGA across the Lowveld and Highveld regions of Mpumalanga.	11 304 348	-	-
	57 504 539	**62 959 956**	**95 779 023**

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Figures in Rand	2026	2025
18. Revenue		
Revenue from contracts with customers		
Sale of lemons	538 332	90 860
Municipal services	168 935 003	140 524 266
	169 473 335	**140 615 126**
Other revenue		
Rental Income	26 294 757	27 187 899
Interest received (trading)	7 717 785	5 245 379
	34 012 542	**32 433 278**
	203 485 877	**173 048 404**
Disaggregation of revenue from contracts with customers		
The entity disaggregates revenue from customers as follows:		
Sale of goods		
Sale of lemons	538 332	90 860
Rendering of services		
Municipal services	168 935 003	140 524 266
Total revenue from contracts with customers	**169 473 335**	**140 615 126**
19. Cost of sales		
Sale of goods	1 958 426	1 796 502
Rendering of services	154 801 451	92 537 430
Inventories lost or written off	(57 850)	3 970
	156 702 027	**94 337 902**
20. Other operating income		
Administration and management fees received	100 156	92 866
Fees earned	766 651	141 753
Commissions received	494 851	1 367 832
Bad debts recovered	982 971	407 720
Compensation from insurance claims	114 258	-
Proceeds from sale of assets (auction)	285 678	-
Conditional grants	1 606 026	1 012 407
Reversal of impairment	(2 281 000)	84 999
Government grants	243 983 547	244 955 776
	246 053 138	**248 063 353**

Government grants of R243 983 547 (2025: R244 955 776) are included in other operating income. There are no unfulfilled conditions or other contingencies attaching to these grants.

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Figures in Rand		2026	2025
21. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Investment property	3	390 000	11 000 000
Property, plant and equipment	4	(7 663 919)	(3 722 517)
		(7 273 919)	**7 277 483**
Fair value gains (losses)			
Biological assets	6	22 844 000	-
Investment property	3	9 830 000	5 420 000
Financial assets designated as at fair value through profit or loss		(4 224 191)	(1 381 997)
		28 449 809	**4 038 003**
Total other operating gains (losses)		**21 175 890**	**11 315 486**
22. Operating profit (loss)			
Operating loss for the year is stated after charging (crediting) the following, amongst others:			
Auditor's remuneration - external			
Audit fees		7 829 386	6 589 521
Auditor's remuneration - internal		**3 245 020**	**6 852 705**
Remuneration, other than to employees			
Consulting and professional services		20 407 027	27 894 153
Leases			
Premises		1 033 166	951 621
Equipment		387 484	398 332
Total lease expenses		**1 420 650**	**1 349 953**
23. Investment income			
Interest income			
Loans to:			
Directors, managers and employees		28 413	45 747
Investments in financial assets:			
Bank and other cash		4 396 349	4 440 776
Total interest income		**4 424 762**	**4 486 523**
24. Finance costs			
Lease liabilities		24 934 541	24 212 735
Interest paid		7 761	123 347
Unwinding of discount on provisions and other liabilities		45 885	44 120
Unwinding of discount on long-term employee benefit obligation		34 800	37 900
Total finance costs		**25 022 987**	**24 418 102**

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Figures in Rand	2026	2025
25. Other comprehensive income		
Components of other comprehensive income - 2026		
	Gross	**Net**
Items that will not be reclassified to profit (loss)		
Movements on revaluation		
Gains (losses) on property revaluation	58 061 307	- 58 061 307
Components of other comprehensive income - 2025		
	Gross	**Net**
Items that will not be reclassified to profit (loss)		
Movements on revaluation		
Gains (losses) on property revaluation	(6 191 616)	- (6 191 616)
26. Employee costs		
Employee costs		
Salaries and related employee costs	130 983 960	115 740 845
Acting and secondment allowances	1 524 823	4 458 445
Employer's contributions	19 823 191	18 269 828
Wages	10 118 911	3 802 453
Leave pay provision	1 207 013	1 211 470
Board fees	997 069	1 237 104
Other short-term costs	427 893	144 388
Long-term benefits - incentive scheme	52 750	46 160
Reimbursements	3 989 578	3 564 782
	169 125 188	**148 475 475**
27. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	20 705 528	21 310 980
Right-of-use assets	11 722 528	11 722 528
	32 428 056	**33 033 508**
Impairment losses		
Property, plant and equipment	-	30 318
Total depreciation, amortisation and impairment		
Depreciation	32 428 056	33 033 508
Impairment losses	-	30 318
	32 428 056	**33 063 826**

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Figures in Rand	2026	2025
28. Cash generated from/(used in) operations		
Loss for the year	(75 951 392)	(42 905 139)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	32 428 056	33 063 826
Losses (gains) on sale of assets and liabilities	7 273 919	(7 277 483)
Fair value gains	(28 449 809)	(4 038 003)
Movements in provisions	668 183	612 265
Share of profit or loss of equity accounted investments	1 831 975	6 735 726
Adjust for items which are presented separately:		
Interest income	(12 142 547)	(9 731 902)
Finance costs	25 015 226	24 418 102
Changes in working capital:		
(Increase) decrease in inventories	1 952 413	879 015
(Increase) decrease in trade and other receivables	3 519 340	(12 522 286)
(Increase) decrease in loan receivables	(6 615 883)	5 815 407
Increase (decrease) in trade and other payables	78 826 189	23 101 687
Increase (decrease) in unspent conditional grants	(5 455 417)	(32 819 067)
	22 900 253	**(14 667 852)**

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Figures in Rand	2026	2025
29. Commitments		
Capital commitments		
Capital expenditure committed at the reporting date but not recognised in the statement of financial position is as follows:		
Contracted commitments		
• Investment property refurbishments	672 607	782 239
• Infrastructure projects	10 221 362	-
	10 893 969	**782 239**

Capital commitments comprise contractual obligations for the construction and enhancement of buildings, bulk infrastructure and investment property.

These commitments relate primarily to infrastructure development and refurbishment of existing facilities and will be funded from grant funding.

The increase in capital commitments in the current year is mainly attributable to the infrastructure refurbishment project funded through Government.

Operating leases – as lessee (expense)

The entity leases IT equipment and machinery with contract terms of one to three years.

These leases are short-term and/or leases of low-value items. The entity has selected not to recognise right-of-use assets and lease liabilities for these leases.

Commitments for short-term leases:		
- within one year	511 277	387 484
- in second to fifth year inclusive	-	193 742
	511 277	**581 226**

Operating leases – as lessor (income)

The entity leases out property under operating lease arrangements to generate rental income.

Minimum lease payments due		
- first year	19 200 631	11 508 830
- second year	15 382 511	9 056 806
- third year	12 073 688	6 462 471
- fourth year	8 475 517	5 307 515
- fifth year	3 587 216	2 760 823
- sixth year and onwards	5 902 721	311 245
	64 622 284	**35 407 690**

Rental income recognised during the year amounted to R26 294 757 (2025: R27 129 566).

Lease agreements typically range from 12 months to 10 years and may include escalation clauses. There are no contingent lease payments receivable.

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Figures in Rand	2026	2025

29. Commitments (continued)

Loan commitments

As part of its mandate as a Development Finance Institution, the entity enters into agreements to provide loan funding to approved projects.

At the reporting date, approved loan commitments not yet disbursed are as follows:

Home loans	1 269 219	3 217 618
MSME	63 451	20 987
	1 332 670	**3 238 605**

These commitments represent contractual obligations to advance funding, subject to the satisfaction of specific conditions precedent and project milestones.

Loan commitments form part of the entity's core operating activities and expose the entity to credit risk, which is managed in accordance with the entity's credit risk policies (refer to Note 35).

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30. Contingencies

1. Roadspan - Claim amount: R4 784 315 (2025: R4 784 315)

On or about 28 February 2020, Roadspan instituted action proceedings claiming that MEGA owes it R4 784 315 plus interest of 9.5% per annum for work done at the Mpumalanga International Fresh Produce Market.

MEGA only had a contract with Liviero Civils (Pty) Ltd, which has since been terminated following Liviero's inability to complete the works as per provisions of the contract. MEGA is opposing Roadspan's claim.

MEGA is opposing Roadspan's claim. Our response thereto was communicated to applicant on 23 April 2020 wherein we denied being indebted to Roadspan nor Liviero Civils in respect of the amount claimed. Case management scheduled for 26 March 2028.

2. Coega Development Corporation (Pty) Ltd - Claim amount: R4 774 394 (2025: R4 774 394)

COEGA Development Corporation (Pty) Ltd instituted action proceedings against MEGA on 21 April 2022, in which they claim payment of an amount of R 3 206 549 plus interest of R 1 567 845. The claim is predicated upon a written agreement for the provision of technical services, including program management fees. MEGA is defending the matter. COEGA has since proposed mediation as a form of dispute resolution to which MEGA agreed to. COEGA has not progressed the matter.

3. LONA Citrus (Pty) Ltd - Claim amount: R26 851 227 (2025: R26 851 227)

LONA Citrus Ltd has instituted action proceedings seeking for a judgement on the allegations that MEGA owes the company an amount of R26 851 227. This is allegedly a cumulative debt from the funds the company has used in the management of Tekwane Citrus Farm. MEGA is defending the matter on the grounds that there is no agreement on the total amount allegedly owed to LONA.

An arbitration award was granted in favour of LONA. MEGA is pursuing a review application against the arbitration award and is opposing LONA's application to have the award made an order of court.

4. Slip Knot Investments (Pty) Ltd - Claim amount: R22 833 009 (2025: R22 833 009)

SLIP KNOT Investments (Pty) Ltd instituted action proceedings against MEGA on 19 April 2023 for alleged breach of contract by MEGA in respect of the ABSA Square Building lease agreement which MEGA officially terminated on 30 September 2023 prior to moving to the new MEGA Head offices situated at No. 02 Eastern Boulevard, Riverside, Mbombela.

The Plaintiff alleges that MEGA is still liable for the rentals and all other charges that the Plaintiff would have been entitled to receive from the Defendant (MEGA) from 01 October 2022 to date of termination of the lease renewal by effluxion of time which is December 2025. MEGA is disputing the allegation and thus defending the matter. Pre-trial conference held, awaiting hearing date from the High Court.

5. Rayal Industries (Pty) Ltd - Claim amount: R4 343 950 (2025: R4 343 950)

On 15 July 2024, Rayal Industrial (Pty) Ltd instituted summons against the City of Tshwane Metropolitan Municipality and MEGA claiming damages in the amount of R4 343 950, which they allege was caused by the disconnection of the electricity supply that was carried out by the Municipality due to MEGA's failure to pay the Municipality. MEGA has filed a notice of intention to defend. No further correspondence has received from the Applicant (Rayal).

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30. Contingencies (continued)

The contingencies could not be measured with sufficient reliability by management; accordingly, the filed summons has been used as the primary basis for estimating the potential obligation. Management acknowledges that additional costs and exposures may arise which are not presently determinable with reasonable accuracy and will only be ascertainable at the date of judgement. Consequently, MEGA relies on the summons, together with other relevant and supportable information that can be reasonably quantified in estimating and subsequently revising the potential liability as required.

6. City of Tshwane Metropolitan Municipality - Claim amount: R418 million (2025: R336 million)

As at 31 March 2025, the City of Tshwane Municipality (the City) issued a statement reflecting an outstanding balance of R336 million allegedly owed by the Mpumalanga Economic Growth Agency (MEGA). However, MEGA has formally disputed the amount claimed.

Following a meeting held on 11 March 2025 between MEGA and The City to address the identified discrepancies, it was agreed that MEGA would submit a formal dispute. The dispute was acknowledged by the City.

The claim amount of R418 million represents the balance reflected by the City of Tshwane as outstanding and allegedly due by MEGA as at 31 March 2026 (2025: R336 million). The total amount under dispute of R488.7 million relates to the formal dispute lodged by MEGA with the City of Tshwane and comprises the specific property rates, electricity charges, surcharges, and demand charges being contested by MEGA as stipulated in detail below:

- Property Rates (R45.6 million) - MEGA disputes the charges levied for property rates on the basis that Ekandustria is not a proclaimed area, and as such, the property rate charges are not applicable.
- Electricity Charges (R27.5 million) - MEGA contends that the electricity charges imposed by The City from 2023 exceed the Eskom rate, which contradicts the terms of the 1994 agreement between MEGA and The City, under which electricity should be billed at the prevailing Eskom rate.
- Surcharges (R74.1 million) - In 2023, MEGA raised objections to surcharges applied by The City. The City subsequently ceased applying the surcharges but did not refund the amounts previously charged, which remain in dispute.
- Other Charges ("Demand Charges", R341.5 million) - The City has applied additional charges initially described as "other charges" and later referred to as "demand charges". MEGA disputes the legality and applicability of these charges and has not received a satisfactory explanation or legal basis for their imposition.

Due to the materiality and uncertainty surrounding the outcome of the dispute and given that MEGA has not accepted liability for the claimed amounts, the balance is disclosed as a contingent liability in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Management is actively engaging with the City of Tshwane to resolve the matter and is confident that the process will result in a materially lower liability, if any.

The dispute with City of Tshwane is still continuing.

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31. Related parties

Relationships

Members of the Accounting Authority and key management emoluments	Refer to note 32
Associates	Refer to note 8
Government departments	Department of Economic Development and Tourism
All government institutions are subject to the same accounting authority in terms of the sphere of government and are also under the same executive leadership and are therefore related parties to MEGA	
	Department of Public Works
	Department of Human Settlements
	Office of the Premier
	Nkomazi Special Economic Zone (Nkomati SEZ)

Related party balances

Loan accounts - Owing (to) by related parties		
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	11 182 730	11 182 730
Fuma Investments (Pty) Ltd	5 697 268	6 322 504
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Office of the Premier (PYDF)	(815 859)	(11 081 233)
Department of Public Works (EPWP)	(261 607)	(17 357)
Department of Public Works	(841 137)	(841 137)
Department of Economic Development and Tourism (MIFPM)	(24 088 397)	(24 088 397)
Amounts included in Trade receivable regarding related parties		
KaNgwane Anthracite (Pty) Ltd	492 558	492 558
Department of Economic Development and Tourism	-	8 350 985
Department of Human Settlement	5 528 326	5 528 326

Related party transactions

Loans repaid		
Fuma Investments (Pty) Ltd	1 150 000	1 000 000
Conditional grants received		
Department of Economic Development and Tourism (EPWP)	1 117 000	1 000 000
Operational grant received		
Department of Economic Development and Tourism	279 483 000	279 508 000
Administration fees paid to (received from) related parties		
Office of the Premier (PYDF)	(120 696)	(1 367 832)
Emoluments of the Accounting Authority	997 069	1 237 104

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31. Related parties

Relationships

Members of the Accounting Authority and key management emoluments	Refer to note 32
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Government departments	Department of Economic Development and Tourism
All government institutions are subject to the same accounting authority in terms of the sphere of government and are also under the same executive leadership and are therefore related parties to MEGA	
	Department of Public Works
	Department of Human Settlements
	Office of the Premier
	Nkomazi Special Economic Zone (Nkomati SEZ)

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Loan accounts - Owing (to) by related parties		
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Office of the Premier (PYDF)	(815 859)	(11 081 233)
Department of Public Works (EPWP)	(261 607)	(17 357)
Department of Public Works	(841 137)	(841 137)
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Related party transactions

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Operational grant received		
Department of Economic Development and Tourism	279 483 000	279 508 000
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Office of the Premier (PYDF)	(120 696)	(1 367 832)
Emoluments of the Accounting Authority	997 069	1 237 104

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32. Members of the Accounting Authority and key management emoluments

Non-executive

2026

Accounting Authority emoluments	**Emoluments**	**Reimbursement**	**Total**
Service as Members of the Accounting Authority			
Mr JL Mahlangu (Chairperson)	199 363	39 749	239 112
Ms P Mnyambo	94 531	5 136	99 667
Ms N Lebambo	120 787	4 617	125 404
Mr DM Maimela	98 315	7 687	106 002
Mr ZM Masilela	58 989	-	58 989
Ms ZP Bhengu-Makhubu	92 697	4 236	96 933
Mr CJ Pule	73 256	1 400	74 656
Dr MM Nthali	92 697	1 969	94 666
Ms N Oyiya	22 472	-	22 472
Ms NH Mkhumane	79 167	-	79 167
	932 274	**64 794**	**997 068**

2025

Accounting Authority emoluments	**Emoluments**	**Reimbursement**	**Total**
Service as Members of the Accounting Authority			
Mr TP Motau (former Chairperson)	80 028	-	80 028
Ms G Khoza	26 676	-	26 676
Ms N Lebambo	140 296	3 872	144 168
Mr DM Maimela	116 014	823	116 837
Ms NH Mkhumane	181 754	1 500	183 254
Mr ZM Masilela	53 960	-	53 960
Ms P Mnyambo	86 336	3 301	89 637
Mr JL Mahlangu (Chariperson)	245 708	45 911	291 619
Ms ZP Bhengu-Makhubu	83 638	5 769	89 407
Mr CJ Pule	145 692	5 034	150 726
Dr MM Nthali	10 792	-	10 792
	1 170 894	**66 210**	**1 237 104**

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32. Members of the Accounting Authority and key management emoluments (continued)

Key management

2026

Key management emoluments	Emoluments	Reimbursement	Total
Mr MI Mahlangu (CEO)	3 953 114	93 051	4 046 165
Mr BL Maseko (CFO)	2 988 700	60 364	3 049 064
Mr E Nyathikazi (GM: Properties & Infrastructure)	2 873 884	85 219	2 959 103
Adv SP Morgan (Company Secretariat)	2 569 415	64 747	2 634 162
Ms LC Tshabalala (AGM: Corporate Services)	178 468	9 783	188 251
Ms RF Masuku (CAE)	2 236 178	61 944	2 298 122
Ms Z Sibanda (AGM: Funding)	421 180	15 512	436 692
Mr TS Nobela (AGM: Trade and Investment)	336 524	49 689	386 213
Ms TS Masenya (GM: Corporate Services)	2 357 524	3 399	2 360 923
Ms LS Nkwinika (GM: Funding)	2 395 012	65 841	2 460 853
Mr JM Skosana (GM: Trade and Investment)	2 140 440	82 129	2 222 569
	22 450 439	**591 678**	**23 042 117**

The following table represents the appointments and terminations occurend in the year:

Key management	Position	Changes
Ms TS Masenya	GM: Corporate Services	Appointed, 02 May 2025
Ms LS Nkwinika	GM: Funding	Appointed, 01 June 2025
Mr JM Skosana	GM: Trade and Investment	Appointment, 01 June 2025

2025

Key management	Emoluments	Reimbursement	Total
Mr MI Mahlangu (CEO)	3 764 863	14 567	3 779 430
Mr BL Maseko (CFO)	711 926	13 507	725 433
Mr E Nyathikazi (GM: Properties & Infrastructure)	2 737 223	68 621	2 805 844
Adv SP Morgan (Company Secretariat)	2 447 271	88 270	2 535 541
Ms LC Tshabalala (AGM: Corporate Services)	2 387 482	44 642	2 432 124
Ms RF Masuku (CAE)	2 130 076	83 645	2 213 721
Ms Z Sibanda (AGM: Funding)	1 218 528	35 933	1 254 461
Ms CA Nkuna (GM: Funding)	1 598 077	43 194	1 641 271
Mr TS Nobela (AGM: Trade & Investment)	2 521 721	43 923	2 565 644
Mr SE Lekhuleni (ACFO)	1 896 346	19 171	1 915 517
	21 413 513	**455 473**	**21 868 986**

The following table represents the appointments and terminations occurend in the year:

Key management	Position	Changes
Mr BL Maseko	CFO	Appointed, 02 January 2025
Mr SE Lekhuleni	Acting CFO	Appointed from 01 April 2024 to 31 December 2024
Ms CA Nkuna	GM: Funding	Resigned, 31 October 2024
Ms Z Sibanda	Acting GM: Funding	Appointed, 01 November 2024
Mr TS Nobela	Acting GM: Trade and Investment	Appointed from 01 April 2024 to 31 March 2025

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33. Prior period errors

During the current financial year, management identified certain prior period errors and omissions during the preparation and review of the Annual Financial Statements. The errors were corrected retrospectively in accordance with the requirements of IAS 8.

1. Recognition of rates and taxes accrual
Management identified that rates and taxes relating to properties registered in the name of MEGA had not previously been recognised, despite obligations existing in terms of an agreement concluded with the municipality. The omission resulted from delays in the verification and reconciliation of municipal obligations against MEGA's investment properties. An accrual was recognised and controls over municipal account reconciliations were strengthened.

2. Recognition of a prior years acting allowance
A prior period acting allowance had previously been omitted from the financial statements due to incomplete reconciliation of payroll-related accruals during the prior year reporting process. The omission arose as the Department of Human Settlements had not invoiced MEGA for the acting allowance at the time the financial statements were prepared. The related liability and expense were subsequently recognised, and payroll review controls were enhanced to improve completeness of accruals and supporting information.

3. Related party disclosure correction
National departments, including the Department of Trade, Industry and Competition, were previously included in the related party disclosure note due to an incorrect interpretation of the related party disclosure requirements. The comparative disclosure was corrected and technical review controls over disclosure classifications were strengthened.

4. Leave provision
Leave payments made to terminated employees and the value of leave days forfeited during the year were not taken into account when calculating the leave provision.

5. Commitments
During the current year, the accounting policy for commitments was amended to limit disclosure to capital commitments only. In the prior financial year, commitments relating to goods and services were included within capital commitments. Accordingly, the comparative information has been restated to ensure consistency with the revised accounting policy.

6. Nkomazi SEZ
In the prior year, MEGA included cash flow transactions, a bank balance and a liability relating to Nkomazi Special Economic Zone (NSEZ) in its financial statements. Based on a reassessment of the agreement between the parties, MEGA does not control the related cash receipts, payments or obligations. These balances and transactions have been recognised by NSEZ in its Annual Financial Statements.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position		
Cash and cash equivalents		
Balance previously reported	67 624 954	-
Derecognition of NSEZ bank balance (available cash)	(133 316)	-
	67 491 638	**-**

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Prior period errors (continued)

Statement of Financial Position		
Retained income		
Balance previously reported	745 378 880	782 770 975
Recognition of rates and taxes	(3 473 003)	(2 783 517)
Recognition of a prior years acting allowance	(537 866)	(537 866)
Adjustment for leave provision	5 387 906	3 640 713
	746 755 917	**783 090 305**
Statement of Financial Position		
Current liabilities - Trade and other payables		
Balance previously reported	63 212 915	40 800 714
Accrual: Recognition of rates and taxes	3 473 003	2 783 517
Accrual: Recognition of a prior years acting allowance	537 866	537 866
	67 223 784	**44 122 097**
Statement of Financial Position		
Current liabilities - Provisions		
Balance previously reported	16 066 105	13 701 766
Adjustment for leave provision	(5 387 906)	(3 640 713)
	10 678 199	**10 061 053**
Statement of Financial Position		
Current liabilities - Unspent conditional grants		
Balance previously reported	63 093 272	-
Derecognition of NSEZ liability	(133 316)	-
	62 959 956	**-**
Statement of Cash Flows		
Cash flows from operating activities		
Balance previously reported	(14 901 763)	-
Cash receipts from customers (derecognition of NSEZ)	(5 087 448)	-
Cash paid to suppliers and employees (derecognition of NSEZ)	4 954 131	-
Cash advanced in loans receivable (reclassification)	(6 659 754)	-
Cash receipts on repayments of loans receivable (reclassification)	7 026 981	-
	(14 667 853)	**-**
Statement of Profit or (Loss) and Other Comprehensive Income or (Loss)		
Other operating expenses		
Balance previously reported	(205 162 214)	-
Rates and taxes	(689 486)	-
	(205 851 700)	**-**
Statement of Profit or (Loss) and Other Comprehensive Income or (Loss)		
Employee costs		
Balance previously reported	(150 222 668)	-
Adjustment for leave provision	1 747 193	-
	(148 475 475)	**-**

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Prior period errors (continued)

Disclosure		
Related parties - Balance included in Trade Payable		
Balance previously reported	(8 133 316)	-
Department of Trade Industry and Competition (investSA One Stop Shop)	8 000 000	-
Nkomazi Special Economic Zone (NSEZ)	133 316	-
	-	**-**
Disclosure		
Related parties - Conditional grants received		
Amount previously reported	13 087 448	-
Department of Trade Industry and Competition (investSA One Stop Shop)	(8 000 000)	-
Nkomazi Special Economic Zone (NSEZ)	(5 087 448)	-
	-	**-**
Disclosure		
Commitments		
Amount previously reported	13 965 364	-
Commitments relating to goods and services excluded	(13 183 125)	-
	782 239	**-**

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Figures in Rand	2025	2024

34. Reclassification of Comparative Figures

Certain comparative figures have been reclassified.

1. Reclassification of lease liability (current to non-current)
The comparative classification of lease liabilities between current and non-current liabilities was reassessed during the current year. The current portion of lease liabilities had previously included future finance charges in instances where finance charges exceeded the contractual monthly lease repayments.

In accordance with, future finance charges do not form part of lease liability classified as current. Comparative figures were therefore reclassified between current and non-current liabilities.

The reclassification had no impact on total lease liabilities, total assets, accumulated surplus/(deficit), or total comprehensive income previously reported.

2. Reclassification in the statement of cash flows
Cash flows relating to loans receivable, including cash advances granted and cash receipts from the repayment of loans receivable, were previously presented under cash flows from investing activities. The classification was reassessed and corrected to reflect these cash flows under operating activities, in accordance with the nature of the entity's principal revenue-generating activities and the requirements of.

The reclassification resulted from a reassessment of the presentation of cash flows in the statement of cash flows. Comparative figures were accordingly reclassified, with no impact on the total movement in cash and cash equivalents previously reported.

The effects of the reclassification are as follows:

Statement of Financial Position		
Non-Current Liabilities - Lease liabilities		
Balance previously reported	234 513 744	228 176 165
Reclassification of current portion to non-current portion	17 875 157	16 551 071
	252 388 901	**244 727 236**
Current Liabilities - Lease liabilities		
Balance previously reported	17 875 157	16 551 071
Reclassification of current portion to non-current portion	(17 875 157)	(16 551 071)
	-	**-**
Statement of Cash Flows		
Cash flows from investing activities		
Balance previously reported	(245 465)	-
Cash advanced in loans receivables	6 659 754	-
Cash receipts on repayments of loans receivable	(7 026 981)	-
	(612 692)	**-**
Cash flows from operating activities		
Balance previously reported	(14 901 763)	-
Cash advanced in loans receivables	(6 659 754)	-
Cash receipts on repayments of loans receivable	7 026 981	-
	(14 534 536)	**-**

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35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2026

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	9	-	46 803 043	46 803 043	-
Investments at fair value	11	7 199 302	-	7 199 302	7 199 302
Trade and other receivables	10	-	53 744 202	53 744 202	53 744 202
Cash and cash equivalents	13	-	77 455 786	77 455 786	77 455 786
		7 199 302	**178 003 031**	**185 202 333**	**138 399 290**

2025

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	9	-	40 187 160	40 187 160	-
Investments at fair value	11	11 423 493	-	11 423 493	11 423 493
Trade and other receivables	10	-	53 578 642	53 578 642	53 578 642
Cash and cash equivalents	13	-	67 491 668	67 491 668	67 491 668
		11 423 493	**161 257 470**	**172 680 963**	**132 493 803**

2024

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Loans receivable	9	-	46 002 567	46 002 567	-
Investments at fair value	11	12 805 490	-	12 805 490	12 805 490
Trade and other receivables	10	-	41 508 543	41 508 543	41 508 543
Cash and cash equivalents	13	-	89 765 264	89 765 264	89 765 264
		12 805 490	**177 276 374**	**190 081 864**	**144 079 297**

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35. Financial instruments and risk management (continued)

Categories of financial liabilities

2026

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	16	109 831 801	-	109 831 801	-
Finance lease obligations	5	-	259 448 285	259 448 285	-
		109 831 801	**259 448 285**	**369 280 086**	**-**

2025

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	16	36 672 987	-	36 672 987	-
Finance lease obligations	5	-	252 388 901	252 388 901	-
		36 672 987	**252 388 901**	**289 061 888**	**-**

2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	16	20 876 597	-	20 876 597	-
Finance lease obligations	5	-	244 727 236	244 727 236	-
		20 876 597	**244 727 236**	**265 603 833**	**-**

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35. Financial instruments and risk management (continued)

Gains and losses on financial instruments

Gains and losses on financial assets

2026

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	23	-	4 424 762	4 424 762
Gains (losses) on valuation adjustments	21	(4 224 191)	-	(4 224 191)
Net gains (losses)		**(4 224 191)**	**4 424 762**	**200 571**

2025

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	23	-	4 486 523	4 486 523
Gains (losses) on valuation adjustments	21	(1 381 997)	-	(1 381 997)
Net gains (losses)		**(1 381 997)**	**4 486 523**	**3 104 526**

2024

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	23	-	5 910 747	5 910 747
Gains (losses) on valuation adjustments	21	1 567 142	-	1 567 142
Net gains (losses)		**1 567 142**	**5 910 747**	**7 477 889**

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35. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

2026

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	24	(42 561)	(24 934 541)	(24 977 102)

2025

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	24	(161 247)	(24 212 735)	(24 373 982)

2024

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	24	(115 671)	(23 440 270)	(23 555 941)

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35. Financial instruments and risk management (continued)

Capital risk management

The entity's objective when managing capital (which includes 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 entity's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The entity monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The entity's targeted gearing ratio is 25% – 50%.

The capital structure and gearing ratio of the entity at the reporting date was as follows:

Figures in Rand		2026	2025	2024
Lease liabilities		259 448 285	252 388 901	244 727 236
Trade and other payables	16	146 049 973	67 223 784	44 122 097
Total borrowings		**405 498 258**	**319 612 685**	**288 849 333**
Cash and cash equivalents	13	(77 455 727)	(67 491 638)	(89 764 948)
Net borrowings		**328 042 531**	**252 121 047**	**199 084 385**
Equity		873 478 234	891 368 319	940 465 074
Gearing ratio		38 %	28 %	21 %

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35. Financial instruments and risk management (continued)

Financial risk management

Overview

The entity is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Accounting Authority has overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports quarterly to the Accounting Authority on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, 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 entity's activities.

The entity audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The entity is exposed to credit risk on loans receivable (at amortised cost), debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and -.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The entity only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

Customer credit risk is managed by the risk control unit subject to the entity's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis. The calculation is based on actual incurred historical data. The entity does not hold collateral as security. The entity evaluates the concentration of risk with respect to trade receivables as high due to the volatility of the current market conditions.

Notes to the Annual Financial Statements

35. Financial instruments and risk management (continued)

		2026			2025			2024	
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans receivable	9	102 389 109	(55 586 066)	46 803 043	98 674 504	(58 487 344)	40 187 160	156 141 019	(110 138 452)	46 002 567
Trade and other receivables	10	187 546 701	(129 095 748)	58 450 953	181 586 371	(123 113 136)	58 473 235	222 522 680	(180 528 795)	41 993 885
Cash and cash equivalents	13	77 455 786	-	77 455 786	67 491 668	-	67 491 668	89 765 264	-	89 765 264
		367 391 596	**(184 681 814)**	**182 709 782**	**347 752 543**	**(181 600 480)**	**166 152 063**	**468 428 963**	**(290 667 247)**	**177 761 716**

Liquidity risk

The entity is exposed to liquidity risk, which is the risk that the entity will encounter difficulties in meeting its obligations as they become due.

The entity manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The table below analyses the entity's financial liabilities and net-settled derivative 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.

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35. Financial instruments and risk management (continued)

2026

		Carrying amount
Non-current liabilities		
Lease liabilities		259 448 285
Current liabilities		
Trade and other payables		109 831 801
		369 280 086

2025

		Carrying amount
Non-current liabilities		
Lease liabilities		252 388 901
Current liabilities		
Trade and other payables	16	36 672 987
		289 061 888

2024

		Carrying amount
Non-current liabilities		
Lease liabilities		244 727 236
Current liabilities		
Trade and other payables	16	20 876 597
		(265 603 833)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The entity's potential exposure to the risk of changes in market interest rates relates primarily to the entity's long-term debt obligations. The entity's long term debt obligations are both interest free and fixed term borrowings. The entity manages its interest rate risk by having a balanced portfolio of interest free and fixed rate loans and borrowings.

Interest rate sensitivity is not analysed as the organisation is borrowing at fixed interest rates.

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35. Financial instruments and risk management (continued)

Price risk

Commodity price risk

The entity's operating activities involve leasing of residential and industrial properties, Housing, Agricultural and SMME financing and sale of lemons. The nature of the products are such that they are not significantly affected by volatility as they are not volatile in nature.

Equity price risk

The entity's unlisted shares are susceptible to market-price risk arising from uncertainties about future values of the investment. The organisation manages the equity price risk by limiting such investment to shares necessary to carry out its agricultural activities.

At the reporting date, the exposure to unlisted shares at fair value was R10 000 (2025: R5 075), the unlisted shares with Capespan Group Limited were written of in 2024/25.

Equity price risk, in the context of listed shares, refers to the chance that the value of the entity's shares will decline due to market fluctuations or company-specific events. This risk is inherent in investing in stocks and can lead to potential losses for MEGA.

The risk exposure to the Afrimat Limited shares was R7 189 301 at the reporting date (2025: R11 418 418).

Refer to note 11 for details on exposure to price risk.

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Figures in Rand	2026	2025	2024

36. Going concern

The Accounting Authority has assessed the Mpumalanga Economic Growth Agency's ability to continue as a going concern in accordance with the requirements of IFRS 18 *Presentation and Disclosure in Financial Statements*.

The entity recorded a total comprehensive loss of R17.89 million for the year ended 31 March 2026 (2024/25: total comprehensive loss of R49.10 million). The entity also continues to experience collection challenges on certain debtor balances, resulting in elevated expected credit losses, while supplier payment periods exceeded the normal 30-day settlement period due to cash flow constraints experienced during the year. These events and conditions indicate that a material uncertainty exists that could cast significant doubt on the entity's ability to continue as a going concern.

Notwithstanding these circumstances, the Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that adequate resources will continue to 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.

In reaching this conclusion, the Accounting Authority considered the following:

- The entity continues to maintain a strong solvency position, with total assets of R1.349 billion exceeding total liabilities of R475.9 million, resulting in positive net assets (equity) of R873.5 million as at 31 March 2026;
- Net cash generated from operating activities improved significantly, increasing from a net cash outflow of R21.7 million in the prior year to a net cash inflow of R12.9 million in the current year, reflecting improved cash flow management and operational performance;
- Grant funding has been approved over the Medium-Term Expenditure Framework (MTEF), providing certainty over the entity's primary funding source and supporting the continued execution of its developmental mandate;
- Management continues to implement an integrated Revenue Enhancement Strategy, focusing on strengthening municipal services revenue, optimising rental income, commercialising strategic assets, enhancing debt collection and diversifying revenue streams;
- The implementation of the approved Debt Collection Strategy has been intensified through strengthened credit control processes, legal recovery mechanisms and active engagement with debtors to improve collections and liquidity;
- Comprehensive cost containment measures continue to be implemented through disciplined expenditure management, procurement efficiencies, prioritisation of critical expenditure and continuous monitoring of budget performance;
- Management continues to monitor liquidity through detailed cash flow forecasting, working capital management and regular financial performance reviews; and
- The accounting authority has considered all known legal matters, contingent liabilities and commitments and is satisfied that these do not materially impair the entity's ability to continue operating for the foreseeable future.

Furthermore, the Accounting Authority has considered the continued support of the Executive Authority and the strategic importance of the Agency in delivering the Province's economic development mandate. Based on the approved strategic and operational plans, approved MTEF funding, improved operating cash flows, the entity's strong asset base, ongoing revenue enhancement initiatives, debt collection strategies and cost containment measures, the Accounting Authority is satisfied that the entity has adequate resources to continue operating for the foreseeable future, being at least twelve months from the date of approval of these Annual Financial Statements.

Accordingly, the Accounting Authority has concluded that, notwithstanding the existence of the above indicators, the use of the going concern basis of accounting remains appropriate in the preparation of these Annual Financial Statements.

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Notes to the Annual Financial Statements

Figures in Rand	2026	2025

37. Events after the reporting period

The Accounting Authority is not aware of any material event which occurred after the reporting date and up to the date of this report.

38. Fruitless and wasteful expenditure

Current year expenditure incurred	-	-

Details pertaining to the fruitless and wasteful expenditure incurred are included in the Annual Report.

39. Irregular expenditure

Current year expenditure incurred	14 619 341	24 847 046

Details pertaining to the Irregular expenditure incurred for the year are included in the Annual Report.

40. Deviations from Supply Chain Management Regulations

The Accounting Officer may under certain circumstances deviate from following normal procurement processes. Any such deviations are reported on a monthly basis to Provincial Treasury and can be summarised as follows:

Media coverage	119 313	1 102 435
Single sourcing of quotations due to emergencies	-	21 143
Sole supplier	1 247 583	1 687 524
Impractical to implement SCM processes	2 899 320	2 587 037
Electrical services	1 037 415	-
Subscriptions	48 054	-
	5 351 685	**5 398 139**

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Detailed Income Statement

Figures in Rand	Note(s)	2026	2025 Restated *
Revenue			
Sale of lemons		538 332	90 860
Municipal services		168 935 003	140 524 266
Rental income on investment property		26 294 757	27 129 566
Other rental income		-	58 333
Interest received (trading)		7 717 785	5 245 379
	18	**203 485 877**	**173 048 404**
Cost of sales			
Purchases		(156 702 027)	(94 337 902)
Gross profit		**46 783 850**	**78 710 502**
Other operating income			
Administration and management fees received		100 156	92 866
Fees earned		766 651	141 753
Commissions received		494 851	1 367 832
Bad debts recovered		982 971	407 720
Compensation from insurance claims		114 258	-
Sale of assets through auction		285 678	-
Conditional grants		1 606 026	1 012 407
Reversal of impairment		(2 281 000)	84 999
Government grants		243 983 547	244 955 776
	20	**246 053 138**	**248 063 353**
Other operating gains (losses)			
(Losses) gains on disposal of assets or settlement of liabilities		(7 273 919)	7 277 483
Fair value gains		28 449 809	4 038 003
	21	**21 175 890**	**11 315 486**
Expenses (Refer to page 89)		**(369 010 401)**	**(354 327 175)**
Operating (loss) profit	22	**(54 997 523)**	**(16 237 834)**
Investment income	23	4 424 762	4 486 523
Finance costs	24	(25 022 987)	(24 418 102)
Loss from equity accounted investments		(355 644)	(6 735 726)
(Loss) profit for the year		**(75 951 392)**	**(42 905 139)**

* See Note 2 & 33

The supplementary information presented does not form part of the annual financial statements and is unaudited

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Detailed Income Statement

Figures in Rand	Note(s)	2026	2025 Restated *
Other operating expenses			
Advertising		(2 039 269)	(739 562)
Auditor's remuneration - external audit	22	(7 829 386)	(6 589 521)
Auditor's remuneration - internal audit	22	(3 245 020)	(6 852 705)
Bad debts		(31 653 802)	(35 349 307)
Bank charges		(157 125)	(136 646)
Cleaning		(375 377)	(1 041 266)
Consulting and professional fees		(15 183 535)	(15 727 581)
Consumables		(79 717)	(175 266)
Depreciation		(32 428 056)	(33 033 508)
Employee costs		(169 125 188)	(148 475 475)
Entertainment		(1 794 748)	(291 592)
Grant expenditure		(1 606 025)	(1 525 227)
Legal fees		(5 223 492)	(12 166 572)
Management fee		(7 220 253)	(4 894 169)
Gifts		(7 515)	(21 768)
IT expenses		(9 099 573)	(7 142 687)
Impairment		-	(30 318)
Insurance		(3 832 992)	(9 649 211)
Short term leases - equipment		(387 484)	(398 332)
Motor vehicle expenses		(86 884)	(64 513)
Municipal expenses		(23 753 724)	(18 821 194)
Other expenses		(3 161 878)	(2 241 479)
Placement fees		(549 274)	(193 711)
Postage		(16 738)	(32 007)
Printing and stationery		(170 209)	(347 795)
Protective clothing		(161 754)	(48 628)
Repairs and maintenance		(9 662 690)	(8 731 429)
Security		(35 856 525)	(33 648 013)
Short-term leases - buildings		(1 033 166)	(951 621)
Staff welfare		(6 500)	(93 800)
Subscriptions		(1 245 834)	(1 893 471)
Telephone and fax		(310)	(1 217)
Training		(620 593)	(1 171 663)
Travel - local		(1 365 406)	(1 351 766)
Travel - overseas		(30 359)	(494 155)
		(369 010 401)	**(354 327 175)**

* See Note 2 & 33

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